# Appendix 4D

**Half-year Report**

**31 December 2015**

## Smart Parking Limited

**ABN 45 119 327 169**

### Results for announcement to the market

| Financial Results | % change | Dec 2015 $ | Dec 2014 $ |
|---|---|---|---|
| Revenue from ordinary activities | Improved 47.0% | 15,683,758 | 10,667,610 |
| Total Revenue | Improved 45.3% | 15,719,261 | 10,820,337 |
| Profit/(loss) after tax attributable to members | Improved 72.2% | (1,181,979) | (4,256,435) |
| Net Profit/(loss) for the period attributable to members | Improved 70.1% | (1,188,755) | (3,977,128) |

| Dividends |
|---|
| It is not proposed that Smart Parking Limited pay a dividend. |

| Net Tangible Asset Backing | Dec 2015 | Dec 2014 |
|---|---|---|
| Net tangible asset backing per ordinary security | 3.46 cents | 3.76 cents |

**Other explanatory notes**

Refer to the Directors Report for an explanation of the operational and financial results of the Company.

**The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached Interim Financial Statements. These Interim Financial Statements should be read in conjunction with the most recent Annual Financial Report of the Group.**

# Smart Parking Limited and its Controlled Entities

ABN 45 119 327 169

## Interim Financial Report

## For the half-year ended 31 December 2015

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made by Smart Parking Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

# Directors' Report

Your Directors present their report together with the consolidated financial statements for the half-year ended 31 December 2015.

## Directors

The names of the Directors in office during the half 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 | 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, transport and other sectors in the United Kingdom.

## Review of Operations

The consolidated entity's operating loss after income tax for the half year ended 31 December 2015 was $1,181,979, compared to a loss for the half year ended 31 December 2014 of $4,256,435.

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

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **Net loss for the half year after tax** | **(1,181,979)** | **(4,256,435)** |
| Material non-cash and non-recurring items (net of tax): | | |
| Amortisation | 432,384 | 429,736 |
| One-off items: | | |
| Restructuring | - | 415,723 |
| Professional fees and dispute settlement | 774,674 | 537,681 |
| **Adjusted Net Profit / (Loss)** | **25,079** | **(2,873,295)** |

# Directors' Report (continued)

## Review of Operations (continued)

The Group had a Net Loss after Tax of $1.2m (2014: $4.3m). Revenue increased in the Parking Management Division and combined with increasing margins led to an improvement in EBITDA from a loss of $43,361 to a profit of $2.8m. An EBITDA loss of $1.6m in the Technology Division was $0.1m favourable to H1 FY15.

The Group's Adjusted Net Profit after removing the effects of material non-recurring and non-cash items is $25,079 (2014: Adjusted Net Loss $2.9m). This included an adjustment for $0.8m of professional fees and a settlement 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. Further details of the dispute are included in note 14 in the Interim Report and in note 27 and note 30 in the Company's 2015 Annual Report. Refer to the Company's Announcement dated 15 December 2015 for further details on the settlement.

The Group has 94% of its revenue derived in the UK resulting in revenue and profits denominated in GBP being materially impacted during the half year by movements in the exchange rate between GBP and the Group's presentation currency.

As at 31 December 2015, the Group had cash on hand (excluding cash held on behalf of customers) of $1.6m (30 June 2015: $5.5m).

The Group had net operating cash outflows, excluding movement in client funds, for the half year ended 31 December 2015 of $2.2m (2014: outflow $3.5m). Adjusting for non-recurring cash impact of legal costs and the settlement related to the dispute with Mr Bernie Dickson, net cash outflow from operations for the half year was $0.9m (2014: net cash outflow of $3.2m). The table below summarises the net operating cash movements for the financial year to date. The reported net operating cash outflows including movements in client funds was $9.0m (2014: outflow $1.2m) which includes movement in client cash, professional fees and a settlement related to a legal dispute.

| **$M's** | **2015** | **2014** |
|---|---|---|
| Net Operating Cash Flow excluding movement in Client Funds and Non-Recurring Items | (0.9) | (3.2) |
| Net movement in client funds | (6.8) | 2.4 |
| Non-recurring cash items | (1.3) | (0.4) |
| **Net Reported Operating Cash Flow** | (9.0) | (1.2) |

The Parking Management division collects cash from sites that it operates on behalf of customers on an ongoing basis. These amounts are material. As cash is collected and banked a corresponding liability is recognised for the same amount. Therefore movements in cash balances will also be reflected in movements in trade and other payables (refer note 9). As payment terms vary between customers the cash profile of collecting and remitting cash is variable and can have a material impact on the Company's cash balances at any one point in time. Cash flow from operating activities excluding the movements in client cash better reflects the Company's underlying performance.

