Appendix 4E
Preliminary final report – Year ended 30 June 2016

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

Details of the reporting period

Current period:	**30 June 2016**
Prior period:	**30 June 2015**

RESULTS FOR ANNOUNCEMENT TO MARKET

		2016	2015
Revenue from ordinary activities	Up 34% to	31,805,151	23,795,164
Profit/ (Loss) from after tax attributable to members	Up 72% to	(1,525,009)	(5,360,277)
Total comprehensive income for the year attributable to owners	Up 46% to	(2,465,788)	(4,553,790)

Dividends

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

Commentary on the results for the period

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

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

N/A

Details of associates and joint venture entities

N/A

Net tangible asset per security	2016	2015
Net tangible asset per security attributable to members	$0.0325	$0.0368

All other information requiring disclosure to comply with listing rule 4.3A is contained in Smart Parking Limited Annual Financial Report (attached) for the year ended 30 June 2016, including the signed Auditors report.

Smart Parking Limited
and its Controlled Entities

ABN 45 119 327 169

Annual Report

For the year ended 30 June 2016

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Corporate Information

This Annual Report covers both Smart Parking Limited as an individual entity and the Consolidated entity comprising Smart Parking Limited and its subsidiaries. The Group's 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 2. The Directors' report is not part of the financial report.

Directors

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

Auditors

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

Company Secretary

Mr Jeremy King

Bankers

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Registered Office

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Solicitors

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Perth WA 6000

Share Registry

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Stock Exchange

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

Website

www.smartparking.com

ASX Code: SPZ

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Smart Parking Limited and entities it controlled at the end of, or during the year ended 30 June 2016.

Directors

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

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

Principal activities

The Group operates two divisions:

- Technology: Sale of car parking technology hardware, software and associated products and services.
- Parking Management: provision of parking management solutions, predominantly servicing the retail sector in the United Kingdom.

Review of Operations

The loss of the Group for the financial year after income tax amounted to $1.5m (2015: loss of $5.4m).

An analysis of underlying EBITDA after excluding the effects of costs incurred in the current period but not expected to occur in the future is outlined below:

	2016 $	2015 $
Net loss for the year after tax	**(1,525,009)**	**(5,360,277)**
Adjusted EBITDA[1]	1,351,215	(3,844,412)
Restructuring costs[2]	-	431,300
Professional fees[3]	831,073	767,343
Adjusted EBITDA after non-recurring items[4]	**2,182,288**	**(2,645,769)**

[1]Adjusted EBITDA represents Earnings before interest, taxation, depreciation, amortisation and loss on disposal of plant and equipment.
[2]The restructuring costs represent expenses related to the consolidation of functions into a single, centrally located office for the UK operations and which will not occur in the future.
[3]The professional fees relate to a legal dispute which was settled during the period relating to the Group's acquisition of Town and City Parking Limited but not expected to occur in the future. Further details of the dispute are included in note 31 in the Annual Report.
[4]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 (continued)

Review of Operations (cont'd)

The Group had a Net Loss after Tax of $1.5m. Revenue increased in the Parking Management Division and combined with increasing margins led to an improvement in adjusted EBITDA from a profit of $0.7m to a profit of $5.3m. An adjusted EBITDA loss of $2.5m in the Technology Division was $0.15m favourable to FY15 with higher revenue from the sales of parking sensors.

The Group's Adjusted EBITDA after excluding the effects of costs incurred in the current period but not expected to occur in the future is $2.2m (2015: loss of $2.6m). This included an adjustment for $0.8m of professional fees and a settlement related to a dispute with the former owner of Smart Parking Limited (UK) (formerly Town and City Parking Limited) which was acquired by Smart Parking Limited on 9 January 2012. On the 12th January 2015 Mr Dickson (the former owner) and Smart Parking Limited entered into an agreement under which all outstanding disputes would be resolved through an expert determination. Under agreement the claims Mr Dickson and Smart Parking had filed against each other in the English High Court were stayed. The Independent Expert adjudicating on the dispute determined that a net asset adjustment of $1.9m should be made in the Smart Parking Limited's favour. In the case of the earn out the Independent Expert agreed with Smart Parking Limited that no earn out payment was due. The net result, after taking into account that Smart Parking had already received $ 2.3m in connection with the sale of Smart Parking Limited shares previously held by the vendor was that the Company was required to pay $0.4m to the vendor. Further details of the dispute are included in note 31 in the Annual Report. Refer to the Company's Announcement dated 15 December 2015 for further details on the settlement.

