

Appendix 4E

Preliminary final report – Year ended 30 June 2015

Name of entity:	SMART PARKING LIMITED
ABN:	45 119 327 169

Details of the reporting period

Current period:	30 June 2015
Prior period:	30 June 2014

RESULTS FOR ANNOUNCEMENT TO MARKET

		2015	2014
Revenue from ordinary activities	Up 8% to	23,795,164	22,130,295
Profit/ (Loss) from after tax attributable to members	Up 24% to	(5,360,277)	(7,025,711)
Total comprehensive income for the year attributable to owners	Up 29% to	(4,553,790)	(6,421,096)

Dividends

There were no dividends paid or proposed for the period. The Group does not have a dividend re-investment plan.

Commentary on the results for the period

A full explanation of the above figures is documented in the attached Audited Annual Financial Report.

Details of entities over which control has been gained or lost during the period

N/A

Details of associates and joint venture entities

N/A

Net tangible asset per security	2015	2014
Net tangible asset per security attributable to members	\$0.0368	\$0.0498

All other information requiring disclosure to comply with listing rule 4.3A is contained in Smart Parking Limited Annual Financial Report (attached) for the year ended 30 June 2015, including the signed Auditors report.



**Smart Parking Limited
and its Controlled Entities**

ABN 45 119 327 169

Annual Report

For the year ended 30 June 2015

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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

National Australia Bank
500 Bourke Street
Melbourne VIC 3000

Registered Office

945 Wellington Street
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 11
172 St Georges Terrace
Perth WA 6000
Telephone : +61 8 9323 2000
Facsimile : +61 8 9323 2033

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 2015.

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: provision of parking management solutions, predominantly servicing the retail sector in the United Kingdom.

Review of Operations

The loss of the Group for the financial year after income tax amounted to \$5.4m (2014: loss of \$7.0m).

An analysis of underlying results after removing the effects of material non-recurring and non-cash items is outlined below:

	2015 \$	2014 \$
Net loss for the year after tax	(5,360,277)	(7,025,711)
Material non-cash and non-recurring items (net of tax):		
Amortisation	868,062	877,627
One-off items:		
Impairment of goodwill	-	858,074
Reversal of impairment net asset adjustment receivable	-	(850,930)
Gain/(loss) on financial assets through profit and loss	-	(128,734)
Gain/(Loss) from disposal of assets classified as held for sale	-	(556,827)
Restructuring costs	431,300	1,201,785
Professional fees	767,343	981,848
Tax benefit	(1,023,550)	-
Adjusted Net Loss	(4,317,122)	(4,642,868)

Directors Report (continued)

Review of Operations (cont'd)

The Group had a Net Loss after Tax of \$5.4m. Revenue increased in the Parking Management Division and combined with increasing margins led to an improvement in EBITDA from a loss of \$0.7m to a profit of \$0.8m. An EBITDA loss of \$2.6m in the Technology Division was \$1.0m unfavourable to FY14 with increased sales and marketing costs, ongoing research and development, and enhanced operational capacity.

The Group's Adjusted Net Loss after removing the effects of material non-recurring and non-cash items is \$4.3m (2014: \$4.6m). This included restructuring costs of \$0.4m mainly associated with the consolidation of functions into a single, centrally located office in the United Kingdom, the recognition of a \$1.0m deferred tax asset related to the operations in the UK, and \$0.8m of professional fees related to a dispute with the former owner of Smart Parking Limited (UK) (formerly Town and City Parking Limited) which was acquired by Smart Parking Limited on 9 January 2012.

As at 30 June 2015, the Group had cash on hand (excluding cash held on behalf of customers) of \$5.5m (2014: \$11.5m).

The Group had net operating cash inflows for the year ended 30 June 2015 of \$2.2m (2014: outflow \$2.7m). The net operating cash flows for the year ended 30 June 2015 included net inflows of funds held on behalf of customers of \$6.7m (2014: inflow of \$1.9m) which increased as a result of a change in payment terms for cash held on behalf of clients.

Technology Division – Total revenue for the division was \$4.0m with revenue from external customers of \$2.2m (2014: \$2.6m). Sales in this division included revenue from prominent installations in Westminster City Council, London (**WCC**), Transport for London (TFL), and Flinders University (Adelaide, Australia).

Stage 1 of WCC involved the roll out of 3,300 parking sensors comprising 3 milestones and the provision of ongoing parking data. The results for the year ended 30 June 2014 included revenue and costs associated with Stage 1 of the contract with the balance of Stage 1 recognised during the year ended 30 June 2015. The Group recently announced the first sales of its new radio frequency technology to WCC for managing disabled and residents parking bays. The Company expects to leverage further sales from key relationships.

Transport for London involved the roll out of over 1,491 parking sensors to 29 car parks at London underground stations.

Recurring revenue from maintenance and data charges of \$1.3m increased 34% (up 31% allowing for the effect of foreign exchange movements) on the prior year.

The operating costs for the year ended 30 June 2015 were \$4.7m (2014: \$3.6m). The increase was a result of increased sales and marketing costs, ongoing research and development, and enhanced operational capacity. The division increased spend on marketing and tradeshow, and continued to invest in customer trials as part of its strategy to accelerate growth. The sales cycle for the sensor based technology solution continues to be lengthy however trials are increasing and the conversion rate remains positive. The majority of trials are paid trials which cover the costs of installation and ongoing support.

Directors Report (continued)

Parking Management Division – Sales of \$21.4m (2014: \$20.0m). The UK parking management business has experienced improved returns in the second half of the year. This has been achieved by a renewal of the management team, a focus on strengthening relationships with existing customers, improving levels of customer service, deployment of technology and strong cost control.

Civil Penalty income was up 54% as the division continued with its strategy of deploying technology solutions on manually operated car parking sites in the UK and through improved yield management. The division incurred capital expenditure of \$1.7m on the technology rollout. The increase in revenue combined with increasing margins led to an improvement in EBITDA from a loss of \$0.7m to a profit of \$0.8m.

The division completed the consolidation of functions into a single, centrally located office. The results for the year ending 30 June 2015 include expenses related to this office relocation.

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

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

Navigant Research are currently predicting:

“the smart parking systems market is still at an early development stage, but it has begun to see large-scale adoption in numerous cities throughout North America and Europe”.

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

A market report estimates that by 2024 there will be more than 1,000,000 sensor-enabled on-street parking spaces globally.

Growth in Technology revenues is expected leveraging the Company’s current footprint in New Zealand, Australia and the United Kingdom and through increased spend on sales and marketing in its major markets. Ongoing investment in product development is also expected to provide a platform for future growth.

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. The performance of the division improved in the second half of the year. The improved run rate is expected to continue in FY16 and further growth is anticipated through the deployment of technology and improved service across existing and new sites.

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	-	67
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	-	93,664,444 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 Morris a Non-Executive Director DTI Group Limited.

Mr Paul Gillespie	-	Managing Director
Age	-	41
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) 1,250,000 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	-	63
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	-	45
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	-	Ms Fuller is a Non-Executive director of Computershare Limited.

Directors Report (continued)

Information on Directors (cont'd)

Mr Jeremy King	-	Company Secretary/Director (Non-Executive)
Age	-	41
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 Continuation Investments Ltd and DTI Group Limited.

Directors meetings

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	8	8	3	3
Ms Tiffany Fuller	5	5	8	8	3	3
Mr Jeremy King	5	5	8	8	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
<i>Non-executive and executive directors</i>	
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
<i>Other key management personnel</i>	
Mr Richard Ludbrook	Group Chief Financial Officer
Mr Charlie Leaper ¹	EMEA Managing Director - Technology
Ms Susan Taylor ²	UK Managing Director – Parking Services
Mr Ben Johnson ³	UK Managing Director

¹ Resigned as EMEA Managing Director – Technology on 9 August 2014.

² Resigned as UK Managing Director – Parking Services on 14 November 2014.

³ Appointed as UK Managing Director on 19 November 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	2015 \$	2014 \$
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 2015.