**Technology Division** – Total revenue for the division was $1.6m with revenue from external customers of $0.9m (2014: $0.7m). Sales in this division included revenue from installations in Westminster City Council London (**WCC**), Milton Keynes (United Kingdom), and Australian Capital Territories Government (Canberra, Australia).

# Directors' Report (continued)

## Review of Operations (continued)

The Group recently announced the first sales of its new radio frequency technology to WCC for managing disabled and residents parking bays. This follows on from the successful deployment of 3,300 parking sensors and the provision of ongoing parking data as part of Stage 1 of a contract with WCC recognised in previous financial years.

Recurring revenue from maintenance and data charges of $1.0m increased 67% (up 76% allowing for the effect of foreign exchange movements) on the prior year.

The operating costs for the half year ended 31 December 2015 were $3.3m (2014: $2.8m). 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 tradeshows, 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 the Company expects several customers to proceed with a procurement process during H2 FY16.

The division won a contract which provides for the installation and operation of 3,000 parking sensors for Wellington City Council (New Zealand). Under the contract the Company will maintain the sensors for a period of 5 years. The division expects to recognise revenue from this contract during the second half of FY16.

**Parking Management Division** – Sales of $14.8m (2014: $9.9m). The UK parking management business has experienced improved performance following on from the changes implemented in the second half of last financial year. These changes included 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.

The changes led to revenue increasing 45% compared to the H1 FY15 (24% on a constant currency basis). Revenue from driver breach of contract was up 166% (on a constant currency basis) 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 $1.8m which included the deployment of technology on 61 sites. The increase in revenue combined with increasing margins led to an improvement in EBITDA from a loss of $43,361 to a profit of $2.8m. The full impact of this investment will be reflected in H2 2016 as newly commissioned sites are operational for the full period.

The division expects to continue to deploy technology throughout H2 FY16.

During the half year the division won the following contracts:

- The division entered into an extended services contract with Matalan, a UK fashion and homeware retailer. The division is deploying technology on 88 Matalan sites across the UK increasing from the 29 that were previously managed. Refer to the Company's Announcement dated 21 July 2015 for further details on the contract.
- The division entered into a services contract with Lidl Northern Ireland, a UK supermarket chain. The division is deploying technology on 38 Lidl sites across Northern Ireland. Refer to the Company's Announcement dated 1 September 2015 for further details on the contract.

The Division is continuing with its strategy of diversifying into non-retail sectors including transport and health.

# Directors' Report (continued)

## Dividends

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

## Auditor's Independence Declaration

The Auditor's Independence Declaration on page 5 forms part of the Directors' Report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors.

Christopher Morris
Chairman

Paul Gillespie
Managing Director

**12 February 2016**

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Smart Parking Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b. No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Michael Climpson
Partner

Melbourne, 12 February 2016

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

We have reviewed the accompanying half-year financial report of Smart Parking Limited ("the Company"), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2015, and 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 half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' responsibility for the half-year financial report

