Smart Parking Limited
and its Controlled Entities

ABN 45 119 327 169

Annual Report

For the year ended 30 June 2014

Contents

Corporate Information

This Annual Report covers both Smart Parking Limited as an individual entity and the Consolidated entity comprising Smart Parking Limited and its subsidiaries. The Group's presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Director's report on page 2. The Directors' report is not part of the financial report.

Directors

Mr Christopher Morris, Non -Executive Chairman
Mr Paul Gillespie, Managing Director
Ms Penelope Maclagan, Non-Executive Director
Ms Tiffany Fuller, Non-Executive Director
Mr Jeremy King, Non-Executive Director

Auditors

Grant Thornton
The Rialto, Level 30
525 Collins Street
Melbourne VIC 3000

Company Secretary

Mr Jeremy King

Bankers

Westpac
Level 13, 109 St Georges Terrace
Perth WA 6000

Registered Office

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West Perth, Western Australia 6005
Telephone : +61 8 9322 7600
Facsimile : +61 8 9322 7602

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone : +61 8 9323 2000
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Stock Exchange

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
Perth WA 6000

Website

www.smartparking.com

ASX Code: SPZ

Directors Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Smart Parking Limited and entities it controlled at the end of, or during the year ended 30 June 2014.

Directors

The names of the Directors in office during the financial year and until the date of this report are as follows. All Directors were in office for the entire period unless otherwise stated:

Mr Christopher Morris	Non-Executive Chairman
Mr Paul Gillespie	Managing Director
Ms Penelope Maclagan	Non-Executive Director
Ms Tiffany Fuller	Non-Executive Director
Mr Jeremy King	Non-Executive Director

Principal activities

The Group operates two divisions:

- Technology: Sale of car parking technology hardware, software and associated products and services.
- Parking Management: UK based parking management solutions, predominantly in the retail sector. The division also includes revenue from technology in Europe.

Review of Operations

The loss of the Group for the financial year after income tax amounted to $7.0m (2013: loss of $7.3m).

The following adjusts for amortisation and one-off items:

	2014 $	2013 $
Net loss for the year after tax	**(7,025,711)**	**(7,278,928)**
Exclusion of management adjustments (net of tax):		
Amortisation	877,627	939,531
One-off items:		
Impairment of goodwill	858,074	-
Reversal of impairment/(impairment) net asset adjustment receivable	(850,930)	1,332,011
Gain/(loss) on financial assets through profit and loss	(128,734)	25,615
Loss on disposal of fixed property, plant and equipment	29,889	139,986
Gain/(Loss) from disposal of assets classified as held for sale	(556,827)	100,552
Restructuring and other non-recurring costs	2,183,633	1,210,159
Interest expense	76,510	2,595
Tax expense	-	158,149
Net loss after management adjustment items	**(4,536,469)**	**(3,370,330)**

Directors Report (continued)

Review of Operations (cont'd)

As at 30 June 2014, the Group had cash on hand (excluding cash held on behalf of customers) of $11.5m (2013: $2.5m).

The Group had net operating cash outflows for the year ended 30 June 2014 of $2.7m (2013: $5.4m). The net operating cash flows for the year ended 30 June 2014 included net inflows of funds held on behalf of customers of $1.9m (2013: outflow of $2.3m) and payment of legacy tax liabilities in the United Kingdom for $1.1m.

The company successfully completed an underwritten capital raising for $12.1m (net of costs) comprising a 2 for 5 accelerated non-renounceable pro rata entitlement offer.

The company realised $1.2m through the sale of a car park under a Compulsory Purchase Order on 7th November 2013. This resulted in a gain of $0.55m being recognised during the year.

The company recognised an impairment charge of $0.86m as a consequence of writing down goodwill related to the Parking Management division. Whilst the Board believe that division has the potential to realise a value in excess of the current carrying value of assets through use, the impairment charge was considered prudent given recent historical performance and revised budgets. Further information on Intangible assets is set out in note 15 to the financial statements.

Technology Division – Sales of $3.9m (2013: $1.8m). Increased sales in this division included revenue from prominent installations in Westminster City Council, London (**WCC**), Rotorua (NZ) and at Bondi Beach in the Waverley Council precinct.

The award of the contract to provide a Smart parking solution to WCC in London is considered significant. Stage 1 involves the roll out of 3,300 parking sensors comprising 3 milestones and the provision of ongoing parking data to Westminster. The results for the year ended 30 June 2014 include revenue and costs associated with all sensors which met the required criteria under the contract as at that date. The remainder of the project revenue and costs will be recognised in the next financial year. Potential exists for Westminster to expand the sensor roll-out across the borough's circa 30,000 car park spaces. Importantly, from a marketing perspective, the Company expects to leverage this contract award, as well as the Rotorua and Waverley Council awards.

Recurring revenue from maintenance and data charges of $1.0m increased 53% (up 36% allowing for the effect of foreign exchange movements) on the prior year.

The operating costs for the year ended 30 June 2014 were $5.5m (2013: $3.4m). The increase was a result of higher direct costs with 115% increase in sales, increased sales and marketing costs, and increased development and operational capacity. The company incurred $0.5m of research and development costs related to the next next version of hardware and software offering a more intelligent solution including Radio Frequency Identification. The benefits of the research and development will be reflected in future periods. The division employed 2 additional sales executives, increased spend on marketing and tradeshows, and continued to invest in customer trials as part of its strategy to accelerate growth.

Directors Report (continued)

Parking Management Division – Sales of $20.0m (2013: $21.0m). The UK parking management business underperformed in 2014, with the loss of two clients which tendered their business during the year. Management fees were down 10% as a result of the lost business and the increased number of sites operating technology whereby the reduction in fees for managing sites was offset by an increase in shared revenue with the customer and a reduction in direct staff costs. The fall in revenue combined with reducing margins led to a reduction in EBITDA from $0.1m to a loss of $0.7m.

The restructuring of this division which was acquired by the Group in early 2012 has taken longer than anticipated and continued into the 2014 financial year. The company remains focused on improving returns within this division and has recently appointed Ms Susan Taylor as UK Managing Director – Parking Services on 21 March 2014. Ms Taylor was formally CEO of Vinci Park UK and has significant experience in this sector. The division has historically had a strong focus on retail parking management services. Led by Ms Taylor, the latter half of this financial year has seen a focus on opportunities in the health and transport segments, as well as leasing new sites, and initiatives to improve yield management on existing sites.

As a final piece of the division's restructuring, as at 30 June 2014 a consolidation of functions into a single, centrally located office was underway. The results for the year ending 30 June 2014 include provisions related to this office relocations and onerous lease obligations.

Dividends

No dividend has been paid or recommended by the Directors since the commencement of the financial year.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year other than items noted elsewhere in this Director's Report.

Matters subsequent to the end of the financial year

Smart Parking Limited (UK) had an overdraft facility of $1.4m which was undrawn at 30 June 2014. The overdraft facility was secured over a parent company bank deposit of $1.5m. The overdraft was repaid on 30 July 2014 and the security released.

Except for matters discussed above there have been no matters subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future years.

Directors Report (continued)

Likely developments and expected results of operations

Market sources noted that between 2013 and 2020:

"the smart parking systems market will rapidly transition from the pilot stage to being an accepted technology for city management".

The Group is seeing this transition which is evidenced by recent wins and upcoming tenders.

A market report estimates that by 2020 there will be more than 950,000 sensor-enabled on-street parking spaces globally.

The Group expects growth in revenues from the Technology Division through leveraging off the back of the recent wins in New Zealand, Australia and the United Kingdom and through its increased spend on sales and marketing in its major markets. The division has trials planned or underway for 700 sensors relating to a market opportunity for 100,000 sensors.

The Parking Management division currently operates primarily in the retail market in the United Kingdom and the majority of the revenue for the group will continue to be derived from this division. Whilst performance has again been below expectations, returns are expected to improve within the division as a result of recommendations from a detailed financial and strategic review including:

- Diversification into health and transport segments.
- Leasing new sites.
- Improving yield management on existing car parking sites.
- Management and sales personnel changes including the appointment of Ms Susan Taylor as UK Managing Director – Parking Services. Ms Taylor was formally CEO of Vinci Park UK.
- Consolidating office space leading to improved communication and collaboration.

Environmental regulation

The Directors are mindful of the regulatory regime in relation to the impact of the organisational activities on the environment. There have been no known breaches by the Group during the financial year.

Directors Report (continued)

Information on Directors

Mr Christopher Morris	-	Non-Executive Chairman
Age	-	66
Qualifications	-	-
Experience	-	Mr Morris was the founder of Computershare Limited and Chief Executive Officer from 1990 to 2006. His extensive knowledge of the securities industry and its user requirements from both a national and international perspective coupled with his passion and long term strategic vision were instrumental in developing Computershare into a global company that is unique in its provision of a full range of solutions to meet the needs of listed companies and their stakeholders.
Special responsibilities	-	Remuneration Committee
Interest in Shares & Options: Held in Smart Parking Limited	-	90,502,743 Ordinary Fully Paid Shares (indirect)
Directorships held in other listed entities	-	Mr Morris is the Non-Executive Chairman of Computershare Limited and was previously Chief Executive Officer from 1990 to 2006.

Mr Paul Gillespie	-	Managing Director
Age	-	40
Qualifications	-	-
Experience	-	Mr Gillespie was appointed Managing Director of Smart Parking in January 2013. Before joining Smart Parking Mr Gillespie was leading the UK division of Xerox Parking Services where he was successful in running two business units providing hardware and software solutions to a variety of public and private organisations. Whilst at Xerox Mr Gillespie was responsible for all sales, operations and finance activities along with the development and delivery of new products to the UK parking market.
Special responsibilities	-	None
Interest in Shares & Options: Held in Smart Parking Limited	-	194,000 Ordinary Shares (direct) 250,000 Rights to deferred shares (direct)
Directorships held in other listed entities	-	-

Directors Report (continued)

Information on Directors (cont'd)

Ms Penelope Maclagan	-	Director (Non-Executive)
Age	-	62
Qualifications	-	BSc (Hons), DipEd
Experience	-	Ms Maclagan is a Non-Executive director of Computershare Limited. She joined Computershare Limited in 1983 and was appointed to the Board as an executive director in May 1995. Until 2008, as head of Computershare Technology Services, Ms Maclagan was responsible for planning, developing and executing technology across the world in support of that company's global strategy. In 2008, she reduced her day to day involvement in Computershare Limited and gave up her line management role and in September 2010 gave up her remaining executive responsibilities.
Special responsibilities	-	Remuneration Committee, Audit Committee
Interest in Shares & Options: Held in Smart Parking Limited	-	7,250,834 Ordinary Shares (indirect)
Directorships held in other listed entities	-	Ms Maclagan is a Non-Executive director of Computershare Limited.

Ms Tiffany Fuller	-	Director (Non-Executive)
Age	-	44
Qualifications	-	BCom, ACA, GAICD
Experience	-	Ms Fuller is a qualified Chartered Accountant who has had a 20 year career across Chartered Accounting, Corporate Finance, Investment Banking and Private Equity. Tiffany joined Rothschild Australia in 1997 in the Investment Banking Group after 8 years at Arthur Andersen in Audit, Corporate Finance and Management Consulting in Australia, the UK and the United States. At Rothschild, Tiffany advised various private and public clients, was responsible for managing a Microcap Fund on behalf of a number of Australia's large industry superannuation funds, and was a founding director of the Rothschild e-Fund, a technology focused venture capital fund.
Special responsibilities	-	Remuneration Committee, Audit Committee
Interest in Shares & Options: Held in Smart Parking Limited	-	338,334 Ordinary Shares (direct)
Directorships held in other listed entities	-	-

Directors Report (continued)

Information on Directors (cont'd)

Mr Jeremy King	-	Company Secretary/Director (Non-Executive)
Age	-	40
Qualifications	-	LLB
Experience	-	Mr King is a Senior Executive of Grange Consulting Pty Ltd, where he specialises in corporate advisory, strategic advice and managing legal issues associated with Grange's clients. Mr King is a corporate lawyer with over 14 years' experience in domestic and international legal, financial and corporate matters.
Special responsibilities	-	Remuneration Committee, Audit Committee
Interest in Shares & Options: Held in Smart Parking Limited	-	560,000 Ordinary Shares (direct)
Directorships held in other listed entities	-	Mr King is a Non-Executive Director of Orca Energy Limited and Continuation Investments Ltd.

<u>Directors meetings</u>

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company for the time the Director held office during the financial year are:

	Director's Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**
Mr Christopher Morris	5	5	-	-	3	3
Mr Paul Gillespie	5	5	-	-	3	3
Ms Penelope Maclagan	5	5	5	5	3	3
Ms Tiffany Fuller	5	5	5	5	3	3
Mr Jeremy King	5	5	5	4	3	3

A – Number of meetings held
B – Number of meetings attended

Directors Report (continued)

Remuneration Report

This remuneration report sets out remuneration information for Smart Parking Limited non-executive directors, executive directors and other key management personnel.