The Group has 91% of its revenue derived in the UK resulting in revenue and profits denominated in GBP being materially impacted during the year by movements in the exchange rate between GBP and the Group's presentation currency.

As at 30 June 2016, the Group had cash on hand (excluding cash held on behalf of customers) of $3.4m (2015: $5.5m).

The Group had net operating cash inflows for the year ended 30 June 2016 of $0.8m (2015: outflow $4.5m). Adjusting for non-recurring cash impact of legal costs and the settlement related to the dispute with Mr Bernie Dickson, net cash inflow from operations for the year was $2.1m (2015: net cash outflow of $3.9m). The table below summarises the net operating cash movements for the financial year to date. The reported net operating cash outflows including movements in client funds was $9.2m (2015: inflow $2.2m) which includes movement in client cash, professional fees and a settlement related to a legal dispute.

$M's	2016	2015
Net Operating Cash Flow excluding movement in Client Funds and Non-Recurring Items	2.1	(3.9)
Net movement in client funds	(10.0)	6.7
Non-recurring cash items	(1.3)	(0.6)
Net Reported Operating Cash Flow	(9.2)	2.2

The Parking Management division collects cash from sites that it operates on behalf of customers on an ongoing basis. These amounts are material. As cash is collected and banked a corresponding liability is recognised for the same amount. Therefore movements in cash balances will also be reflected in movements in trade and other payables (refer note 15). 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.

Directors' Report (continued)

Review of Operations (cont'd)

Technology Division – Total revenue for the division was $5.6m with revenue from external customers of $3.4m (2015: $2.2m). Sales in this division included revenue from installations in Westminster City Council London (WCC), Milton Keynes (United Kingdom), ACT Government (Canberra, Australia), Wellington City Council (New Zealand) and Mosman Municipal Council (Australia).

The Group completed its largest project to date being the installation of 3,400 parking sensors into Wellington City Council (New Zealand). Under the contract Smart Parking will also provide maintenance services in respect of the sensors for a period of 5 years.

The Group completed an installation of 1,100 parking sensors into Mosman Municipal Council (Australia). Under the contract Smart Parking will also provide ongoing maintenance services in respect of the sensors.

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

Recurring revenue from maintenance and data charges of $1.9m increased 49% on the prior year.

The operating costs (excluding foreign exchange gains and losses) for the year ended 30 June 2016 were $5.1m (2015: $4.8m). The increase was a result of increased sales and marketing costs, ongoing research and development, and enhanced operational capacity. 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.

The company has commenced migrating its parking management systems onto the Amazon Web Services (AWS) cloud platform. This enables the company to scale its systems and streamlines future development requirements as we grow our customer base.

Parking Management Division – Sales of $28.4m (2015: $21.4m) were up 33% (up 23% allowing for the effect of foreign exchange rate movements) compared with the prior year. The UK parking management business has experienced improved returns during the year. This has been achieved by improving levels of customer service, deployment of technology on new and existing sites, and strong cost control.

Civil Penalty income was up 119% as the division continued with its strategy of deploying technology solutions on manually operated car parking sites in the UK. The division incurred capital expenditure of $2.4m on the technology rollout. The increase in revenue combined with increasing margins led to an improvement in EBITDA from $0.7m to $5.3m.

The parking management contract with Asda was terminated on 30 April 2016. The contract contributed revenue of $9.2m for the year ended 30 June 2016. The Group retained cameras which can now be directed to new sites which are expected to deliver a higher return on capital. The division incurred a loss of disposal of assets unable to be deployed at other sites at the end of the contract of $0.9m. The net operating cash flow for the group included a cash benefit of $0.8m related to the termination of the Asda contract.

Revenue from non Asda sites increased 41% to $19.2m as the company continued its expansion into non retail sites during the year ended 30 June 2016.

