SMART PARKING

Reinventing the parking experience

2018 Annual Report

ABN 45 119 327 169

smartparking.com

Introduction

Smart Parking's continued focus on providing best in class technology and services has resulted in positive growth trends across the global business, and implementation of a successful business strategy has delivered record financial results. The market opportunities remain significant and Smart Parking is well positioned for ongoing growth.

Our Vision

To create a culture of excellence and be the global leader in the sensing, data solutions and managed parking services marketplace.

Contents

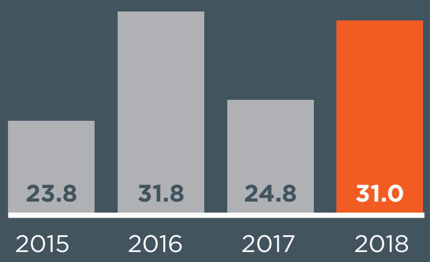
Financial Highlights

In FY18 Smart Parking achieved record results, with increases in Group revenue and adjusted EBITDA, aligning the global business for sustainable growth.

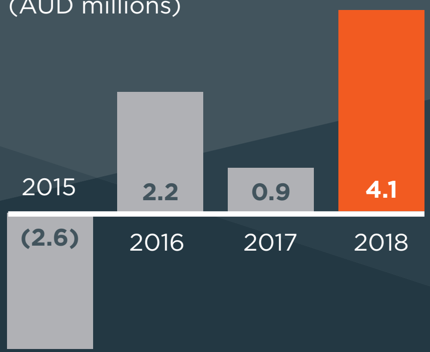
Adjusted Group EBITDA
↑ 370%

$4.1M[1]

Total revenue
(AUD millions)



Adjusted EBITDA
(AUD millions)



IN MILLIONS OF AUD

Year ended 30 June	2018	2017
Revenue	31.0	24.8
Adjusted EBITDA[1]	4.1	0.9
Adjusted EBITDA margin[1]	13.1%	3.5%
Net profit/(loss) after tax	1.7	(1.4)
Cash and Corporate Bonds	13.4	13.5

1 Adjusted EBITDA represents Earnings before interest, taxation, depreciation and amortisation adjusted for costs incurred in the current period but not expected to occur in the future.

Letter to shareholders

Dear Fellow Shareholder,

We are pleased to present Smart Parking Limited's ("Smart Parking", "the Group") Annual Report and outline the initiatives we undertook in the 2018 financial year to build the Company's capacity for future growth in the global parking technology industry.

Christopher Morris
Chairman

Financial Results

Smart Parking achieved a 370% Adjusted EBITDA improvement over the 2018 financial year. Adjusted EBITDA rose to $4.1 million, and the Group's Adjusted EBITDA margin rose 9.6% to 13.1% supported by growth in our Parking Management and Technology divisions.

Parking Management Division

Operating in the United Kingdom, the Parking Management division continued with its strategy of targeting off-street car parks where there is a requirement for car park management services through the deployment of technology solutions.

The Parking Management division's Adjusted EBITDA increased 39% to $6.5 million. This was despite the loss of the Matalan contract in April 2017 which comprised $2.4m of the Group's FY17 revenue, the most significant period of severe winter weather since December 2010, and operational challenges. A new high calibre management team has been appointed to lead this business, whose focus will include continuing to grow the business in a disciplined way.

Parking Management delivered growth through the installation of Automatic Number Plate Recognition (ANPR) and the FY19 pipeline is showing strong demand for the continued uptake of this system.

Technology Division

The sales cycle for the sensor based technology solution continues to be lengthy, however the company has seen an increase in sales activities and enquiry during the year as cities implement 'Smart Cities' technologies. Sales in this division included revenue from installations in the City of Adelaide (Australia), Moonee Valley City Council (Australia), Hobart City Council (Australia), Coles supermarkets (Australia), Air New Zealand, Hamilton City Council (New Zealand), Wilson Parking (NZ), Cardiff City Council (UK) and City of Miami (USA). Our position as a leading provider of Smart Cities solutions is establishing us as a company well-equipped for the future.

Research and Development Division

Thanks to the evolution of Internet of Things (IoT) the potential of smart cities is nearly limitless, and the growth of these cities should only accelerate in the coming years. Smart Parking has invested significant resources into the new Smart Cities platform which delivers breakthrough advantages for cities and businesses. This included the next generation sensor, a new navigation and payment application 'SmartApp', and ongoing investment in the SmartCloud platform. SmartCloud is a real time, global scale information platform that enables sophisticated and flexible services to be created using open web interfaces. SmartCloud is specifically designed for the new generation smart city and smart business intelligence requirements where interaction with vast networks of sensors, information equipment, and interconnection to other software or service systems is required. These developments are leading to new revenue streams in the Technology Division.

Outlook

Smart Parking is well positioned for ongoing earnings growth from both divisions through winning new business and increasing operating leverage.

The Parking Management division is ideally placed for continued earnings growth and focused on expanding its UK footprint as it continues with its proven strategy of deploying technology at new car parking sites.

The Technology division expects to have improved earnings in FY19 based on the firm orders it has already received , growth in recurring revenue and the increased level of enquiry it is experiencing.

We would like to take this opportunity to thank the team at Smart Parking for their efforts and our fellow shareholders for your continued support.

The business has enhanced its management capability and is developing a strong pipeline of new opportunities. The Group is also reviewing corporate development opportunities on an ongoing basis and where appropriate is prepared to make suitable acquisitions subject to robust and disciplined due diligence analysis.

Christopher Morris
Chairman

Paul Gillespie
Chief Executive Officer

28 September 2018

Paul Gillespie
CEO

Parking Management division

Smart Parking's Parking Management division has delivered growth throughout the 2018 financial year.

Accounting for 78% of the company's revenue, this profitable division operates exclusively in the UK, specialising in the management of car parks on behalf of retail customers, land owners and managing agents.

Despite operational challenges resulting in a management restructure our Parking Management division has delivered growth with an increase in the Adjusted EBITDA margin from 22% to 27%, demonstrating the quality of new business. In addition, Parking Breach Notices are up 17% compared to the 2017 financial year, and this looks set to continue with the roll out of ANPR technology.

Our products & solutions

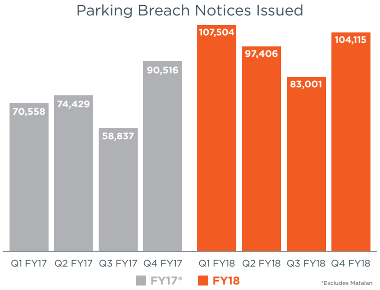
- Automatic Number Plate Recognition (ANPR)
- Pay & Display
- Site surveys
- Parking attendants
- Marshalling

FY18 at a glance

Pipeline continues to expand driving earnings growth

Adjusted EBITDA margin up 5% to 27%

Adjusted EBITDA grew 39%



Outlook

UK market opportunity remains significant

Smart Parking are running 251 (at 31 July 2018) parking management sites across the UK, and strengthened sales and operations allow a strong focus on capturing greater market share.

A new high calibre management team has been appointed whose focus will include continuing to grow the business in a disciplined way.

Parking Management Division Adjusted EBITDA

↑ **39%**

Parking breach notices increases from FY17

↑ **17%**

Robust pipeline of 100+ new sites to install

ANPR technology continues to deliver growth

Technology division

With the installation of over 13,700 new sensors across the UK, New Zealand and Australia, Smart Parking's global presence continues to grow.

Our technology division is focused on the sale of on-street and off-street bay sensor technology and data communication software that enables clients to manage parking efficiently and cost effectively in a range of environments including shopping centres, supermarkets, airports, commercial parking sites, universities and large scale municipal street environments.

Our on-street and off-street products

- SmartApp
- SmartSensors
- SmartRep
- SmartSpot Gateway
- SmartCloud
- Overhead Guidance Indicators
- Pay & Walk

FY18 at a glance

Telstra, Australia
Established relationship with Telstra, with 7 sites already awarded.

City of Adelaide, Australia
2,800 sensors in the City of Adelaide, along with custom parking app (Park Adelaide).

Coconut Grove, Miami, USA
SmartPark system and customised app (Park Miami) installed in the City of Miami.

Wilson Parking, New Zealand
Smart Parking have worked with Wilson on their refurbishment initiative, installing our system in 7 of their sites.

Outlook

Global adoption of Smart Parking technology continues to gain momentum.

Smart Parking's unique technology offering continues to position us as a leading provider of Smart Cities solutions. As the Smart Cities movement continues the company expects continued adoption of parking technology both in our key markets and new territories.

Account-based technology clients are also on the rise with the likes of Telstra and Coles in Australia, and Wilson Parking in New Zealand.

Integrating Big Data, IoT capabilities & analytics

Subscription and pay-for-use revenue opportunities

Research & development division

Smart Parking's R&D division has strategically focused on developing Smart Cities technology offerings in FY18. Recognising the evolution of the Internet of Things (IoT) and the global focus on Smart Cities is a significant market opportunity, we have been expanding our offerings beyond the usual parking equipment and technology.

FY18 development at a glance

SmartCloud
SmartCloud is our groundbreaking Google Cloud-powered IoT platform, allowing us to break into the Smart Cities movement by offering cooperative services and interconnectivity with other devices.

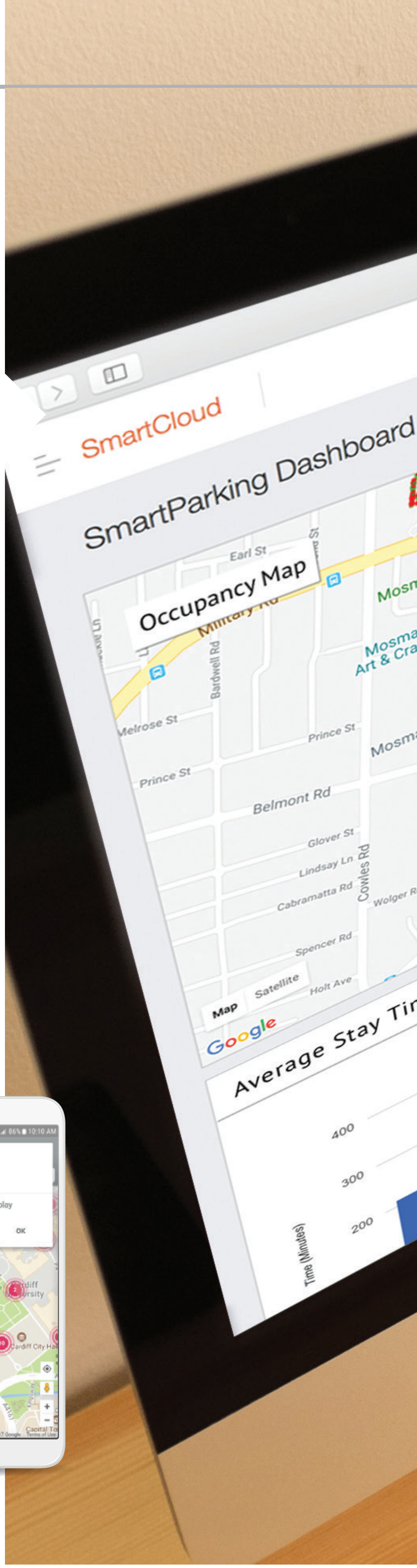
Next generation sensor
Our latest vehicle detection sensor was released in FY18 and has the advantages of being smaller and easier to install, combined with a much longer battery life.

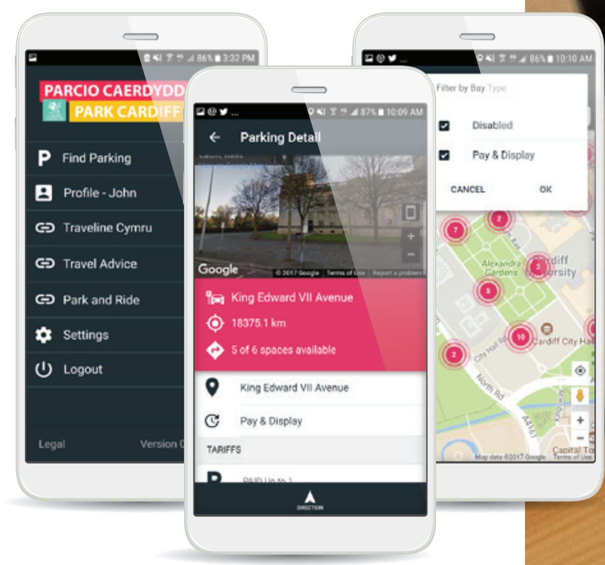
SmartApp
Our SmartApp bundles parking requirements of guidance, availability, tariffs and payment into one handy app. The app can also be customised to client sites, as is the case with Park Cardiff, Park Adelaide and Park Miami.