The directors of Smart Parking Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review.  We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Smart Parking Limited consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.  As the auditor of Smart Parking Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Smart Parking Limited is not in accordance with the Corporations Act 2001, including:

a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Michael Climpson
Partner

Melbourne, 12 February 2016

# Consolidated Statement Profit and Loss and Other Comprehensive Income
## For the half-year ended 31 December 2015

| | Notes | Half Year 2015 $ | Half Year 2014 $ |
|---|---|---|---|
| Revenue from continuing operations | 3 | **15,719,261** | 10,820,337 |
| Raw materials and consumables used | | **(505,657)** | (739,599) |
| Employee benefits expense | | **(7,271,410)** | (6,257,785) |
| Depreciation and amortisation expense | | **(1,295,768)** | (1,318,033) |
| Rental and operating lease costs | | **(1,787,683)** | (1,357,780) |
| Share-based payments expense | | **(155,879)** | (117,876) |
| Finance and interest expense | | **(41,368)** | (50,345) |
| Other expenses | 4 | **(5,843,475)** | (5,235,354) |
| Loss before income tax | | **(1,181,979)** | (4,256,435) |
| Income tax expense | 5 | **-** | - |
| Loss for the half-year | | **(1,181,979)** | (4,256,435) |
| Other comprehensive income | | | |
| Exchange differences on translation of foreign operations | | **(6,776)** | 279,307 |
| Other comprehensive income for the year, net of tax | | **(6,776)** | 279,307 |
| Total comprehensive income, for the half-year | | **(1,188,755)** | (3,977,128) |
| Total comprehensive income for the half-year attributable to the owners of Smart Parking Limited | | **(1,188,755)** | (3,977,128) |
| Basic earnings per share from continuing operations attributable to the ordinary equity holders of the company. | | | |
| - basic earnings/(loss) per share | | **($0.00)** | ($0.01) |
| - diluted earnings/(loss) per share | | **($0.00)** | ($0.01) |

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

# Consolidated Statement of Financial Position
## As at 31 December 2015

| | Note | 31 December 2015 $ | 30 June 2015 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 6 | **5,523,429** | 16,289,523 |
| Trade and other receivables | | **6,643,268** | 6,192,436 |
| Inventories | | **1,575,438** | 1,373,117 |
| Income tax receivable | 5 | **550** | 1,169 |
| Total Current Assets | | **13,742,685** | 23,856,245 |
| | | | |
| **Non-current Assets** | | | |
| Receivables | | **-** | 33,572 |
| Property, plant and equipment | 7 | **5,803,050** | 4,943,673 |
| Intangible assets | 8 | **3,825,829** | 4,219,911 |
| Deferred tax assets | 5 | **1,014,400** | 1,023,550 |
| Total Non-current Assets | | **10,643,279** | 10,220,706 |
| | | | |
| **TOTAL ASSETS** | | **24,385,964** | 34,076,951 |
| | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 9 | **9,132,580** | 18,127,108 |
| Borrowings | | **4,884** | 49,120 |
| Deferred revenue | | **514,302** | 156,585 |
| Provisions | | **803,041** | 736,626 |
| Total Current Liabilities | | **10,454,807** | 19,069,439 |
| | | | |
| **Non-current Liabilities** | | | |
| Borrowings | | **4,884** | 48,363 |
| | | | |
| **TOTAL LIABILITIES** | | **10,459,691** | 19,117,802 |
| | | | |
| **NET ASSETS** | | **13,926,273** | 14,959,149 |
| | | | |
| **EQUITY** | | | |
| Contributed equity | | **57,751,202** | 57,751,202 |
| Accumulated losses | | **(47,805,376)** | (46,623,397) |
| Reserves | | **3,980,447** | 3,831,344 |
| **TOTAL EQUITY** | | **13,926,273** | 14,959,149 |

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

# Consolidated Statement of Changes in Equity
## For the half-year ended 31 December 2015

| | Note | Contributed equity $ | Reserves $ | Accumulated losses $ | Total $ |
|---|---|---|---|---|---|
| Balance at 1 July 2015 | | 57,751,202 | 3,831,344 | (46,623,397) | 14,959,149 |
| **Total comprehensive income for the half-year** | | | | | |
| Loss for the half-year | | - | - | (1,181,979) | (1,181,979) |
| Other comprehensive income for the half-year | | - | (6,776) | - | (6,776) |
| **Total comprehensive income for the half-year** | | **-** | **(6,776)** | **(1,181,979)** | **(1,188,755)** |
| **Transactions with owners, recorded directly in equity** | | | | | |
| **Contributions by owners** | | | | | |
| Share-based payment transactions | | - | 155,879 | - | 155,879 |
| Total transactions with owners | | - | 155,879 | - | 155,879 |
| **Balance at 31 December 2015** | | **57,751,202** | **3,980,447** | **(47,805,376)** | **13,926,273** |