Directors' Report (continued)

Review of Operations (cont'd)

Dividends

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

Significant changes in state of affairs

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

Matters subsequent to the end of the financial year

There have been no matters subsequent to the end of the financial year that 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 leveraging the Company's current footprint in New Zealand, Australia and the United Kingdom and ongoing investment in sales and marketing in major markets. The Technology division will continue to develop a cloud based platform which allow flexible options for ongoing development, is scalable and which will lead to a reduction in support and maintenance costs.

The Parking Management division currently operates primarily in the retail market in the United Kingdom and the majority of the revenue for the group will continue to be derived from this division. The performance of the division improved during the year. The improved run rate is expected to continue in FY17 and further growth is anticipated through the deployment of technology and improved service across existing and new sites.

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.

Directors' Report (continued)

Information on Directors

Mr Christopher Morris	-	Non-Executive Chairman
Age	-	68
Qualifications	-	-
Experience	-	Mr Morris was the founder of Computershare Limited and Chief Executive Officer from 1990 to 2006. His extensive knowledge of the securities industry and its user requirements from both a national and international perspective coupled with his passion and long term strategic vision were instrumental in developing Computershare into a global company that is unique in its provision of a full range of solutions to meet the needs of listed companies and their stakeholders.
Special responsibilities	-	Remuneration Committee
Interest in Shares & Options: Held in Smart Parking Limited	-	94,095,902 Ordinary Fully Paid Shares (indirect)
Directorships held in other listed entities	-	Mr Morris is a Non-Executive Director of Computershare Limited and was previously Chief Executive Officer from 1990 to 2006 and Chairman until 2015. Mr Morris is Chairman of DTI Group Limited.

Mr Paul Gillespie	-	Managing Director
Age	-	42
Qualifications	-	-
Experience	-	Mr Gillespie was appointed Managing Director of Smart Parking in January 2013. Before joining Smart Parking Mr Gillespie was leading the UK division of Xerox Parking Services where he was successful in running two business units providing hardware and software solutions to a variety of public and private organisations. Whilst at Xerox Mr Gillespie was responsible for all sales, operations and finance activities along with the development and delivery of new products to the UK parking market.
Special responsibilities	-	None
Interest in Shares & Options: Held in Smart Parking Limited	-	194,000 Ordinary Shares (direct) 1,250,000 Rights to deferred shares (direct)
Directorships held in other listed entities	-	-

Directors' Report (continued)

Information on Directors (cont'd)

Ms Penelope Maclagan	-	Director (Non-Executive)
Age	-	64
Qualifications	-	BSc (Hons), DipEd
Experience	-	Ms Maclagan is a Non-Executive director of Computershare Limited. She joined Computershare Limited in 1983 and was appointed to the Board as an executive director in May 1995. Until 2008, as head of Computershare Technology Services, Ms Maclagan was responsible for planning, developing and executing technology across the world in support of that company's global strategy. In 2008, she reduced her day to day involvement in Computershare Limited and gave up her line management role and in September 2010 gave up her remaining executive responsibilities.
Special responsibilities	-	Remuneration Committee (Chair), Audit Committee
Interest in Shares & Options: Held in Smart Parking Limited	-	7,250,834 Ordinary Shares (indirect)
Directorships held in other listed entities	-	Ms Maclagan is a Non-Executive director of Computershare Limited.

Ms Tiffany Fuller	-	Director (Non-Executive)
Age	-	46
Qualifications	-	BCom, ACA, GAICD
Experience	-	Ms Fuller is a qualified Chartered Accountant who has had a 25 year career across Chartered Accounting, Corporate Finance, Investment Banking and Private Equity. Tiffany joined Rothschild Australia in 1997 in the Investment Banking Group after 8 years at Arthur Andersen in Audit, Corporate Finance and Management Consulting in Australia, the UK and the United States. At Rothschild, Tiffany advised various private and public clients, was responsible for managing a Microcap Fund on behalf of a number of Australia's large industry superannuation funds, and was a founding director of the Rothschild e-Fund, a technology focused venture capital fund.
Special responsibilities	-	Remuneration Committee, Audit Committee (Chair)
Interest in Shares & Options: Held in Smart Parking Limited	-	338,334 Ordinary Shares (direct)
Directorships held in other listed entities	-	Ms Fuller is a Non-Executive director of Computershare Limited and Costa Group Holdings Limited.