Directors and executives disclosed in this report

Name	Position
Non-executive and executive directors	
Mr Christopher Morris	Non-executive Chairman
Mr Paul Gillespie	Managing Director
Ms Penelope Maclagan	Non-executive Director
Ms Tiffany Fuller	Non-executive Director
Mr Jeremy King	Non-executive Director
Other key management personnel	
Mr Richard Ludbrook	Group Chief Financial Officer
Ms Susan Taylor[1]	UK Managing Director – Parking Services
Mr Charlie Leaper[2]	EMEA Managing Director - Technology

[1]Appointed as UK Managing Director – Parking Services on 21 March 2014.
[2]Acted as Chief Operating Officer: Smart Parking Limited (UK) until appointed EMEA Managing Director – Technology on 21 March 2014. Resigned 14 August 2014.

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Other information

The information provided in this remuneration report has been audited as required by section 308 (3c) of the Corporations Act 2001.

A. Principles used to determine the nature and amount of remuneration

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-executive directors fees
- Executive remuneration (directors and other executives), and
- The overarching executive remuneration framework and incentive plan policies.

Directors Report (continued)

Remuneration Report (cont'd)

Non-executive directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board based on comparative roles in the external market. During the year Mr Morris, Ms Maclagan, Ms Fuller and Mr King have received Non-Executive Director fees for their services.

Directors' fees

Non-Executive Directors' fees are determined by the Board within an aggregate directors' fee pool limit, which are periodically recommended for approval by shareholders. The maximum currently stands at $250,000 per annum as approved by Shareholders at the Annual General Meeting.

Non-executive Directors do not receive performance based pay.

The following fees have applied:

Base Fees	**2014** **$**	**2013** **$**
Chairman	**40,000**	40,000
Other non-executive directors	**120,000**	120,000

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Executive remuneration

The executive remuneration and reward framework has three components:

- base pay and benefits;
- short-term incentives; and
- long-term incentives through the issue of share options and the Deferred Share and Incentive Plan.

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

Directors Report (continued)

Remuneration Report (cont'd)

Base remuneration and benefits

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base remuneration for executives is reviewed annually to ensure the executive's remuneration is competitive within the market. An executive's total remuneration is also reviewed every 12 months.

Executives receive benefits including car allowances and reimbursement of business expenses.

Short term incentives

The Executives are entitled to a Performance Based Bonus based on Key Performance Indicators (**KPI's**) linked to the financial performance of the division pre-determined by the Board of Directors. KPI's have been set for the year ended 30 June 2014 and no bonus will be paid to the Executives.

Long term incentives

The executive and non-executive directors are entitled to share options as approved by shareholders.

The Group offers long term incentives to executives identified as key management personnel through an incentive plan. Under the incentive plan key management personnel can exercise their rights provided they are still employed by the Group at the end of the vesting period. Participation in the plan is at the board's discretion and compensation is based on financial performance of the Group and individual KPI's.

The Group offers long term incentives to employees through the Deferred Share and Incentive Plan. Under the Deferred Share and Incentive employees can exercise their rights provided they are still employed by the Group at the end of the vesting period. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits. There is no link between compensation and the financial performance of the Group.

Voting and comments made at the Company's last Annual General Meeting

Smart Parking Limited received more than 87% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2013. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2014	2013	2012	2011
EPS ($)	(0.03)	(0.04)	(0.10)	(0.01)
Net profit /(loss)	(7,025,711)	(7,278,928)	(17,151,635)	(1,173,427)
Share price	$0.14	$0.15	$0.292	$0.21

Directors Report (continued)

Remuneration Report (cont'd)

B. Details of Remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel and specified executives (as required under Section 300A of the Corporations Act 2001) of Smart Parking Limited and its subsidiaries are set out in the following tables.

The following persons must be disclosed under the Corporations Act 2001 as specified executives:

- Mr Jeremy King – Company Secretary

Key Management Personnel of the Group and other executives of the Group and of the Company

	Short Term Employee Benefits				**Post Employ-ment**	**Share Based Pay-ments**		**Total**
30 June 2014	Salary & Fees	Commi-ssions/ Cash Bonus	Non Mone-tary	Other	Super-annuation Contribut-ions	Options & Rights	Termin-ation Benefits	Total
Non-Executive Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Mr Christopher Morris	40,000	-	-	-	-	-	-	40,000
Ms Penelope Maclagan	40,000	-	-	-	-	-	-	40,000
Ms Tiffany Fuller	40,000	-	-	-	-	-	-	40,000
Mr Jeremy King	40,000	-	-	-	-	-	-	40,000
Sub Total Non-Executive Directors	**160,000**	**-**	**-**	**-**	**-**	**-**	**-**	**160,000**
Executive Directors								
Mr Paul Gillespie	196,660	-	-	-	-	-	-	196,660
Other Key Management								
Mr Richard Ludbrook	170,929	-	-	-	-	5,937	-	176,866
Ms Susan Taylor[1]	59,148	-	4,094	-	-	-	-	63,242
Mr Charlie Leaper[2]	141,408	-	-	-	5,656	26,068	-	173,132
Total Key Management Personnel Compensation (Group)	**728,145**	**-**	**4,094**	**-**	**5,656**	**32,005**	**-**	**769,900**

The higher salaries and Directors fees in 2014 were the result of Executives and Directors taking a salary sacrifice for a period in 2013 with the full entitlements being restored in 2014.

Directors Report (continued)

Remuneration Report (cont'd)

	Short Term Employee Benefits				Post Employ-ment	Share Based Pay-ments		Total
30 June 2013	Salary & Fees	Commi-ssions/ Cash Bonus	Non Mone-tary	Other	Super-annuation Contribut-ions	Options & Rights	Termin-ation Benefits	Total
Non-Executive Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Ms Penelope Maclagan	30,000	-	-	-	-	-	-	30,000
Ms Tiffany Fuller	40,000	-	-	-	-	-	-	40,000
Mr Jeremy King[3]	10,000	-	-	-	-	-	-	10,000
Sub Total Non-Executive Directors	**80,000**	**-**	**-**	**-**	**-**	**-**	**-**	**80,000**
Executive Directors								
Mr Christopher Morris[4]	20,000	-	-	-	-	-	-	20,000
Mr Paul Collins[5]	102,068	-	-	6,882	-	-	-	108,950
Mr Paul Gillespie[6]	83,200	36,000	965	-	-	10,833	-	130,998
Mr Bernie Dickson[7]	39,397	-	-	-	-	-	89,000	128,397
Other Key Management								
Mr Richard Ludbrook	130,802	-	3,201	-	-	-	-	134,003
Mr Charlie Leaper	123,683	-	-	-	-	36,930	-	160,613
Total Key Management Personnel Compensation (Group)	**579,150**	**36,000**	**4,166**	**6,882**	**-**	**47,763**	**89,000**	**762,961**

[1]Appointed as UK Managing Director – Parking Services on 21 March 2014.
[2]Acted as Chief Operating Officer: Smart Parking Limited (UK) until appointed EMEA Managing Director – Technology on 21 March 2014. Resigned 14 August 2014.
[3]Appointed 1 August 2012
[4]Acted as Executive Chairman when he became acting CEO of Smart Parking Limited (UK) from May 2012 until 30 June 2013. Mr Morris received no additional remuneration for his Executive role.
[5]Resigned 7 January 2013
[6]Appointed 7 January 2013
[7]On the acquisition of Smart Parking Limited (UK) (formerly Town and City Parking Limited) on 9 January 2012 Mr Dickson became an Executive Director. Mr Dickson's employment with Town & City Parking Limited was terminated on 24 August, 2012 at which time he became a Non-Executive Director. Mr Dickson resigned as a director on 22 September, 2012.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At Risk STI		At Risk LTI	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Non-Executive Directors						
Mr Christopher Morris	100%	100%	-	-	-	-
Ms Penelope Maclagan	100%	100%	-	-	-	-
Ms Tiffany Fuller	100%	100%	-	-	-	-
Mr Jeremy King	100%	100%	-	-	-	-
Executive Directors						
Mr Paul Gillespie	80%	100%	10%	-	10%	-
Mr Paul Collins	100%	100%	-	-	-	-
Mr Bernie Dickson	100%	100%	-	-	-	-
Other Key Management						
Mr Richard Ludbrook	100%	100%	-	-	-	-
Ms Susan Taylor	100%	100%	-	-	-	-
Mr Charlie Leaper	80%	100%	10%	-	10%	-

Directors Report (continued)

Remuneration Report (cont'd)

C. Service Agreements

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalised in service contracts or standard employment agreements.

All contracts with executives may be terminated early by either party with one month's notice with the exception of Mr Gillespie as outlined below.

Name	Term of agreement	Annual Base salary including superannuation	Termination benefit
Paul Gillespie, *Managing Director*	Ongoing commencing 7 January 2013	$209,760	1 month
Richard Ludbrook, *Group Chief Financial Officer*	Ongoing commencing 16 February 2011	$185,856	-
Susan Taylor, *UK Managing Director – Parking Services*	Ongoing commencing 21 March 2014	$167,601	-
Charlie Leaper[1], *EMEA Managing Director - Technology*	Ongoing commencing 21 February 2012	$148,978	-

[1] Resigned 14 August 2014. Following Mr Leapers resignation, Mr Paul Gillespie has taken over the responsibilities of the role of EMEA Managing Director – Technology.

D. Share-based compensation

Deferred Share and Incentive Plan

In January 2011 shareholders approved the establishment of a Deferred Share and Incentive Plan (Plan). The Plan was established to ensure that Smart Parking Limited has appropriate mechanisms in place to continue to attract and retain the services of employees of a high calibre and as compensation for past performance. Allocation is based on performance and vest over a 2 – 3 year period. Vesting is not based on performance criteria.

At 30 June 2014 3,127,966 (2013: 3,198,397) shares have been set aside under the Plan and 1,687,320 (2013: 2,107,192) deferred share rights or shares, depending on the relevant jurisdiction, have been allocated to employees.

The terms and conditions of each deferred share right affecting remuneration in the previous, this or future reporting periods are as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value Per Option at Grant Date	% vested
6 May 2011	6 May 2014	6 May 2016	$0.00	$0.28	0%
1 October 2011	1 October 2014	1 October 2016	$0.00	$0.30	0%
20 February 2012	20 February 2015	20 February 2017	$0.00	$0.31	0%
1 July 2012	1 July 2015	1 July 2017	$0.00	$0.27	0%
29 August 2012	29 August 2015	29 August 2017	$0.00	$0.26	0%
1 December 2012	1 December 2015	1 December 2017	$0.00	$0.29	0%
1 January 2013	1 January 2016	1 January 2018	$0.00	$0.26	0%
10 February 2014	10 February 2016	10 February 2018	$0.00	$0.19	0%

Directors Report (continued)

Remuneration Report (cont'd)

Employee Options

There were no options granted for the year ending 30 June 2014.

Director Options

There were no options granted or vested to Directors or other key management personnel during the year ending 30 June 2014 other than 150,000 rights to deferred shares granted to Mr Ludbrook and 100,000 rights to deferred shares granted to Mr Leaper.

The assessed fair value at grant date of options granted to the individuals is allocated over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing 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.

Further information on the options is set out in note 25 to the financial statements.

The board does not currently have a securitisation policy in place during the year with regards to shares held by Directors and key management personnel.

Shares issued on the exercise of options

There were no share options exercised during the year ended 30 June 2014.

Shares under option

There were no unissued ordinary shares in Smart Parking Limited under option at the date of this report.

Bonuses included in remuneration

Details of the short term incentive cash bonuses awarded as remuneration to each Key Management Personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

	Included in remuneration ($)	Percentage vested in year	Percentage forfeited in year
Mr Paul Gillespie	48,000	-	100%
Mr Richard Ludbrook	-	-	-
Ms Susan Taylor	-	-	-
Mr Charlie Leaper	36,160	-	100%

Directors Report (continued)

Remuneration Report (cont'd)

E Other information

Deferred shares and rights held by Key Management Personnel

The number of options to acquire shares in the Company held during the 2014 reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

2014

Name	Balance at the start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercise-able	Unvested
Directors							
Mr Paul Gillespie	250,000	-	-	-	250,000	-	250,000
Other key management personnel							
Mr Richard Ludbrook	33,333	150,000	-	-	183,333	-	183,333
Mr Charlie Leaper	256,410	100,000	-	-	356,410	-	356,410
Total	539,743	250,000	-	-	789,743	-	789,743

2013

Name	Balance at the start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercise-able	Unvested
Directors							
Mr Paul Gillespie	-	250,000	-	-	250,000	-	250,000
Other key management personnel							
Mr Richard Ludbrook	-	33,333	-	-	33,333	-	33,333
Mr Charlie Leaper	-	256,410	-	-	256,410	-	256,410
Total	-	539,743	-	-	539,743	-	539,743

Shares held by key management personnel

The number of ordinary shares in the Company during the 2014 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

2014

Name	Balance at the start of the year	2 for 5 Entitlement Offer	Granted as Remuneration	Other changes	Balance at the end of the year
Directors					
Mr Christopher Morris*	43,142,226	49,061,609	-	(1,701,092)	90,502,743
Mr Paul Gillespie	-	40,000	-	154,000	194,000
Ms Penelope Maclagan	5,179,167	2,071,667	-	-	7,250,834
Mr Tiffany Fuller	241,667	96,667	-	-	338,334
Mr Jeremy King	400,000	160,000	-	-	560,000
Other key management personnel					
Mr Richard Ludbrook	578,912	-	-	-	578,912
Ms Susan Taylor	-	-	-	-	-
Mr Charlie Leaper	-	-	-	-	-
Total	49,541,972	51,389,943	-	(1,507,092)	99,424,823

* An entity associated with Mr Morris acted as underwriter in the 2 for 5 accelerated non-renounceable pro rata entitlement offer. Mr Morris took up his full pro-rata entitlement and subscribed for a further 32.4m shares as underwriter.