| | Contributed equity $ | Reserves $ | Accumulated losses $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2014 | 57,751,202 | 2,807,853 | (41,263,120) | 19,295,935 |
| **Total comprehensive income for the half-year** | | | | |
| Loss for the half-year | - | - | (4,256,435) | (4,256,435) |
| Other comprehensive income for the half-year | - | 279,307 | - | 279,307 |
| **Total comprehensive income for the half-year** | **-** | **279,307** | **(4,256,435)** | **(3,977,128)** |
| **Transactions with owners, recorded directly in equity** | | | | |
| **Contributions by owners** | | | | |
| Share-based payment transactions | - | 117,876 | - | 117,876 |
| Total transactions with owners | - | 117,876 | - | 117,876 |
| **Balance at 31 December 2014** | **57,751,202** | **3,205,036** | **(45,519,555)** | **15,436,683** |

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

# Consolidated Statement of Cash Flows
## For the half-year ended 31 December 2015

| | Note | Half Year 2015 $ | Half Year 2014 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | **15,043,321** | 10,027,390 |
| Payments to suppliers and employees | | **(15,961,185)** | (13,313,657) |
| Non recurring professional fees and dispute settlement | | **(1,292,973)** | (388,280) |
| Interest and other finance costs paid | | **-** | (1,630) |
| Interest received | | **37,098** | 129,539 |
| Income taxes paid | | **-** | (620) |
| **Net cash flows inflow/(outflow) from operating activities before movement in client funds** | | **(2,173,739)** | (3,547,258) |
| Net increase/(decrease) in cash held on behalf of customers | 6 | **(6,871,819)** | 2,351,781 |
| **Net cash flows inflow/(outflow) from operating activities** | | **(9,045,558)** | (1,195,477) |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from disposal of assets | | **-** | 88,277 |
| Purchase of plant and equipment | | **(1,591,015)** | (504,105) |
| **Net cash flows inflow/(outflow) from investing activities** | | **(1,591,015)** | (415,828) |
| | | | |
| **Cash flows from financing activities** | | | |
| Hire purchase payments | | **(92,599)** | (113,507) |
| **Net cash flows inflow/(outflow) from financing activities** | | **(92,599)** | (113,507) |
| | | | |
| Net increase in cash and cash equivalents | | **(10,729,172)** | (1,724,812) |
| Cash and cash equivalents at beginning of the half-year | | **16,289,523** | 15,559,700 |
| Effects of exchange rate changes on cash and cash equivalents | | **(36,922)** | 139,065 |
| **Cash and cash equivalents at end of the half-year** | 6 | **5,523,429** | 13,973,953 |

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

# Notes to the Financial Statements

## Note 1 – Basis of preparation

The half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standards AASB 134: "Interim Financial Reporting".

These financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any publications made by Smart Parking Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001.* The half-year financial statements do not include full disclosures of the type normally included in annual financial statements. The accounting policies adopted are consistent with those of the previous financial year except where otherwise disclosed.

**Going concern**

For the half-year ended 31 December 2015, the Group incurred a loss of $1.2m and net cash outflows of $2.2m. The Group's net cash position at balance date is $1.6m down from $5.5m at 30 June 2015.

The Directors have carefully analysed management's cash flow forecast, and considering a number of factors, have concluded that there exists only a remote risk that the Group would require additional funding in the next 12 months to ensure it can continue operating as a going concern. These factors include, inter-alia, the following:

- Revenue growth is being achieved in both the Parking Management and Technology segments, and the outlook for the next 12 months is very positive.
- The loss for the period of $1.2m includes non-recurring legal and related costs of $0.8m, and amortisation expense of $0.4m.
- The Group committed $1.6m of capital investment for the period, the benefit of which will be realised in future periods. Further capital investments will be made, however the level of investment can be managed subject to the timing of other cash inflows and outflows.
- Management's forecast cash flows are supported by both a pipeline of contracted revenue, and expected revenue based on actual performance over the past 6 months.
- As at the date of signing the Interim Financial Statements the cash position has improved. The cash position as at 31 December 2015 was impacted by the timing of material cash receipts being banked in early January.