Long term incentives

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 Plan 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 a 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 92% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2014. 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	2015	2014	2013	2012
EPS (cents per share)	(1.84)	(3.43)	(3.55)	(0.95)
Net profit /(loss)	(5,360,277)	(7,025,711)	(7,278,928)	(17,151,635)
Share price (30 June)	\$0.093	\$0.14	\$0.15	\$0.292

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 Employment	Share Based Payments		Total
30 June 2015	Salary & Fees	Commissions/ Cash Bonus	Non Monetary	Other	Super-annuation Contributions	Options & Rights	Termination Benefits	Total
<i>Non-Executive Directors</i>	\$	\$	\$	\$	\$	\$	\$	\$
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
<i>Executive Directors</i>								
Mr Paul Gillespie	246,910	13,500	-	-	-	87,338	-	347,748
<i>Other Key Management</i>								
Mr Richard Ludbrook	185,829	10,093	-	-	-	17,196	-	213,118
Ms Susan Taylor ¹	77,542	-	4,364	-	-	-	42,394	124,300
Mr Charlie Leaper ²	24,267	-	-	-	1,456	30,248	47,105	103,076
Mr Ben Johnson ³	136,900	98,920	12,370	-	-	8,278	-	256,468
Total Key Management Personnel Compensation (Group)	831,448	122,513	16,734	-	1,456	143,060	89,499	1,204,710

Directors Report (continued)

Remuneration Report (cont'd)

	Short Term Employee Benefits				Post Employment	Share Based Payments		Total
30 June 2014	Salary & Fees	Commissions/ Cash Bonus	Non Monetary	Other	Super-annuation Contributions	Options & Rights	Termination Benefits	Total
<i>Non-Executive Directors</i>	\$	\$	\$	\$	\$	\$	\$	\$
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
<i>Executive Directors</i>								
Mr Paul Gillespie	196,660	-	-	-	-	-	-	196,660
<i>Other Key Management</i>								
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

¹Resigned as UK Managing Director – Parking Services on 14 November 2014.

²Resigned as EMEA Managing Director – Technology on 9 August 2014.

³Appointed as UK Managing Director on 19 November 2014.

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	
	2015	2014	2015	2014	2015	2014
<i>Non-Executive Directors</i>						
Mr Christopher Morris	100%	100%	-	-	-	-
Ms Penelope Maclagan	100%	100%	-	-	-	-
Ms Tiffany Fuller	100%	100%	-	-	-	-
Mr Jeremy King	100%	100%	-	-	-	-
<i>Executive Directors</i>						
Mr Paul Gillespie	80%	80%	10%	10%	10%	10%
<i>Other Key Management</i>						
Mr Richard Ludbrook	80%	100%	10%	-	10%	-
Ms Susan Taylor	100%	100%	-	-	-	-
Mr Charlie Leaper	100%	80%	-	10%	-	10%
Mr Ben Johnson	78%	100%	22%	-	-	-

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 the notice periods detailed below.

Name	Term of agreement	Annual Base salary including superannuation	Notice Period
Paul Gillespie ¹ , <i>Managing Director</i>	Ongoing commencing 7 January 2013	\$240,000	1 Month
Richard Ludbrook ² , <i>Group Chief Financial Officer</i>	Ongoing commencing 16 February 2011	\$177,085	1 Month
Ben Johnson ³ , <i>UK Managing Director</i>	Ongoing commencing 19 November 2014	\$225,179	3 Months

¹ Paid in Great British Pounds.

² Paid in New Zealand Dollars.

³ Paid in Great British Pounds. Annual Base salary was increased 1 July 2015 to \$368,475.

Directors Report (continued)

Remuneration Report (cont'd)

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 2015 2,243,014 (2014: 3,127,966) shares have been set aside under the Plan and 3,810,323 (2014: 1,687,320) 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 Right at Grant Date	% vested
6 May 2011	6 May 2014	6 May 2016	\$0.00	\$0.28	100%
1 October 2011	1 October 2014	1 October 2016	\$0.00	\$0.30	100%
20 February 2012	20 February 2015	20 February 2017	\$0.00	\$0.31	100%
1 July 2012	1 July 2015	1 July 2017	\$0.00	\$0.27	100%
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%
6 January 2014	6 January 2017	6 January 2019	\$0.00	\$0.21	0%
10 February 2014	10 February 2016	10 February 2018	\$0.00	\$0.19	0%
1 July 2014	1 July 2017	1 July 2019	\$0.00	\$0.14	0%
1 August 2014	1 August 2017	1 August 2019	\$0.00	\$0.17	0%
16 September 2014	16 September 2016	16 September 2018	\$0.00	\$0.14	0%
28 November 2014	28 November 2016	28 November 2018	\$0.00	\$0.15	0%
2 March 2015	2 March 2016	2 March 2018	\$0.00	\$0.11	0%
2 March 2015	2 March 2017	2 March 2019	\$0.00	\$0.11	0%
2 March 2015	2 March 2018	2 March 2020	\$0.00	\$0.11	0%

Directors Report (continued)

Remuneration Report (cont'd)

Employee Options

There were no options granted for the year ending 30 June 2015.

Director Options

There were no options granted or vested to Directors or other key management personnel during the year ending 30 June 2015 other than 1,000,000 rights to deferred shares granted to Mr Gillespie and 350,000 rights to deferred shares granted to Mr Johnson.

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 24 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 2015.

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	13,500	100%	-
Mr Richard Ludbrook	10,093	100%	-
Mr Ben Johnson	98,920	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 2015 reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

2015

Name	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercise-able	Unvested
Directors							
Mr Paul Gillespie	250,000	1,000,000	-	-	1,250,000	-	1,250,000
Other key management personnel							
Mr Richard Ludbrook	183,333	-	-	-	183,333	-	183,333
Mr Ben Johnson	-	350,000	-	-	350,000	-	350,000
Mr Charlie Leaper	356,410	-	(356,410)	-	-	-	-
Total	789,743	1,350,000	(356,410)	-	1,783,333	-	1,783,333

2014

Name	Balance at the start of the year	Granted as compensation	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	289,743	500,000	-	-	789,743	-	789,743

Directors Report (continued)

Remuneration Report (cont'd)

Shares held by key management personnel

The number of ordinary shares in the Company during the 2015 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

2015

Name	Balance at the start of the year	Granted as Remuneration	Other changes	Balance at the end of the year
Directors				
Mr Christopher Morris	90,502,743	-	3,161,701	93,664,444
Mr Paul Gillespie	194,000	-	-	194,000
Ms Penelope Maclagan	7,250,834	-	-	7,250,834
Mr Tiffany Fuller	338,334	-	-	338,334
Mr Jeremy King	560,000	-	-	560,000
Other key management personnel				
Mr Richard Ludbrook	578,912	-	-	578,912
Mr Ben Johnson	-	-	-	-
Ms Susan Taylor	-	-	-	-
Mr Charlie Leaper	-	-	-	-
Total	99,424,823	-	3,161,701	102,586,524

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	51,429,943	-	(1,547,092)	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.

Loans from 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.

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 and administrative functions 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.

A Director, Ms Fuller, 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 Fuller's appointment.

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.

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:

	2015 \$	2014 \$
Amounts recognised as revenue		
Revenue for hardware and software and services	-	-
Amounts recognised as expense		
Corporate advisory fees (company secretarial & financial management)	69,300	63,000
Share registry fees	20,761	25,271
Bulk print and mail services	301,839	202,636
Rent	24,000	22,606
	415,900	313,513

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 \$11,587 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) 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:

	2015 \$	Consolidated 2014 \$
Audit Services		
<i>Audit and review of financial reports</i>		
Grant Thornton, Australia	62,400	70,000
Grant Thornton, United Kingdom	46,163	-
BDO LLP, United Kingdom	-	44,193
Total remuneration for audit services	108,563	114,193
Non-audit services		
<i>BDO LLP, United Kingdom</i>		
Taxation and assurance services	-	54,163
Total remuneration for non-audit related services	-	54,163

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 23.

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



Christopher Morris
Non-Executive Chairman
25 August 2015

Corporate Governance Statement

Smart Parking Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Smart Parking Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2015 Corporate Governance Statement is dated as at 30 June 2015 and reflects the corporate governance practices in place throughout the 2015 year. The 2015 Corporate Governance Statement was approved by the board on 25 August 2015. A description of the group's current corporate governance practices is set out in the group's Corporate Governance Statement which can viewed on page 80.

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 and controlled entities for the year ended 30 June 2015, 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 AUDIT PTY LTD
Chartered Accountants



Michael Climpson
Partner – Audit & Assurance

Melbourne, 25 August 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2015, 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 consolidated entity 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.