Directors Report (continued)

Remuneration Report (cont'd)

2013

Name	Balance at the start of the year	Received during the year on the exercise of options	Granted as Remuneration	Other changes	Balance at the end of the year
Directors					
Mr Christopher Morris	30,603,789	-	-	12,538,437	43,142,226
Mr Paul Collins	23,828,846	-	-	(9,352,478)	14,476,368
Mr Paul Gillespie	-	-	-	-	-
Mr Roland Rogers	23,708,257	-	-	-	23,708,257
Mr Bernie Dickson	9,069,629	-	-	(9,069,629)	-
Ms Penelope Maclagan	2,979,167	200,000	-	2,000,000	5,179,167
Mr Tiffany Fuller	241,667	-	-	-	241,667
Mr Jeremy King	400,000	-	-	-	400,000
Other key management personnel					
Mr Richard Ludbrook	578,912	-	-	-	578,912
Mr Charlie Leaper	-	-	-	-	-
Total	91,410,267	200,000	-	(3,883,670)	87,726,597

Loans from Key Management Personnel

On 24 July 2013, entities associated with two Directors made a loan facility of up to $3m available to the Group. The loan facility was unsecured, attracted an interest rate of 10% payable monthly and could be repaid at any time without penalty. The loan was repaid in full on 20 March 2014.

The table below provides aggregate information relating to the Company's loans from Key Management Personnel during the year:

	2014 **$**
Balance at the start of the year	-
Loan drawn down during the year	1,000,000
Interest paid and payable for the year	(65,478)
Loan repayment during the year	(1,000,000)
Balance at the end of the year	-

Loan to Key Management Personnel

There were no loans made or outstanding to other directors of Smart Parking Limited and other key management personnel of the Group, including their personally related parties.

Directors Report (continued)

Remuneration Report (cont'd)

Other transactions with Key Management Personnel
A Director, Mr Morris, is the Non-executive Chairman and shareholder of Computershare Limited. Computershare Limited has provided share registry, bulk print and mail services and office space to Smart Parking Limited during the year on normal commercial terms and conditions. The share registry services agreement was in place prior to Mr Morris's appointment.

A Director, Mr Morris, is the Non-executive Chairman and shareholder of Colonial Leisure Group Pty Limited. Colonial Leisure Group Pty Limited has provided a serviced office to Smart Parking Limited during the year on normal commercial terms and conditions.

A Director, Ms Maclagan, is a Director and shareholder of Computershare Limited. Computershare Limited has provided share registry and bulk print and mail services to Smart Parking Limited during the year on normal commercial terms and conditions. The share registry services agreement was in place prior to Ms Maclagan's appointment.

On 24 July 2013, entities associated with two Directors, Mr Morris and Ms Maclagan made a loan facility of up to $3m available to the Group. The loan facility was unsecured, attracted an interest rate of 10% payable monthly and could be repaid at any time without penalty, with principal otherwise due for repayment by 24 July 2015. A loan of $1m was drawn under the facility on 24 July 2013 and was repaid in full on 20 March 2014.

A Director, Mr King, is an Executive Director and shareholder of Grange Consulting Limited. Grange Consulting Limited has provided company secretarial services to Smart Parking Limited during the year on normal commercial terms and conditions.

A former Director, Mr Dickson, was the sole shareholder of Smart Parking Limited (UK) (formerly Town and City Parking Limited) prior to it being acquired by Smart Parking Limited on 9 January 2012. Mr Dickson disputes various matters related to the acquisition which are set out in note 28 to the financial statements.

List other transactions
Aggregate amounts of each of the above types of other transactions with key management personnel or their related entities of Smart Parking Limited:

	2014 $	2013 $
Amounts recognised as revenue		
Revenue for hardware and software and services	-	-
Amounts recognised as expense		
Corporate advisory fees (company secretarial & financial management)	**63,000**	62,500
Share registry fees	**25,271**	28,248
Bulk print and mail services	**202,636**	120,446
Rent	**22,606**	-
Marketing services	**-**	90,806
	313,513	302,000

End of audited Remuneration Report

Directors Report (continued)

Indemnities given and insurance premiums paid to auditors and officers

During the financial year, Smart Parking Limited paid a premium of $13,178 to insure the directors and secretaries of the Company and its controlled entities, and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor’s expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditors (Grant Thornton and BDO) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality 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.

Directors Report (continued)

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2014	2013
	$	$
Audit Services		
Audit and review of financial reports		
Grant Thornton, Australia	**70,000**	48,000
BDO Waikato, New Zealand	**-**	24,406
BDO LLP, United Kingdom	**44,193**	52,680
Total remuneration for audit services	**114,193**	125,086
Non-audit services		
BDO LLP, United Kingdom		
Taxation and assurance services	**54,163**	83,967
Total remuneration for non-audit related services	**54,163**	83,967

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

This report is made in accordance with a resolution of Directors.

Christopher Morris
Non-Executive Chairman

26 August 2014

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Auditor's Independence Declaration
To the Directors of Smart Parking Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Smart Parking Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Michael Climpson
Partner

Melbourne, 26 August 2014

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Independent Auditor's Report
To the Members of Smart Parking Limited

Report on the financial report

We have audited the accompanying financial report of Smart Parking Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

a the financial report of Smart Parking Limited is in accordance with the *Corporations Act 2001*, including:
   i giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 8 to 17 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Smart Parking Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Michael Climpson
Partner

Melbourne, 26 August 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Revenue from operations	5	**22,130,295**	20,619,883
Raw materials and consumables used		**(2,942,716)**	(847,628)
Employee benefits expense		**(12,191,823)**	(12,215,208)
Depreciation and amortisation expense	6	**(2,417,251)**	(2,127,252)
Rental and operating lease costs		**(2,944,412)**	(2,213,416)
Share-based payments expense	25	**(169,494)**	(190,724)
Finance and interest expense	6	**(181,468)**	(90,900)
Reversal of Impairment/(Impairment) of other receivable	28(d)	**850,930**	(1,332,011)
Impairment of goodwill	15	**(858,074)**	-
Gain/(Loss) from disposal of assets classified as held for sale	13	**556,827**	(100,552)
Other expenses	6	**(8,858,525)**	(8,622,971)
Loss before income tax		**(7,025,711)**	(7,120,779)
Income tax expense	7	**-**	(158,149)
Loss for the year from continuing operations		**(7,025,711)**	(7,278,928)
Other comprehensive income:			
Exchange differences on translation of foreign operations	22(a)	**604,615**	550,873
Other comprehensive income for the year, net of tax		**604,615**	550,873
Total comprehensive income for the year		**(6,421,096)**	(6,728,055)
Total comprehensive income for the year attributable to owners of Smart Parking Limited		**(6,421,096)**	(6,728,055)
Earnings per share from continuing operations attributable to the ordinary equity holders of the company.			
- basic earnings/ (loss) per share	8	**(0.03)**	(0.04)
- diluted earnings/ (loss) per share	8	**(0.03)**	(0.04)

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

Consolidated Statement of Financial Position
As at 30 June 2014

	Note	Consolidated 2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	**15,559,700**	4,599,719
Trade and other receivables	10	**5,312,575**	5,896,343
Inventories	11	**1,396,274**	1,120,902
Income tax receivable		**1,166**	294
		22,269,715	11,617,258
Assets classified as held for sale	13	**-**	627,316
Total Current Assets		**22,269,715**	12,244,574
Non-current Assets			
Receivables	10	**98,837**	139,548
Financial assets at fair value through profit or loss	12	**-**	61,309
Property, plant and equipment	14	**4,538,420**	4,256,610
Intangible assets	15	**4,742,933**	6,074,417
Total Non-current Assets		**9,380,190**	10,531,884
TOTAL ASSETS		**31,649,905**	22,776,458
LIABILITIES			
Current Liabilities			
Trade and other payables	17	**11,317,696**	7,309,736
Borrowings	18	**202,622**	204,625
Deferred revenue	19	**177,388**	245,708
Provisions	20	**633,501**	1,412,989
Total Current Liabilities		**12,331,207**	9,173,058
Non-current Liabilities			
Borrowings	18	**22,763**	212,736
TOTAL LIABILITIES		**12,353,970**	9,385,794
NET ASSETS		**19,295,935**	13,390,664
EQUITY			
Contributed equity	21	**57,751,202**	45,594,329
Accumulated losses	22(b)	**(41,263,120)**	(34,237,409)
Reserves	22(a)	**2,807,853**	2,033,744
TOTAL EQUITY		**19,295,935**	13,390,664

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2014

	Note	Contributed equity $	Reserves $	Retained earnings $	Total $
Balance at 1 July 2013		45,594,329	2,033,744	(34,237,409)	13,390,664
Total comprehensive income for the year					
Loss for the year		-	-	(7,025,711)	(7,025,711)
Other comprehensive income		-	604,615	-	604,615
Total comprehensive income for the year		**-**	**604,615**	**(7,025,711)**	**(6,421,096)**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		12,156,873	-	-	12,156,873
Share-based payment transactions		-	169,494	-	169,494
Total transactions with owners		12,156,873	169,494	-	12,326,367
Balance at 30 June 2014	22	**57,751,202**	**2,807,853**	**(41,263,120)**	**19,295,935**

	Note	Contributed equity $	Reserves $	Retained earnings $	Total $
Balance at 1 July 2012		45,554,329	1,292,147	(26,958,481)	19,887,995
Total comprehensive income for the year					
Loss for the year		-	-	(7,278,928)	(7,278,928)
Other comprehensive income		-	550,873	-	550,873
Total comprehensive income for the year		**-**	**550,873**	**(7,278,928)**	**(6,728,055)**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		40,000	-	-	40,000
Share-based payment transactions		-	190,724	-	190,724
Total transactions with owners		40,000	190,724	-	230,724
Balance at 30 June 2013	22	**45,594,329**	**2,033,744**	**(34,237,409)**	**13,390,664**

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Cash flows from operating activities			
Cash receipts in the course of operations		**23,502,719**	19,674,053
Cash payments in the course of operations		**(26,312,108)**	(25,301,328)
Interest and other finance costs paid		**(76,510)**	(2,595)
Interest received		**131,172**	234,893
Income taxes paid		**(872)**	(14,206)
Net cash flows inflow/(outflow) from operating activities	24	**(2,755,599)**	(5,409,183)
Cash flows from investing activities			
Proceeds financial assets at fair value through profit or loss		**190,043**	-
Proceeds from indemnities related to acquisition of subsidiary		**-**	119,227
Proceeds from disposal of assets		**19,907**	9,064
Proceeds from assets classified as held for sale		**1,184,143**	765,009
Purchase of plant and equipment		**(2,026,076)**	(1,731,443)
Net cash flows inflow/(outflow) from investing activities		**(631,983)**	(838,143)
Cash flows from financing activities			
Proceeds from sale of forfeited shares		**2,267,407**	-
Proceeds from share issue		**12,513,018**	-
Share issue costs		**(356,146)**	-
Proceeds from borrowings		**1,000,000**	-
Proceeds from exercise of share options		**-**	40,000
Hire purchase payments		**(226,412)**	(156,630)
Repayment of borrowings		**(1,000,000)**	-
Net cash flows inflow/(outflow) from financing activities		**14,197,867**	(116,630)
Net increase in cash and cash equivalents		**10,810,285**	(6,363,956)
Cash and cash equivalents at beginning of period		**4,599,719**	10,972,973
Effects of exchange rate changes on cash and cash equivalents		**149,696**	(9,298)
Cash and cash equivalents at end of period	9	**15,559,700**	4,599,719
Financing arrangements			
Non-cash financing and investing activities	30		

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of significant accounting policies

Corporate Information
The financial statements of Smart Parking Limited for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 26 August 2014 and covers the Group consisting of Smart Parking Limited and its subsidiaries as required by the Corporations Act 2001.

The financial statements are presented in the Australian currency.

Smart Parking Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The address of the registered office is:
945 Wellington Street
West Perth
Western Australia 6005
Australia

The addresses of the principal places of business are:
177 Salmon Street
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Victoria 3207
Australia

583 Great South Road
Penrose
Auckland 1061
New Zealand

5 South Inch Business Centre
Shore Road
Perth PH2 8BW
United Kingdom

Unit 43 Elmdon Trading Estate
Birmingham B37 7HE
United Kingdom

Accounting Policies
The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Smart Parking Limited and its subsidiaries.

a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

Compliance with IFRS
The consolidated financial statements of Smart Parking Limited group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 the notes as required (refer note 2).