Accordingly on this basis the Directors believe 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)

## Note 2 – 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 and solutions sold globally and Parking Management consists of the business which operates in the United Kingdom.

b) Segment information provided to the board

The segment information provided to the Board for the reportable segments for the half-year ended 31 December 2015 is as follows:

| Half-year - 2015 | Technology $ | Parking Management $ | Total $ |
|---|---|---|---|
| Total segment revenue | 1,643,985 | 14,766,614 | 16,410,599 |
| Inter-segment revenue | (726,841) | - | (726,841) |
| **Revenue from external customers** | **917,144** | **14,766,614** | **15,683,758** |
| **Adjusted EBITDA** | **(1,572,346)** | **2,840,232** | **1,267,886** |
| **Half-year - 2014** | | | |
| Total segment revenue | 1,324,147 | 9,941,352 | 11,265,499 |
| Inter-segment revenue | (597,889) | - | (597,889) |
| **Revenue from external customers** | **726,258** | **9,941,352** | **10,667,610** |
| **Adjusted EBITDA** | **(1,680,373)** | **(43,361)** | **(1,723,734)** |
| **Total segment assets** | | | |
| 31 December 2015 | 3,769,671 | 21,464,143 | 25,233,814 |
| 30 June 2015 | 2,328,737 | 29,752,838 | 32,081,575 |

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.

# Notes to the Financial Statements (continued)

## Note 2 – Segment information (cont'd)

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

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

| | Note | 2015<br>$ | 2014<br>$ |
|---|---|---|---|
| **Adjusted EBITDA** | | **1,267,886** | (1,723,734) |
| Intersegment eliminations | | **181,764** | (787,047) |
| Interest revenue | | **35,503** | 152,727 |
| Interest expense | | **-** | (1,630) |
| Depreciation | | **(863,384)** | (888,297) |
| Amortisation | | **(432,384)** | (429,736) |
| Share-based payments expense | | **(155,879)** | (117,876) |
| Gain/(Loss) on disposal of fixed property, plant and equipment | | **6,143** | (4,425) |
| Legal dispute and settlement | | **(774,674)** | (537,681) |
| Restructuring and non-recurring costs | | **-** | (415,723) |
| Adjusted EBITDA for parent company | | **(446,954)** | 510,869 |
| Other | | **-** | (13,882) |
| **Loss before income tax from operations** | | **(1,181,979)** | (4,256,435) |

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.

# Notes to the Financial Statements (continued)

## Note 3 – Revenue and other income

| | Half Year 2015 $ | Half Year 2014 $ |
|---|---|---|
| **From continuing operations** | | |
| **Revenue** | | |
| Revenue from sale of goods and services | **15,683,758** | 10,667,610 |
| Interest revenue | **35,503** | 152,727 |
| **Total revenue from continuing operations** | **15,719,261** | 10,820,337 |

## Note 4 – Other expenses

Loss before income tax includes the following specific expenses:

| | Half Year 2015 $ | Half Year 2014 $ |
|---|---|---|
| Other expenses: | | |
| - Audit fees | **(28,638)** | (27,772) |
| - ASX and share registry expense | **(48,594)** | (50,105) |
| - Cash collection fees | **(447,057)** | (417,596) |
| - Consultants expense | **(233,925)** | (103,217) |
| - Impairment of trade debtors | **(32,082)** | 29,059 |
| - Foreign exchange loss (net) | **(156,159)** | (1,359) |
| - Insurance | **(182,544)** | (184,333) |
| - IT Support | **(247,626)** | (199,957) |
| - Legal fees | **(602,394)** | (471,810) |
| - Licencing Authority fees | **(928,801)** | (648,126) |
| - Gain/(Loss) on disposal of fixed property, plant and equipment | **6,143** | (4,425) |
| - Motor vehicle expense | **(262,975)** | (207,624) |
| - Repairs and maintenance | **(348,209)** | (447,362) |
| - Staff recruitment | **(92,851)** | (109,132) |
| - Support and development | **(30,495)** | (32,077) |
| - Travel and accommodation | **(355,401)** | (392,319) |
| - Telephone and communications | **(182,704)** | (141,057) |