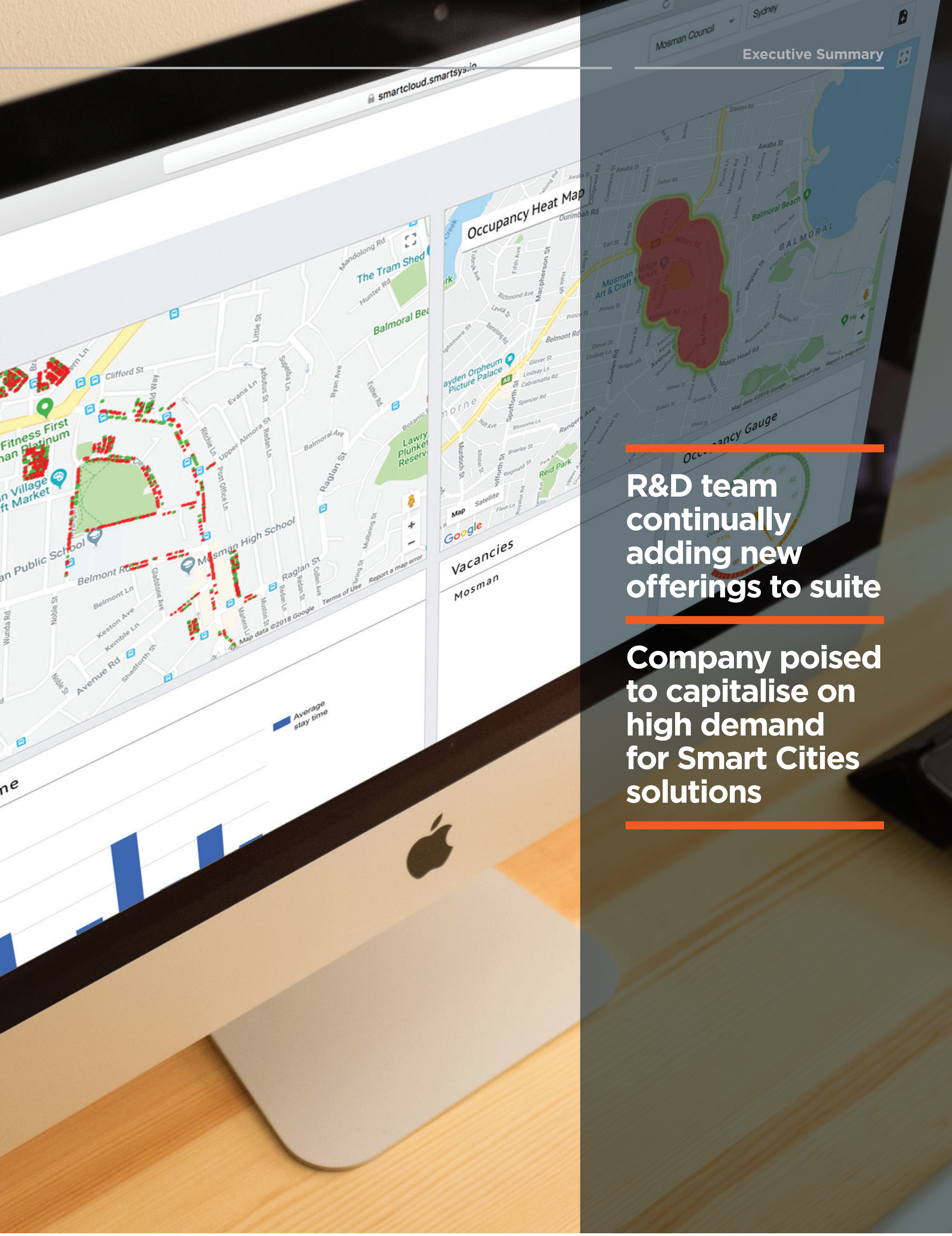
Outlook

Market leader in smart parking technology

Smart Parking will continue to develop its Smart Cities platform technology which allows flexible options for ongoing development and is expected to lead to new revenue streams.







R&D team continually adding new offerings to suite

Company poised to capitalise on high demand for Smart Cities solutions

Directors' Report

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 functional and 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 13. The Directors' report is not part of the financial report.

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 2018.

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 three 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.
- **Research and Development:** Includes costs to research, develop and enhance software/hardware for both the Technology and Parking Management divisions.

Review of Operations

The Group recorded a net profit after income tax of $1.7m (2017: loss of $1.4m) for the financial year ended 30 June 2018.

An analysis of underlying EBITDA for the period after excluding the effects of non-recurring items is outlined below:

	2018 $	2018 at 2017 Exchange Rates $[1]	2017 $
Revenue	**31,018,609**	**30,400,698**	**24,841,220**
Net profit/(loss) for the year after tax	**1,663,060**	**1,588,445**	**(1,396,723)**
EBITDA[2]	4,112,650	3,955,411	1,314,050
Non-recurring and prior period expenses[3]	748,509	724,830	-
Foreign exchange gains[4]	(791,337)	(791,337)	-
Dispute settlement[5]	-	-	(338,696)
Onerous lease reversal[6]	-	-	(109,928)
Adjusted EBITDA[7]	**4,069,822**	**3,888,904**	**865,426**
Adjusted EBITDA margin	13.1%	12.8%	3.5%

1 The exchange rates are based on the average rates for FY17 (Constant currency).

2 EBITDA represents Earnings before interest, taxation, depreciation and amortisation.

3 The non-recurring and prior period expenses relate to the Parking Management division and includes professional fees, costs related to the management restructure, and prior period under accruals none of which are individually material. These costs were incurred in the current period but are not expected to occur in the future.

4 The foreign exchange gains are non-operating and relate to funding within the Group.

5 The dispute settlement relates to damages awarded to Smart Parking in the UK from a former customer in relation to a breach of contract.

6 The reversal relates to an onerous lease provision recognised in a previous period which was surrendered in June 2017.

7 The Board assesses the underlying performance of the Group based on a measure of Adjusted EBITDA which takes into account costs incurred in the current period but not expected to occur in the future.

Directors' Report (cont.)

The Group recorded Net Profit after Tax of $1.7m up 219% on FY17.

The Group's Adjusted EBITDA after non-recurring items is $4.1m (2017: $0.9m) with the EBITDA margin increasing from 3.5% in FY17 to 13.1% in FY18.

The Group has 82% (UK Parking Management and Technology) of its revenue derived in the UK resulting in revenue and profits denominated in Great British Pound ("GBP"). These are impacted by movements in the exchange rate between GBP and the Group's presentation currency. The following commentary is based on actual exchange rates unless otherwise stated.

As at 30 June 2018, the Group had cash on hand (excluding cash held on behalf of customers) of $6.9m (2017: $13.5m) and Corporate Bonds of $6.5m. Subsequent to year end the Group has liquidated $4.2m of Corporate Bonds with the proceeds placed on term deposits.

The Group had net operating cash inflows for the year ended 30 June 2018 of $3.5m (2017: $1.2m). The reported net operating cash inflows including movements in client funds was $3.0m (2017: $0.6m). The increase in net operating cash flow in FY18 was as a result of improved performance across the business. The company incurred costs in FY18 for technology projects in progress at 30 June 2018 where receipts for both billed ($2.1m) and work in progress will be received upon completion of project milestones in FY19. The following table summarises the net operating cash movements for the period.

$M's	2018 $	2017 $
Net operating cash flow excluding movement in client funds and non-recurring items	3,488,337	1,166,756
Net movement in client funds	(457,827)	(87,730)
Non-recurring cash items[1]	-	(507,360)
Net Reported Operating Cash Flow	**3,030,510**	**571,666**

1 The non-recurring item in FY17 related to the settlement of an onerous lease.

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 8). 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 $8.9m (2017: $5.1m) with revenue from external customers of $6.8m (2017: $3.7m). Sales in this division included revenue from installations in the City of Adelaide (Australia), Moonee Valley City Council (Australia), Hobart City Council (Australia), Coles supermarkets (Australia), Air New Zealand, Hamilton City Council (NZ), Wilson Parking (NZ), Cardiff City Council (UK) and City of Miami (USA). The sales cycle for the sensor based technology solution continues to be lengthy, however the company has seen an increase in sales activities and enquiry during the year as cities implement 'Smart Cities' technologies. Despite the long sales cycle, SPZ installed a record 13,700 sensors in FY18 and at balance date has over $2m of work in progress and new business orders to deliver in FY19.

During the year SPZ formalised its relationship with Telstra signing an agreement that makes the Company the approved supplier of Smart City products to Telstra for their Smart City strategy. This relationship has already proved successful with 7 Telstra sites awarded.

The Company expanded into new markets and developed new relationships in mainland Europe with Besser Parken, a German parking operation business. SPZ are supplying solutions to Besser Parken to provide enforcement efficiencies across their customer base. This relationship is continuing to grow.

At 30 June 2018 the company was in the process of completing installations for the City of Adelaide (Australia) and Moonee Valley City Council (Australia). The contracts include a new Parking App (SmartApp) which delivers real-time on-street parking data enabling drivers to find parking spaces more efficiently. The City of Adelaide will also be using SmartApp to enable drivers to pay for their parking.

Recurring revenue from maintenance and data charges of $2.7m increased 31% on the prior year.

The operating costs (excluding foreign exchange gains and losses) for the year ended 30 June 2018 were $4.5m (2017: $4.3m). Personnel costs increased $0.1m as the division increased its operational capability as a result of the increased revenue.

Research and Development Division

Total costs for the division were $0.7m (2017: $0.6m). In line with the growth in demand for Smart City and IoT devices, SPZ have developed several new products during FY18. In particular, the Company launched the new Smart City platform (SmartCloud) that can receive event messages from other IoT sensors into one dashboard reporting system. This product is now live and in use across a number of installations. The Company also developed a new guidance and payment application that will allow drivers to not only find a space quickly and easily via the real time information provided from sensors to mobile telephones but also allow you to pay for the space on arrival.

The Company delivered the new Version 3 sensor into the market and has this product installed across 7 locations. This product is designed to be installed quicker, cost less than the previous version and have a battery life that is twice as long.

Parking Management Division

Sales of $23.9m (2017: $21.0m) were up 14% compared with the prior year. The division continued to invest in rolling out ANPR (Automatic Number Plate Recognition) technology to new sites. During FY18 125 sites had technology installed bringing the total number of sites with technology enabled sites to 236 (at 30 June 2018). The number of Parking Breach Notices issued increased by 17% despite the loss of Matalan in FY17 which accounted for 12% of Parking Breach Notices issued in FY17.

With the continued site roll out, Parking Breach Notices continue to grow. This growth is somewhat offset by changes to driver behaviour with greater compliance and an increase in client share for new sites.

The increased revenue along with continued cost control resulted in Adjusted EBITDA for FY18 of $6.5m up 39% on FY17. The division continued to build its sales and operational capability in order to capture the large market opportunity on offer in the UK enforcement market place.

Earnings growth in FY18 was impacted by the unseasonably cold UK winter with several snow fall events resulted in a lower number of sites being installed which, along with a lower car count and a reduction in licence plate matching, contributed to a lower number of Parking Breach Notices being issued over the winter period. The UK Office for National Statistics noted that petrol sales were down 7.4% in March from February as a result of the weather. Performance was also impacted by operational challenges resulting in a management restructure of the UK operation in May 2018.

The business model for deploying technology remains attractive and the pipeline of new sites remains high.

The division incurred non-recurring and prior period expenses of $0.75m including professional fees, costs related to the management restructure, and prior period under accruals.

The division incurred capital expenditure of $3.2m on the technology rollout.

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

The Group sold $4.2m of Corporate Bonds subsequent to balance date and placed funds received on term deposit.

There have been no other matters subsequent to the end of the financial year that have 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.

Likely developments and expected results of operations

Growth in Technology revenues is expected as cities continue to deploy 'Smart Cities' technologies and the division expands sales from new and existing relationships. The Group continues to develop it's 'Smart Cities' platform technology which allows flexible options for ongoing development and is expected to lead to new revenue streams.

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. Further growth is anticipated through the deployment of technology and improved service across existing and new sites.