Directors' Report (continued)

Information on Directors (cont'd)

Mr Jeremy King	-	Company Secretary/Director (Non-Executive)
Age	-	42
Qualifications	-	LLB
Experience	-	Mr King is a Senior Executive of Grange Consulting Pty Ltd, where he specialises in corporate advisory, strategic advice and managing legal issues associated with Grange's clients. Mr King is a corporate lawyer with over 14 years' experience in domestic and international legal, financial and corporate matters.
Special responsibilities	-	Remuneration Committee, Audit Committee
Interest in Shares & Options: Held in Smart Parking Limited	-	560,000 Ordinary Shares (direct)
Directorships held in other listed entities	-	Mr King is a Non-Executive Director of DTI Group Limited and Transcendence Technologies Limited.

Directors meetings

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

	Director's Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**
Mr Christopher Morris	5	5	-	-	1	1
Mr Paul Gillespie	5	5	-	-	1	1
Ms Penelope Maclagan	5	5	7	7	1	1
Ms Tiffany Fuller	5	5	7	7	1	1
Mr Jeremy King	5	5	7	7	1	1

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

Directors' Report (continued)

Remuneration Report

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

Directors and executives disclosed in this report

Name	Position
Non-executive and executive directors	
Mr Christopher Morris	Non-executive Chairman
Mr Paul Gillespie	Managing Director
Ms Penelope Maclagan	Non-executive Director
Ms Tiffany Fuller	Non-executive Director
Mr Jeremy King	Non-executive Director
Other key management personnel	
Mr Richard Ludbrook	Group Chief Financial Officer
Mr Charlie Leaper[1]	EMEA Managing Director - Technology
Ms Susan Taylor[2]	UK Managing Director – Parking Services
Mr Ben Johnson[3]	UK Managing Director

[1] Resigned as EMEA Managing Director – Technology on 9 August 2014.
[2] Resigned as UK Managing Director – Parking Services on 14 November 2014.
[3] Appointed as UK Managing Director on 19 November 2014.

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

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

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

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

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

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

Directors' Report (continued)

Remuneration Report (cont'd)

Non-executive directors

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

Directors' fees

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

Non-executive Directors do not receive performance based pay. All directors receive a base fee of $40,000. Effective 1 October 2016, the Chairman will receive an additional $20,000 and the Chair of the Risk and Audit Committee will receive an additional $40,000 in recognition of the additional responsibilities which are commensurate with their respective roles.

The following fees have applied:

Base Fees	2016 $	2015 $
Chairman[1]	**40,000**	40,000
Other non-executive directors[2]	**120,000**	120,000

[1]The Chairman's fees have increased to $60,000 per annum effective 1 October 2016.
[2]The Chair of the Audit and Risk Committee fees have 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.

Directors' Report (continued)

Remuneration Report (cont'd)

Base remuneration and benefits

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

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

Short term incentives

The Executives are entitled to a Performance Based Bonus based on Key Performance Indicators (KPI's) linked to the financial performance of the division pre-determined by the Board of Directors. KPI's have been set for the year ended 30 June 2016.

Long term incentives

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

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

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

Smart Parking Limited received more than 97% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2015. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of performance on shareholder wealth

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

Item	2016	2015	2014	2013
EPS (cents per share)	(0.51)	(1.84)	(3.43)	(3.55)
Net profit /(loss)	(1,525,009)	(5,360,277)	(7,025,711)	(7,278,928)
Share price (30 June)	$0.285	$0.093	$0.14	$0.15

Directors' Report (continued)

Remuneration Report (cont'd)