The financial information for the parent entity, Smart Parking Limited, included in note 26, has been prepared on the same basis as the consolidated financial statements.

b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Smart Parking Limited (''company'' or ''parent entity'') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Smart Parking Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balance and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves 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 Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively.

Subsidiaries are accounted for in the parent entity note at cost less impairment.

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided by the chief operation decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

d) <u>Foreign currency translation</u>

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Smart Parking Limited's presentation currency.

(ii) Transactions and balances

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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the year (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), and
- All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold any borrowings forming part of the net investment are repaid and a proportionate share of such exchange rate difference is reclassified to profit or loss as part of the gain or loss on sale where applicable.

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

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of Goods
Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

Transfer of the risks and rewards of ownership generally occur when the goods are delivered to the customer or on completion of installation.

Revenue from fixed price contracts to provide services and installation of goods is recognised by reference to the stage of completion of the contract.

Where the Group receives an advance payment prior to goods being supplied or an installation being completed this is treated as deferred revenue until the risks and rewards of ownership have transferred to the buyer.

(ii) Services
Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction. The stage of completion is assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Smart Parking Limited (UK) recognises Pay and Display revenue on an accruals basis including cash collected but not yet banked, and Parking Charge Notice revenue on an accruals basis by looking at cash banked and making an accrual for infringements issued but which have not been paid. Revenue is recognised net of cash collected on behalf of clients.

(iii) Interest income
Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

f) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

Tax consolidation legislation
Smart Parking Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Smart Parking Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone payer in its own right.

In addition to its own current and deferred tax amounts, Smart Parking Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 7.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution (or distributions from) wholly-owned tax consolidated entities.

h) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is recognised in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

i) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity and transaction costs arising on the issue of debt as part of the consideration are accounted for in accordance with note 1(u).

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the Group's controlling shareholder's consolidated financial statements.

j) Impairment of assets

Goodwill and 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. Other 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

k) Cash and cash equivalents

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

l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 60 days.

Recoverability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income in other expenses.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in statement of comprehensive income.

m) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Goods in transit are recognised when the risks and rewards of ownership have passed to the Group.

n) Investments and other financial instruments

Classification
The Group classifies its investments in the following categories: loans and receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position (note 10) and borrowings.

Financial assets at fair value-through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Recognition and de-recognition
Regular purchases and sales of financial assets are recognised on trade-date being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement
Loans and receivables are carried at amortised cost using the effective interest method.

Details on how the fair value of financial instruments is determined are disclosed in note 4.

Impairment
The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

o) <u>Property, plant and equipment</u>

Property, Plant and equipment is stated at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment:

Motor Vehicles	- 3 – 5 years
Office Equipment	- 1 – 6 years
Plant and equipment	- 1 – 10 years
Leasehold Improvements	- 3 – 10 years
Buildings	- 25 years

The assets useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1 j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

p) Intangible assets

(i) *Goodwill*
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination synergies.

(ii) *Software development*
Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred.

Software development activities involve a plan or design for the production of new or substantially improved products and processes. Software development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other software development expenditure is recognised in profit or loss as incurred.

Capitalised software development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) *Developed technology*
Developed technology comprises patented and unpatented technology, and computer software. These three items collectively represent an end to end solution and as such are not separable from each other.

(iv) *Other intangible assets*
Other intangible assets consisting of patents, which are acquired by the Company and have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) *Subsequent expenditure*
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(vi) *Amortisation*
Amortisation is based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software	- 3 years
Developed technology	- 7 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

s) Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

t) Employee benefits

(i) *Wages and salaries, annual leave and sick leave*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Long service leave*
The liability for long service leave is recognised in the provision for employee benefits and measured as 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Share-based payments*
Share-based compensation benefits are provided to employees via the Smart Parking Employee Option Plan and the Deferred Share and Incentive Plan.

The fair value of options granted under the Smart Parking Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing 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.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

Under the Deferred Share and Incentive Plan, deferred share rights are issued by Smart Parking to employees for no cash consideration which vest after a time based hurdle. At each reporting date, the entity revises its estimate of the number of deferred share rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

u) Contributed equity

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

v) Earnings per share

(i) *Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, 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 year.

(ii) *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.

w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flow.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

x) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presently separately from the other assets in the Statement of Financial Position.

y) Going concern

The Group has incurred a net cash outflow from operations of $2,755,599 (2013: $5,409,183) for the year ending 30 June 2014. The net cash outflow from operations included settlement of legacy UK tax liabilities, movement in client cash, restructuring and other non-recurring costs.

The Directors believe the Group can continue to pay its debts as and when they fall due for the following reasons:

- The company completed an underwritten capital raising for $12,156,872 (net of costs) comprising a 2 for 5 accelerated non-renounceable pro rata entitlement offer.
- The Group has a cash position as at 30 June 2014 of $15,559,700 (2013: $4,599,719).

Accordingly the Directors believe there exists a reasonable expectation that the Group can continue to pay its debts as and when they fall due, and the financial report has been prepared on a going concern basis.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

z) New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below:

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

The Group has no joint arrangements within the scope of AASB 11.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

Notes to the Financial Statements (continued)

1. Summary of significant accounting policies (cont'd)

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

The effects of the application of AASB 119 is immaterial to the financial report.

The following new standards, amendments to standards and interpretations have been issued but are not mandatory for the financial year ended 30 June 2014, and have not been adopted in the preparation of these financial statements. Those which are relevant to. the Group are set out below. The Group does not plan to adopt these standards early.

New/revised pronounceme nt	Superseded Announcement	Nature of Change	Effective date (annual reporting period beginning on or after)	Impact on Initial Application
AASB 9 Financial Instruments (December 2010)	AASB 139 Financial Instruments: Recognition and Measurement (in part)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.	1 January 2015	The Group does not expect any material impact on initial adoption.

Notes to the Financial Statements (continued)

2. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Share-based payments

The Group values share options using the Black-Scholes method which requires significant estimates and judgements over the inputs in respect to the volatility and the risk free rate. Refer to note 25 for further details.

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy in note p) (i). The recoverable amounts of cash-generating units have been determined using value-in-use calculations. These calculations require the use of assumptions. Refer to note 15 for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the goodwill is $1,611,324 (2013: $2,291,212). During the year there were impairment losses of $858,074.

Estimated impairment of developed technology

The group annually assesses whether there are any indicators that the developed technology described in note p) (iii) may be impaired. As indicators were identified the recoverable amounts of technology cash-generating unit have been determined using value-in-use calculations. These calculations require the use of assumptions with the key driver of future cash flows being revenue. In the event that the technology division does not generate revenues as planned an impairment of the developed technology may result. Refer to note 15 for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the developed technology is $2,980,367 (2013: $3,724,441) and there were no impairment losses.

Notes to the Financial Statements (continued)

3. Segment information

a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business from a product perspective and has identified two reportable segments. Technology consists of car parking technology products sold globally and Parking Management consists of the business which operates in the United Kingdom.

From a geographical perspective technology revenue is reported from New Zealand, Australia, UK, South Africa, Middle East and other, as revenues grow additional countries or regions will be reported.

b) Segment information provided to the board

The segment information provided to the Board for the reportable segments for the year ended 30 June 2014 is as follows:

Group - 2014	Technology $	Parking Management $	Total $
Total segment revenue	3,894,570	19,995,508	23,890,078
Inter-segment revenue	(1,945,268)	-	(1,945,268)
Revenue from external customers	**1,949,302**	**19,995,508**	**21,944,810**
Adjusted EBITDA	**(1,653,469)**	**(684,694)**	**(2,338,163)**
Depreciation and amortisation	100,064	1,494,766	1,594,830
Income tax expense	-	-	-
Total segment assets	3,271,509	16,839,510	20,111,019
Total assets includes:			
Additions to non-current assets	74,948	1,539,232	1,614,180
Total segment liabilities	4,993,795	23,551,675	28,545,470

Notes to the Financial Statements (continued)

3. Segment information (cont'd)

b) Segment information provided to the board (cont'd)

The segment information provided to the Board for the reportable segments for the year ended 30 June 2013 is as follows:

Group - 2013	Technology $	Parking Management $	Total $
Total segment revenue	1,814,871	19,217,661	21,032,532
Inter-segment revenue	(584,249)	-	(584,249)
Revenue from external customers	**1,230,622**	**19,217,661**	**20,448,283**
Adjusted EBITDA	**(1,609,055)**	**58,355**	**(1,550,700)**
Depreciation and amortisation	155,116	1,052,963	1,208,079
Income tax expense	(186)	153,792	153,606
Total segment assets	1,767,699	15,648,867	17,416,566
Total assets includes:			
Additions to non-current assets	140,713	2,137,345	2,278,058
Total segment liabilities	1,933,709	18,646,046	20,579,755

Notes to the Financial Statements (continued)

	Consolidated 2014 $	2013 $

3. Segment information (cont'd)

c) Other segment information

(i) Segment revenue
Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement.

Segment revenue reconciles to total revenue from continuing operations as follows:

	2014	2013
Total segment revenue	**23,890,078**	21,032,532
Intersegment eliminations	**(1,945,268)**	(584,249)
Interest revenue	**185,485**	171,600
	22,130,295	20,619,883

Revenue for the Group is analysed as follows:

	Revenue		Non-current assets	
Group	$	$	$	$
	2014	**2013**	**2014**	**2013**
New Zealand	**867,232**	652,028	**3,183,413**	3,954,491
Australia	**776,790**	174,472	**2,439**	-
United Kingdom	**21,843,389**	19,801,910	**4,583,014**	4,224,874
South Africa	**211,011**	352,852	**-**	-
Middle East	**130,067**	12,848	**-**	-
Other	**61,589**	38,422	**-**	-
Totals prior to intercompany eliminations	**23,890,078**	21,032,532	**7,768,866**	8,179,365
Intercompany eliminations	**(1,945,268)**	(584,249)	**-**	-
Total	**21,944,810**	20,448,283	**7,768,866**	8,179,365

Given the nature of the business the Group has one customer that contributes more than 10% of revenue from sales of good and services including $6,740,123 (31%) (2013: $6,968,026 (34%)).

Notes to the Financial Statements (continued)

	Consolidated	
	2014	2013
	$	$

3. Segment information (cont'd)

(ii) Adjusted EBITDA

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, acquisition costs and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and realised/unrealised gains/(losses) on financial assets. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

A reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	2014 $	2013 $
Adjusted EBITDA	**(2,338,163)**	(1,550,700)
Intersegment eliminations	**(1,277,687)**	(751,254)
Interest revenue	**185,485**	171,600
Interest expense	**(76,510)**	(2,595)
Depreciation	**(1,539,624)**	(1,187,721)
Amortisation	**(877,627)**	(939,531)
Reversal of Impairment/(Impairment) net asset adjustment receivable	**850,930**	(1,332,011)
Impairment of goodwill	**(858,074)**	-
Share-based payments expense	**(169,494)**	(190,724)
Gain/(loss) on financial assets through profit and loss	**128,734**	(25,615)
Loss on disposal of fixed property, plant and equipment	**(29,889)**	(139,986)
Gain/(Loss) from disposal of assets classified as held for sale	**556,827**	(100,552)
Restructuring and non-recurring costs	**(2,183,633)**	(1,210,159)
Adjusted EBITDA for parent company	**520,006**	152,929
Other	**83,008**	(14,460)
Profit before income tax from operations	**(7,025,711)**	(7,120,779)

Notes to the Financial Statements (continued)

	Consolidated 2014 $	2013 $

3. Segment information (cont'd)

(iii) Segment assets

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Investment in shares (classified as financial assets at fair value through profit or loss) held by the group are not considered to be segment assets but rather managed by the treasury function.

Reportable segments' assets are reconciled to total assets as follows:

	2014 $	2013 $
Segment assets	**20,111,019**	17,416,566
Intersegment eliminations	**(4,664,185)**	(5,700,189)
Unallocated:		
Parent company assets	**16,203,071**	11,060,081
Total assets as per the balance sheet	**31,649,905**	22,776,458

(iv) Segment liabilities

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2014 $	2013 $
Segment liabilities	**28,545,470**	20,579,755
Intersegment eliminations	**(17,241,321)**	(11,384,249)
Unallocated:		
Parent company liabilities	**1,049,821**	190,288
Total liabilities as per the balance sheet	**12,353,970**	9,385,794

Notes to the Financial Statements (continued)

	Consolidated	
	2014	2013
	$	$

4. Financial risk management

The Groups activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments, however the Group 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, and aging analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified management. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

The group holds the following financial instruments:

	2014 $	2013 $
Financial assets		
Cash and cash equivalents	**15,559,700**	4,599,719
Trade and other receivables	**4,315,599**	5,069,375
Financial assets at fair value through profit or loss	**-**	61,309
	19,875,299	9,730,403
Financial liabilities		
Trade and other payables	**11,317,696**	7,309,736
Borrowings	**225,385**	417,361
	11,543,081	7,727,097

a) Market risk

(i) Foreign Exchange Risk
The Group operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures.