The enforcement market opportunity remains significant with a substantial number being suitable for the Smart Parking technology offering.

The Company has recently hired a new UK Managing Director with significant market experience in both parking operations/enforcement management and a significant track record of selling parking services to local government. The new management team will drive the current strategy of new site acquisition and roll out of ANPR technology to capture a share of the huge market opportunity in front of us.

Rounding of amounts

Smart Parking Limited is a type of Company referred to in ASIC Corporations (Rounding in Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

Information on Directors

Mr Christopher Morris
Non-Executive Chairman
Age: 70

Experience
Mr Morris was the founder of Computershare Limited and Chief Executive Officer from 1990 to 2006. He has worked across the global securities industry for more than 30 years. His knowledge, long term strategic vision and passion for the industry were instrumental in transforming Computershare from an Australian business into a successful global company.

Special responsibilities
Remuneration Committee

Interest in Shares & Options: Held in Smart Parking Limited
110,683,317 Ordinary Fully Paid Shares (indirect)

Directorships held in other listed entities
Mr Morris is a Non-Executive Director of Computershare Limited and was previously Chairman until 2015.

Mr Paul Gillespie
Managing Director
Age: 44

Experience
Mr Gillespie was appointed Managing Director of Smart Parking in January 2013. Mr Gillespie has 16 year's experience in the parking market place with a variety of sales and management positions. Before joining Smart Parking, he led 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
1,869,385 Ordinary Shares (direct)
2,668,942 Rights to deferred shares (direct)

Directorships held in other listed entities
Nil

Ms Penelope Maclagan
Director (Non-Executive)
Age: 66

Qualifications
BSc (Hons), DipEd

Experience
Ms Maclagan has over 30 years of experience and knowledge in the securities industry having led Computershare's Technology Services business until 2008.

Special responsibilities
Remuneration Committee (Chair), Risk and Audit Committee

Interest in Shares & Options: Held in Smart Parking Limited
8,286,668 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: 48

Qualifications
BCom, ACA, GAICD

Experience
Ms Fuller has held various corporate finance, financial advisory and management consulting positions with Arthur Andersen in Australia, the US and the UK. She held roles in investment banking with Rothschild Australia and was also Director and Principal of the Rothschild e-Fund focusing on investments in early stage technology companies in Australia and New Zealand. Ms Fuller has also been appointed as a non-executive director for various public and private entities in both the for and not for profit sectors.

Special responsibilities
Remuneration Committee, Risk and Audit Committee (Chair)

Interest in Shares & Options: Held in Smart Parking Limited
386,668 Ordinary Shares (direct)

Directorships held in other listed entities
Ms Fuller is a Non-Executive director of Computershare Limited, Washington H Soul Pattinson and Company Limited and Costa Group Holdings Limited (resigned 1 September 2018).

Mr Jeremy King
Director (Non-Executive)
Age: 44

Qualifications
LLB

Experience
Mr King is a Director of Mirador Corporate Pty Ltd, where he specialises in corporate advisory matters. Mr King is a corporate lawyer with over 20 years' experience in domestic and international legal, financial and corporate matters.

Special responsibilities
Remuneration Committee, Risk and Audit Committee

Interest in Shares & Options: Held in Smart Parking Limited
640,000 Ordinary Shares (direct)

Directorships held in other listed entities
Mr King is a Non-Executive Director of DTI Group Limited, Transcendence Technologies Limited, Red Mountain Mining Limited and EHR Resources 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		Risk and Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr Christopher Morris	6	5	-	-	1	1
Mr Paul Gillespie	6	6	-	-	1	1
Ms Penelope Maclagan	6	6	6	6	1	1
Ms Tiffany Fuller	6	6	6	6	1	1
Mr Jeremy King	6	6	6	6	1	1

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

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

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

Other Key Management Personnel	
Mr Richard Ludbrook	Group Chief Financial Officer and Company Secretary
Mr Ben Johnson[1]	UK Managing Director

1 Mr Ben Johnson's employment ceased on 15th May 2018.

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.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on them and their respective responsibilities. During the year Mr Morris, Ms Maclagan, Ms Fuller and Mr King have received Non-Executive Director fees for their services.

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

Non-executive Directors do not receive performance based pay. All directors receive a base fee of $40,000. The Chairman receives an additional $20,000 and the Chair of the Risk and Audit Committee receives an additional $40,000 in recognition of the additional responsibilities which are commensurate with their respective roles.

The following fees have applied:

Base Fees	2018 $	2017 $
Chairman[1]	60,000	55,000
Other Non-Executive Directors[2]	160,000	150,000

1 The Chairman's fees increased to $60,000 per annum effective 1 October 2016.

2 The Chair of the Audit and Risk Committee fees increased to $80,000 per annum effective 1 October 2016.

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.

Base remuneration and benefits

Executive remuneration is 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. 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 in accordance with Group policy.

Short term incentives

STI incentives for executives for the year ended 30 June 2018 comprised of a cash bonus.

Executives are provided with an 'on target package guide' which is an amount equal to the value of their base salary and their STI assuming 'on target' performance. If an executive achieves 'on target performance' their total STI award could be approximately 21% of their base salary. The maximum entitlement that an executive could receive could be up to approximately 32% of their base salary for above target performance.

The STI is based on board determined Key Performance Indicators (KPI's) with 70% relating to Budgeted EBITDA for the company and 30% related to personal objectives tailored to the executive's responsibilities and role. Matters typically covered include business expansion, service levels, leadership, conduct and culture.

Long term incentives

The Group offers long term incentives to executives identified as Key Management Personnel through a share based incentive plan.

Australian and United Kingdom based executives receive Smart Parking shares held in escrow for a period of 2 - 5 years. The shares are released from escrow at the end of the vesting period provided the executive remains employed at Smart Parking at the time of vesting. New Zealand based executives receive Deferred Share Rights which vest after 2 years, provided the executive remains employed at Smart Parking, after which the employee has 2 years to exercise their rights over Smart Parking shares.

Participation in the plan is at the board's discretion with 50% of the compensation based on the EPS performance compared to the prior year of the Group and 50% based on the Board's assessment of an individual's performance which includes measures around performance and leadership.

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

Smart Parking Limited received more than 94% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2017. 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 three financial years:

Item	2018	2017	2016	2015	2014
EPS (cents per share)	0.46	(0.42)	(0.51)	(1.84)	(3.43)
Net profit /(loss)	1.7m	(1.4m)	(1.5m)	(5.4m)	(7.0m)
Share price (30 June)	$0.18	$0.27	$0.285	$0.093	$0.14

B. Details of Remuneration

Amounts of remuneration

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

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 2018	Salary & Fees $	Commi-ssions/ Cash Bonus $	Non Monetary $	Other $	Super-annuation Contribut-ions $	Options & Rights $	Termination Benefits $	Total $
Non-Executive Directors								
Mr Christopher Morris	60,000	-	-	-	-	-	-	60,000
Ms Penelope Maclagan	40,000	-	-	-	-	-	-	40,000
Ms Tiffany Fuller	73,060	-	-	-	6,940	-	-	80,000
Mr Jeremy King	40,000	-	-	-	-	-	-	40,000
Sub Total Non-Executive Directors	**213,060**	**-**	**-**	**-**	**6,940**	**-**	**-**	**220,000**
Executive Directors								
Mr Paul Gillespie	298,644	26,663	-	-	20,034	262,308	-	607,649
Other Key Management								
Mr Richard Ludbrook[1]	234,932	8,665	-	-	-	32,548	-	276,145
Mr Ben Johnson[2]	320,869	-	11,397	-	-	-	-	332,266
Total Key Management Personnel Compensation (Group)	**1,067,505**	**35,328**	**11,397**	**-**	**26,974**	**294,856**	**-**	**1,436,060**

1 Mr Ludbrook is paid in New Zealand dollars and translated into Australian dollars at average rates.

2 Mr Ben Johnson's employment ceased on 15th May 2018.

Remuneration Report (cont.)

30 June 2017	Short Term Employee Benefits: Salary & Fees $	Short Term Employee Benefits: Commi-ssions/ Cash Bonus $	Short Term Employee Benefits: Non Monetary $	Short Term Employee Benefits: Other $	Post Employment: Super-annuation Contribut-ions $	Share Based Payments: Options & Rights $	Termination Benefits $	Total $
Non-Executive Directors								
Mr Christopher Morris	55,000	-	-	-	-	-	-	55,000
Ms Penelope Maclagan	40,000	-	-	-	-	-	-	40,000
Ms Tiffany Fuller	64,221	-	-	-	5,779	-	-	70,000
Mr Jeremy King	40,000	-	-	-	-	-	-	40,000
Sub Total Non-Executive Directors	**199,221**	**-**	**-**	**-**	**5,779**	**-**	**-**	**205,000**
Executive Directors								
Mr Paul Gillespie	289,611	12,540	-	-	18,941	184,484	-	505,576
Other Key Management								
Mr Richard Ludbrook[1]	231,257	18,890	-	-	-	37,021	-	287,168
Mr Ben Johnson[2]	302,470	-	12,603	-	-	57,438	-	372,511
Total Key Management Personnel Compensation (Group)	**1,022,559**	**31,430**	**12,603**	**-**	**24,720**	**278,943**	**-**	**1,370,255**

1 Mr Ludbrook is paid in New Zealand dollars and translated into Australian dollars at average rates.

2 Mr Ben Johnson's employment ceased on 15th May 2018.

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

	Fixed Remuneration		At Risk STI		At Risk LTI	
Name	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Non-Executive Directors						
Mr Christopher Morris	100%	100%	-	-	-	-
Ms Penelope Maclagan	100%	100%	-	-	-	-
Ms Tiffany Fuller	100%	100%	-	-	-	-
Mr Jeremy King	100%	100%	-	-	-	-
Executive Directors						
Mr Paul Gillespie	70%	70%	15%	15%	15%	15%
Other Key Management						
Mr Richard Ludbrook	85%	85%	7.5%	7.5%	7.5%	7.5%

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 Managing Director	Ongoing commencing 7 January 2013	$335,049	1 Month
Richard Ludbrook[1] Group Chief Financial Officer and Company Secretary	Ongoing commencing 16 February 2011	$233,886	1 Month

1 Paid in New Zealand Dollars

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 and incentive for future performance.

Under the Deferred Share and Incentive Plan, Australian and United Kingdom based employees receive Smart Parking shares held in escrow for a period of 3 years. The shares are released from escrow at the end of the escrow period provided the employee remains employed at Smart Parking. New Zealand based employees receive deferred share rights which vest after 3 years, provided the employee remains employed at Smart Parking, after which the employee has 2 years to exercise their rights over Smart Parking shares. 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. The Plan is administered by the Plan Trustee in accordance with the instructions from the Board with shares being issued once the time based hurdles have been achieved.

At 30 June 2018 4,416,967 (2017: 6,135,035) deferred share rights or shares have been set aside under the Plan and 4,416,967 (2017: 6,135,035) 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 or Allocation Date	Date Vested or Date Released from Escrow	Expiry Date	Exercise Price	Value Per Right /Share at Grant /Allocation Date	% vested
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	100%
1 December 2012	1 December 2015	1 December 2017	$0.00	$0.29	100%
1 January 2013	1 January 2016	1 January 2018	$0.00	$0.26	100%
6 January 2014	6 January 2017	6 January 2019	$0.00	$0.21	100%
10 February 2014	10 February 2016	10 February 2018	$0.00	$0.19	100%
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	100%
16 September 2014	16 September 2016	16 September 2018	$0.00	$0.14	100%
28 November 2014	28 November 2016	28 November 2018	$0.00	$0.15	100%
2 March 2015	2 March 2016	2 March 2018	$0.00	$0.11	100%
2 March 2015	2 March 2017	2 March 2019	$0.00	$0.11	100%
2 March 2015	2 March 2018	2 March 2020	$0.00	$0.11	100%
1 July 2015	1 July 2018	21 August 2020	$0.00	$0.09	0%
21 August 2015	21 August 2017	21 August 2019	$0.00	$0.12	100%
1 November 2015	1 November 2018	1 November 2020	$0.00	$0.13	0%
1 September 2016	1 September 2019	1 September 2021	$0.00	$0.29	0%
22 September 2016	22 September 2018	22 September 2020	$0.00	$0.29	0%
7 November 2016	7 November 2018	7 November 2020	$0.00	$0.30	0%
7 November 2016	7 November 2019	7 November 2021	$0.00	$0.30	0%
7 November 2016	7 November 2020	7 November 2022	$0.00	$0.30	0%
7 November 2016	7 November 2021	7 November 2023	$0.00	$0.30	0%
1 September 2017	1 September 2020	1 September 2022	$0.00	$0.26	0%
1 December 2017	1 December 2019	1 December 2021	$0.00	$0.25	0%
31 March 2018	31 March 2021	31 March 2023	$0.00	$0.44	0%

Employee Options

There were no options granted for the year ending 30 June 2018.