B. Details of Remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (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 Employ-ment**	**Share Based Pay-ments**		**Total**
30 June 2016	Salary & Fees	Commi-ssions/ Cash Bonus	Non Mone-tary	Other	Super-annuation Contribut-ions	Options & Rights	Termin-ation Benefits	Total
Non-Executive Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Mr Christopher Morris	40,000	-	-	-	-	-	-	40,000
Ms Penelope Maclagan	40,000	-	-	-	-	-	-	40,000
Ms Tiffany Fuller	40,000	-	-	-	-	-	-	40,000
Mr Jeremy King	40,000	-	-	-	-	-	-	40,000
Sub Total Non-Executive Directors	**160,000**	**-**	**-**	**-**	**-**	**-**	**-**	**160,000**
Executive Directors								
Mr Paul Gillespie	263,873	12,719	-	-	-	98,686	-	375,278
Other Key Management								
Mr Richard Ludbrook	183,360	8,366	-	-	-	21,234	-	212,960
Mr Ben Johnson[3]	366,300	-	15,263	-	-	72,750	-	454,313
Total Key Management Personnel Compensation (Group)	**973,533**	**21,085**	**15,263**	**-**	**-**	**192,670**	**-**	**1,202,551**

Directors' Report (continued)

Remuneration Report (cont'd)

	Short Term Employee Benefits				**Post Employ-ment**	**Share Based Pay-ments**		**Total**
30 June 2015	Salary & Fees	Commi-ssions/ Cash Bonus	Non Mone-tary	Other	Super-annuation Contribut-ions	Options & Rights	Termin-ation Benefits	Total
Non-Executive Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Mr Christopher Morris	40,000	-	-	-	-	-	-	40,000
Ms Penelope Maclagan	40,000	-	-	-	-	-	-	40,000
Ms Tiffany Fuller	40,000	-	-	-	-	-	-	40,000
Mr Jeremy King	40,000	-	-	-	-	-	-	40,000
Sub Total Non-Executive Directors	**160,000**	**-**	**-**	**-**	**-**	**-**	**-**	**160,000**
Executive Directors								
Mr Paul Gillespie	246,910	13,500	-	-	-	87,338	-	347,748
Other Key Management								
Mr Richard Ludbrook	185,829	10,093	-	-	-	17,196	-	213,118
Ms Susan Taylor[1]	77,542	-	4,364	-	-	-	42,394	124,300
Mr Charlie Leaper[2]	24,267	-	-	-	1,456	30,248	47,105	103,076
Mr Ben Johnson[3]	136,900	98,920	12,370	-	-	8,278	-	256,468
Total Key Management Personnel Compensation (Group)	**831,448**	**122,513**	**16,734**	**-**	**1,456**	**143,060**	**89,499**	**1,204,710**

[1]Resigned as UK Managing Director – Parking Services on 14 November 2014.
[2]Resigned as EMEA Managing Director – Technology on 9 August 2014.
[3]Appointed as UK Managing Director on 19 November 2014.

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

Name	**Fixed Remuneration**		**At Risk STI**		**At Risk LTI**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Non-Executive Directors						
Mr Christopher Morris	100%	100%	-	-	-	-
Ms Penelope Maclagan	100%	100%	-	-	-	-
Ms Tiffany Fuller	100%	100%	-	-	-	-
Mr Jeremy King	100%	100%	-	-	-	-
Executive Directors						
Mr Paul Gillespie	80%	80%	10%	10%	10%	10%
Other Key Management						
Mr Richard Ludbrook	80%	80%	10%	10%	10%	10%
Ms Susan Taylor	-	100%	-	-	-	-
Mr Charlie Leaper	-	100%	-	-	-	-
Mr Ben Johnson	100%	78%	-	22%	-	-

Directors' Report (continued)

Remuneration Report (cont'd)

C. Service Agreements

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

All contracts with executives may be terminated early by either party with the notice periods detailed below.

Name	Term of agreement	Annual Base salary including superannuation	Notice Period
Paul Gillespie[1], *Managing Director*	Ongoing commencing 7 January 2013	$264,000	1 Month
Richard Ludbrook[2], *Group Chief Financial Officer*	Ongoing commencing 16 February 2011	$190,676	1 Month
Ben Johnson[3], *UK Managing Director*	Ongoing commencing 19 November 2014	$324,383	3 Months

[1]Paid in Great British Pounds.
[2] Paid in New Zealand Dollars.
[3] Paid in Great British Pounds.