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

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:

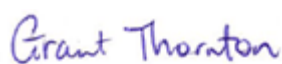
- a the financial report of Smart Parking Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian 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 9 to 19 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Michael Climpson
Partner – Audit & Assurance

Melbourne, 25 August 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2015

	Note	Consolidated	
		2015 \$	2014 \$
Revenue from operations	5	23,795,164	22,130,295
Raw materials and consumables used		(2,017,741)	(2,942,716)
Employee benefits expense		(13,087,247)	(12,191,823)
Depreciation and amortisation expense	6	(2,597,470)	(2,417,251)
Rental and operating lease costs		(2,792,473)	(2,944,412)
Share-based payments expense	24	(217,004)	(169,494)
Finance and interest expense	6	(82,672)	(181,468)
Reversal of Impairment of other receivable	27(d)	-	850,930
Impairment of goodwill	14	-	(858,074)
Gain/(Loss) from disposal of assets classified as held for sale	12	-	556,827
Other expenses	6	(9,384,384)	(8,858,525)
Loss before income tax		(6,383,827)	(7,025,711)
Income tax benefit	7	1,023,550	-
Loss for the year from continuing operations		(5,360,277)	(7,025,711)
Other comprehensive income:			
Exchange differences on translation of foreign operations	21(a)	806,487	604,615
Other comprehensive income for the year, net of tax		806,487	604,615
Total comprehensive income for the year		(4,553,790)	(6,421,096)
Total comprehensive income for the year attributable to owners of Smart Parking Limited		(4,553,790)	(6,421,096)
Earnings per share from continuing operations attributable to the ordinary equity holders of the company.			
- basic earnings/ (loss) per share (cents per share)	8	(1.84)	(3.43)
- diluted earnings/ (loss) per share (cents per share)	8	(1.84)	(3.43)

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 2015

	Note	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	9	16,289,523	15,559,700
Trade and other receivables	10	6,192,436	5,312,575
Inventories	11	1,373,117	1,396,274
Income tax receivable		1,169	1,166
Total Current Assets		23,856,245	22,269,715
Non-current Assets			
Receivables	10	33,572	98,837
Property, plant and equipment	13	4,943,673	4,538,420
Intangible assets	14	4,219,911	4,742,933
Deferred tax assets	15	1,023,550	-
Total Non-current Assets		10,220,706	9,380,190
TOTAL ASSETS		34,076,951	31,649,905
LIABILITIES			
Current Liabilities			
Trade and other payables	16	18,127,108	11,317,696
Borrowings	17	49,120	202,622
Deferred revenue	18	156,585	177,388
Provisions	19	736,626	633,501
Total Current Liabilities		19,069,439	12,331,207
Non-current Liabilities			
Borrowings	17	48,363	22,763
TOTAL LIABILITIES		19,117,802	12,353,970
NET ASSETS		14,959,149	19,295,935
EQUITY			
Contributed equity	20	57,751,202	57,751,202
Accumulated losses	21(b)	(46,623,397)	(41,263,120)
Reserves	21(a)	3,831,344	2,807,853
TOTAL EQUITY		14,959,149	19,295,935

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 2015

	Note	Contributed equity \$	Reserves \$	Retained earnings \$	Total \$
Balance at 1 July 2014		57,751,202	2,807,853	(41,263,120)	19,295,935
Total comprehensive income for the year					
Loss for the year		-	-	(5,360,277)	(5,360,277)
Other comprehensive income		-	806,487	-	806,487
Total comprehensive income for the year		-	806,487	(5,360,277)	(4,553,790)
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		-	-	-	-
Share-based payment transactions		-	217,004	-	217,004
Total transactions with owners		-	217,004	-	217,004
Balance at 30 June 2015	20, 21	57,751,202	3,831,344	(46,623,397)	14,959,149

	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	20, 21	57,751,202	2,807,853	(41,263,120)	19,295,935

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 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Cash receipts in the course of operations		22,233,796	21,547,769
Net increase in cash held on behalf of customers		6,739,230	1,954,950
Cash payments in the course of operations		(27,060,910)	(26,312,108)
Interest and other finance costs paid		(1,674)	(76,510)
Interest received		304,503	131,172
Income taxes paid		(1,169)	(872)
Net cash flows inflow/(outflow) from operating activities	23	2,213,776	(2,755,599)
Cash flows from investing activities			
Proceeds financial assets at fair value through profit or loss		-	190,043
Proceeds from disposal of assets		115,382	19,907
Proceeds from assets classified as held for sale		-	1,184,143
Purchase of plant and equipment		(1,869,672)	(2,026,076)
Net cash flows inflow/(outflow) from investing activities		(1,754,290)	(631,983)
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
Hire purchase payments		(214,077)	(226,412)
Repayment of borrowings		-	(1,000,000)
Net cash flows inflow/(outflow) from financing activities		(214,077)	14,197,867
Net increase in cash and cash equivalents		245,409	10,810,285
Cash and cash equivalents at beginning of period		15,559,700	4,599,719
Effects of exchange rate changes on cash and cash equivalents		484,414	149,696
Cash and cash equivalents at end of period	9	16,289,523	15,559,700

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 2015 were authorised for issue in accordance with a resolution of the directors on 25 August 2015 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
Port Melbourne
Victoria 3207
Australia

583 Great South Road
Penrose
Auckland 1061
New Zealand

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 2015 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) Foreign currency translation

(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) Property, plant and equipment

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

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 inflow from operations of \$2,213,776 (2014: outflow \$2,755,599) for the year ending 30 June 2015. The net cash inflow from operations included movement in client cash, restructuring and other non-recurring costs. Adjusting for movements in client cash results in a net cash outflow from operations of \$4,525,454 (2014: net cash outflow of \$4,710,549).

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

- The Group has a cash position as at 30 June 2015 of \$16,259,523 (2014: \$15,559,700). Cash at bank includes cash of \$10,763,829 (2014: \$4,024,600) that Smart Parking Limited (UK) has collected and counted on behalf of customers, the associated liability for this is included in other payables.
- The UK parking management business has experienced improved returns since the appointment of Mr Ben Johnson in November 2014. Returns are expected to further improve as a result of recommendations from a detailed financial and strategic review completed by the new UK based management team.

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

The Group has adopted, for the first time, certain standards and amendments to accounting standards. None of the changes have impacted on the Group's accounting policies nor have they required any restatement.

Certain new and revised accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The Group does not plan to adopt these standards early. An assessment of the impact of these new standards and interpretations is set out below:

New/revised pronouncement	Superseded Announcement	Nature of Change	Effective date (annual reporting period beginning on or after)	Impact on Initial Application
AASB 9 Financial Instruments (December 2014)	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 2018	The Group does not expect any material impact on initial adoption.
AASB 15 Revenue from Contracts with Customers	AASB 118 Revenue AASB 111 Construction Contracts	AASB 15 establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue.	1 January 2017 (however note that both the IASB & AASB have recently issued Exposure Drafts, proposing to defer the effective date to 1 January 2018)	The Group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

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 24 for further details.

Estimated recoverable amount of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy in note 1 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 14 for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the goodwill is \$1,824,423 (2014: \$1,611,324). During the year there were no impairment losses.

Estimated recoverable amount 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 and an estimate of the assets fair value less costs to sell. 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 14 for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the developed technology is \$2,244,920 (2014: \$2,980,367) and there were no impairment losses.

Provision for net realisable value of inventory

The Group annually reviews inventory on hand whether there are any items which are obsolete or are have a net realisable value less than cost. Judgement is involved in determining the future realisable value of slow moving items or technology items which may become obsolete with advancements in future technology.

Recognition of deferred tax asset

As disclosed in Note 7 the Group has available carry forward tax losses for utilisation against future taxable income. Tax losses are brought to account as a deferred tax asset where it is determined that it is probable that the tax losses will be utilised against future taxable income. Judgement is required in determining whether it is probable that the tax losses will be utilised against future taxable income and the quantum of the amount which is considered to be probable.