Director Options

There were no options granted to Directors or other key management personnel during the year ending 30 June 2018 other than 450,000 shares granted to Mr Gillespie and 123,457 deferred share rights granted to Mr Ludbrook as part of the long term incentives included in their remuneration.

The fair value of the shares and deferred share rights at grant date was $0.25 and can be exercised at nil value after meeting a 2 year time period.

The assessed fair value at grant date of options granted to the individuals is allocated over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

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

Shares issued on the exercise of options

There were no share options exercised during the year ended 30 June 2018.

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.

	STI included in remuneration ($)	STI as percentage of maximum
Mr Paul Gillespie	26,663	26%
Mr Richard Ludbrook	8,665	28%

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 reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

	2018					
Name	Balance at the start of the year	Granted as compensation	Exercised/ Released from Escrow	Balance at end of the year	Vested and exercisable	Unvested
Directors						
Mr Paul Gillespie	2,634,327	450,000	(415,385)	2,668,942	-	2,668,942
Other Key Management Personnel						
Mr Richard Ludbrook	374,950	123,457	(226,140)	272,267	-	272,267
Mr Ben Johnson[1]	1,000,000	-	(1,000,000)	-	-	-
Total	**4,009,277**	**573,457**	**(1,641,525)**	**2,941,209**	**-**	**2,941,209**

1 Mr Ben Johnson's employment ceased on 15th May 2018.

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2018 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

	2018				
Name	Balance at the start of the year	Exercised/ Released from Escrow	Purchases	Disposals	Balance at end of the year
Directors					
Mr Christopher Morris	107,538,173	-	3,145,144	-	110,683,317
Mr Paul Gillespie	1,444,000	415,385	10,000	-	1,869,385
Ms Penelope Maclagan	8,286,668	-	-	-	8,286,668
Mr Tiffany Fuller	386,668	-	-	-	386,668
Mr Jeremy King	640,000	-	-	-	640,000
Other Key Management Personnel					
Mr Richard Ludbrook	687,245	226,140	-	(40,000)	873,385
Mr Ben Johnson[1]	350,000	1,000,000	-	(400,000)	950,000
Total	**119,332,754**	**1,641,525**	**3,155,144**	**(440,000)**	**123,689,423**

1 Mr Ben Johnson's employment ceased on 15th May 2018.

Loans to/from Key Management Personnel

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

Other transactions with Key Management Personnel

The following Directors of the company – Mr Morris, Ms Maclagan and Ms Fuller are Directors and shareholders 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 the Director's appointment to Smart Parking.

A Director, Mr Morris, is the Executive Chairman and shareholder of Finico Pty Limited. Finico 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, Mr King, is an Executive Director and shareholder of Mirador Corporate Limited provided company secretarial services to Smart Parking Limited during part of the FY17 year on normal commercial terms and conditions. Mr Ludbrook (Group CFO) replaced Mr King as company secretary in FY17.

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

	2018 $	2017 $
Amounts recognised as expense		
Company secretarial fees	**-**	23,475
Share registry fees	**21,815**	25,115
Bulk print and mail services	**320,976**	296,718
Rent	**20,400**	22,100
	363,191	367,408

End of Audited Remuneration Report.

Indemnities given and insurance premiums paid to auditors and officers

During the financial year, Smart Parking Limited paid a premium to insure the directors and company secretary 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 by such 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 Risk and 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 Risk and 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*.

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

	Consolidated	
	2018	**2017**
Audit Services		
Audit and review of financial reports		
Grant Thornton, Australia	**75,350**	63,000
Grant Thornton, United Kingdom	**47,726**	52,260
Total remuneration for audit services	**123,076**	115,260
Non-audit services		
Grant Thornton, Australia		
Corporate advisory services	**9,000**	-
Total remuneration for non-audit related services	**9,000**	-

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 41.

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

Christopher Morris **Non-Executive Chairman**	**Paul Gillespie** **Managing Director**

28 September 2018

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 2018 Corporate Governance Statement is dated as at 30 June 2018 and reflects the corporate governance practices in place throughout the 2018 year. The 2018 Corporate Governance Statement was approved by the board on 28 September 2018. A description of the group's current corporate governance practices is set out in the group's Corporate Governance Statement which can viewed at www.smartparking.com/investors

Corporate Governance

For the year ended 30 June 2018

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 3rdEdition ("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 website 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 the 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.

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 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 the company grows.

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 Group is approximately 30% and 40% of salaried staff. A proportion of the work force is car parking attendants who due to the nature of the work tend to be male.

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.

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.

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.

Each of the Group's senior executives, including the Chief Executive Officer, has a service agreement that clearly sets out his or her role and the Group's expectations in terms of performance.

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 via the Chief Executive Officer who reports on the progress of senior management at each Board meeting.

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 full Board also operates as the 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.

The Company's succession plans are designed to maintain an appropriate balance of skills, knowledge, experience, independence and diversity on the Board. The Board continues to review its composition with a view to enhancing its base of skills and experience.

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

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 developed a Board skills matrix which sets out the skills and experiences that the Board has or is looking to achieve. The following table summarises the key skills of the existing non-executive directors:

Leadership and Governance
- Strategy
- Innovation and Entrepreneurship
- CEO level experience
- Other non-executive director experience
- Corporate governance

Financial and risk
- Accounting, finance and Tax
- Audit, risk and compliance

Business experience
- M&A and capital markets experience
- International business experience
- Outsourced business services
- Business development/access to networks
- Parking business and related industry experience
- Local government/councils and tender business
- Listed company experience

Geographic experience
- North America
- UK and Europe
- Asia
- Australia

Other
- Technology
- HR/remuneration
- Legal

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 Board considers an independent director to be a Non-Executive Director who is not a member of the Company's senior executive and who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its shareholders.

The current Board composition includes four Non-Executive Directors, two of which are considered independent.

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.

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.

Ms Penelope Maclagan is not regarded as an independent director as she is related to Mr Morris.

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 programme 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 process for this is outlined in 2.1 above.

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.

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 and will result in disciplinary action, including in some cases termination.

The company has a Whistleblower Policy which incorporates the use of an independent external whistleblowing service.

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 Directors' Report includes the qualifications and experience of the members Committee.

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.

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 the Company's operating and 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.

A copy of the Market Disclosure Policy is available on the Company's website and outlines the processes that the Company implements to ensure compliance with its continuous disclosure obligations. The Board receives regular reports on the status of the Company's activities. Continuous 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's website and the distribution of specific releases covering major transactions and events or other price sensitive information in accordance with the ASX Continuous Disclosure guidelines.

The Company values its relationship with shareholders and understands the importance of timely communication with them. 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 programme to facilitate effective two-way communication with investors.

Smart Parking has an investor relations programme in place with the aim of facilitating effective communication between Smart Parking and its investors. A key feature of the programme is to ensure that shareholders are notified of, or are otherwise able to access information necessary to assess Smart Parking's performance. Information is communicated to shareholders through the following means:

- The Annual Report, which is distributed to all shareholders who elect to receive it.
- The AGM and any other shareholder meetings called from time to time as required.
- The Investor Relations section of the Company's website includes information released to the ASX and press releases.
- By email to those shareholders who have supplied their email address for the purpose of receiving communications from the Company electronically. Smart Parking actively encourages shareholders to provide an email address to facilitate more timely and effective communication.
- The Company's investor relations programme includes scheduled interactions and briefings with institutional investors and analysts which incorporates a review of financial results presentations.

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 acknowledges that respecting shareholders rights is of fundamental importance and that communication with shareholders is a key element of this. Shareholders are encouraged to attend general meetings for the opportunity to meet the Board and senior management. 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. The Company's Audit and Risk Committee is responsible for overseeing, monitoring and periodically reviewing the Company's risk management system. The Company has a Risk Management Policy which can be found on the Company's website. The Company's management is responsible for managing operational risk and for implementing risk mitigation measurement within parameters set by the Board.

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 occur annually or more frequently 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 2018.

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.

The Board and the Audit and Risk Committee are 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. Monitoring procedures include:

- Annual budgeting and monthly reporting to monitor performance
- External financial audits and other external review engagements where appropriate
- Approved limits for matters requiring Board approval
- Annual review of the insurance programme
- Bi-annual review and assessment of risks facing the Company and the mitigation processes in place to manage these risks in accordance with the Board's risk appetite.

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.

There are a number of business risks that could materially impact the Company. As part of the risk management process described above, the company has identified and assessed those areas of risk that may impact the business. Effective monitoring and mitigation of these risks supports the Company's ongoing growth and profitability.

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.

Economic sustainability risks are risks relating to macro-economic conditions which could affect the Group's ability to continue operating at current levels over the long-term. The Group is exposed to a number of economic sustainability risks including:

- Regulatory risk;
- Foreign exchange;
- Technology changes.

These risks are included in the Company's risk register and if the risk is considered material and able to be mitigated, mitigation strategies are prepared by management.

In general the Company is not susceptible to any material environmental or social sustainability risks in operating its various businesses.

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 Penelope 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. Mr Jeremy King and Ms Tiffany Fuller are considered independent directors.

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 Remuneration Report in the Company's Annual Report sets out details of the Company's policies and practices for remunerating directors and executives.

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 a formal policy restricting the entry into transactions which may limit the economic risk of participating in the scheme. The scheme involves employees being 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.

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Auditor's Independence Declaration

To the Directors of Smart Parking Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Smart Parking Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Michael Climpson
Partner - Audit & Assurance

Melbourne, 28th September 2018

Grant Thornton

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Independent Auditor's Report

To the Members of Smart Parking Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Smart Parking Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for opinion

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

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

Key Audit Matters

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

Grant Thornton

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (Note 2 and 7)	
In accordance with AASB 118 *Revenues*, revenues from services are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction. The Group derives revenue through the sale of goods when the risks and rewards of ownership have been transferred to the buyer on either delivery or completion of installation. Revenue is also derived from services by reference to the stage of completion of the specific transaction. The Group recognises a year-end accrual for Parking Breach Notice ('PBN') infringements issued which have not yet been received. The determination of the appropriate timing of revenue recognition due to the nature of sales, transfer of risk and rewards upon delivery or installation and stage of completion can require significant judgement. The determination of the PBN accrual requires management to estimate various factors that can impact on the cash subsequently collected, including the average value per infringement, expected cancellations, the customer's share of the revenue and the expected payment recovery. This area is a key audit matter due to the inherent audit risk pertaining to revenue recognition for a business with multiple revenue streams, and because of the high level of estimation and management judgement required to determine an appropriate value for accrued PBN revenue.	Our procedures included, amongst others: • assessing the revenue recognition policies for appropriateness and compliance with AASB 118 *Revenues*, as well as reviewing consistency with the prior period; • selecting key controls in the revenue recognition process and testing their operating effectiveness; • performing detailed testing of a sample of revenue transactions for each material revenue stream by agreeing to supporting documentation and cash receipts and, where appropriate, to contracts to ensure revenue was recognised in the appropriate period; • performing analytical procedures to understand movements and trends in revenue for comparisons against expectations. Where movements were outside expectations, an explanation was obtained along with corroborating evidence; • reviewing management's estimation process used in determining the PBN accrual recognised in the Group's financial report, which included; o verifying the mathematical accuracy of the model o considering the historical accuracy of the PBN accrual o assessing the appropriateness of key inputs utilised in the model (such as cancellation rates) by comparing to historical actual rates o reviewing actual collections subsequent to year end; and • assessing the appropriateness of related financial statement disclosures.
Provision and contingent liability (Note 21)	
AASB 137 Provisions, Contingent Liabilities and Contingent Assets defines a contingent liability as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity. The recognition and/or disclosure of a provision or contingent liability are dependent on the probability of, and the ability to reliably measure, any present obligation. The Group was made aware of an Upper Tier Tribunal ruling in the UK during the year ending 30 June 2017, impacting the treatment of input VAT on expenses relating to the derivation of some PBN income. An outcome in relation to this matter has not yet been reached with the relevant authorities as at 30 June 2018.	Our procedures included, amongst others: • discussions with management and obtaining information relating to the status of the issue • obtaining management's assessment of the estimated value of their exposure to an HMRC assessment, including their reasoning of the probability of the various outcomes and key assumptions utilised; • corroborating information and calculations provided by management by reviewing and assessing correspondence with third parties and work performed by experts; • consulting with VAT specialists to validate the conclusions reached by management and their independent expert;