Foreign exchange risk arises from future commercial transactions and recognised assets and 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 Board has a policy of monitoring foreign exchange risks.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was $85,060 (2013: $39,626).

The Group's exposure to foreign exchange movements from trading is not material.

Notes to the Financial Statements (continued)

4. Financial risk management (cont'd)

(ii) Price risk

The Group is not exposed to equity securities price risk as it sold two publicly traded ASX listed equity investments during the year.

(iii) Cash flow and fair value interest rate risk
Some of the Group's cash balance is held in a high interest earning account. Sensitivity analysis is not disclosed based on management's calculations as amount considered immaterial.

The Group manages cash flow and interest rate risk by regularly reviewing cash facilities and ensuring we are attracting the highest and most suitable interest rate on our cash holdings. As at reporting date, the Group had the following variable rate cash and borrowings held at variable rates.

	30 June 2014		**30 June 2013**	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
Cash and cash equivalents	**3.41%**	**15,559,700**	4.09%	4,599,719

b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents as well as credit exposure to trade and other receivables. The board manages credit risk by ensuring all cash balances held at banks are held at internationally and domestically recognised institutions.

The Group continuously monitors defaults of customers and incorporates this information into its credit risk controls. The Group's policy is to deal only with credit worthy counterparties.

The maximum exposure to credit risk is the carrying amount of the financial assets of cash and other receivables to the value of $19,875,299 (2013: $9,669,094).

As of 30 June 2014, trade receivables of $1,093,712 (2013: $621,167) were past due but were not impaired. These relate to a number of independent customers for whom there is no recent history of default (Refer to note 10).

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

As at reporting date the Group had net working capital of $9,938,508 (2013: $3,071,516). The Group manages liquidity risk by continuously monitoring cash flow forecasts and actual cash flows on a monthly basis.

Smart Parking Limited (UK) has an overdraft facility of $1,355,993 which was undrawn at 30 June 2014. The overdraft facility is secured over a parent company bank deposit of $1,500,000. The overdraft was repaid on 30 July 2014 and the security released.

Notes to the Financial Statements (continued)

4. Financial risk management (cont'd)

The financial liabilities of the Group at reporting date included:

- Trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.
- Hire purchase liabilities.

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP As at 30 June 2014	*Less than 6 months*	*6 – 12 months*	*Greater than 12 months*	*Total contractual cashflows*	*Carrying Amounts*
	$	**$**	**$**	**$**	**$**
Non-derivatives					
Trade payables	**11,317,696**	**-**	**-**	**11,317,696**	**11,317,696**
Hire purchase liabilities	**101,311**	**101,311**	**22,763**	**225,385**	**225,385**
Total non-derivatives	**11,419,007**	**101,311**	**22,763**	**11,543,081**	**11,543,081**

GROUP As at 30 June 2013	*Less than 6 months*	*6 – 12 months*	*Greater than 12 months*	*Total contractual cashflows*	*Carrying Amounts*
	$	**$**	**$**	**$**	**$**
Non-derivatives					
Trade payables	7,309,736	-	-	7,309,736	7,309,736
Hire purchase liabilities	102,313	102,312	212,736	417,361	417,361
Total non-derivatives	7,412,049	102,312	212,736	7,727,097	7,727,097

d) Fair value

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets, such as trading and available for sale securities, is based on current quoted market prices at reporting date. The quoted market price used for financial assets held by the Group is the current market price.

The fair value of financial instruments that are not traded in an active market such as unlisted investments and subsidiaries is determined using valuation techniques where applicable. Where this is unable to be done they are carried at cost. The carrying value less impairment provision of current trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The Group sold two publicly traded ASX listed equity investments during the year.

Notes to the Financial Statements (continued)

	Note	Consolidated 2014 $	2013 $
5. Revenue and other income			
From operations			
Revenue			
Revenue from sale of goods and services		**21,944,810**	20,448,283
Interest revenue		**185,485**	171,600
Total revenue from operations		**22,130,295**	20,619,883

6. Expenses

Loss before income tax includes the following specific expenses:

	Note	Consolidated 2014 $	2013 $
Depreciation:			
- Motor vehicles		**(172,230)**	(111,350)
- Plant and equipment		**(1,317,184)**	(1,008,043)
- Office equipment		**(25,987)**	(53,815)
- Leasehold improvements		**(24,223)**	(14,513)
Total depreciation		**(1,539,624)**	(1,187,721)
Amortisation		**(877,627)**	(939,531)
Total depreciation and amortisation		**(2,417,251)**	(2,127,252)
Finance costs:			
- Interest expense		**(76,510)**	(2,595)
- Bank fees and charges		**(104,957)**	(88,305)
Total finance costs		**(181,468)**	(90,900)
Other expenses:			
- Audit fees	27	**(114,193)**	(125,086)
- ASX and share registry expense		**(58,835)**	(80,176)
- Consultants expense		**(135,792)**	(13,875)
- Foreign exchange loss (net)		**-**	-
- Impairment of trade debtors		**(86,760)**	(87,103)
- Legal fees		**(1,011,235)**	(294,480)
- Gain/(loss) on disposal of fixed property, plant and equipment		**(29,889)**	(139,986)
- Motor vehicle expense		**(644,952)**	(740,969)
- Support and development		**(49,448)**	(50,937)
- Unrealised losses on financial assets through profit or loss		**-**	(25,615)
- Travel and Accommodation		**(539,257)**	(405,926)
- Insurance		**(333,310)**	(311,018)
- Telephone and communications		**(281,029)**	(309,892)
- Cash collection fees		**(782,411)**	(841,048)
- Licencing Authority fees		**(972,105)**	(811,048)
- Repairs and maintenance		**(1,053,497)**	(664,496)
- IT Support		**(406,907)**	(337,422)
- Staff recruitment		**(217,174)**	(164,433)

Notes to the Financial Statements (continued)

	Consolidated 2014 $	Consolidated 2013 $
7. Income tax expense		
a) Income tax expense		
Current tax	-	3,888
Deferred tax	-	154,261
Adjustments for current tax of prior periods	-	-
Benefits of tax losses	-	-
Tax expense	-	158,149
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	-	154,261
(Decrease)/increase in deferred tax liabilities	-	-
b) Reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense	**(7,025,711)**	(7,120,779)
Profit/(loss) from discontinued operations	-	-
Tax at the Australian rate of 30%	**(2,107,713)**	(2,136,234)
Tax effect of permanent differences:		
Rate differences	**286,905**	304,666
Goodwill and intangible impairment expense	**257,422**	-
Non-deductible expenses	**1,466,113**	2,399
Share-based payments expense	**47,352**	55,285
Other timing differences	**(4,209)**	(16,383)
Benefits of tax losses and other timing differences not brought to account	**54,130**	1,794,155
Write off deferred tax previously brought to account	-	154,261
Tax expense	-	158,149
c) Unrecognised temporary differences		
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	**3,504,266**	2,705,568
Other temporary differences	**388,301**	519,233
Deferred tax liabilities		
Other temporary differences	-	-
	3,892,567	3,224,801

Notes to the Financial Statements (continued)

	Consolidated	
	2014	**2013**
	$	**$**

7. Income tax expense (cont'd)

The Group has tax losses arising in Australia of $1,558,990 (2013: $760,172) available for offset against future taxable profits of the companies in which the losses arose.

At 30 June 2014, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has no liability for additional taxation should such amounts be remitted.

a) Tax consolidation legislation
Smart Parking Limited and its wholly owned Australian controlled entities have elected to enter into the tax consolidation legislation from 9 January 2007. The accounting policy in relation to this legislation is set out in note 1(g). On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Smart Parking Limited.

The entities entered into a tax funding agreement under which the wholly owned entities fully compensate Smart Parking Limited for any current tax payable assumed and are compensated by Smart Parking Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Smart Parking Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables, no amounts have been recognised.

8. Earnings/(loss) per share

Basic profit/ (loss) per share	**(0.03)**	(0.04)
Diluted profit/ (loss) per share	**(0.03)**	(0.04)
Profit/ (loss) used in calculating EPS	**(7,025,711)**	(7,278,928)
Basic and diluted loss per share		
Profit/(Loss) used in calculating EPS		
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**No.**	**No.**
	230,376,808	205,110,205
Reconciliation of basic and diluted loss per share		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings/(loss) per share:	**(7,025,711)**	(7,278,928)

The earnings per share calculation has not been adjusted for the 3,127,966 deferred share rights (2013: 3,198,397) as the company has made a loss in the current year and this would be considered antidilutive. These deferred share rights could potentially dilute basic earnings per share in the future.

Notes to the Financial Statements (continued)

	Consolidated 2014 $	Consolidated 2013 $
9. Cash and cash equivalents		
Cash at bank and in hand	**4,368,943**	2,537,933
Deposits at call	**11,190,757**	2,061,786
	15,559,700	4,599,719

Cash at bank includes cash of $4,024,600 (2013: $2,069,649) that Smart Parking Limited (UK) has collected and counted on behalf of customers, the associated liability for this is included in other payables.

a) Interest rate risk exposure
The Group's exposure to interest rate risk is discussed in note 4.

b) Assets pledged as security
Smart Parking Limited (UK) had an overdraft facility of $1,355,993 which was undrawn at 30 June 2014. The overdraft facility was secured over a parent company bank deposit of $1,500,000. The overdraft was repaid on 30 July 2014 and the security released.

10. Trade and other receivables

	2014 $	2013 $
Current		
Trade receivables	**3,110,327**	2,622,613
Provision for impairment of receivables (a)	**(203,361)**	(132,622)
	2,906,966	2,489,991
Receivable from related party (Refer note 28 (d))	**-**	1,360,445
Prepayments	**1,095,813**	966,516
Other receivables (d)	**1,309,796**	1,079,391
	5,312,575	5,896,343
Non-current receivables (d)	**98,837**	139,548
	5,411,412	6,035,891

Further information relating to the receivable from a related party is set out in note 28.

a) Impaired trade receivables
As at 30 June 2014 current trade receivables of the group with a nominal value of $203,361 (2013: $124,198) were impaired. The amount of the provision was $203,361 (2013: $132,622).

The ageing analysis of these trade receivables is as follows:

	2014 $	2013 $
1 to 3 months	**-**	-
3 to 6 months	**-**	-
Over 6 months	**203,361**	124,198
	203,361	124,198

Notes to the Financial Statements (continued)

	Consolidated 2014 $	2013 $

10. Trade and other receivables (cont'd)

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

At 1 July	**132,622**	296,278
Provision for impairment recognised during the year	**120,817**	87,103
Receivables written off during the year as uncollectible	**(30,450)**	-
Unused amount reversed	**(34,805)**	(259,322)
Foreign exchange translation	**15,177**	8,563
At 30 June	**203,361**	132,622

The creation and release of the provision for impaired receivables has been included in 'other expenses' in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

b) Past due but not impaired

As of 30 June 2014, trade receivables of $1,093,712 (2013: $621,167) were past due but were not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Up to 3 months	**217,670**	592,329
3 months and over	**876,042**	28,838
	1,093,712	621,167

c) Fair values and credit risk

Due to the short term nature of these receivables the carrying values represent their respective fair values at 30 June 2014 and 30 June 2013.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 4 for more information on the risk management policy of the Group and the credit quality of its receivables.

d) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed normal payment terms. Collateral is not normally obtained.

e) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 4.

Notes to the Financial Statements (continued)

	Consolidated 2014 $	Consolidated 2013 $

11. Inventories

	2014 $	2013 $
Stock in Transit	**39,626**	96,616
Work in progress	**55,490**	52,865
Finished goods	**1,301,158**	971,421
	1,396,274	1,120,902

12. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are all held for trading and include the following:

	2014 $	2013 $
Current		
Australian listed equity securities	**-**	61,309
	-	61,309

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income or other expense in the profit or loss (note 6).

a) Risk exposure

The Group's exposure to price and credit risk is discussed in note 4.

13. Assets classified as held for sale

a) Assets classified as held for sale

	2014 $	2013 $
Non-current assets held for sale		
Land	**-**	627,316
	-	627,316

b) Sale of assets classified as held for sale

Smart Parking Limited (UK) completed the sale of a car park under a Compulsory Purchase Order on 7th November 2013.