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 2015 is as follows:

Group - 2015	Technology	Parking Management	Total
	\$	\$	\$
Total segment revenue	3,993,903	21,406,116	25,400,019
Inter-segment revenue	(1,842,821)	-	(1,842,821)
Revenue from external customers	2,151,082	21,406,116	23,557,198
Adjusted EBITDA	(2,582,669)	793,022	(1,789,647)
Depreciation and amortisation	65,008	1,662,652	1,727,660
Income tax expense / (benefit)	-	(942,100)	(942,100)
Total segment assets	2,328,737	29,752,838	32,081,575
Total assets includes:			
Additions to non-current assets	137,498	1,896,712	2,034,210
Total segment liabilities	895,314	38,419,692	39,315,006

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 2014 is as follows:

	Technology	Parking Management	Total
Group - 2014	\$	\$	\$
Total segment revenue	4,556,853	19,333,225	23,890,078
Inter-segment revenue	(1,945,268)	-	(1,945,268)
Revenue from external customers	2,611,585	19,333,225	21,944,810
Adjusted EBITDA	(1,623,116)	(715,047)	(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)

	2015	Consolidated	2014
	\$		\$

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:

Total segment revenue	25,400,019	23,890,078
Intersegment eliminations	(1,842,821)	(1,945,268)
Interest revenue	237,966	185,485
	23,795,164	22,130,295

Revenue for the Group is analysed as follows:

Group	Revenue		Non-current assets	
	\$	\$	\$	\$
	2015	2014	2015	2014
New Zealand	314,120	867,232	2,393,290	3,183,413
Australia	703,724	776,790	3,354	2,439
United Kingdom	24,329,482	21,843,389	4,976,090	4,583,014
South Africa	21,735	211,011	-	-
Middle East	22,596	130,067	-	-
Other	8,362	61,589	-	-
Totals prior to intercompany eliminations	25,400,019	23,890,078	7,372,734	7,768,866
Intercompany eliminations	(1,842,821)	(1,945,268)	-	-
Total	23,557,198	21,944,810	7,372,734	7,768,866

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 \$7,775,535 (33%) (2014: \$6,740,123 (31%)).

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$

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:

Adjusted EBITDA	(1,789,747)	(2,338,163)
Intersegment eliminations	(1,825,614)	(1,277,687)
Interest revenue	237,966	185,485
Interest expense	(1,674)	(76,510)
Depreciation	(1,729,408)	(1,539,624)
Amortisation	(868,062)	(877,627)
Reversal of Impairment/(Impairment) net asset adjustment receivable	-	850,930
Impairment of goodwill	-	(858,074)
Share-based payments expense	(217,004)	(169,494)
Gain/(loss) on financial assets through profit and loss	-	128,734
Loss on disposal of fixed property, plant and equipment	(178,236)	(29,889)
Gain/(Loss) from disposal of assets classified as held for sale	-	556,827
Restructuring and non-recurring costs	(1,198,643)	(2,183,633)
Adjusted EBITDA for parent company	1,294,872	520,006
Other	(108,277)	83,008
Loss before income tax from operations	(6,383,827)	(7,025,711)

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$

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.

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

Segment assets	32,081,575	20,111,019
Intersegment eliminations	(17,157,287)	(4,664,185)
Unallocated:		
Parent company assets	19,152,663	16,203,071
Total assets as per the balance sheet	34,076,951	31,649,905

(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:

Segment liabilities	39,315,006	28,545,470
Intersegment eliminations	(21,153,085)	(17,241,321)
Unallocated:		
Parent company liabilities	955,881	1,049,821
Total liabilities as per the balance sheet	19,117,802	12,353,970

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$

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:

Financial assets

Cash and cash equivalents	16,289,523	15,559,700
Trade and other receivables	4,942,436	4,315,599
	21,231,959	19,875,299

Financial liabilities

Trade and other payables	18,127,108	11,317,696
Borrowings	97,483	225,385
	18,224,591	11,543,081

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 Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was \$44,647 (2014: \$85,060).

The Group's exposure to foreign exchange movements from trading is not material given that the majority of commercial transactions and recognised assets and liabilities are denominated in the same currency as the functional currency of each respective subsidiary. Any foreign exchange movements on these items are realised through Other Comprehensive Income for the Group.

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 does not hold securities that are subject to price fluctuations.

(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 2015		30 June 2014	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Cash and cash equivalents	3.46%	16,289,523	3.41%	15,559,700

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 \$21,231,959 (2014: \$19,875,299).

As of 30 June 2015, trade receivables of \$1,305,479 (2014: \$1,093,712) 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 \$4,786,806 (2014: \$9,938,508). The Group manages liquidity risk by continuously monitoring cash flow forecasts and actual cash flows on a monthly basis.

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 2015	<i>Less than 6 months</i>	<i>6 – 12 months</i>	<i>Greater than 12 months</i>	<i>Total contractual cashflows</i>	<i>Carrying Amounts</i>
	\$	\$	\$	\$	\$
Non-derivatives					
Trade payables	18,127,108	-	-	18,127,108	18,127,108
Hire purchase liabilities	24,560	24,560	48,363	97,483	97,483
Total non-derivatives	18,151,668	24,560	48,363	18,224,591	18,224,591

GROUP As at 30 June 2014	<i>Less than 6 months</i>	<i>6 – 12 months</i>	<i>Greater than 12 months</i>	<i>Total contractual cashflows</i>	<i>Carrying Amounts</i>
	\$	\$	\$	\$	\$
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

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, where applicable, 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.

Notes to the Financial Statements (continued)

	2015	2014
	\$	\$
5. Revenue and other income		
From operations		
Revenue		
Revenue from sale of goods and services	23,557,198	21,944,810
Interest revenue	237,966	185,485
Total revenue from operations	<u>23,795,164</u>	<u>22,130,295</u>

6. Expenses

Loss before income tax includes the following specific expenses:

Depreciation:		
- Motor vehicles	(412,051)	(172,230)
- Plant and equipment	(1,189,534)	(1,317,184)
- Office equipment	(96,070)	(25,987)
- Leasehold improvements	(31,753)	(24,223)
Total depreciation	<u>(1,729,408)</u>	<u>(1,539,624)</u>
Amortisation	(868,062)	(877,627)
Total depreciation and amortisation	<u>(2,597,470)</u>	<u>(2,417,251)</u>
Finance costs:		
- Interest expense	(1,674)	(76,510)
- Bank fees and charges	(80,998)	(104,957)
Total finance costs	<u>(82,672)</u>	<u>(181,468)</u>
Other expenses:		
- Audit fees	25 (108,563)	(114,193)
- ASX and share registry expense	(56,373)	(58,835)
- Consultants expense	(116,188)	(135,792)
- Foreign exchange gain/(loss) (net)	75,222	-
- Impairment of trade debtors	114,129	(86,760)
- Legal fees	(763,964)	(1,011,235)
- Gain/(loss) on disposal of fixed property, plant and equipment	(178,236)	(29,889)
- Motor vehicle expense	(410,813)	(644,952)
- Support and development	(57,420)	(49,448)
- Unrealised losses on financial assets through profit or loss	-	-
- Travel and Accommodation	(752,324)	(539,257)
- Insurance	(362,109)	(333,310)
- Telephone and communications	(414,142)	(281,029)
- Cash collection fees	(823,448)	(782,411)
- Licencing Authority fees	(1,297,511)	(972,105)
- Repairs and maintenance	(965,158)	(1,053,497)
- IT Support	(397,212)	(406,907)
- Staff recruitment	(228,872)	(217,174)

Notes to the Financial Statements (continued)

	2015 \$	Consolidated 2014 \$
7. Income tax expense		
a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Adjustments for current tax of prior periods	-	-
Benefits of tax losses	(1,023,550)	-
Tax expense	(1,023,550)	-
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(1,023,550)	-
(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	(6,383,827)	(7,025,711)
Profit/(loss) from discontinued operations	-	-
Tax at the Australian rate of 30%	(1,915,148)	(2,107,713)
Tax effect of permanent differences:		
Rate differences	206,813	286,905
Goodwill and intangible impairment expense	249,630	257,422
Non-deductible expenses	(152,669)	1,466,113
Share-based payments expense	53,926	47,352
Other timing differences	5,924	(4,209)
Benefits of tax losses and other timing differences not brought to account	527,974	54,130
Write off deferred tax previously brought to account	-	-
Tax expense	(1,023,550)	-
c) Unrecognised temporary differences		
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	3,492,590	3,504,266
Other temporary differences	510,209	388,301
Deferred tax liabilities		
Other temporary differences	-	-
	4,002,799	3,892,567

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$

7. Income tax expense (cont'd)

A deferred tax asset has been recognised on tax losses in Smart Parking Limited (UK) which are expected to be utilised within the next 12 months. The Group has determined that it is probable that these tax losses will be utilised as a result of the improved financial performance of this division.