Directors' Report (continued)

Remuneration Report (cont'd)

D. Share-based compensation

Deferred Share and Incentive Plan

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

At 30 June 2016 5,792,283 (2015: 2,243,014) shares have been set aside under the Plan and 5,592,283 (2015: 3,810,323) deferred share rights or shares, depending on the relevant jurisdiction, have been allocated to employees.

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

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value Per Right at Grant Date	% vested
1 October 2011	1 October 2014	1 October 2016	$0.00	$0.30	100%
20 February 2012	20 February 2015	20 February 2017	$0.00	$0.31	100%
1 July 2012	1 July 2015	1 July 2017	$0.00	$0.27	100%
29 August 2012	29 August 2015	29 August 2017	$0.00	$0.26	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	0%
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	0%
16 September 2014	16 September 2016	16 September 2018	$0.00	$0.14	0%
28 November 2014	28 November 2016	28 November 2018	$0.00	$0.15	0%
2 March 2015	2 March 2016	2 March 2018	$0.00	$0.11	100%
2 March 2015	2 March 2017	2 March 2019	$0.00	$0.11	0%
2 March 2015	2 March 2018	2 March 2020	$0.00	$0.11	0%
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	$0.13	0%
1 November 2015	1 November 2018	1 November 2020	$0.00	$0.13	0%

Directors' Report (continued)

Remuneration Report (cont'd)

Employee Options

There were no options granted for the year ending 30 June 2016.

Director Options

There were no options granted or vested to Directors or other key management personnel during the year ending 30 June 2016 other than 415,385 rights to deferred shares granted to Mr Gillespie, 226,140 granted to Mr Ludbrook and 1,000,000 rights to deferred shares granted to Mr Johnson.

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

Further information on the options is set out in note 23 to the financial statements.

Shares issued on the exercise of options

There were no share options exercised during the year ended 30 June 2016.

Shares under option

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

Bonuses included in remuneration

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

	Included in remuneration ($)	Percentage vested in year	Percentage forfeited in year
Mr Paul Gillespie	12,540	100%	-
Mr Richard Ludbrook	19,068	100%	-

Directors' Report (continued)

Remuneration Report (cont'd)

E Other information

Deferred shares and rights held by Key Management Personnel
The number of options to acquire shares in the Company held during the 2016 reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

2016

Name	Balance at the start of the year	Granted as compen-sation	Exercised	Balance at end of the year	Vested and exercise-able	Unvested
Directors						
Mr Paul Gillespie	1,250,000	415,385	-	1,665,385	450,000	1,215,385
Other key management personnel						
Mr Richard Ludbrook	183,333	226,140	(183,333)	226,140	-	226,140
Mr Ben Johnson	350,000	1,000,000	-	1,350,000	-	1,350,000
Total	1,783,333	1,641,525	(183,333)	3,241,525	450,000	2,791,525

Directors' Report (continued)

Remuneration Report (cont'd)

Shares held by key management personnel

The number of ordinary shares in the Company during the 2016 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

2016

Name	Balance at the start of the year	Granted as Remuneration	Other changes	Balance at the end of the year
Directors				
Mr Christopher Morris	93,664,444	-	431,458	94,095,902
Mr Paul Gillespie	194,000	-	-	194,000
Ms Penelope Maclagan	7,250,834	-	-	7,250,834
Mr Tiffany Fuller	338,334	-	-	338,334
Mr Jeremy King	560,000	-	-	560,000
Other key management personnel				
Mr Richard Ludbrook	578,912	183,333	-	762,245
Mr Ben Johnson	-	-	-	-
Total	102,586,524	183,333	431,458	103,201,315

Loans from Key Management Personnel

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

Loan to Key Management Personnel

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

Directors' Report (continued)

Remuneration Report (cont'd)

Other transactions with Key Management Personnel

A Director, Mr Morris, is a Director and shareholder of Computershare Limited. Computershare Limited has provided share registry, 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 Mr Morris's appointment.

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

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

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

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

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

	2016 $	2015 $
Amounts recognised as expense		
Company secretarial fees	**69,300**	69,300
Share registry fees	**24,670**	20,761
Bulk print and mail services	**386,004**	301,839
Rent	**10,550**	24,000
	490,524	415,900

End of Audited Remuneration Report

Directors' Report (continued)

Indemnities given and insurance premiums paid to auditors and officers

During the financial year, Smart Parking Limited paid a premium of $11,587 to insure the directors and secretaries of the Company and its controlled entities, and the general managers of each of the divisions of the Group.