Key audit matter	How our audit addressed the key audit matter
Provision and contingent liability (Note 21)	
The Group has sought independent expert advice on the facts involved in this case and the potential implications of this tribunal decision on Smart Parking Limited (UK). A provision has been recognised at 30 June 2018 against recoverable VAT based on an assessment of probable adjusted outcomes at that time. As the matter is ongoing, the full potential financial impact of either settlement or litigation to resolve the matter is not currently capable of being reliably measured and therefore a contingent liability associated with this matter remains and has been disclosed in the financial statements. This area is a key audit matter due to the high level of uncertainty and estimation associated with the provision and contingent liability and the significant value of the potential exposure to the Group.	• assessing the objectivity, competency and capabilities of the independent expert engaged by management • assessing the treatment of the contingent liability for appropriateness and compliance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets;* and • assessing the appropriateness of related financial statement disclosures.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

Grant Thornton

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 29 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Smart Parking Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Michael Climpson
Partner – Audit & Assurance

Melbourne, 28th September 2018

Financial Statements

The financial statements of Smart Parking Limited for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 28 September 2018 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.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	Consolidated 2018	2017
Revenue from operations	2	**31,018,609**	24,841,220
Raw materials and consumables used		**(3,738,696)**	(2,332,703)
Employee benefits expense		**(10,905,074)**	(9,993,765)
Depreciation and amortisation expense	3	**(1,975,855)**	(2,351,077)
Rental and operating lease costs		**(2,994,026)**	(2,803,875)
Share-based payments expense	25	**(409,408)**	(411,426)
Finance and interest expense	3	**(52,228)**	(87,143)
Other expenses	3	**(8,572,963)**	(7,928,221)
Profit/(loss) before income tax		**2,370,359**	(1,066,990)
Income tax expense	4	**(707,299)**	(329,733)
Profit/(loss) for the year from continuing operations		**1,663,060**	(1,396,723)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(287,664)**	(582,887)
Movement in available for sale financial asset reserve		**(54,895)**	-
Other comprehensive loss for the year, net of tax		**(342,559)**	(582,887)
Total comprehensive profit/(loss) for the year		**1,320,501**	(1,979,610)
Total comprehensive profit/(loss) for the year attributable to owners of Smart Parking Limited		**1,320,501**	(1,979,610)
Earnings per share from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings/(loss) per share (cents per share)	27	**0.46**	(0.42)
Diluted earnings/(loss) per share (cents per share)	27	**0.46**	(0.42)

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 2018

	Note	Consolidated 2018	2017
ASSETS			
Current Assets			
Cash and cash equivalents	5	**7,153,543**	14,225,598
Available for sale financial instruments	6	**6,460,651**	-
Trade and other receivables	7	**8,109,611**	5,667,652
Inventories	10	**1,473,069**	1,491,628
Income tax receivable		**778**	911
Total Current Assets		**23,197,652**	21,385,789
Non-current Assets			
Receivables	7	**473,695**	365,235
Property, plant and equipment	11	**5,853,161**	3,516,853
Intangible assets	12	**1,860,731**	2,366,974
Deferred tax assets	13	**571,947**	1,156,424
Total Non-current Assets		**8,759,534**	7,405,486
Total Assets		**31,957,186**	28,791,275
LIABILITIES			
Current Liabilities			
Trade and other payables	8	**6,218,342**	4,809,541
Borrowings	9	**106,361**	177,147
Deferred revenue	14	**593,905**	699,207
Provisions	15	**917,053**	689,603
Total Current Liabilities		**7,835,661**	6,375,498
Non-Current Liabilities			
Borrowings	9	**55,787**	79,948
Total Liabilities		**7,891,448**	6,455,446
Net Assets		**24,065,738**	22,335,829
EQUITY			
Contributed Equity	16	**68,865,719**	68,865,719
Accumulated losses	17(b)	**(47,882,069)**	(49,545,129)
Reserves	17(a)	**3,082,088**	3,015,239
Total Equity		**24,065,738**	22,335,829

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 2018

	Note	Contributed equity $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2017		68,865,719	3,015,239	(49,545,129)	22,335,829
Total comprehensive income for the year					
Profit for the year		-	-	1,663,060	1,663,060
Other comprehensive loss		-	(342,559)	-	(342,559)
Total comprehensive profit/(loss) for the year		**-**	**(342,559)**	**1,663,060**	**1,320,501**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		-	-	-	-
Share-based payment transactions		-	409,408	-	409,408
Total transactions with owners		-	409,408	-	409,408
Balance at 30 June 2018	16, 17	**68,865,719**	**3,082,088**	**(47,882,069)**	**24,065,738**

	Note	Contributed equity $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2016		57,751,202	3,186,700	(48,148,406)	12,789,496
Total comprehensive income for the year					
Loss for the year		-	-	(1,396,723)	(1,396,723)
Other comprehensive income		-	(582,887)	-	(582,887)
Total comprehensive loss for the year		**-**	**(582,887)**	**(1,396,723)**	**(1,979,610)**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		11,114,517	-	-	11,114,517
Share-based payment transactions		-	411,426	-	411,426
Total transactions with owners		11,114,517	411,426	-	11,525,943
Balance at 30 June 2017	16, 17	**68,865,719**	**3,015,239**	**(49,545,129)**	**22,335,829**

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 2018

	Note	Consolidated 2018	2017
Cash flows from operating activities			
Cash receipts in the course of operations		**28,259,114**	24,718,970
Cash payments in the course of operations		**(25,060,667)**	(24,153,060)
Interest and other finance costs paid		**(9,892)**	(21,772)
Interest received		**299,916**	115,453
Income taxes paid		**(134)**	(195)
Net cash flows inflow from operating activities before movement in client funds		**3,488,337**	659,396
Net decrease in cash held on behalf of customers		**(457,827)**	(87,730)
Net cash flows inflow/(outflow) from operating activities	18	**3,030,510**	571,666
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		**20,764**	-
Proceeds from available for sale financial assets		**273,686**	-
Purchase of intangible assets		**(104,316)**	(186,359)
Purchase of plant and equipment		**(3,331,115)**	(1,270,578)
Purchase of available for sale financial assets		**(6,850,921)**	-
Net cash flows inflow/(outflow) from investing activities		**(9,991,902)**	(1,456,937)
Cash flows from financing activities			
Proceeds from share issue		**-**	11,608,233
Share issue costs		**-**	(493,716)
Proceeds from borrowings		**-**	80,538
Hire purchase payments		**(205,542)**	(108,538)
Net cash flows inflow/(outflow) from financing activities		**(205,542)**	11,086,517
Net (decrease)/increase in cash and cash equivalents		**(7,166,934)**	10,201,246
Cash and cash equivalents at beginning of period		**14,225,598**	4,140,820
Effects of exchange rate changes on cash and cash equivalents		**94,879**	(116,468)
Cash and cash equivalents at end of period	5	**7,153,543**	14,225,598
Non-cash financing and investing activities	18	**-**	226,184

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

Notes to the Financial Statements

1. 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 three reportable segments. Technology consists of car parking technology products sold globally, Parking Management consists of the business which operates in the United Kingdom and consists of the provision of car parking management services on behalf of third party car park owners and on sites leased by the Company and managed on its own behalf, and Research and Development includes costs to research, develop and enhance software/hardware for both the Technology and Parking Management divisions.

Corporate functions are not considered an operating segment and includes activities that are not allocated to other operating segments.

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

Prior year comparatives in the segment note have been restated to be consistent with the current year.

b) Segment information provided to the board

The segment information provided to the Board for the reportable segments for the year ended 30 June 2018 is as follows:

Group – 2018	Technology $	Research and Development $	Parking Management $	Total $
Total segment revenue	8,860,048	-	23,872,681	32,732,729
Inter-segment revenue	(2,041,438)		-	(2,041,438)
Revenue from external customers	**6,818,610**	-	**23,872,681**	**30,691,291**
Adjusted EBITDA	**(565,379)**	**(696,109)**	**6,520,907**	**5,259,419**
Depreciation and amortisation	57,828	-	1,228,232	1,286,060
Income tax expense / (benefit)	-	-	627,429	627,429
Total segment assets	4,368,094	-	19,023,921	23,392,015
Total assets includes:				
Additions to non-current assets	109,926	-	3,388,575	3,498,501
Total segment liabilities	5,893,254	-	22,701,343	28,594,597

The segment information provided to the Board for the reportable segments for the year ended 30 June 2017 was as follows:

Group – 2017	Technology $	Research and Development $	Parking Management $	Total $
Total segment revenue	5,146,223	-	20,964,343	26,110,566
Inter-segment revenue	(1,437,612)		-	(1,437,612)
Revenue from external customers	**3,708,611**	-	**20,964,343**	**24,672,954**
Adjusted EBITDA	**(2,151,815)**	**(582,072)**	**4,698,852**	**1,964,965**
Depreciation and amortisation	43,068	-	1,419,215	1,462,283
Income tax expense / (benefit)	-	-	329,733	329,733
Total segment assets	3,148,148	-	16,398,152	19,546,300
Total assets includes:				
Additions to non-current assets	208,325	-	1,216,489	1,424,814
Total segment liabilities	3,375,439	-	21,665,694	25,041,133

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:

	Consolidated 2018	Consolidated 2017
Total segment revenue	**32,732,729**	26,110,566
Intersegment eliminations	**(2,041,438)**	(1,437,612)
Interest revenue	**327,318**	168,266
	31,018,609	24,841,220

1. Segment information (cont.)

Revenue for the Group is analysed as follows:

Group	Revenue 2018	Revenue 2017	Non-current assets 2018	Non-current assets 2017
New Zealand	**2,023,236**	1,204,752	**356,937**	934,070
Australia	**3,150,790**	1,577,220	**50,377**	2,326
United Kingdom	**27,538,674**	23,255,857	**8,352,220**	4,961,854
Other	**20,029**	72,737	**-**	-
Totals prior to intercompany eliminations	**32,732,729**	26,110,566	**8,759,534**	5,898,250
Intercompany eliminations	**(2,041,438)**	(1,437,612)	**-**	-
Total	**30,691,291**	**24,672,954**	**8,759,534**	**5,898,250**

During the year the Group had no customers that contributed more than 10% of revenue from sales of good and services (2017: nil).

(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 costs incurred in the current period but not expected to occur in the future from the operating segments such as restructuring costs, acquisition costs, legal costs and goodwill impairments which are non-cash in nature. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the Group function, which manages the cash position for the Group as a whole.

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

	Consolidated 2018	Consolidated 2017
Adjusted EBITDA[1]	**5,259,419**	1,964,965
Intersegment eliminations	**82,495**	971,499
Interest revenue	**327,318**	168,266
Interest expense	**(9,892)**	(21,772)
Depreciation	**(1,291,115)**	(1,465,097)
Amortisation	**(684,740)**	(885,980)
Non-recurring items and prior period expenses	**(748,509)**	448,624
Foreign exchange gains on intra group funding	**791,337**	-
Loss on disposal of fixed property, plant and equipment	**(83,862)**	(176,456)
Adjusted EBITDA for parent company	**(1,272,092)**	(2,061,301)
Other	**-**	(9,738)
Profit/(loss) before income tax from continuing operations	**2,370,359**	(1,066,990)

1 Adjusted EBITDA is for the operating divisions which excludes corporate costs and non-recurring items

(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 segment assets are reconciled to total assets as follows:

	Consolidated	
	2018	**2017**
Segment assets	**23,392,015**	19,546,300
Intersegment eliminations	**(15,739,232)**	(13,792,837)
Unallocated:		
Parent company assets	**24,304,403**	23,037,812
Total assets as per the balance sheet	**31,957,186**	28,791,275

(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 segment liabilities are reconciled to total liabilities as follows:

	Consolidated	
	2018	**2017**
Segment liabilities	**28,594,597**	25,041,133
Intersegment eliminations	**(24,124,366)**	(19,417,168)
Unallocated:		
Parent company liabilities	**3,421,217**	831,481
Total liabilities as per the balance sheet	**7,891,448**	6,455,446

	Consolidated	
	2018	2017
2. Revenue and other income		
Revenue from operations		
Revenue from sale of goods and services	**30,691,291**	24,672,954
Interest revenue	**327,318**	168,266
Total revenue from operations	**31,018,609**	24,841,220

a) 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 Breach 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.