The group has the following tax losses available after recognition of the above deferred tax asset:

- Tax losses arising in Australia of \$531,047 (2014: \$1,558,990) giving rise to an unrecognised deferred tax asset of \$159,314 (2014: \$467,697);
- Tax losses arising in New Zealand \$7,534,824 (2014: \$5,251,953) giving rise to an unrecognised deferred tax asset of \$2,109,751 (2014: \$1,470,547); and
- Tax losses arising in United Kingdom of \$6,117,627 (2014: \$6,960,098) giving rise to an unrecognised deferred tax asset of \$1,223,525 (2014: \$1,566,022).

At 30 June 2015, 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.

Notes to the Financial Statements (continued)

8. Earnings/(loss) per share

Basic profit/ (loss) per share (cents per share)	(1.84)	(3.43)
Diluted profit/ (loss) per share (cents per share)	(1.84)	(3.43)
Profit/ (loss) used in calculating EPS	(5,360,277)	(7,025,711)
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. 292,090,794	No. 230,376,808

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:	(5,360,277)	(7,025,711)
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The earnings per share calculation has not been adjusted for the 2,243,014 deferred share rights (2014: 3,127,966) 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)

	2015 \$	Consolidated 2014 \$
9. Cash and cash equivalents		
Cash at bank and in hand	12,433,364	4,368,943
Deposits at call	3,856,159	11,190,757
	16,289,523	15,559,700

Cash at bank includes cash of \$10,763,829 (2014: \$4,024,600) 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.

10. Trade and other receivables

Current

Trade receivables	2,602,138	3,110,327
Provision for impairment of receivables (a)	(92,120)	(203,361)
	2,510,018	2,906,966
Prepayments	1,283,572	1,095,813
Other receivables (d)	2,398,846	1,309,796
	6,192,436	5,312,575
Non-current receivables (d)	33,572	98,837
	6,226,008	5,411,412

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

a) Impaired trade receivables

As at 30 June 2015 current trade receivables of the group with a nominal value of \$92,120 (2014: \$203,361) were impaired. The amount of the provision was \$92,120 (2014: \$203,361).

The ageing analysis of these trade receivables is as follows:

1 to 3 months	15,167	-
3 to 6 months	5,810	-
Over 6 months	71,143	203,361
	92,120	203,361

Notes to the Financial Statements (continued)

	2015 \$	Consolidated 2014 \$
10. Trade and other receivables (cont'd)		
Movements in the provision for impairment of receivables are as follows:		
At 1 July	203,361	132,622
Provision for impairment recognised during the year	56,824	120,817
Receivables written off during the year as uncollectible	(11,604)	(30,450)
Unused amount reversed	(172,365)	(34,805)
Foreign exchange translation	15,904	15,177
At 30 June	92,120	203,361

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 2015, trade receivables of \$1,305,479 (2014: \$1,093,712) 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	1,173,416	217,670
3 months and over	132,063	876,042
	1,305,479	1,093,712

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 2015 and 30 June 2014.

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 include accrued income for Pay and Display revenue including cash collected but not yet banked, and Parking Charge Notice revenue by looking at cash banked and making an accrual for infringements issued but which have not been paid.

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)

	2015	Consolidated	2014
	\$		\$
11. Inventories			
Stock in Transit	12,576		39,626
Work in progress	38,773		55,490
Finished goods	1,321,768		1,301,158
	1,373,117		1,396,274

12. Assets classified as held for sale

a) 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:

Consideration received in form of cash	-	1,184,143
Carrying amount of net assets sold	-	627,316
Gain/(Loss) on sale before income tax	-	556,827

Notes to the Financial Statements (continued)

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

	Motor Vehicles	Office Equipment	Plant and Equipment	Leasehold Improvem- -ents	Total
	\$	\$	\$	\$	\$
Consolidated					
Year ended 30 June 2015					
At 1 July 2014					
Opening net book amount	611,304	127,367	3,482,677	317,072	4,538,420
Additions	66,726	47,564	1,682,168	145,938	1,942,396
Disposals	(161,400)	(640)	(196,611)	(9,187)	(367,838)
Depreciation charge for the year	(412,051)	(96,070)	(1,189,534)	(31,753)	(1,729,408)
Foreign exchange translation	29,694	6,598	474,772	49,039	560,103
Closing net book amount	134,273	84,819	4,253,472	471,109	4,943,673
At 30 June 2015					
Cost or fair value	719,258	433,138	9,419,558	595,298	11,167,252
Accumulated depreciation & impairment	(584,985)	(348,319)	(5,166,086)	(124,189)	(6,223,579)
Net book amount	134,273	84,819	4,253,472	471,109	4,943,673
	Motor Vehicles	Office Equipment	Plant and Equipment	Leasehold Improvem- -ents	Total
	\$	\$	\$	\$	\$
Consolidated					
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

(a) Assets in the course of construction

The carrying amounts of assets disclosed above include the plant and equipment expenditure of \$349,387 (2014: \$44,435) 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 \$206,348 (2014: \$30,699).

Notes to the Financial Statements (continued)

14. Intangible assets (non-current)

	Software \$	Developed Technology \$	Goodwill \$	Other intangible assets \$	Total \$
Year ended 30 June 2015					
Opening net book amount	138,265	2,980,367	1,611,324	12,977	4,742,933
Additions	26,847	67,626	-	-	94,473
Disposals	(280)	-	-	-	(280)
Exchange differences	36,594	-	213,099	1,154	250,847
Amortisation charge	(59,518)	(803,073)	-	(5,471)	(868,062)
Closing net book amount	141,908	2,244,920	1,824,423	8,660	4,219,911

At 30 June 2015

Cost	830,321	5,758,357	14,147,403	25,547	20,761,628
Accumulated amortisation and impairment	(688,413)	(3,513,437)	(12,322,980)	(16,887)	(16,541,717)
Net book amount	141,908	2,244,920	1,824,423	8,660	4,219,911

	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

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$

14. 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

Parking management - goodwill	1,824,423	1,611,324
Technology – developed technology	2,244,920	2,980,367
	4,069,343	4,591,691

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 prepared by management covering a one year period and expected growth rates for a further 4 years. 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.

The developed technology CGU is still in the early stages of its business cycle and thus management recognise that projecting cash flows for this CGU is inherently uncertain. Accordingly management have also considered the asset's potential fair value less costs to sell as a secondary basis of valuation for impairment testing purposes. In considering the asset's potential fair value less costs to sell, management had regard to a range of internal and external factors, and are satisfied the asset is not impaired.

Notes to the Financial Statements (continued)

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

(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.

Parking management CGU

Average annual growth rate over the budget period*	9.8%	7.6%
Growth rate to perpetuity **	2.5%	2.5%
Discount rate ***	14.4%	16.8%

Technology CGU

Average annual growth rate over the budget period*	33.5%	27.0%
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.

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 previous wins and current and upcoming tenders. The technology and related solutions remain at the "early adopter" stage of market development.
- Expected growth in revenues leveraging off the back of previous 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 the difficulties associated with accurately forecasting future cash flows with limited historical information. It also reflects the sensitivity of the value-in-use calculations to revenue growth.

Notes to the Financial Statements (continued)

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

Parking Management Division

As at 30 June 2014 an impairment charge of \$858,074 was recorded against the goodwill recognized on the acquisition of Smart Parking (UK) Limited due to the underperformance of the business against expectations.

The assets were subject to further analysis as at 30 June 2015. The performance of the division improved in the second half of the year following the appointment of a new management team, improved yields on both managed and leased sites, growth in the number of sites under management and a strong focus on cost control. Returns are expected to further improve as a result of recommendations from a detailed financial and strategic review of the business.

Whilst the Directors believe that the assumptions above are reasonable they will consider signs of impairment for the period ending 31 December 2015 and whether the assumptions used for the value-in-use are still appropriate.

(c) Impairment charge

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

There has been no impairment charge for the year ended 30 June 2015.