## Note 5 – Income tax expense

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 income tax losses. The company recognised a deferred tax asset of $1,023,550 at 30 June 2015 related to Smart Parking Limited (UK). Whilst it is recognized that a portion of the deferred tax asset has been utilized during the period the Group has an unrecognised deferred tax asset of $1.3m as at 31 December 2015. As earnings forecasts for the UK are weighted to the second half of the year management considers it to be prudent to review the deferred income tax asset at 30 June 2016 once the second half trading materialises. Tax losses arising in the United Kingdom of $6,559,370 give rise to an unrecognised deferred tax asset of $1,311,874.

# Notes to the Financial Statements (continued)

## Note 6 – Cash and cash equivalents

| | Consolidated | |
|---|---|---|
| | **31 Dec 2015** | **30 Jun 2015** |
| **Current** | **$** | **$** |
| Cash at bank and in hand | **1,631,419** | **5,525,694** |
| Cash held on behalf of customers | **3,892,010** | **10,763,829** |
| | **5,523,429** | **16,289,523** |

Cash at bank includes cash that Smart Parking Limited (UK) has collected and counted on behalf of customers, the associated liability for this is included in other payables.

The Parking Management division collects cash from sites that it operates on behalf of customers on an ongoing basis. These amounts are material. As cash is collected and banked a corresponding liability is recognised for the same amount. As payment terms vary between customers the cash profile of collecting and remitting cash is variable and can have a material impact on the company's cash balances at any one point in time.

## Note 7 - Property, plant and equipment (non-current)

| Consolidated | Motor Vehicles $ | Office Equipment $ | Plant and Equipment $ | Leasehold Improvem-ents $ | Total $ |
|---|---|---|---|---|---|
| **Year ended 30 June 2015** | | | | | |
| 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 |
| **Half-year ended 31 December 2015** | | | | | |
| Opening net book amount | **134,273** | **84,819** | **4,253,472** | **471,109** | **4,943,673** |
| Additions | **-** | **8,059** | **1,762,429** | **30,324** | **1,800,812** |
| Disposals | **(1,274)** | **-** | **-** | **-** | **(1,274)** |
| Depreciation charge for the year | **(63,625)** | **(14,328)** | **(763,765)** | **(21,666)** | **(863,384)** |
| Foreign exchange translation | **4,208** | **1,257** | **(78,164)** | **(4,078)** | **(76,777)** |
| **Closing net book amount** | **73,582** | **79,807** | **5,173,972** | **475,689** | **5,803,050** |
| At 31 December 2014 | | | | | |
| Cost or fair value | **708,224** | **442,814** | **11,041,572** | **619,869** | **12,812,479** |
| Accumulated depreciation & impairment | **(634,642)** | **(363,007)** | **(5,867,600)** | **(144,180)** | **(7,009,429)** |
| **Net book amount** | **73,582** | **79,807** | **5,173,972** | **475,689** | **5,803,050** |

# Notes to the Financial Statements (continued)

## Note 8 - Intangible assets (non-current)

| | Software $ | Developed Technology $ | Goodwill $ | Other intangible assets $ | Total $ |
|---|---|---|---|---|---|
| **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 |
| | | | | | |
| **Half-year ended 31 December 2015** | | | | | |
| Opening net book amount | **141,908** | **2,244,920** | **1,824,423** | **8,660** | **4,219,911** |
| Additions | **28,007** | **27,021** | **-** | **-** | **55,028** |
| Disposals | **-** | **-** | **-** | **-** | **-** |
| Exchange differences | **(427)** | **-** | **(16,310)** | **11** | **(16,726)** |
| Impairment charge | **-** | **-** | **-** | **-** | **-** |
| Amortisation charge | **(28,854)** | **(401,536)** | **-** | **(1,994)** | **(432,384)** |
| **Closing net book amount** | **140,634** | **1,870,405** | **1,808,113** | **6,677** | **3,825,829** |
| | | | | | |
| **At 31 December 2015** | | | | | |
| Cost | **859,759** | **5,785,378** | **14,121,944** | **25,745** | **20,792,826** |
| Accumulated amortisation and impairment | **(719,125)** | **(3,914,973)** | **(12,313,831)** | **(19,068)** | **(16,966,997)** |
| **Net book amount** | **140,634** | **1,870,405** | **1,808,113** | **6,677** | **3,825,829** |