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

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred 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 audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Directors' Report (continued)

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

	Consolidated	
	2016	**2015**
	$	**$**
Audit Services		
Audit and review of financial reports		
Grant Thornton, Australia	**70,500**	62,400
Grant Thornton, United Kingdom	**67,209**	46,163
Total remuneration for audit services	**137,709**	108,563
Non-audit services		
Grant Thornton, United Kingdom		
Corporate advisory services	**50,878**	-
Total remuneration for non-audit related services	**50,778**	-

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 23.

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

Christopher Morris
Non-Executive Chairman

Paul Gillespie
Managing Director

19 August 2016

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 2016 Corporate Governance Statement is dated as at 30 June 2016 and reflects the corporate governance practices in place throughout the 2016 year. The 2016 Corporate Governance Statement was approved by the board on 17 August 2016. 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.

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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 and controlled entities for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Michael Climpson
Partner

Melbourne, 19 August 2016

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

Report on the financial report

We have audited the accompanying financial report of Smart Parking Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Smart Parking Limited is in accordance with the *Corporations Act 2001*, including:
  i giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Report on the remuneration report

We have audited the remuneration report included in pages 9 to 19 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Smart Parking Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Michael Climpson
Partner

Melbourne, 19 August 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Revenue from operations	5	**31,805,151**	23,795,164
Raw materials and consumables used		**(1,447,806)**	(1,006,050)
Employee benefits expense		**(14,203,993)**	(13,087,247)
Depreciation and amortisation expense	6	**(2,659,817)**	(2,597,470)
Rental and operating lease costs		**(3,506,702)**	(2,792,473)
Share-based payments expense	23	**(296,135)**	(217,004)
Finance and interest expense	6	**(90,480)**	(82,672)
Other expenses	6	**(11,810,025)**	(10,396,075)
Loss before income tax		**(2,209,807)**	(6,383,827)
Income tax benefit	7	**684,798**	1,023,550
Loss for the year from continuing operations		**(1,525,009)**	(5,360,277)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	20(a)	**(940,779)**	806,487
Other comprehensive (loss)/ income for the year, net of tax		**(940,779)**	806,487
Total comprehensive loss for the year		**(2,465,788)**	(4,553,790)
Total comprehensive loss for the year attributable to owners of Smart Parking Limited		**(2,465,788)**	(4,553,790)
Earnings per share from continuing operations attributable to the ordinary equity holders of the company.			
- basic earnings/ (loss) per share (cents per share)	8	**(0.51)**	(1.84)
- diluted earnings/ (loss) per share (cents per share)	8	**(0.51)**	(1.84)

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 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	**4,140,820**	16,289,523
Trade and other receivables	10	**5,266,382**	6,192,436
Inventories	11	**1,641,847**	1,373,117
Income tax receivable		**1,107**	1,169
Total Current Assets		**11,050,156**	23,856,245
Non-current Assets			
Receivables	10	**-**	33,572
Property, plant and equipment	12	**4,173,075**	4,943,673
Intangible assets	13	**3,169,905**	4,219,911
Deferred tax assets	14	**1,585,848**	1,023,550
Total Non-current Assets		**8,928,828**	10,220,706
TOTAL ASSETS		**19,978,984**	34,076,951
LIABILITIES			
Current Liabilities			
Trade and other payables	15	**5,830,073**	18,127,108
Borrowings	16	**7,208**	49,120
Deferred revenue	17	**633,018**	156,585
Provisions	18	**719,189**	736,626
Total Current Liabilities		**7,189,488**	19,069,439
Non-current Liabilities			
Borrowings	16	**-**	48,363
TOTAL LIABILITIES		**7,189,488**	19,117,802
NET ASSETS		**12,789,496**	14,959,149
EQUITY			
Contributed equity	19	**57,751,202**	57,751,202
Accumulated losses	20(b)	**(48,148,406)**	(46,623,397)
Reserves	20(a)	**3,186,700**	3,831,344
TOTAL EQUITY		**12,789,496**	14,959,149