(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 7% lower than management's estimates at 30 June 2015 the goodwill would be fully impaired by \$1,824,423.

If the revenue forecast in the five year cash flow projections for the Technology CGU had been 10% lower than management's estimates at 30 June 2015 the group would have recognised impairment against the developed technology of \$1,045,885.

If the discount rate used in the forecast in the five year cash flow projections for the Parking Management CGU had been 5% higher than management's estimates at 30 June 2015 the value-in-use would reduce by \$8.5m but the goodwill would not be impaired.

If the discount rate used in the forecast in the five year cash flow projections for the Technology CGU had been 5% higher than management's estimates at 30 June 2015 the developed technology would be impaired by \$0.4m.

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$

15. Deferred Tax Assets

The balance comprises temporary differences attributable to:

Tax losses	1,023,550	-
Other temporary differences	-	-
	<u>1,023,550</u>	<u>-</u>

Movements	Unrealised loss on investments \$	Tax losses \$	Other temporary differences \$	Total \$
At 1 July 2013	-	-	-	-
(Charged)/credited				
- to profit or loss	-	-	-	-
- directly to equity	-	-	-	-
At 30 June 2014	-	-	-	-
(Charged)/credited				
- to profit or loss	-	1,023,550	-	1,023,550
- directly to equity	-	-	-	-
At 30 June 2015	-	1,023,550	-	1,023,550

Refer to Note 7 for details of the recognition of this deferred tax asset.

Notes to the Financial Statements (continued)

	2015 \$	Consolidated 2014 \$
16. Trade and other payables		
Current		
Trade payables	2,858,142	2,524,131
Related party payables	45,899	55,308
Other payables	15,223,067	8,738,257
	18,127,108	11,317,696

(a) All trade and other payables are expected to be settled within 12 months. Other payables includes \$10,763,829 (2014: \$4,024,600) 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 an onerous lease provision and legal expenses associated with the ongoing dispute with Mr Dickson referred to in note 27 (d).

(b) Risk exposure

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

17. Borrowings

Secured

Current hire purchase liabilities	49,120	202,622
Non-current hire purchase liabilities	48,363	22,763
	97,483	225,385

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 31.

18. Deferred revenue

Current		
Revenue received in advance	156,585	177,388

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.

19. Provisions

Current		
Employee benefits	736,626	633,501

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)

20. Issued capital

	Note	Group 2015 No.	Group 2015 \$	Group 2014 No.	Group 2014 \$
Ordinary shares					
- Issued and fully paid	(a)	292,090,794	57,751,202	292,090,794	57,751,202
Less Treasury shares		(2,243,014)		(3,127,966)	
Total consolidated contributed equity		289,847,780	57,751,202	288,962,828	57,751,202

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	\$
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 and 2015	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 24 (b)).

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 2015 the Group has capital of \$14,959,149 (2014: \$19,295,935).

Notes to the Financial Statements (continued)

	2015 \$	Consolidated 2014 \$
21. Reserves and accumulated losses		
(a) Reserves		
Share based payments	1,452,896	1,235,892
Foreign currency translation	2,378,448	1,571,961
	3,831,344	2,807,853

Movements in share based payment reserve were as follows:

Balance 1 July	1,235,892	1,066,398
Deferred share rights and option expense	217,004	169,494
Balance 30 June	1,452,896	1,235,892

Share based options

The Company has no unlisted options over ordinary shares on issue at 30 June 2015.

Deferred share rights

The Company has 3,810,323 deferred share rights on issue at 30 June 2015. 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.

Movements in foreign currency translation reserve were as follows:

Balance 1 July	1,571,961	967,346
Currency translation differences arising during the year	806,487	604,615
Balance 30 June	2,378,448	1,571,961

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

Balance 1 July	(41,263,120)	(34,237,409)
Net profit/(loss) for the year	(5,360,277)	(7,025,711)
Balance 30 June	(46,623,397)	(41,263,120)

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$

22. 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 27.

23. Reconciliation of cash flows from operating activities

Reconciliation of Cash Flow from Operations with
Loss after Income Tax

Profit/(Loss) after income tax for the period	(5,360,277)	(7,025,711)
Adjustments for:		
(Gain)/loss on disposal of assets classified as held for sale	-	(556,827)
Loss on disposal of plant and equipment	178,236	29,889
Depreciation and amortisation expense	2,597,470	2,417,251
Unrealised losses on financial assets through profit or loss	-	(128,714)
Impairment of goodwill	-	858,074
Gain on sale of forfeited shares	-	(850,930)
Impairment of trade receivables	(114,129)	86,760
Share-based payments expense	217,004	169,494
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in trade and term receivables	344,702	(515,811)
(Increase)/decrease in inventories	23,157	(275,372)
(Increase)/decrease in other current assets	(1,344,656)	(128,200)
Increase/(decrease) in trade payables and accruals	6,695,821	3,165,370
Increase/(decrease) in tax payable and deferred tax	(1,023,552)	(872)
Net Cash inflow /(outflow) from operations	2,213,776	(2,755,599)

Notes to the Financial Statements (continued)

24. Share based payments

(a) Options

There were no unissued ordinary shares under option at 30 June 2015.

Fair value of options granted

30 June 2015

There were no options granted during the year ended 30 June 2015.

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 currently no performance criteria.

At 30 June 2015 2,243,014 (2014: 3,127,966) shares have been set aside under the Plan and 3,810,323 (2014: 1,687,320) 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 2015 other than 1,000,000 rights to deferred shares granted to Mr Gillespie (2014: nil).

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$

24. 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 Right at Grant Date	% vested
6 May 2011	6 May 2014	6 May 2016	\$0.00	\$0.28	100%
1 October 2011	1 October 2014	1 October 2016	\$0.00	\$0.30	100%
20 February 2012	20 February 2015	20 February 2017	\$0.00	\$0.31	100%
1 July 2012	1 July 2015	1 July 2017	\$0.00	\$0.27	100%
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%
6 January 2014	6 January 2017	6 January 2019	\$0.00	\$0.21	0%
10 February 2014	10 February 2016	10 February 2018	\$0.00	\$0.19	0%
1 July 2014	1 July 2017	1 July 2019	\$0.00	\$0.14	0%
1 August 2014	1 August 2017	1 August 2019	\$0.00	\$0.17	0%
16 September 2014	16 September 2016	16 September 2018	\$0.00	\$0.14	0%
28 November 2014	28 November 2016	28 November 2018	\$0.00	\$0.15	0%
2 March 2015	2 March 2016	2 March 2018	\$0.00	\$0.11	0%
2 March 2015	2 March 2017	2 March 2019	\$0.00	\$0.11	0%
2 March 2015	2 March 2018	2 March 2020	\$0.00	\$0.11	0%

Deferred share rights issued under the plan to participating employees

3,810,323 1,687,320

(c) Expenses arising from share based payment transactions

Deferred share rights **217,004** 169,494

25. Auditor's Remuneration

Audit Services

Audit and review of financial reports

Grant Thornton, Australia	62,400	70,000
Grant Thornton, United Kingdom	46,163	-
BDO LLP, United Kingdom	-	44,193
Total remuneration for audit services	108,563	114,193

Non-audit services

Taxation

BDO LLP, United Kingdom	-	36,576
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Other assurance services

BDO LLP, United Kingdom	-	17,587
Total remuneration for non-audit related services	-	54,163

Notes to the Financial Statements (continued)

	2015 \$	Parent 2014 \$
26. Parent Entity Information		
The following details information related to the parent entity, Smart Parking Limited, as at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 1.		
Current assets	3,989,674	11,185,902
Non-current assets	15,162,989	5,017,169
Total assets	19,152,663	16,203,071
Current liabilities	955,881	1,049,821
Non-current liabilities	-	-
Total liabilities	955,881	1,049,821
Contributed equity	57,751,202	57,751,202
Retained earnings/ (accumulated losses)	(41,007,316)	(43,833,843)
Option reserve	1,452,896	1,235,892
Other reserve	-	-
Total equity	18,196,782	15,153,251
Profit for the year	2,826,527	(8,042,909)
Other comprehensive income/ (loss) for the year	-	-
Total comprehensive income/ (loss) for the year	2,826,527	(8,042,909)

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

Profit generated for the year ended 30 June 2015 was significantly impacted by a reversal of provision against intercompany loans of \$2.4m. The loss for the year ended 30 June 2014 was significantly impacted by a provision against intercompany loans and investments of \$7.3m.

