

Sebastian Bednarczyk  
Senior Advisor, Listings  
ASX Compliance Pty Limited  
Level 40, Central Park  
152 – 158 St George's Terrace  
PERTH WA 6000

16 November 2015

Dear Sebastian,

**Re Appendix 4C for the period ended 30 September 2015**

We refer to your letter to Smart Parking Limited (**SPZ** or the **Company**) dated 13 November 2015 regarding the Company's Appendix 4C for the quarter ended 30 September 2015 which was lodged on 30 October, 2015 (**Appendix 4C**).

We respond to each of your queries as follows:

1. *It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?*

For background, the Company operates two divisions, namely Technology and Management Services. The Management Services division manages car parks for clients and, on some car parking sites, this includes collecting and counting cash from Pay and Display machines. The company also has Pay and Display machines on sites which are leased by the company from third party landlords. As a result, the Company, at any one point in time, holds cash on behalf of such clients (**Client Cash**).

Cashflows in any quarter are impacted by the timing of distributions of the Client Cash held by the Company. In accordance with prior practice, the net operating cash flow figure in the Appendix 4C **includes** the movement in Client Cash. These cash flows, quarter to quarter, can be material.

The movement in Client Cash needs to be added back when assessing the underlying net operating cash flow for the company.

Once the movement in Client Cash is added back for the September quarter, it is clear that the Company has sufficient cash to fund its activities for the next quarter.

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ASX: SPZ

This is set out in the table below:

	<b>\$000's</b>
Net operating cash flow from Appendix 4C	(6,808)
Add back movement in Client Cash balances	5,736
Net operating cash flow (excluding movements in Client Cash)	(1,072)

The Company notes that the profitability of the Management Services Division has improved over the last 12 months.

The AGM Presentation from November 2015 shows that revenue increased by 38% for Q1 FY16 on the prior year (on a constant exchange basis) and that EBITDA improved by \$1.2m. This business is forecast to be cash flow positive in FY16.

It should be noted that the Appendix 4C for the September quarter also included \$1.0m of capital expenditure relating to the installation of technology solutions on various sites in the Management Services division with related cash inflows expected in the current and successive quarters. Please refer to the commentary attached to the Appendix 4C for further information.

2. *Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?*

Given that Client Cash is included on the company's balance sheet, operating cash flow, as noted in the Appendix 4C, may be impacted positively or negatively depending on the movement in Client Cash over the relevant period. As noted above, these movements may be material and they are not indicative of the underlying net operating cash flow in the business. Given current cash at bank and forecast net operating cash flows in the business the Company expects to have sufficient cash to continue current operations for the foreseeable future.

3. *To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?*

The Company's actual revenues and expenses for the relevant period were substantially in accordance with expected revenues and expenses.

4. *If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.*

The Company's actual revenues and expenses are substantially in accordance with expected revenues and expenses.

5. *What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

The Company has implemented a number of strategies over the past 12 months which have resulted in improvements to the financial performance of its business, particularly the Managed Services division which is based in the United Kingdom. These have been referred to in various disclosures the Company has made including, most recently, its AGM presentation lodged on 6 November, 2015. The Company monitors the performance of its businesses and the resultant cash flow carefully.

6. *Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?*

Yes, confirmed.

7. *Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.*

The Company is in compliance with Listing Rule 12.2. The Company's balance sheet remains strong with zero bank debt. As shown in the Company's consolidated statement of financial position as at 30 June, 2015 which is contained in the Annual Report, current assets were at \$23.9m with current liabilities of \$19.1m, yielding a net working capital position of \$4.8m.

As referred to above the Management Services division has improved significantly over the last 12 months with improvements forecast to continue. Significant capital expenditure has been funded by cash flow from operations and the full annualised impact of this investment is expected to impact the H2FY16 and FY17.

The last capital raising of the business was a fully underwritten rights issue for \$12.5m conducted in early 2014 which was lead managed by Baillieu Holst out of Melbourne.

Yours faithfully



**Jeremy King**  
**Company Secretary**



13 November 2015

Jeremy King  
Company Secretary  
Smart Parking Limited  
945 Wellington Street  
WEST PERTH 6005

By email: [jpk@grangeconsulting.com.au](mailto:jpk@grangeconsulting.com.au)

Dear Mr King,

**Smart Parking Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 September 2015, released to ASX Limited ("ASX") on 30 October 2015 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$6,735,000.
2. Net negative operating cash flows for the quarter of \$6,808,000.
3. Cash at end of quarter of \$8,632,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?



3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.
5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on [allexchperth@asx.com.au](mailto:allexchperth@asx.com.au). It should not be sent to the Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3:00 pm (WST) on Tuesday, 17 November 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.



If you have any queries regarding any of the above, please contact me on 9224 0000.

Please feel free to contact me if you have any enquiries on the above.

Yours sincerely,

Sebastian Bednarczyk

Senior Adviser, Listings