Financial information relating to the sale of the properties is set out below:

	2014 $	2013 $
Consideration received in form of cash	**1,184,143**	765,009
Carrying amount of net assets sold	**627,316**	865,561
Gain/(Loss) on sale before income tax	**556,827**	(100,552)

Notes to the Financial Statements (continued)

14. Property, plant and equipment (non-current)

Consolidated	Motor Vehicles $	Office Equipment $	Plant and Equipment $	Leasehold Improvem-ents $	Total $
Year ended 30 June 2014					
At 1 July 2013					
Opening net book amount	**601,315**	**120,121**	**3,435,233**	**99,941**	**4,256,610**
Additions	**151,414**	**22,964**	**1,143,973**	**229,836**	**1,548,187**
Reclassifications	**-**	**-**	**(103,653)**	**-**	**(103,653)**
Assets classified as held for sale and other disposals	**(27,012)**	**(1,483)**	**(5,721)**	**(2,962)**	**(37,178)**
Depreciation charge for the year	**(172,230)**	**(25,987)**	**(1,317,184)**	**(24,223)**	**(1,539,624)**
Foreign exchange translation	**57,817**	**11,752**	**330,029**	**14,480**	**414,078**
Closing net book amount	**611,304**	**127,367**	**3,482,677**	**317,072**	**4,538,420**
At 30 June 2014					
Cost or fair value	**924,932**	**367,193**	**7,392,011**	**404,025**	**9,088,161**
Accumulated depreciation & impairment	**(313,628)**	**(239,826)**	**(3,909,334)**	**(86,953)**	**(4,549,741)**
Net book amount	**611,304**	**127,367**	**3,482,677**	**317,072**	**4,538,420**

Consolidated	Land $	Buildings $	Motor Vehicles $	Office Equipment $	Plant and Equipment $	Leasehold Improvem-ents $	Total $
Year ended 30 June 2013							
At 1 July 2012							
Opening net book amount	1,392,933	68,054	75,461	132,090	2,659,517	146,575	4,474,630
Additions	-	-	597,936	35,494	1,612,243	32,385	2,278,058
Assets classified as held for sale and other disposals	(1,388,694)	(67,847)	(4,670)	(2,058)	(69,950)	(71,396)	(1,604,615)
Depreciation charge for the year	-	-	(111,350)	(53,815)	(1,008,043)	(14,513)	(1,187,721)
Foreign exchange translation	(4,239)	(207)	43,938	8,410	241,466	6,890	296,258
Closing net book amount	-	-	601,315	120,121	3,435,233	99,941	4,256,610
At 30 June 2013							
Cost or fair value	-	-	747,582	317,546	5,952,302	156,723	7,174,153
Accumulated depreciation & impairment	-	-	(146,267)	(197,425)	(2,517,069)	(56,782)	(2,917,543)
Net book amount	-	-	601,315	120,121	3,435,233	99,941	4,256,610

(a) Assets in the course of construction
The carrying amounts of assets disclosed above include the plant and equipment expenditure of $44,435 (2013: $263,124) recognised in relation to property, plant and equipment which is in the course of construction. The group has capital expenditure contracted for at the reporting date but not recognized liabilities of $30,699 (2013: $278,310).

(b) Non-current assets pledged as security
Refer note 9 b).

Notes to the Financial Statements (continued)

15. Intangible assets (non-current)

	Software $	Developed Technology $	Goodwill $	Other intangible assets $	Total $
Year ended 30 June 2014					
Opening net book amount	**42,107**	**3,724,441**	**2,291,212**	**16,657**	**6,074,417**
Additions	**68,795**	**58,997**	**-**	**-**	**127,792**
Reclassifications	**103,653**	**-**	**-**	**-**	**103,653**
Disposals	**(11,836)**	**-**	**-**	**-**	**(11,836)**
Exchange differences	**4,902**	**-**	**178,186**	**1,520**	**184,608**
Impairment charge	**-**	**-**	**(858,074)**	**-**	**(858,074)**
Amortisation charge	**(69,356)**	**(803,071)**	**-**	**(5,200)**	**(877,627)**
Closing net book amount	**138,265**	**2,980,367**	**1,611,324**	**12,977**	**4,742,933**
At 30 June 2014					
Cost	**758,021**	**5,690,731**	**13,768,829**	**23,611**	**20,241,192**
Accumulated amortisation and impairment	**(619,756)**	**(2,710,364)**	**(12,157,505)**	**(10,634)**	**(15,498,259)**
Net book amount	**138,265**	**2,980,367**	**1,611,324**	**12,977**	**4,742,933**

	Software $	Developed Technology $	Goodwill $	Other intangible assets $	Total $
Year ended 30 June 2013					
Opening net book amount	152,024	4,517,278	2,130,837	-	6,800,139
Additions	20,540	10,234	-	20,048	50,822
Exchange differences	1,478	-	160,375	1,134	162,987
Impairment charge	-	-	-	-	-
Amortisation charge	(131,935)	(803,071)	-	(4,525)	(939,531)
Closing net book amount	42,107	3,724,441	2,291,212	16,657	6,074,417
At 30 June 2013					
Cost	520,892	5,631,734	13,590,643	21,476	19,764,745
Accumulated amortisation and impairment	(478,785)	(1,907,293)	(11,299,431)	(4,819)	(13,690,328)
Net book amount	42,107	3,724,441	2,291,212	16,657	6,074,417

Notes to the Financial Statements (continued)

	Consolidated	
	2014	2013
	$	$

15. Intangible assets (non-current) (cont'd)

(a) Impairment test for goodwill and developed technology

Goodwill and the developed technology are allocated to the Group's CGUs at the lowest level for which there are separately identifiable cash inflows which are largely independent of cash flows from other CGUs.

A CGU level summary of the allocation is presented below.

CGU	2014	2013
Parking management - goodwill	**1,611,324**	2,291,212
Technology – developed technology	**2,980,367**	3,724,441
	4,591,691	6,015,653

The recoverable amount of the Parking management and Technology CGU is determined on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

The group annually assesses whether there are any indicators that the developed technology described in note 1 p) (iii) may be impaired. As indicators were identified the recoverable amounts of technology cash-generating unit have been determined using value-in-use calculations as detailed above. In the event that the technology division does not generate revenues as planned an impairment of the developed technology may result.

(b) Key assumptions used for value-in-use calculations

The key assumptions below used for value-in-use calculations relate to the Parking management and Technology CGU.

	2014	2013
Parking management CGU		
Average annual growth rate over the budget period*	**7.6%**	5.2%
Growth rate to perpetuity **	**2.5%**	2.5%
Discount rate ***	**16.8%**	16.9%
Technology CGU		
Average annual growth rate over the budget period*	**27.0%**	39.7%
Growth rate to perpetuity **	**2.5%**	2.5%
Discount rate ***	**25.0%**	25.0%

* Average revenue growth rate used to determine cash flows.
**Weighted average growth rate used to extrapolate cash flows beyond the budget period to perpetuity.
***In performing the value-in-use calculations, the group has assumed there are no expected future tax cash flows due to the carry forward loss position, therefore the pre-tax discount rate is the same as the post-tax discount rate.

Notes to the Financial Statements (continued)

15. Intangible assets (non-current) (cont'd)

These assumptions have been used for the analysis of the Parking management and Technology CGU. Management determined budgeted revenue and gross margin based on its expectations for the future. The weighted average growth rate is based on management projections for the future. The discount rate is the Group's weighted average cost of capital adjusted for specific risks relating to the relevant CGU where appropriate.

Cash flow assumptions

Technology Division

The growth rate for the Technology CGU exceeds the overall long term average growth rates because this sector is expected to grow at above average rates over the forecast period. This is a result of:

- Market sources recently noted that between 2013 and 2020 'the smart parking systems market will rapidly transition from the pilot stage to being an accepted technology for city management'. Smart Parking is seeing this transition and this is evidenced by recent wins and current and upcoming tenders.
- Expected growth in revenues leveraging off the back of the recent wins in New Zealand, Australia and the United Kingdom.
- Increasing spend on sales and marketing in its major markets.
- Increasing recurring revenue from maintenance and data charges.
- Release of the company's next version of hardware and software offering a more intelligent solution including Radio Frequency Identification.

The discount rate is high relative to the Group's weighted average cost of capital to reflect the risk that is inherent in the division at its current stage of development and while there has been revenue growth it has not achieved budget in recent years. It also reflects the sensitivity of the value-in-use calculations to revenue growth.

Parking Management Division

As at 31 December 2013 management considered there were signs of impairment of the goodwill on the acquisition of Smart Parking (UK) Limited following the poor financial performance of the business compared with expectations. This is resulted in an impairment charge of $858,074 as at that date. The assets were subject to further analysis as at 30 June 2014. Whilst performance has again been below expectations, returns are expected to improve within the division as a result of recommendations from a detailed financial and strategic review including:

- Diversification into health and transport segments.
- Leasing new sites.
- Improving yield management on existing car parking sites.
- Management and sales personnel changes including the appointment of Ms Susan Taylor as UK Managing Director – Parking Services. Ms Taylor was formally CEO of Vinci Park UK.
- Consolidating office space leading to improved communication and collaboration.

Whilst the Directors believe that the assumptions above are reasonable they will consider signs of impairment for the period ending 31 December 2014 and whether the assumptions used for the value-in-use are still appropriate.

Notes to the Financial Statements (continued)

(c) Impairment charge

The impairment charge of $858,074 arose as a consequence of writing down the goodwill. This goodwill related to the Parking Management CGU which has had results lower than expected for the year ending 30 June 2014.

Given the results are adverse to expectation, management have revised the financial budgets covering a five year period for this CGU which take into account the assumptions in note 15(b).

Whilst the directors believe that this CGU has the potential to realise a value in excess of the current carrying value of assets through use, the directors have considered the impairment charge to be prudent given recent historical performance and the revised budgets.

(d) Impact of possible changes in key assumptions

If the revenue forecast in the five year cash flow projections for the Parking Management CGU had been 5% lower than management's estimates at 30 June 2014 the goodwill would be fully impaired by $1,611,324.

If the revenue forecast in the five year cash flow projections for the Technology CGU had been 5% lower than management's estimates at 30 June 2014 the group would have recognised impairment against the developed technology of $2,220,404.

Notes to the Financial Statements (continued)

	Consolidated 2014 $	2013 $

16. Deferred Tax Assets

The balance comprises temporary differences attributable to:	2014 $	2013 $
Unrealised loss on investments	-	-
Tax losses	-	-
Other temporary differences	-	-
	-	-

Movements	**Unrealised loss on investments $**	**Tax losses $**	**Other temporary differences $**	**Total $**
At 1 July 2012	-	330,832	(176,571)	154,261
(Charged)/credited				
- to profit or loss	-	(330,832)	176,571	(154,261)
- directly to equity	-	-	-	-
At 30 June 2013	-	-	-	-
(Charged)/credited				
- to profit or loss	-	-	-	-
- directly to equity	-	-	-	-
At 30 June 2014	-	-	-	-

Notes to the Financial Statements (continued)

	Consolidated 2014 $	2013 $

17. Trade and other payables

	2014 $	2013 $
Current		
Trade payables	**2,524,131**	2,080,156
Related party payables	**55,308**	61,689
Other payables	**8,738,257**	5,167,891
	11,317,696	7,309,736

(a) All trade and other payables are expected to be settled within 12 months. Other payables includes $4,024,600 (2013: $2,069,649) payable to customers for cash that Smart Parking UK has collected and counted on behalf of customers, the associated cash for this is included in cash at bank. Other payables also includes provisions related to restructuring, an onerous lease and the dispute with Mr Dickson referred to in note 28 (d).

(b) Risk exposure

Details of the Group's exposure to risks arising from trade and other payables are set out in note 4.

18. Borrowings

	2014 $	2013 $
Secured		
Current hire purchase liabilities	**202,622**	204,625
Non-current hire purchase liabilities	**22,763**	212,736
	225,385	417,361

Hire purchase liabilities are effectively secured as the rights to the hire purchased assets recognised in the financial statements revert to the hire purchase lessor in the event of default. Further information relating to hire purchase liabilities is set out in note 33.

19. Deferred revenue

	2014 $	2013 $
Current		
Revenue received in advance	**177,388**	245,708

Revenue received in advance relates to a number of customers which have paid in advance for the Group to provide parking technology solutions and parking management services.

20. Provisions

	2014 $	2013 $
Current		
Employee benefits	**633,501**	1,412,989

The current provision for employee benefits includes accrued annual leave and payroll taxes. The entire amount is treated as current, since the Group does not have the unconditional right to defer settlement for any of these obligations.

Notes to the Financial Statements (continued)

21. Issued capital

	Note	Group 2014 No.	Group 2014 $	Group 2013 No.	Group 2013 $
Ordinary shares					
- Issued and fully paid	(a)	**292,090,794**	**57,751,202**	208,308,602	45,594,329
Less Treasury shares		**(3,127,966)**		(12,268,026)	
Total consolidated contributed equity		**288,962,828**	**57,751,202**	196,040,576	45,594,329

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	$
1 July 2012	Opening Balance	208,108,602		45,554,329
6 March 2013	Exercise of Director options	200,000	$0.20	40,000
30 June 2013	Balance	208,308,602		45,594,329
24 February 2014	Shares issued under deferred share and incentive plan	362,069		-
19 March 2014	Share Issue	83,420,123	$0.15	12,513,018
	Less: Transaction costs arising on share issue			(356,146)
30 June 2014	**Balance**	**292,090,794**		**57,751,201**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Treasury shares are shares in Smart Parking Limited that are held by the Car Parking Technologies Employee Share Trust for the purpose of issuing shares under the Car Parking Technologies Limited Employee share scheme (refer to note 25 (b)). Treasury shares in 2013 also included 9,069,629 shares of a former Director, Mr Dickson (refer to note 28 (d)).

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

At the 30 June 2014 the Group has capital of $19,295,935 (2013: $13,390,664).