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$
27. Key management personnel disclosures			
(a) Key management personnel compensation			
Short-term employee benefits	948,558		737,895
Share based payments	55,722		32,005
Termination benefits	89,499		-
	1,093,779		769,900

(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 2015.
- (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)

27. 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.

In addition, on 19th June 2014 the Company filed a claim in the English High Court against Mr Dickson and Lochwheel Limited, a company at the relevant time controlled by Mr Dickson, 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.

On the 12th January 2015 Mr Dickson and Smart Parking Limited entered into an agreement under which all outstanding disputes would be resolved through an expert determination. Under agreement the claims Mr Dickson and Smart Parking had filed against each other in the English High Court have been stayed. A provision for expected costs associated with the expert determination has been included in the financial statements for the year ended 30 June 2015. Smart Parking expects the expert determination to be completed by September 2015.

Notes to the Financial Statements (continued)

	2015 \$	Consolidated 2014 \$
27. Key management personnel disclosures (cont'd)		
<u>List other transactions</u>		
Aggregate amounts of each of the above types of other transactions with key management personnel or their related entities of Smart Parking Limited:		
Amounts recognised as revenue		
Revenue for hardware and software and services	-	-
Amounts recognised as expense		
Corporate advisory fees (company secretarial & financial management)	69,300	63,000
Share registry fees	20,761	25,271
Bulk print and mail services	301,839	202,636
Rent	24,000	22,606
	415,900	313,513

28. Dividends paid or proposed

There were no dividends paid or proposed during the year.

29. After reporting period events

There were no events after the end of the reporting period.

Notes to the Financial Statements (continued)

30. Contingencies

The group had contingencies at 30 June 2015 in respect of:

(a) Contingent liabilities

On the 12th January 2015 Mr Dickson and Smart Parking Limited entered into an agreement under which all outstanding disputes would be resolved through an expert determination. A provision for expected costs associated with the expert determination has been included in the financial statements for the year ended 30 June 2015. Smart Parking expects the expert determination to be completed by September 2015.

Other than estimated legal fees and expenses no further contingencies in relation to the above mentioned determination have been recognised in the financial statements as at 30 June 2015 as the outcome of the determination was uncertain.

For information about the claim refer to note 27.

Certain other commercial claims are made in the normal course of business against the group from time to time. In consultation with legal counsel it is not expected that any material liabilities will eventuate from such claims.

(b) Contingent guarantees

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

Notes to the Financial Statements (continued)

	2015	Consolidated	2014
	\$		\$

31. Commitments

(a) Capital commitments

The group has capital expenditure contracted for at the reporting date but not recognized liabilities of \$206,348 (2014: \$30,699).

(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 it 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:

Within one year	2,273,884	1,995,635
Later than one year but not later than five years	6,189,617	5,738,319
Later than five years	8,140,284	8,419,048
	16,603,785	16,153,002

(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:

Within one year	49,120	202,622
Later than one year but not later than five years	48,363	22,763
Later than five years	-	-
	97,483	225,385

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements, comprising the statement of profit or loss and other 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 2015 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 2015, 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 Financial 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

25 August 2015

Corporate Governance Statement

For the year ended 30 June 2015

The Board of Directors of Smart Parking Limited ("SPZ") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("the ASX Principles") where considered appropriate for a company of SPZ's size, nature and stage of development. This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles as adopted by the Company.

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.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

Recommendation 1.1: *A listed entity should disclose:*

- (a) *The respective roles and responsibilities of its board and management; and*
- (b) *Those matters expressly reserved to the board and those delegated to management.*

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of those goals, monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The responsibility for the operation and administration of the Company is delegated by the Board to the Managing Director and management team. The Board ensures that both the Managing Director and the management team are appropriately qualified and experienced to discharge their responsibilities and have procedures in place to monitor and assess their performance. The management team are responsible for supporting and assisting the Managing Director to conduct the general operations and financial business of the Company in accordance with the delegated authority of the Board and to progress the strategic direction provided by the Board.

Recommendation 1.2: *A listed entity should:*

- (a) *Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and*
- (b) *Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The full Board carries out the role of a nomination committee.

Accordingly, 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.

Corporate Governance Statement (continued)

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.

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director. Candidates are assessed through interviews, meetings and/or background and reference checks (which may be conducted both by external consultants and by Directors) as appropriate.

The Company provides shareholders all material information in its possession relevant to the decision on whether or not to elect (or re-elect) a Director, either in the notice of the meeting at which the election of the Director is to be held, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with ASX where the information can be found.

Recommendation 1.3: *A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

Appointment terms of the Company's Directors and senior executives are summarised in written agreements.

Recommendation 1.4: *The company secretary of a listed entity should be accountable to the board through the chair, on all matters to do with the proper functioning of the board.*

The Company's Secretary is accountable to the Company's Board through the chair, ensuring the Company's Board receives adequate support to function properly.

Recommendation 1.5: *A listed entity should:*

- (a) *Have a diversity policy in place which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- (b) *Disclose that policy or a summary of it; and*
- (c) *Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
 - (1) *The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes; or*
 - (2) *If the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators," as defined in and published under that Act.*

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 adopt a policy specifically addressing diversity, but will consider adopting a policy as it develops.

Corporate Governance Statement (continued)

Other than as described above, the Company has not yet set measurable objectives for achieving gender diversity. The Company is currently not of a size that justifies the establishment of measurable diversity objectives. As the Company develops, the Board will seek to develop a reporting framework in the future to report the Company's progress against the objectives and strategies for achieving a diverse workplace which can be used as a guide to be used by the Company to identify new Directors, senior executives and employees.

Ms Tiffany Fuller and Ms Penelope MacLagan are both women who hold Non-Executive board positions. The proportion of women employees in the whole organisation is approximately 19%.

Recommendation 1.6: *A listed entity should:*

- (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual Directors; and*
- (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board as a whole has responsibility to review its own performance, the performance of individual directors and the performance of the Board Committees. The Chair of the Board may also meet individually with each Board member to discuss their performance. Non-executive Directors may also meet to discuss the performance of the Chair or the Managing Director. Directors whose performance is consistently unsatisfactory may be asked to retire.

The Managing Director's performance is regularly assessed by the Chairman and the non-Executive Directors and in addition, the Managing Director's performance is formally assessed annually in the context of incentive remuneration assessment.

Formal performance evaluations for the non-Executive Directors of the Board were not undertaken during the reporting period with the intention to conduct such evaluations on an annual basis moving forward.

Recommendation 1.7: *A listed entity should:*

- (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and*
- (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Performance of senior management is reviewed by the Remuneration Committee annually or more frequently if required. The Board as a whole may then hold a facilitated discussion during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with senior executives.

The Company monitors and assesses senior management at each Board meeting through via the Managing Director whom reports on the progress of senior management at each Board meeting.

Corporate Governance Statement (continued)

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Recommendation 2.1: *The board of a listed entity should:*

- (a) Have a nomination committee which:*
 - (1) Has at least three members, a majority of whom are independent Directors; and*
 - (2) Is chaired by an independent director, and disclose:*
 - (3) The charter of the committee;*
 - (4) The members of the committee; and*
 - (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.*

The Board is currently not of a relevant size that justifies the formation of a separate Nomination Committee.

The Board oversees the appointment and induction process for Directors and the selection, appointment and succession planning process of the Company's Managing Director, where relevant. When a vacancy exists or there is a need for a particular skill, the Board, determines the selection criteria that will be applied. The Board will then identify suitable candidates, with assistance from an external consultant if required, and will interview and assess the selected candidates. Directors are initially appointed by the Board and must stand for re-election at the Company's next Annual General Meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three years with the exception of the Managing Director.

Recommendation 2.2: *A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The Board has not yet established a formal board skills matrix. Gaps in the collective skills of the Board are regularly reviewed by the Board as a whole, with the Board proposing candidates for directorships having regard to the desired skills and experience required by the Company as well as the proposed candidates' diversity of background.

Recommendation 2.3: *A listed entity should disclose:*

- (a) The names of the Directors considered by the board to be Independent Directors;*
- (b) If a Director has an interest, position, association or relationship that might cause doubts about their independence as a director but the board is of the opinion that their independence isn't compromised, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and*
- (c) The length of service of each Director.*

The current Board composition includes 3 Non-executive Directors (all of which are considered to be independent).