Critical judgements in calculating amounts

The Group recognises a year-end accrual for Parking Breach Notice infringements issued but which have not yet been received. The determination of the accrual requires management to estimate various factors that can impact on the cash subsequently collected, including the average value per infringement, expected cancellations, the customers share of the revenue and the expected payment recovery.

	Note	Consolidated 2018	2017
3. Expenses			
Profit/(loss) before income tax includes the following specific expenses:			
Depreciation			
Motor vehicles		**(40,767)**	(24,164)
Plant and equipment		**(1,183,100)**	(1,379,023)
Office equipment		**(32,036)**	(27,663)
Leasehold improvements		**(35,212)**	(34,247)
Total depreciation		**(1,291,115)**	(1,465,097)
Amortisation		**(684,740)**	(885,980)
Total depreciation and amortisation		**(1,975,855)**	(2,351,077)
Finance costs			
Interest expense		**(9,892)**	(21,772)
Bank fees and charges		**(42,336)**	(65,371)
Total finance costs		**(52,228)**	(87,143)
Other expenses			
Audit fees	26	**(123,076)**	(115,260)
Foreign exchange gain/(loss) (net)		**751,599**	(45,007)
Legal fees		**(144,152)**	(187,623)
Gain/(loss) on disposal of fixed property, plant and equipment		**(83,862)**	(176,456)
Motor vehicle expense		**(462,232)**	(447,137)
Travel and accommodation		**(792,397)**	(755,153)
Insurance		**(264,140)**	(249,011)
Telephone and communications		**(288,424)**	(315,737)
Cash collection fees		**(276,939)**	(278,052)
Licencing authority fees		**(1,810,367)**	(1,667,389)
Repairs and maintenance		**(529,434)**	(414,882)
IT Support		**(331,766)**	(251,777)

Notes to the Financial Statements (cont.)

	Consolidated	
	2018	2017
4. Income tax expense		
a) Income tax expense		
Current tax	-	-
Deferred tax	83,883	(119,711)
Benefits of tax losses	623,416	449,444
Income tax expense/(benefit)	707,299	329,733
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	707,299	329,733
(Decrease)/increase in deferred tax liabilities	-	-
b) Reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	2,370,359	(1,066,990)
Tax at the Australian rate of 27.5% (2017: 30%)	651,849	(320,097)
Tax effect of permanent differences:		
Rate differences	(212,821)	(100,604)
Non-taxable income	(194,380)	-
Intangible amortisation expense	260,076	252,932
Share-based payments expense	111,490	111,380
Deferred tax assets utilised that were not previously recognised	(290,771)	(199,510)
Deferred tax assets not brought to account	381,856	585,632
Tax expense/(benefit)	707,299	329,733
c) Unrecognised deferred tax assets		
Deferred tax assets and liabilities (at their tax effected value) not recognised relate to the following:		
Deferred tax assets		
Tax losses	3,571,104	3,501,435
Other temporary differences	1,138,782	1,096,889
	4,709,886	4,598,324

For the year ending 30 June 2018 the Company adopted the new Australian tax rate of 27.5%

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 $408,614 (2017: $1,043,681) giving rise to an unrecognised deferred tax asset of $112,369 (2017: $313,104);
- Tax losses arising in New Zealand $12,352,624 (2017: $11,386,896) giving rise to an unrecognised deferred tax asset of $3,458,735 (2017: $3,188,331).

At 30 June 2018, 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.

d) 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 31. 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.

	Consolidated	
	2018	2017
5. Cash and cash equivalents		
Cash at bank and in hand	**6,927,250**	13,541,478
Cash held on behalf of customers	**226,293**	684,120
	7,153,543	14,225,598

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.

During the period the company invested $6.5m in Corporate Bonds. Refer to Note 6 for additional information.

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. Refer to Note 8 for additional information.

a) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 20.

	2018	2017
6. Available for sale financial assets		
Available for sale financial assets	**6,460,651**	-

Available for sale financial assets include Corporate Bonds. The Group sold $4.2m of Corporate Bonds subsequent to balance date and placed funds received on term deposit.

Available-for-sale (AFS) financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets are Corporate Bonds.

All Available-for-sale (AFS) financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

	Consolidated	
	2018	**2017**
7. Trade and other receivables		
Current		
Trade receivables	**2,428,519**	1,433,493
Provision for impairment of receivables (a)	**(12,176)**	(24,923)
	2,416,343	1,408,570
Prepayments	**1,326,173**	1,311,894
Other receivables (d)	**4,367,095**	2,947,188
	8,109,611	5,667,652
Non-current		
Non-current receivables (e)	**473,695**	365,235
	8,583,306	6,032,887

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 profit or loss and other 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 profit or loss and other comprehensive income.

a) Impaired trade receivables

As at 30 June 2018 current trade receivables of the group with a nominal value of $12,176 (2017: $24,923) were impaired. The amount of the provision was $12,176 (2017: $24,923).

The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2018	**2017**
1 to 3 months	**5,325**	11,948
3 to 6 months	**4,567**	1,113
Over 6 months	**2,284**	11,862
	12,176	24,923

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

At 1 July 2017	**24,923**	45,053
Provision for impairment recognised during the year	**6,882**	-
Receivables written off during the year as uncollectible	**-**	(7,816)
Unused amount reversed	**(20,368)**	(9,431)
Foreign exchange translation	**739**	(2,883)
At 30 June 2018	**12,176**	24,923

The creation and release of the provision for impaired receivables has been included in 'Other Expenses' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Amounts charged to the provision for impairment are generally written off when there is no expectation of recovering additional cash.

b) Past due but not impaired

As of 30 June 2018, trade receivables of $752,980 (2017: $213,077) 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	**412,123**	193,774
3 months and over	**340,857**	19,303
	752,980	213,077

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 2018 and 30 June 2017.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 20 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 not collected or cash collected and in transit to the bank at reporting date, Parking Breach Notice revenue for infringements issued which are expected to be paid subsequent to reporting date, and accrued income for technology installations in progress at year end.

e) Non-current receivables

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

f) 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 20.

	Consolidated	
	2018	2017
8. Trade and other payables		
Current		
Trade payables	**3,270,680**	2,471,186
Related party payables	**81,347**	58,505
Other payables	**2,866,315**	2,279,850
	6,218,342	4,809,541

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.

Critical judgements in calculating amounts

The Group is aware of an Upper Tier Tribunal Ruling in the UK impacting the treatment of input VAT incurred on expenditure relating to the administration of Parking Breach Notice activities. Management continue discussions with HMRC to assess the relevance of this ruling to the Group and the potential impact, and this matter remains unresolved at the date of this report. As at 30 June 2018 the company has a provision of $0.5m for VAT based on an assessment of probability adjusted outcomes as required under the accounting rules. If Smart Parking is unsuccessful in defending its position the maximum liability is estimated to be $2.1m. Refer to note 21 and the Group's 2017 Annual Report for further information.

(a) All trade and other payables are expected to be settled within 12 months. Other payables includes $226,293 (2017: $684,120) 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. Refer to Note 5.

(b) Risk exposure

Details of the Group's exposure to risks arising from trade and other payables are set out in Note 20.

	Consolidated	
	2018	2017
9. Borrowings		
Secured		
Current hire purchase liabilities	**106,361**	177,147
Non-current hire purchase liabilities	**55,787**	79,948
	162,148	257,095

Further information relating to hire purchase liabilities is set out in Note 22.

	Consolidated	
	2018	2017
10. Inventories		
Stock in transit	**5,620**	15,885
Work in progress	**222,353**	234,634
Finished goods	**1,245,096**	1,241,109
	1,473,069	1,491,628

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.

Critical judgements in calculating amounts

The Group annually reviews inventory on hand to determine whether there are any items which are obsolete or have a net realisable value less than cost. The company critically assesses previous generations of the technology and adequately provides for it where appropriate. 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.

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

	Consolidated				
	Motor Vehicles $	Office Equipment $	Plant and Equipment $	Leasehold Improvements $	Total $
Year ended 30 June 2018					
Opening net book amount	65,228	79,573	3,036,669	335,383	3,516,853
Additions	209,011	26,962	3,249,387	66,244	3,551,604
Disposals	(29,682)	(216)	(100,795)	-	(130,693)
Depreciation charge for the year	(40,767)	(32,036)	(1,183,100)	(35,212)	(1,291,115)
Foreign exchange translation	2,501	422	187,143	16,446	206,512
Closing net book amount	**206,291**	**74,705**	**5,189,304**	**382,861**	**5,853,161**
At 30 June 2018					
Cost or fair value	400,443	315,990	10,982,226	556,421	12,255,080
Accumulated depreciation & impairment	(194,152)	(241,285)	(5,792,922)	(173,560)	(6,401,919)
Net book amount	**206,291**	**74,705**	**5,189,304**	**382,861**	**5,853,161**

	Consolidated				
	Motor Vehicles $	Office Equipment $	Plant and Equipment $	Leasehold Improvements $	Total $
Year ended 30 June 2017					
Opening net book amount	47,813	80,034	3,621,087	424,141	4,173,075
Additions	42,270	31,319	1,158,163	6,646	1,238,398
Disposals	-	(1,221)	(143,023)	(35,220)	(179,464)
Depreciation charge for the year	(24,164)	(27,663)	(1,379,023)	(34,247)	(1,465,097)
Foreign exchange translation	(691)	(2,896)	(220,535)	(25,937)	(250,059)
Closing net book amount	**65,228**	**79,573**	**3,036,669**	**335,383**	**3,516,853**
At 30 June 2017					
Cost or fair value	377,507	287,928	7,574,594	467,118	8,707,147
Accumulated depreciation & impairment	(312,279)	(208,355)	(4,537,925)	(131,735)	(5,190,294)
Net book amount	**65,228**	**79,573**	**3,036,669**	**335,383**	**3,516,853**

11. Property, plant and equipment (non-current) (cont.)

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 straight line basis over the estimated useful lives of each component of an item of property, plant and equipment:

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

(a) Assets in the course of construction

The carrying amounts of assets disclosed above include the plant and equipment expenditure of $73,353 (2017: $77,340) recognised in relation to property, plant and equipment which is in the course of construction. The group has $350,720 of capital expenditure contracted for at the reporting date (2017: nil).

12. Intangible assets (non-current)

	Consolidated				
	Software $	Developed Technology $	Goodwill $	Other intangible assets $	Total $
Year ended 30 June 2018					
Opening net book amount	242,306	616,637	1,507,236	795	2,366,974
Additions	67,112	37,204	-	-	104,316
Exchange differences	(435)	-	74,595	21	74,181
Amortisation charge	(65,594)	(618,330)	-	(816)	(684,740)
Closing net book amount	**243,389**	**35,511**	**1,581,831**	-	**1,860,731**
At 30 June 2018					
Cost	1,080,084	5,822,584	13,768,712	10,162	20,681,542
Accumulated amortisation and impairment	(836,695)	(5,787,073)	(12,186,881)	(10,162)	(18,820,811)
Net book amount	**243,389**	**35,511**	**1,581,831**	-	**1,860,731**

	Consolidated				
	Software $	Developed Technology $	Goodwill $	Other intangible assets $	Total $
Year ended 30 June 2017					
Opening net book amount	107,110	1,452,485	1,606,073	4,237	3,169,905
Additions	186,423	-	-	-	186,423
Exchange differences	(4,256)	-	(98,837)	(281)	(103,374)
Amortisation charge	(46,971)	(835,848)	-	(3,161)	(885,980)
Closing net book amount	**242,306**	**616,637**	**1,507,236**	**795**	**2,366,974**
At 30 June 2017					
Cost	1,005,615	5,785,380	13,652,267	15,901	20,459,163
Accumulated amortisation and impairment	(763,309)	(5,168,743)	(12,145,031)	(15,106)	(18,092,189)
Net book amount	**242,306**	**616,637**	**1,507,236**	**795**	**2,366,974**

12. Intangible assets (non-current) (cont.)

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.

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.

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.

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.

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.

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 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.

	Consolidated	
	2018	2017

(a) Impairment test for goodwill

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.