Notes to the Financial Statements (continued)

	Consolidated 2014 $	2013 $

22. Reserves and accumulated losses

(a) Reserves

	2014 $	2013 $
Share based payments	**1,235,892**	1,066,398
Foreign currency translation	**1,571,961**	967,346
	2,807,853	2,033,744

	2014 $	2013 $
Movements in share based payment reserve were as follows:		
Balance 1 July	**1,066,398**	875,674
Deferred share rights and option expense	**169,494**	190,724
Balance 30 June	**1,235,892**	1,066,398

Share based options
The Company has no unlisted options over ordinary shares on issue at 30 June 2014.

Deferred share rights
The Company has 1,687,320 deferred share rights on issue at 30 June 2014. Each right shall entitle the holder to acquire one share for nil consideration providing they are still employed by the Company and they have met the time hurdle.

	2014 $	2013 $
Movements in foreign currency translation reserve were as follows:		
Balance 1 July	**967,346**	416,473
Currency translation differences arising during the year	**604,615**	550,873
Balance 30 June	**1,571,961**	967,346

Nature and purpose of reserves

Share-based payments reserve
The share-based payments reserve is used to record the value of equity benefits which may be provided:
- to directors on terms determined by the shareholders; and
- to employees, advisers and consultants as payments for services.

Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1 d) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(b) Accumulated losses

	2014 $	2013 $
Balance 1 July	**(34,237,409)**	(26,958,481)
Net profit/(loss) for the year	**(7,025,711)**	(7,278,928)
Balance 30 June	**(41,263,120)**	(34,237,409)

Notes to the Financial Statements (continued)

	Consolidated	
	2014	**2013**
	$	**$**

23. Related party transactions

The consolidated financial statements incorporate the assets, liabilities and results of subsidiaries in accordance with the accounting policy described in note 1(b).

(a) Parent entity
The parent entity within the Group is Smart Parking Limited which is the ultimate Australian parent.

(b) Director related entities
During the year the parent and its subsidiaries made payments to Directors and their related entities for services provided. Details are disclosed in the Director's Report and note 28.

24. Reconciliation of cash flows from operating activities

	2014 $	2013 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Profit/(Loss) after income tax for the period	**(7,025,711)**	(7,278,928)
Adjustments for:		
(Gain)/loss on disposal of assets classified as held for sale	**(556,827)**	100,552
Loss on disposal of plant and equipment	**29,889**	139,986
Depreciation and amortisation expense	**2,417,251**	2,127,252
Unrealised losses on financial assets through profit or loss	**(128,714)**	25,615
Impairment of goodwill	**858,074**	-
Gain on sale of forfeited shares	**(850,930)**	-
Impairment of trade receivables	**86,760**	(116,300)
Share-based payments expense	**169,494**	190,724
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in trade and term receivables	**(515,811)**	1,021,762
(Increase)/decrease in inventories	**(275,372)**	254,918
(Increase)/decrease in other current assets	**(128,200)**	1,123,263
Increase/(decrease) in trade payables and accruals	**3,165,370**	(3,141,971)
Increase/(decrease) in tax payable and deferred tax	**(872)**	143,944
Net Cash outflow from operations	**(2,755,599)**	(5,409,183)

Notes to the Financial Statements (continued)

25. Share based payments

(a) Options

There were no unissued ordinary shares under option at 30 June 2014.

Group 2013

Grant date	Expiry date	Exercise price Number	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at the end of the year Number	Vested & exerciseable at end of the year Number
22 Feb 2011	30 June 2013	$0.20	1,500,000	-	(200,000)	(1,300,000)	-	-
1 Apr 2011	30 June 2013	$0.20	500,000	-	-	(500,000)	-	-
Total			2,000,000	-	(200,000)	(1,800,000)	-	-
Weighted Average Exercise Price			$0.20	-	$0.20	$0.20	-	-

Fair value of options granted

30 June 2014
There were no options granted during the year ended 30 June 2014.

Where options are issued to employees of subsidiaries within the Group, the subsidiaries compensate Smart Parking Limited for the amount recognised as expense in relation to these options.

(b) Deferred Share and Incentive Plan

In January 2011 shareholders approved the establishment of a Deferred Share and Incentive Plan (Plan). The Plan was established to ensure that Smart Parking Limited has appropriate mechanisms in place to continue to attract and retain the services of employees of a high calibre and as compensation for past performance. There are no performance criteria as it was more appropriate to use service conditions.

At 30 June 2014 3,127,966 (2013: 3,198,397) shares have been set aside under the Plan and 1,687,320 (2013: 2,107,192) deferred share rights or shares have been allocated to particular employees. Employees have the right to acquire the shares no sooner than 2 years and no later than 5 years from the date of allocation for nil consideration.

No deferred share rights were issued to Directors for the year ending 30 June 2014 (2013: nil other than 250,000 rights to deferred shares granted to Mr Gillespie as part of commencing his employment).

Notes to the Financial Statements (continued)

	Consolidated	
	2014	2013
	$	$

25. Share based payments (cont'd)

The terms and conditions of each deferred share right affecting remuneration in the previous, this or future reporting periods are as follows:

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value Per Option at Grant Date	% vested
6 May 2011	6 May 2014	6 May 2016	$0.00	$0.28	0%
1 October 2011	1 October 2014	1 October 2016	$0.00	$0.30	0%
20 February 2012	20 February 2015	20 February 2017	$0.00	$0.31	0%
1 July 2012	1 July 2015	1 July 2017	$0.00	$0.27	0%
29 August 2012	29 August 2015	29 August 2017	$0.00	$0.26	0%
1 December 2012	1 December 2015	1 December 2017	$0.00	$0.29	0%
1 January 2013	1 January 2016	1 January 2018	$0.00	$0.26	0%
10 February 2014	10 February 2016	10 February 2018	$0.00	$0.19	0%

	2014	2013
Deferred share rights issued under the plan to participating employees	**1,687,320**	2,107,192

(c) Expenses arising from share based payment transactions

	2014	2013
Deferred share rights	**169,494**	190,724

26. Auditor's Remuneration

	2014	2013
Audit Services		
Audit and review of financial reports		
Grant Thornton, Australia	**70,000**	48,000
BDO Waikato, New Zealand	**-**	24,406
BDO LLP, United Kingdom	**44,193**	52,680
Total remuneration for audit services	**114,193**	125,086
Non-audit services		
Taxation		
BDO LLP, United Kingdom	**36,576**	69,319
Other assurance services		
BDO LLP, United Kingdom	**17,587**	14,648
Total remuneration for non-audit related services	**54,163**	83,967

Notes to the Financial Statements (continued)

27. Parent Entity Information

The following details information related to the parent entity, Smart Parking Limited, as at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	Parent 2014 $	Parent 2013 $
Current assets	**11,185,902**	2,716,763
Non-current assets	**5,017,169**	8,343,318
Total assets	**16,203,071**	11,060,081
Current liabilities	**1,049,821**	190,288
Non-current liabilities	**-**	-
Total liabilities	**1,049,821**	190,288
Contributed equity	**57,751,202**	45,594,329
Retained earnings/ (accumulated losses)	**(43,833,843)**	(35,790,934)
Option reserve	**1,235,892**	1,066,398
Other reserve	**-**	-
Total equity	**15,153,251**	10,869,793
Profit for the year	**(8,042,909)**	(24,932,733)
Other comprehensive income/ (loss) for the year	**-**	-
Total comprehensive income/ (loss) for the year	**(8,042,909)**	(24,932,733)

Smart Parking Limited (UK) had an overdraft facility of $1,355,993 which was undrawn at 30 June 2014. The overdraft facility was secured over a parent company bank deposit of $1,500,000. The overdraft was repaid on 30 July 2014 and the security released.

The parent company has guaranteed the performance of Smart Parking Limited (UK) in relation to the contract with Westminster City Council.

Notes to the Financial Statements (continued)

	Consolidated 2014 $	Consolidated 2013 $

28. Key management personnel disclosures

(a) Key management personnel compensation

	2014 $	2013 $
Short-term employee benefits	**737,895**	626,198
Share based payments	**32,005**	47,763
Termination benefits	**-**	89,000
	769,900	762,961

(b) Equity Instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in Section D of the audited Director's Remuneration Report.

(ii) Option holdings
There were no unissued ordinary shares under option at 30 June 2014.

(iii) Deferred share rights provided as remuneration under the Deferred Share and Incentive Plan and shares issued on the exercise of such rights, together with terms and conditions of the rights, can be found in Section D of the audited Director's Remuneration Report.

(iv) Deferred share rights holdings
The number of deferred share rights over ordinary shares in the company held during the financial year by each director of Smart Parking Limited and other key management personnel of the Group, including their personally related parties, are set in the Director's Report.

(v) Share holdings
The numbers of shares in the company held during the financial year by each director of Smart Parking Limited and other key management personnel of the Group, including their personally related parties are set in the Director's Report.

(c) Loans to key management personnel

There were no loans made or outstanding to other directors of Smart Parking Limited and other key management personnel of the Group, including their personally related parties.

Notes to the Financial Statements (continued)

28. Key management personnel disclosures (cont'd)

(d) Other transactions with key management personnel or related entities.

Refer to Other Information in the Director's Report for detail of transactions with key management personnel or related entities.

A former Director, Mr Dickson, was the sole shareholder of Smart Parking Limited (UK) (formerly Town and City Parking Limited) prior to it being acquired by Smart Parking Limited on 9 January 2012.

The sale and purchase agreement (SPA) for such acquisition provided Smart Parking Limited with the right to transfer a number of shares held by Mr Dickson in Smart Parking Limited in certain circumstances (Relevant Shares). Smart Parking Limited's right to transfer the Relevant Shares was triggered in circumstances where (i) the reviewed net asset position of Smart Parking Limited (UK) showed a shortfall as compared with the position that had been represented by Mr Dickson; and (ii) the financial performance of Smart Parking Limited (UK) for the calendar year 2012 did not meet certain levels such that the shortfall would otherwise have been compensated by deduction from deferred consideration (in the form of an earn out) payable to Mr Dickson. The net asset adjustment as reviewed by Smart Parking Limited (UK) auditors showed a considerable shortfall of $3,304,313. The financial performance of Smart Parking Limited (UK) during calendar year 2012 did not meet the levels required under the SPA for the payment of any deferred consideration to Mr Dickson. The shortfall in net asset value could therefore not be compensated by deduction from any deferred consideration that would otherwise have been payable to him. Consequently, the Relevant Shares were transferred by Smart Parking Limited. The Relevant shares were subsequently sold on 14 November 2013 for $2,267,407. After costs the profit earned was $850,930.

Mr Dickson disputes the calculation of the net asset adjustment and the lack of deferred consideration (first earn out) as well as Smart Parking Limited's right to deal with the shares. On the 14th January 2014 Mr Dickson filed a claim in the English High Court seeking a number of declarations from the court, including that an independent expert be appointed to review the net asset position of Smart Parking Limited (UK) at the relevant time and that Smart Parking Limited was not permitted to exercise its remedies under the SPA to deal with the Relevant Shares.

The Company is vigorously defending such claims.

In addition, on 19th June 2014 the Company filed a claim in the English High Court against Mr Dickson and his company, Lochwheel Limited, under the SPA for indemnification and compensation for losses suffered by Smart Parking Limited and Smart Parking Limited (UK) as a result of Mr Dickson and Lochwheel's breaches of the SPA.

Notes to the Financial Statements (continued)

	Consolidated	
	2014	**2013**
	$	**$**

28. Key management personnel disclosures (cont'd)

List other transactions

Aggregate amounts of each of the above types of other transactions with key management personnel or their related entities of Smart Parking Limited:

	2014 $	2013 $
Amounts recognised as revenue		
Revenue for hardware and software and services	**-**	-
Amounts recognised as expense		
Corporate advisory fees (company secretarial & financial management)	**63,000**	62,500
Share registry fees	**25,271**	28,248
Bulk print and mail services	**202,636**	120,446
Rent	**22,606**	-
Marketing services	**-**	90,806
	313,513	302,000

29. Dividends paid or proposed

There were no dividends paid or proposed during the year.

30. Non-cash investing and financing activities

	2014 $	2013 $
Acquisition of motor vehicles by means of hire purchase	**-**	597,936

31. After reporting period events

Smart Parking Limited (UK) had an overdraft facility of $1,355,993 which was undrawn at 30 June 2014. The overdraft facility was secured over a parent company bank deposit of $1,500,000. The overdraft was repaid on 30 July 2014 and the security released.

Notes to the Financial Statements (continued)

32. Contingencies

The group had contingencies at 30 June 2014 in respect of:

(a) Contingent liabilities

On the 14th January 2014 Mr Dickson filed a claim in the English High Court seeking a number of declarations from the court, including that an independent expert be appointed to review the net asset position of Smart Parking UK at the relevant time and that Smart Parking Ltd was not permitted to exercise its remedies under the SPA to deal with the Relevant Shares. The Company is vigorously defending such claims.

On 19th June 2014 the Company filed a claim in the English High Court against Mr Dickson and his company, Lochwheel Limited, under the SPA for indemnification and compensation for losses suffered by Smart Parking Ltd and Smart Parking UK as a result of Mr Dickson and Lochwheel's breaches of the SPA.