Corporate Governance Statement (continued)

Ms Tiffany Fuller is regarded as an Independent Director. The other Directors are satisfied that she brings an independent judgement to bear on all matters considered by the Board.

Ms Penelope Maclagan is regarded as an Independent Director. While the Board notes that Ms Maclagan is a sibling of Mr Morris, the other Directors are satisfied that she brings an independent judgement to bear on all matters considered by the Board.

Mr Jeremy King is regarded as an Independent Director. The other Directors are satisfied that he brings an independent judgement to bear on all matters considered by the Board.

Mr Paul Gillespie is not regarded as an independent director as he is Managing Director of the Company.

Mr Chris Morris is not regarded as an independent director as he is a substantial shareholder of the Company.

Details of each Director's backgrounds including experience, knowledge and skills are set out in the Directors Report of this Annual Report.

Recommendation 2.4: *A majority of the board of a listed entity should be Independent Directors.*

See above, at 2.3.

Recommendation 2.5: *The chair of the board of a listed entity should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.*

The Chairman, Mr Chris Morris, is not the CEO of the Company. He is not considered independent, for the reasons set out above. However, Mr Morris provides significant expertise and international business experience and the balance of the Board is collectively satisfied that Mr Morris exercises independent judgement in carrying out his duties as Chairman of the Company. To the extent that the Board views any Director to have a conflict or perceived conflict of interest in matters that come before the Board then such Directors will be required to excuse themselves from the relevant decision making process.

Recommendation 2.6: *A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.*

The Board is responsible for conducting new Director inductions. The process for this is outlined in 2.1 above. Professional development opportunities are considered on an individual Director basis, with opportunities provided to individual Directors where appropriate.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

A listed entity should act ethically and responsibly.

Recommendation 3.1: *A listed entity should:*

- (a) Have a code of conduct for its Directors, senior executives and employees; and*
- (b) Disclose that code or a summary of it.*

The Company recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Company.

Corporate Governance Statement (continued)

The Company has established a Code of Conduct which can be viewed on its website. Unethical practices, including fraud, legal and regulatory breaches and policy breaches are required to be reported on a timely basis to management.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Recommendation 4.1: *The board of a listed entity should:*

- (a) Have an audit committee which:*
 - (1) Has at least three members, all of whom are Non-executive Directors and a majority of whom are Independent Directors; and*
 - (2) Is chaired by an Independent Director, who is not the chair of the board, and disclose:*
 - (3) The charter of the committee;*
 - (4) The relevant qualifications and experience of the members of the committee; and*
 - (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Audit and Risk Committee is governed by a Board approved charter which is disclosed on the Company's website.

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 who is not the Chair of the Company. The Committee currently has two other permanent non-executive director 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.

Meetings of the Audit & Risk Committee and member's attendance is disclosed in full in the Directors Report.

Recommendation 4.2: *The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

Corporate Governance Statement (continued)

In accordance with Recommendation 4.2 and Section 295A of the *Corporations Act 2001* the Board receives a signed declaration from the CFO and Managing Director prior to the approval of the Company's financial statements.

Recommendation 4.3: *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer any questions from security holders relevant to the audit.*

The Company welcomes the attendance of its auditor at its Annual General Meeting.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1: *A listed entity should:*

- (a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- (b) Disclose that policy or a summary of it.*

The Company has established policies and procedures to ensure timely disclosure of all material matters and ensure that investors have access to information on financial performance. This ensures the Company is compliant with the information disclosure requirements under the ASX Listing Rules. The policies and procedures include a Market Disclosure Policy that includes identification of matters that may have a material impact on the price of the Company's securities, notifying them to the ASX, posting relevant information on the Company's website and issuing media releases.

Matters involving potential market sensitive information must first be reported to the Managing Director (or in the absence of a Managing Director, the Chair) either directly or via the Company Secretary. The Managing Director/Chair will advise the Board if the issue is important enough and if necessary seek external advice. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Company to comply with the Information Disclosure requirements of the ASX.

Once the appropriate course of action has been agreed upon, either the Managing Director/Chair or Company Secretary will disclose the information to the relevant authorities, being the only authorised officers of the Company who are able to disclose such information. Board approval is required for market sensitive information such as financial results and material transactions.

A copy of the Market Disclosure Policy is available on the Company's website. The Board receives regular reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at Board meetings.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Recommendation 6.1: *A listed entity should provide information about itself and its governance to investors via its website.*

In line with adherence to the continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Half Yearly Report, the Company website and the distributions of specific releases covering major transactions and events or other price sensitive information.

Corporate Governance Statement (continued)

The Company values its relationship with shareholders and understands the importance of communication with them in accordance with the requirements of the ASX. To keep shareholders informed, the Company releases announcements on its activities via the ASX website.

Comprehensive information regarding the Company's activities, policies and procedures is also available on the Company's website.

Recommendation 6.2: *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

The Company has formulated a Shareholder Communication Policy which can be viewed on the Company's website. Investor Relations is currently considered the role of the Managing Director. Given the size of the Company and the number of shareholders, the Board do not view a formal investor relations programme as a prudent use of resources at this time. The Board will review this as the Company develops.

Recommendation 6.3: *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

The Company's Shareholder Communication Policy addresses security holder attendance at shareholder Meetings.

Recommendation 6.4: *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The Company encourages the use of electronic communication and offers Security Holders the option to receive and send electronic communication to the Company and its share registry where possible.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1: *The board of a listed entity should:*

- (a) Have a committee or committees to oversee risk, each of which:*
 - (1) Has at least three members, a majority of whom are Independent Directors; and*
 - (2) Is chaired by an Independent Director, and disclose:*
 - (3) The charter of the committee;*
 - (4) The members of the committee; and*
 - (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Audit and Risk Committee is governed by a Board approved charter which is disclosed on the Company's website.

Corporate Governance Statement (continued)

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 who is not the Chair of the Company. The Committee currently has two other permanent non-executive director 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.

The Audit and Risk Committee Charter sets out its specific responsibilities, and processes for safeguarding the integrity of its corporate reporting.

Recommendation 7.2: *The board or a committee of the board should:*

- (a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (b) Disclose, in relation to each reporting period, whether such a review has taken place.*

The Audit and Risk Committee is responsible for reviewing the Company's risk management framework. Risk framework reviews may occur more or less frequently than annually as necessitated by changes in the Company and its operating environment.

A formal and detailed risk framework review has taken place during the financial year ended 30 June 2015.

Recommendation 7.3: *A listed entity should disclose:*

- (a) If it has an internal audit function, how the function is structured and what role it performs; or*
- (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk and internal control processes.*

Given the Company's size and current stage of development it does not have an internal audit function.

As set out in Recommendation 7.1, the Audit and Risk Committee is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems.

Recommendation 7.4: *A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Audit and Risk Committee and the Board assists management to determine whether the Company has any material exposure to economic, environmental and social sustainability risks, and, if it does, how it manages or intends to manage those risks. The Company discloses this information in its Annual Report.

Corporate Governance Statement (continued)

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Recommendation 8.1: *The board of a listed entity should:*

- (a) Have a remuneration committee which:*
 - (1) Has at least three members, a majority of whom are Independent Directors; and*
 - (2) Is chaired by an Independent Director, and disclose:*
 - (3) The charter of the committee;*
 - (4) The members of the committee; and*
 - (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board has established a separate 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.

Recommendation 8.2: *A listed entity should separately disclose its policies and practices regarding the remuneration of Non-executive Directors and the remuneration of Executive Directors and other senior executives.*

The Company's policies and practices regarding the remuneration of executive and Non-executive Directors and other senior executives are disclosed in the Company's Annual Report.

Recommendation 8.3: *A listed entity which has an equity-based compensation remuneration scheme should:*

- (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) Disclose that policy or a summary of it.*

The Company has an equity based compensation scheme for senior executives. It has no formal policy concerning the entry into transactions which may limit the economic risk of participating in the scheme. The scheme is a fairly simple system whereby employees are awarded equity in the Company at nil value. The award of such equity is based on individual and Company performance and is subject to milestones and vesting terms. As such, the economic risk to employees in participating in the scheme is very limited.