Goodwill is 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	**1,581,831**	1,507,236

The recoverable amount of the Parking Management 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 short term growth rates for a further four years. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

Critical judgements in calculating amounts

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 12(b) for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the goodwill is $1,581,831 (2017: $1,507,236). During the year there were no impairment losses.

12. Intangible assets (non-current) (cont.)

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

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

	Consolidated	
	2018	2017
Parking Management CGU		
Average annual growth rate over the budget period*	**3.3%**	5.0%
Terminal value growth rate**	**2.5%**	2.5%
Discount rate***	**14.7%**	14.0%

* Average revenue growth rate used to determine cash flows.
**Weighted average growth rate used to extrapolate cash flows beyond the budget period to perpetuity.
***The discount represents the post-tax Weighted Average Cost of Capital for the CGU.

These assumptions have been used for the analysis of the Parking Management 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.

(c) Impairment charge

There has been no impairment charge for the year ended 30 June 2018.

(d) Impact of possible changes in key assumptions

If the revenue forecast in the five year cash flow projections for the Parking Management CGU had been 5% lower than management's estimates at 30 June 2018 the value-in-use would reduce by $2.5m but the goodwill would not be impaired.

If the discount rate used in the forecast in the five year cash flow projections for the Parking Management CGU had been 5% higher than management's estimates at 30 June 2018 the value-in-use would reduce by $4.8m but the goodwill would not be impaired.

13. Deferred Tax Assets

	Consolidated	
	2018	2017
The balance comprises temporary differences attributable to:		
Tax losses	**328,660**	829,254
Other temporary differences	**243,287**	327,170
	571,947	1,156,424

13. Deferred Tax Assets (cont)

Movements	Tax losses $	Other temporary differences $	Total $
At 1 July 2016	1,378,389	207,459	1,585,848
(Charged)/credited			
- to profit or loss	(549,135)	119,711	(429,424)
- directly to equity	-	-	-
At 30 June 2017	**829,254**	**327,170**	**1,156,424**
(Charged)/credited			
- to profit or loss	(500,594)	(83,883)	(584,477)
- directly to equity	-	-	-
At 30 June 2018	**328,660**	**243,287**	**571,947**

Refer to note 4 for details of the recognition of this deferred tax asset.

Critical judgements in calculating amounts

As disclosed in note 4 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.

	Consolidated	
	2018	2017
14. Deferred revenue		
Current		
Revenue received in advance	**593,905**	699,207

14. Deferred revenue

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.

15. Provisions

	2018	2017
Current		
Employee benefits	**917,053**	689,603

The current provision for employee benefits includes accrued payroll costs, 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.

16. Issued capital

	Note	Group 2018 No.	Group 2018 $	Group 2017 No.	Group 2017 $
Ordinary shares					
Issued and fully paid	(a)	**359,215,361**	**68,865,719**	**359,215,361**	**68,865,719**
Less Treasury shares		**(4,416,967)**		**(6,135,035)**	
Total consolidated contributed equity		**354,798,394**	**68,865,719**	**353,080,326**	**68,865,719**

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	$
30 June 2016	Balance	296,174,197		57,751,202
30 November 2016	Share issue	39,733,669	$0.20	7,946,734
20 December 2016	Share issue	18,307,495	$0.20	3,661,499
	Less: Transaction costs arising on share issue			(493,716)
21 June 2017	Shares issued under deferred share and incentive plan	5,000,000		-
30 June 2017 & 2018	**Balance**	**359,215,361**		**68,865,719**

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.

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

Treasury shares are shares in Smart Parking Limited that are held by the Car Parking Technologies Employee Share Trust for the purpose of issuing shares under the Car Parking Technologies Limited Employee share scheme (refer to Note 25 (b)).

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. The company has minimal debt and does not currently pay dividends as profits are reinvested to fund growth.

At the 30 June 2018 the Group has capital of $24,065,738 (2017: $22,335,829).

	Consolidated	
	2018	**2017**

17. Reserves and accumulated losses

(a) Reserves

	2018	2017
Share based payments	**2,569,865**	2,160,457
Foreign currency translation	**567,118**	854,782
Available for sale financial asset reserve	**(54,895)**	-
	3,082,088	3,015,239

Movements in share based payment reserve were as follows:

	2018	2017
Balance 1 July 2017	**2,160,457**	1,749,031
Deferred share rights and option expense	**409,408**	411,426
Balance 30 June 2018	**2,569,865**	2,160,457

Share based options

The Company has no unlisted options over ordinary shares on issue at 30 June 2018.

Shares and deferred share rights

The Company has 4,416,967 deferred share rights or shares on issue at 30 June 2018. Each right or share 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:

	2018	2017
Balance 1 July 2017	**854,782**	1,437,669
Currency translation differences arising during the year	**(287,664)**	(582,887)
Balance 30 June 2018	**567,118**	854,782

Movements in available for sale financial asset reserve were as follows:

	2018	2017
Balance 1 July 2017	**-**	-
Movements in available for sale financial asset reserve arising during the year	**(54,895)**	-
Balance 30 June 2018	**(54,895)**	-

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.

17. Reserves and accumulated losses (cont.)

Foreign currency translation reserve

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

Available for sale financial asset reserve

The unrealised gains/losses on the revaluation of available for sale financial assets are recognised in other comprehensive income and accumulated within a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the available for sale financial asset is sold.

	Consolidated	
	2018	**2017**
(b) Accumulated losses		
Balance 1 July 2017	**(49,545,129)**	(48,148,406)
Net profit/(loss) for the year	**1,663,060**	(1,396,723)
Balance 30 June 2018	**(47,882,069)**	(49,545,129)

	Consolidated	
	2018	**2017**
18. 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	**1,663,060**	(1,396,723)
Adjustments for:		
Loss on disposal of plant and equipment	**83,862**	176,456
Depreciation and amortisation expense	**1,975,855**	2,351,077
Impairment of trade receivables	**(13,486)**	24,179
Share-based payments expense	**409,408**	411,426
Net foreign exchange differences	**(751,599)**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in trade and term receivables	**(1,472,467)**	(34,897)
(Increase)/decrease in inventories	**18,559**	150,219
(Increase)/decrease in other current assets	**(1,081,322)**	(620,284)
Increase/(decrease) in trade payables and accruals	**1,614,030**	(916,407)
Increase/(decrease) in tax payable and deferred tax	**584,610**	426,620
Net cash inflow/(outflow) from operations	**3,030,510**	571,666

19. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

The areas involving significant estimates or judgements are:

- Parking breach notice revenue – note 2
- Recognition of deferred tax asset – note 4
- Estimated recoverable amount of goodwill – note 12
- VAT provision – note 21

20. Financial risk management

The Group's 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 programme 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 overseen by the Board of Directors and carried out on a day to day basis by 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:

	Consolidated	
	2018	2017
Financial assets		
Cash and cash equivalents	**7,153,543**	14,225,598
Available for sale financial instruments	**6,460,651**	-
Trade and other receivables	**7,257,133**	4,720,993
	20,871,327	18,946,591
Financial liabilities		
Trade and other payables	**6,218,342**	4,809,541
Borrowings	**162,148**	257,095
	6,380,490	5,066,636

20. Financial risk management (cont.)

a) Market risk

(i) Foreign Exchange Risk

The Group operates internationally (predominantly in the United Kingdom) 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 Group's exposure to foreign currency risk (primarily the Great British Pound) at the end of the reporting period, expressed in Australian dollars was $4.8m (2017: $4.9m).

The Group's exposure to foreign exchange movements from external 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. The Group is exposed to foreign currency risk on intercompany trading between the New Zealand and United Kingdom subsidiaries.

(ii) Price risk

Group has exposure to price risk as it holds available for sale financial assets that are subject to price fluctuations. The maximum exposure reduced from $6.5m at 30 June 2018 to $2.2m at 31 August 2018 following the partial sale of the Corporate Bond portfolio. The company placed funds received on term deposit.

(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 as based on management's calculations the amounts are 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 2018		30 June 2017	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Cash and cash equivalents	**2.35%**	**7,153,543**	2.60%	14,225,598
Available for sale financial assets	**4.98%**	**6,460,651**	-	-

b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, available for sale financial assets 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 $20,871,327 (2017: $18,946,591).

As of 30 June 2018, trade receivables of $752,980 (2017: $213,077) were past due but were not impaired. These relate to a number of customers for whom there is no recent history of default (Refer to Note 7).

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 $15,361,991 (2017: $15,010,291). The Group manages liquidity risk by continuously monitoring cash flow forecasts and actual cash flows on a monthly basis.

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 2018	Less than 6 months $	6-12 months $	Greater than 12 months $	Total contractual cashflows $	Carrying Amounts $
Non-derivatives					
Trade payables	**6,218,342**	**-**	**-**	**6,218,342**	**6,218,342**
Hire purchase liabilities	**81,022**	**25,339**	**55,787**	**162,148**	**162,148**
Total non-derivatives	**6,299,364**	**25,339**	**55,787**	**6,380,490**	**6,380,490**

GROUP As at 30 June 2017	Less than 6 months $	6-12 months $	Greater than 12 months $	Total contractual cashflows $	Carrying Amounts $
Non-derivatives					
Trade payables	4,809,541	-	-	4,809,541	4,809,541
Hire purchase liabilities	88,573	88,574	79,948	257,095	257,095
Total non-derivatives	4,898,114	88,574	79,948	5,066,636	5,066,636

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.

21. Contingencies

The group had contingencies at 30 June 2018 in respect of:

(a) Contingent liabilities

The Group is aware of an Upper Tier Tribunal Ruling in the UK impacting the treatment of input VAT incurred on expenditure relating to the administration of Parking Breach Notice activities. Management continue discussions with HMRC to assess the relevance of this ruling to the Group and the potential impact, and this matter remains unresolved at the date of this report. As at 30 June 2018 the company has a provision of $0.5m for VAT based on an assessment of probability adjusted outcomes as required under the accounting rules. If Smart Parking is unsuccessful in defending its position the maximum liability is estimated to be $2.1m. Refer to the Group's 2017 Annual Report for further information.

Certain 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 28.

	Consolidated	
	2018	2017

22. Commitments

(a) Capital commitments

The group has $350,720 of capital expenditure contracted for at the reporting date (2017: nil).

(b) Non-cancellable operating lease commitments

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

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

	2018	2017
Within one year	**2,296,257**	2,241,161
Later than one year but not later than five years	**6,405,777**	5,605,781
Later than five years	**3,785,587**	6,177,019
	12,487,621	14,023,961

(c) Hire purchase commitments

The Group hires motor vehicles and parking equipment 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:

	2018	2017
Within one year	**106,361**	177,147
Later than one year but not later than five years	**55,787**	79,948
Later than five years	**-**	-
	162,148	257,095

23. After reporting period events

The Group sold $4.2m of Corporate Bonds subsequent to balance date and placed funds received on term deposit.

24. Related party transactions

The consolidated financial statements incorporate the assets, liabilities and results of subsidiaries in accordance with the accounting policy described in Note 31(a).

(a) Parent entity

The parent entity of 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 29.

25. Share based payments

(a) Options

There were no unissued ordinary shares under option at 30 June 2018.

Fair value of options granted

30 June 2018

There were no options granted during the year ended 30 June 2018.

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 and incentive for future performance.

Under the Deferred Share and Incentive Plan Australian and United Kingdom based employees receive Smart Parking shares held in escrow for a period of 3 years. The shares are released from escrow at the end of the escrow period provided the employee remains employed at Smart Parking. New Zealand based employees receive deferred share rights which vest after 3 years provided the employee remains employed at Smart parking after which the employee has 2 years to exercise their rights over Smart Parking shares. 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.

At 30 June 2018 4,416,967 (2017: 6,135,035) deferred share rights or shares have been set aside under the Plan and 4,416,967 (2017: 6,135,035) deferred share rights or shares, depending on the relevant jurisdiction, have been allocated to employees.

No deferred share rights were issued to Directors for the year ending 30 June 2018 other than 450,000 shares granted to Mr Gillespie as part of the long term incentives included in his remuneration (2017: 2,218,942).

Valuation is based on a number of factors including the share price at the date of issue, the exercise price and the years to maturity.