## Note 9 – Trade and other payables

| | Consolidated | |
|---|---|---|
| | Dec 2015 $ | Jun 2015 $ |
| **Current** | | |
| Trade and other payables | **5,240,570** | 7,363,279 |
| Cash collected on behalf of customers | **3,892,010** | 10,763,829 |
| | **9,132,580** | 18,127,108 |

The Parking Management division collects cash from sites that it operates on behalf of customers on an ongoing basis. These amounts are material. As cash is collected and banked a corresponding liability is recognised for the same amount. As payments terms vary between customers the cash profile of collecting and remitting cash is variable and can have a material impact on the Company's cash balances at any one point in time.

## Notes to the Financial Statements (continued)

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |

### Note 10 – Equity securities issued during the half year

There has been no equity securities issued during the year (2014: nil).

### Note 11 – Reconciliation of cash flows from operating activities

| | 2015 $ | 2014 $ |
|---|---|---|
| Reconciliation of Cash Flow from Operations with Loss after Income Tax | | |
| Profit/(Loss) after income tax for the period | **(1,181,979)** | (4,256,435) |
| Adjustments for: | | |
| (Gain)/loss on disposal of plant and equipment | **(6,143)** | 4,425 |
| Depreciation and amortisation expense | **1,295,768** | 1,318,033 |
| Impairment of trade receivables | **32,082** | (29,059) |
| Share-based payments expense | **155,879** | 117,876 |
| Change in operating assets and liabilities, net of effects from purchase of controlled entity: | | |
| (Increase)/decrease in trade and term receivables | **(133,945)** | 455,020 |
| (Increase)/decrease in inventories | **(202,321)** | (5,710) |
| (Increase)/decrease in other current assets | **(333,773)** | 136,535 |
| Increase/(decrease) in trade payables and accruals | **(1,809,076)** | (1,287,323) |
| Increase/(decrease) in cash held on behalf of clients | **(6,871,819)** | 2,351,781 |
| (Increase)/decrease in tax payable and deferred tax | **9,769** | (620) |
| Net Cash inflow /(outflow) from operations | **(9,045,558)** | (1,195,477) |

### Note 12 – Dividends

No dividends were paid or declared during the period.

### Note 13 – Events subsequent to Reporting Date

No matter or circumstance has arisen since the reporting date which is not otherwise reflected in this report that has significantly or may significantly affect the operations of the consolidated entity.

# Notes to the Financial Statements (continued)

## Note 14 – Contingent Liabilities

The contingent liability at 30 June 2015 related to the 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 was settled on 11th December 2015. The dispute centred on the net asset position of Town and City Parking on settlement of the acquisition and the extent of any earn out due to the vendor. The Independent Expert adjudicating on the dispute determined that a net asset adjustment of $1.9m should be made in the Smart Parking Limited's favour. In the case of the earn out the Independent Expert agreed with Smart Parking Limited that no earn out payment was due. The net result, after taking into account that Smart Parking had already received $ 2.3m in connection with the sale of Smart Parking Limited shares previously held by the vendor is that the Company was required to pay $0.4m to the vendor. Further details of the dispute are included in note 27 and note 30 in the Company's 2015 Annual Report. Refer to the Company's Announcement dated 15 December 2015 for further details on the settlement.

There have been no other changes in contingent liabilities since the last annual reporting period date, 30 June 2015.

# Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Australian Accounting Standard: *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half- year ended on that date;
and

(b) there are reasonable grounds to believe that Smart Parking Limited will be able to pay its debts as and when they become due and payable.

(c) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the Corporations Act 2001.

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

Mr Christopher Morris
Chairman

Paul Gillespie
Managing Director

**12 February 2016**