The above contingency has not been recognised in the financial statements as at 30 June 2014 as the outcome of Court proceedings is uncertain.

For information about the claim refer to note 28.

(b) Contingent guarantees

For information about guarantees given by entities within the group refer to note 26.

Notes to the Financial Statements (continued)

	Consolidated	
	2014	**2013**
	$	**$**

33. Commitments

(a) Capital commitments

The group has capital expenditure contracted for at the reporting date but not recognized liabilities of $30,699 (2013: $278,310).

(b) Non-cancellable operating lease commitments

The Group leases office and warehouse space under non-cancellable operating leases and has non-cancellable operating leases or management contracts for car parks from which its generates income. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases or management contracts are renegotiated.

Commitments for minimum lease payments under non-cancellable operating leases and management contracts are payable as follows:

	2014	2013
Within one year	**1,995,635**	1,854,143
Later than one year but not later than five years	**5,738,319**	5,598,209
Later than five years	**8,419,048**	8,134,480
	16,153,002	15,586,832

(c) Hire purchase commitments

The Group hires motor vehicles under hire purchase agreements expiring within 3 years. The hire purchase agreements have an option to purchase at the end of the term.

Commitments in relation to hire purchase as follows:

	2014	2013
Within one year	**202,622**	204,625
Later than one year but not later than five years	**22,763**	212,736
Later than five years	**-**	-
	225,385	417,361

Directors' Declaration

In the Directors' opinion:

(a) the financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001, and:

(i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group.

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) The remuneration disclosures included in the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2014, comply with section 300A of the *Corporations Act 2001.*

(d) The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Reporting Standards.

(e) The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by;

Christopher Morris
Non-Executive Chairman

26 August 2014

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Smart Parking Limited ("SPT" or "Company"). The Board of Directors ("Board") supports a system of corporate governance to ensure that the management of SPT is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX Corporate Governance Council Recommendations

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* ("ASX Principles and Recommendations 2nd Edition") where considered appropriate for company of SPT's size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Securities Trading Policy, Market Disclosure Policy, Shareholder Communication and Risk Management Policies. Further details in respect to the Company's corporate governance practises are summarised below and copies of Company's corporate governance policies are available of the Company's web site at www.smartparking.com.

Meetings of the Board

The Board meets as and when required but at least quarterly to consider the business of Smart Parking Limited, its financial performance and other operational issues.

Review of Performance

The Board reviews its performance and composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. Given the size and nature of the Company's activities the Board reviews the performance of Directors and the composition of the Board, at regular intervals during the year, or as deemed necessary.

Directors' Remuneration

The remuneration of non executive Directors is different to that of executives. Executive Directors receive a salary and may receive other benefits.

Non executive Directors receive a set fee per annum and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties. When reviewing Director's fees the Board takes into account any changes in the size and scope of SPT's activities.

The Board will review the remuneration and policies applicable to all Directors on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior Executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

The structure and disclosure of the Company's remuneration policies for Directors are set out in the Directors Report.

Board Access to Information

All Directors have unrestricted access to all employees of the Company and, subject to the law, access to all Company records and information held by an employees and/or external advisers. The Board receives regular detailed financial and operational reports to enable it to carry out its duties.

Each Director may, with the prior written approval of the Chairman, obtain independent professional

Corporate Governance Statement (continued)

advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

Board Committees

The Board, where appropriate, may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner.

1. Nomination Committee

The full Board carries out the role of the nomination committee. The full Board officially convened as a nomination committee during the Reporting Period for the appointment of Mr Paul Gillespie as Managing Director.

2. Audit and Risk Committee

The Audit and Risk Committee is governed by a Board approved charter.

The principal function of the Audit and Risk Committee is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and external audit functions.

The Audit and Risk Committee is chaired by Ms Tiffany Fuller. The Committee currently has two other permanent non-executive members being Ms Penelope Maclagan and Mr Jeremy King.

The Board considers that these members have the required financial expertise and an appropriate understanding of the markets in which the Group operates. The Managing Director, Chief Financial Officer and the Company's external auditors are invited to meetings of the Audit and Risk Committee at the Committee's discretion.

2.1 Audit Process

As part of the Company's commitment to safeguarding integrity in financial reporting, Smart Parking Limited accounts are subject to annual audit by an independent, professional auditor, who also reviews the half-yearly accounts. The Auditor attends and is available to answer questions at the Company's Annual General Meetings.

2.2 Auditor Independence

The Company has implemented procedures to monitor the independence and competence of the Company's external auditors. Details of the amounts paid for both audit work and non-audit services are set out in this annual report.

The Board requires that adequate hand-over occurs in the year prior to rotation of an audit partner to ensure an efficient and effective audit under the new partner.

Corporate Governance Statement (continued)

3. Remuneration Committee

The principle function of the Remuneration Committee is to assist the Board in ensuring that the Group's remuneration levels are appropriate and sufficient to attract and retain directors and key executives required to run the Group successfully.

The Remuneration Committee is chaired by Ms Penny Maclagan. The Committee currently has three other permanent non-executive members being Ms Tiffany Fuller, Mr Chris Morris and Mr Jeremy King with Mr Paul Gillespie (Managing Director) attending by invitation.

The Committee meets at least annually, with additional meetings being convened as required.

Share Trading

Under the Company's Share Trading Policy, all employees and Directors of the Company and its related companies are prohibited from trading in the Company's shares or other securities if they are in possession of price sensitive information that is not generally available to the market.

Directors and senior executives of the Company may during certain trading windows trade in the Company's securities. At all other times, all Directors must advise the Chairman of their intention to trade and must receive the Chairman's written clearance prior to undertaking a trade and all senior executives must advise the CEO or Managing Director of their intention to trade and must receive written clearance prior to undertaking a trade.

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the ASX's securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications. The policy is reviewed periodically and updated as required.

The Company Secretary has responsibility for overseeing and coordinating disclosure of information to the Australian Securities Exchange. The Company Secretary also liaises with the Chairman in relation to continuous disclosure matters. The Chairman is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders.

Ethical Standards

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

It is the Board's responsibility to ensure that all staff are aware of the Company's Code of Conduct and to ensure that any individual who does not adhere to these ideals is dealt with appropriately by executive management. Appropriate action may be counselling, disciplinary action or termination of employment.

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community.

Corporate Governance Statement (continued)

Communications with Shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting Smart Parking Limited. Information is communicated to shareholders through the distribution of annual reports; and by presentation to shareholders at the Annual General Meeting, which they are encouraged to attend.

In addition, all reports, including quarterly reports and releases made by Smart Parking Limited throughout the year with respect to its activities are distributed widely via the Australian Securities Exchange and posted on the Company's website located at www.smartparking.com.

Corporate Governance Compliance Schedule

The table below identifies the ASX Corporate Governance Principles and Recommendations (**Recommendations**) and whether or not the Company has complied with the Recommendations during the reporting period:

Recommendation		Complied	Note
1.	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	✓	
1.2	Disclose the process for evaluating the performance of senior executives	✓	
1.3	Provide the information indicated in the Guide to reporting on Principle 1	✓	
2.	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	✓	
2.2	The chair should be an independent director	✗	Note 1
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	✓	
2.4	The board should establish a nomination committee	✗	Note 2
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors	✓	
2.6	Provide information indicated in the Guide to reporting on Principle 2	✓	
3.	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account heir legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	✗	Note 3
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	✗	Note 3

Corporate Governance Statement (continued)

	Recommendation	Complied	Note
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	✗	Note 3
3.5	Provide information indicated in the Guide to reporting on Principle 3	✓	
4.	**Safeguard integrity in financial reporting**		
4.1	Establish an audit committee	✓	
4.2	Structure the audit committee so that it: • consist only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members	✓	
4.3	The audit committee to have a formal charter	✓	
4.4	Provide the information indicated in the Guide to reporting on Principle 4	✓	
5.	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies	✓	
5.2	Provide the information indicated in the Guide to reporting on Principle 5	✓	
6.	**Respect the rights of shareholders**		
6.1	Design communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	✓	
6.2	Provide the information indicated in the Guide to reporting on Principle 6	✓	
7.	**Recognise and manage risk**		
7.1	Establish policies for oversight and management of material business risks and disclose a summary of those policies	✓	
7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. Disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	
7.3	Disclose whether assurance has been received from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide information indicated in the Guide to reporting on Principle 7	✓	
8.	**Remunerate fairly and responsibly**		
8.1	Establish a remuneration committee	✓	
8.2	Structure the remuneration committee so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	✓	
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	✓	
8.4	Provide the information indicated in the Guide to reporting on Principle 8	✓	

Corporate Governance Statement (continued)

Note 1: Mr Morris does not satisfy the Independence Test as he is indirectly a substantial shareholder of the Company as defined in section 9 of the *Corporations Act* 2001.

Note 2: The Principles recommend that companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and that companies should have a structure to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

(a) Recommendation 2.4 – Nomination Committee

Recommendation 2.4 of the Principles states that the board should establish a nomination committee that should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

The Board as a whole serves as a nomination committee. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate nomination committee.

The responsibility for the selection of potential directors lies with the full Board of the Company. A separate nomination committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the nomination committee and to regularly review membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance and consideration of appointments and approvals.

When a Board vacancy occurs, the Board acting as the nomination committee, identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re-election every three (3) years.

Corporate Governance Statement (continued)

Note 3: The Principles recommend that companies should have a diversity policy.

(a) Recommendation 3.2– Diversity Policy

Recommendation 3.2 of the Principles states that the board should establish a diversity policy that should be structured so that it:

- includes requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people. The Board does not consider that at this stage it is appropriate to specifically adopt a policy specifically addressing diversity, but will consider adopting a policy as it develops.

(b) Recommendation 3.3– Measurable Objectives for Achieving Gender Diversity

Recommendation 3.3 of the Principles states that the board should disclose in each annual report the:

- measurable objectives for achieving gender diversity in accordance with the diversity policy and;
- the progress there has been towards achieving the objectives.

Given the size of the Company, the Company has not yet set measurable objectives for achieving gender diversity.

(c) Recommendation 3.4– Annual Report Disclosure

Recommendation 3.4 of the Principles states that the board should disclose in each annual report:

- The proportion of women employees in the whole organisation;
- Women in senior executive positions and;
- Women on the board.

Given the size of the Board and the Company, the Board considers that this function is achieved with Ms Tiffany Fuller and Ms Penelope Maclagan holding Non-Executive board positions. The proportion of women employees in the whole organisation is 10%, 2 women hold senior management positions.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Shareholdings

The issued capital of the Company as at 2 September 2014 is 292,090,794 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	23	2,539	0.00
1,001-5,000	211	682,503	0.23
5,001-10,000	198	1,596,253	0.55
10,001-100,000	686	26,788,807	9.17
100,001 and over	210	263,020,692	90.05
Total	**1,328**	**292,090,794**	**100**

Unmarketable parcels

There were 136 holders of less than a marketable parcel of ordinary shares.

2. Top 20 Shareholders as at 2 September 2014

	Name	Number of Shares	%
1	Finico Pty Limited	90,502,743	30.98
2	HSBC Custody Nominees (Australia) Limited	19,435,851	6.65
3	National Nominees Limited	17,118,336	5.86
4	Sagittarius Holdings Limited	15,003,482	5.14
5	J P Morgan Nominees Australia Limited	13,593,911	4.65
6	Mr Roland Rogers	8,704,775	2.98
7	Pennilane Investments Pty Ltd	7,250,834	2.48
8	Mr Bart Engelsman	4,631,300	1.59
9	Custodial Services Limited	4,553,697	1.56
10	Lochinvar Securities Pty Limited	3,378,001	1.16
11	Mr David Oakley	3,340,000	1.14
12	Chouilly Pty Ltd	3,133,333	1.07
13	Car Parking Technologies Employee Share Plan Pty Limited	3,127,966	1.07
14	Bond Street Custodians Limited	2,649,430	0.91
15	BNP Paribas Noms Pty Ltd	2,349,105	0.80
16	Invia Custodian Pty Limited	2,333,333	0.80
17	JMC Automotive Pty Ltd	2,267,407	0.78
18	Tamily Pty Ltd	2,236,266	0.77
19	Mr Simon Wallace and Sievwrights Trustees Services (No 4) Limited	1,447,281	0.50
20	Berne No 132 Nominees Pty Ltd	1,269,997	0.43
	Total	**208,327,048**	**71.32**

3. Substantial Shareholders as at 2 September 2014

	Name	Number of Shares	%
1	Finico Pty Limited	90,502,743	30.98
2	S G Hiscock & Company	24,994,729	8.56
3	Sagittarius Holdings Limited	15,003,482	5.14

4. Unquoted Options as at 2 September 2014

Nil

5. Restricted Securities subject to escrow period

Nil

6. Voting Rights

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the existing fully paid ordinary shares.

7. Company cash and assets

In accordance with Listing Rule 4.10.19, the company confirms that it has been using the cash and assets it had acquired at the time of admission and for the year ended 30 June 2014 in a way that is consistent with its business objective and strategy.