25. Share based payments (cont.)

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

Grant or Allocation Date	Date Vested or Date Released from Escrow	Expiry Date	Exercise Price	Value Per Right /Share at Grant /Allocation Date	% vested
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	100%
1 December 2012	1 December 2015	1 December 2017	$0.00	$0.29	100%
1 January 2013	1 January 2016	1 January 2018	$0.00	$0.26	100%
6 January 2014	6 January 2017	6 January 2019	$0.00	$0.21	100%
10 February 2014	10 February 2016	10 February 2018	$0.00	$0.19	100%
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	100%
16 September 2014	16 September 2016	16 September 2018	$0.00	$0.14	100%
28 November 2014	28 November 2016	28 November 2018	$0.00	$0.15	100%
2 March 2015	2 March 2016	2 March 2018	$0.00	$0.11	100%
2 March 2015	2 March 2017	2 March 2019	$0.00	$0.11	100%
2 March 2015	2 March 2018	2 March 2020	$0.00	$0.11	100%
1 July 2015	1 July 2018	21 August 2020	$0.00	$0.09	0%
21 August 2015	21 August 2017	21 August 2019	$0.00	$0.12	100%
1 November 2015	1 November 2018	1 November 2020	$0.00	$0.13	0%
1 September 2016	1 September 2019	1 September 2021	$0.00	$0.29	0%
22 September 2016	22 September 2018	22 September 2020	$0.00	$0.29	0%
7 November 2016	7 November 2018	7 November 2020	$0.00	$0.30	0%
7 November 2016	7 November 2019	7 November 2021	$0.00	$0.30	0%
7 November 2016	7 November 2020	7 November 2022	$0.00	$0.30	0%
7 November 2016	7 November 2021	7 November 2023	$0.00	$0.30	0%
1 September 2017	1 September 2020	1 September 2022	$0.00	$0.26	0%
1 December 2017	1 December 2019	1 December 2021	$0.00	$0.25	0%
31 March 2018	31 March 2021	31 March 2023	$0.00	$0.44	0%

	Consolidated	
	2018	**2017**
Shares and deferred share rights issued under the plan to participating employees	**4,416,967**	6,135,035
(c) Expenses arising from share based payment transactions		
Shares and deferred share rights	**409,408**	411,426

	Consolidated 2018	Consolidated 2017
26. Auditor's Remuneration		
Audit Services		
Audit and review of financial reports		
Grant Thornton, Australia	**75,350**	63,000
Grant Thornton, United Kingdom	**47,726**	52,260
Total remuneration for audit services	**123,076**	115,260
Non-audit services		
Corporate advisory services		
Grant Thornton, Australia	**9,000**	-
Total remuneration for non-audit related services	**9,000**	-

	Consolidated 2018	Consolidated 2017
27. Earnings/(loss) per share		
Basic profit/(loss) per share (cents per share)	**0.46**	(0.42)
Diluted profit/(loss) per share (cents per share)	**0.46**	(0.42)
Profit/(loss) used in calculating EPS	**1,663,060**	(1,396,723)
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. 359,215,361**	No. 329,005,914
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:	**1,663,060**	(1,396,723)

The earnings per share calculation has not been adjusted for the 4,416,967 deferred share rights (2017: 6,135,035) as the Trustee holds sufficient shares in the company to allocate to employees if all deferred shares rights are exercised. The shares held by the Trustee are included in the basic EPS calculation.

(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.

28. Parent Entity Information

The following details information related to the parent entity, Smart Parking Limited, as at 30 June 2018. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	Parent	
	2018	2017
Current assets	**16,087,611**	14,730,305
Non-current assets	**8,216,792**	8,307,507
Total assets	**24,304,403**	23,037,812
Current liabilities	**3,421,217**	831,481
Non-current liabilities	**-**	-
Total liabilities	**3,421,217**	831,481
Contributed equity	**68,865,719**	68,865,719
Retained earnings/(accumulated losses)	**(50,497,503)**	(48,819,845)
Share based payments reserve	**2,569,865**	2,160,457
Available for sale financial asset reserve	**(54,895)**	-
Total equity	**20,883,186**	22,206,331
Profit/(Loss) for the year	**(1,677,658)**	(2,954,410)
Other comprehensive income/(loss) for the year	**(54,895)**	-
Total comprehensive income/(loss) for the year	**(1,732,553)**	(2,954,410)

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

29. Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated	
	2018	2017
Short-term employee benefits	**1,141,204**	1,091,312
Share based payments	**294,856**	278,943
Termination benefits	**-**	-
	1,436,060	1,370,255

(b) Equity Instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on the exercise of such options. There were no options granted for the year ending 30 June 2018.

(ii) Option holdings – There were no unissued ordinary shares under option at 30 June 2018.

(iii) Deferred share rights and shares provided as remuneration under the Deferred Share and Incentive Plan. The Group offers long term incentives to executives identified as key management personnel through an incentive plan.

Australian and United Kingdom based executives receive Smart Parking shares held in escrow for a period of 2-5 years. The shares are released from escrow at the end of the escrow period provided the executive remains employed at Smart Parking. New Zealand based executives receive deferred share rights which vest after 2 years provided the executive remains employed at Smart parking after which the employee has 2 years to exercise their rights over Smart Parking shares.

Participation in the plan is at the board's discretion with 50% of the compensation based on the EPS performance compared to the prior year of the Group and 50% based on the Board's assessment of an individual's performance.

(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.

(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.

29. Key management personnel disclosures (cont.)

	Consolidated	
	2018	2017
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:		
Amounts recognised as expense		
Company secretarial fees[1]	-	23,475
Share registry fees[2]	**21,815**	25,115
Bulk print and mail services[2]	**320,976**	296,718
Rent[3]	**20,400**	22,100
	363,191	367,408

1 Services provided through Mirador Corporate Limited and Grange Consulting Limited which are related parties through Mr King.
2 Services provided through Computershare Limited which is a related party through Mr Morris, Ms Maclagan and Ms Fuller.
3 Services provided through Finico Pty Limited which is a related party through Mr Morris.

The related party transactions are provided on normal terms and conditions.

30. Dividends paid or proposed

There were no dividends paid or proposed during the year.

31. Summary of other significant accounting policies

Corporate Information

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. 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 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.

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).

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.

b) 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.

c) Accounting Standards issued but not yet effective and not been adopted early by the Group

Certain new and revised accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 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:

AASB 9 *Financial Instruments* (December 2014)

Superseded Announcement:

AASB 139 *Financial Instruments: Recognition and Measurement*

Nature of Change:

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a) Financial assets that are debt instruments will be classified based on:

 (i) the objective of the entity's business model for managing the financial assets; and

 (ii) the characteristics of the contractual cash flows.

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Effective date (annual reporting period beginning on or after):

1 January 2018

Impact on Initial Application:

The financial assets and liabilities of the Group consist of cash, available for sale financial instruments, receivables and payables.

The new classifications of financial instruments if applied at 30 June 2018 would impact the Group's available for sale assets which will change to be accounted for as fair value through profit or loss and the unrealised loss recognised in other comprehensive income of $54,895 for the year ending 30 June 2018 would have been recognised in the statement of profit or loss.

The entity does not expect any other material impact to classification of financial instruments on transition to AASB 9 when it is first adopted for the year ending 30 June 2019.

AASB 9 also introduces the expected loss model (ECL) to replace the incurred loss model in the current standard in accounting for provision for doubtful debts. Management's preliminary assessment is that the Group's trade receivables using the simplified ECL approach will not be significantly different to the current carrying value at 30 June 2018.

New/revised pronouncement:

AASB 15 *Revenue from Contracts with Customers*

Superseded Announcement:

AASB 118 *Revenue*
AASB 111 *Construction Contracts*

Nature of Change:

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.

Effective date (annual reporting period beginning on or after):

1 January 2018

Impact on Initial Application:

The Group has made an assessment of the impact of AASB15 on its current revenue streams by looking at current performance obligations. Revenue recognition is not expected to be materially impacted from the transition to AASB15 when it is first adopted for the year ending 30 June 2019.

Where the Group is contracted for supply and installation, the revenue will continue to meet the requirement to be recognised over time and where the Group is selling equipment or goods as a standalone contract, revenue will continue to be recognised when the customer takes physical possession of the goods..

New/revised pronouncement:

AASB 16 *Leases*

Superseded Announcement:

AASB 117 *Leases*

Nature of Change:

AASB 16:

- requires all leases to be accounted for 'on-balance sheet'
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains existing lessor accounting requirements
- requires new and different disclosures about leases

Effective date (annual reporting period beginning on or after):

1 January 2019

Impact on Initial Application:

Based on the entity's assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have a material impact on the transactions and balances recognised in the financial statements, in particular:

- lease assets and financial liabilities on the balance sheet will increase by $14,270,981 and $18,195,821 respectively (based on the facts at the date of the assessment)
- there will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former operating leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities
- Refer to Note 22 for details of operating lease commitments.

e) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2018. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

f) 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 profit or loss and other 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.

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.

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 4.

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) 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.

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.

j) 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 wholly 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 high quality corporate 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 profit or loss and other comprehensive income with a corresponding adjustment to equity.

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 profit or loss and other comprehensive income with a corresponding adjustment to equity.

k) 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.

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 2018 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 2018, 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**	**Paul Gillespie** **Managing Director**

28 September 2018

ASX Additional Information

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

1. Shareholdings

The issued capital of the Company as at 17 September 2018 is 359,215,361 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	82	24,329	0.00
1,001-5,000	671	2,082,694	0.58
5,001-10,000	426	3,507,031	0.98
10,001-100,000	1,083	38,834,430	10.81
100,001 and over	233	314,766,877	87.63
Total	**2,495**	**359,215,361**	**100.00**

Unmarketable parcels

There were 362 holders of less than a marketable parcel of ordinary shares.

2. Top 20 Shareholders as at 17 September 2018

	Name	Number of shares	%
1	Invia Custodian Pty Limited	113,349,984	31.55
2	J P Morgan Nominees Australia Limited	48,098,651	13.39
3	Sagittarius Holdings Limited	21,387,677	5.95
4	HSBC Custody Nominees (Australia) Limited	18,493,922	5.15
5	Pennilane Investments Pty Ltd	8,286,668	2.31
6	Tamily Pty Ltd	7,176,467	2.00
7	Car Parking Technologies Employee Share Plan Pty Limited	6,137,265	1.71
8	Custodial Services Limited	5,509,967	1.53
9	Mr Bart Engelsman	4,631,300	1.29
10	Lochinvar Securities Pty Limited	3,860,573	1.07
11	Chouilly Pty Ltd	3,600,000	1.00
12	BNP Paribas Noms Pty Ltd	3,526,220	0.98
13	Anacacia Pty Ltd	2,937,320	0.82
14	Mr David Oakley	2,350,000	0.82
15	Sanperez Pty Ltd	2,300,000	0.64
16	Mr Paul Gillespie	1,869,385	0.52
17	Mr Lawrence Dowd	1,582,089	0.44
18	Mr Gary Dyring	1,375,355	0.38
19	Mr Paul van der Oest	1,353,658	0.38
20	Hayward Australasia Pty Ltd	1,250,000	0.35
Total		**259,076,501**	**72.28**

3. Substantial Shareholders as at 17 September 2018

	Name	Number of shares	%
1	Invia Custodian Pty Limited	113,349,984	31.55
2	S G Hiscock & Company Ltd	25,199,229	7.02
3	Pie Funds Management Ltd	21,894,756	6.10
4	Viburnum Funds Pty Ltd	18,100,048	5.04

4. Unquoted Options as at 17 September 2018

Nil.

5. Restricted Securities subject to escrow period

Nil.

6. Voting Rights

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

7. Company cash and assets

In accordance with Listing Rule 4.10.19, the company confirms that it has been using the cash and assets it had acquired at the time of admission and for the year ended 30 June 2018 in a way that is consistent with its business objective and strategy.

Company Directory

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

Company Secretary

Mr Richard Ludbrook

Registered Office

845 Lorimer Street
Port Melbourne, Victoria 3207
T: +61 3 8644 4021

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
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T: +61 3 9415 4000
F: +61 3 9473 2500

Website

www.smartparking.com

Auditors

Grant Thornton
Collins Square, Tower 1
727 Collins Street
Melbourne VIC 3008

Bankers

National Australia Bank
500 Bourke Street
Melbourne VIC 3000

Solicitors

Lander and Rogers
Level 12
600 Bourke Street
Melbourne VIC 3000

Stock Exchange

Australian Securities Exchange Limited
Rialto Tower
525 Collins Street
Melbourne VIC 3000

ASX Code

SPZ

SMART PARKING

ABN 45 119 327 169

smartparking.com