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 2016

	Note	Contributed equity $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2015		57,751,202	3,831,344	(46,623,397)	14,959,149
Total comprehensive income for the year					
Loss for the year		-	-	(1,525,009)	(1,525,009)
Other comprehensive loss		-	(940,779)	-	(940,779)
Total comprehensive loss for the year		**-**	**(940,779)**	**(1,525,009)**	**(2,465,788)**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		-	-	-	-
Share-based payment transactions		-	296,135	-	296,135
Total transactions with owners		-	296,135	-	296,135
Balance at 30 June 2016	19, 20	**57,751,202**	**3,186,700**	**(48,148,406)**	**12,789,496**

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

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 2016

	Note	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Cash receipts in the course of operations		**31,901,032**	22,233,796
Cash payments in the course of operations		**(31,149,751)**	(27,060,910)
Interest and other finance costs paid		**(1,380)**	(1,674)
Interest received		**48,860**	304,503
Income taxes paid		**(1,107)**	(1,169)
Net cash flows inflow/(outflow) from operating activities before movement in client funds		**797,654**	(4,525,454)
Net (decrease)/increase in cash held on behalf of customers		**(9,991,979)**	6,739,230
Net cash flows inflow/(outflow) from operating activities	22	**(9,194,325)**	2,213,776
Cash flows from investing activities			
Proceeds from disposal of assets		**20,453**	115,382
Purchase of intangible assets		**(62,149)**	(94,473)
Purchase of plant and equipment		**(2,355,934)**	(1,775,199)
Net cash flows inflow/(outflow) from investing activities		**(2,397,630)**	(1,754,290)
Cash flows from financing activities			
Hire purchase payments		**(90,275)**	(214,077)
Net cash flows inflow/(outflow) from financing activities		**(90,275)**	(214,077)
Net (decrease)/increase in cash and cash equivalents		**(11,682,230)**	245,409
Cash and cash equivalents at beginning of period		**16,289,523**	15,559,700
Effects of exchange rate changes on cash and cash equivalents		**(466,473)**	484,414
Cash and cash equivalents at end of period	9	**4,140,820**	16,289,523

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

Notes to the Financial Statements

1. Summary of significant accounting policies

Corporate Information
The financial statements of Smart Parking Limited for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 19 August 2016 and covers the Group consisting of Smart Parking Limited and its subsidiaries as required by the Corporations Act 2001.

The financial statements are presented in the Australian currency.

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

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

The addresses of the principal places of business are:
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Victoria 3207
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Penrose
Auckland 1061
New Zealand

Unit 43 Elmdon Trading Estate
Birmingham B37 7HE
United Kingdom

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

a) <u>Basis of preparation</u>

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

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

Notes to the Financial Statements (continued)

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

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

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes as required (refer note 2).

The financial information for the parent entity, Smart Parking Limited, included in note 25, has been prepared on the same basis as the consolidated financial statements.

b) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2016. 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.

c) Segment reporting

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

Notes to the Financial Statements (continued)

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

d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign gains and losses that relate to borrowings are presented in the statement of 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.

Notes to the Financial Statements (continued)

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

e) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

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

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

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

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

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

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

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

f) Government grants

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

Notes to the Financial Statements (continued)

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

g) Income tax

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Notes to the Financial Statements (continued)

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

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

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

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

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

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

h) Leases

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

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

i) Business combinations

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

Notes to the Financial Statements (continued)

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

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

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

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

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

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

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

j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements (continued)

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

k) Cash and cash equivalents

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

l) Trade receivables

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

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

The amount of the impairment loss is recognised in the statement of 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.

m) Inventories

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

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

n) Investments and other financial instruments

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

Notes to the Financial Statements (continued)

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

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

Financial assets at fair value-through profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

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

p) Intangible assets

(i) *Goodwill*

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

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

(ii) *Software development*

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

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

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

(iii) *Developed technology*

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

(iv) *Other intangible assets*

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

(v) *Subsequent expenditure*

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

(vi) *Amortisation*

Amortisation is based on the cost of the asset, less its residual value.

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

Notes to the Financial Statements (continued)

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

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

Software	- 3 years
Developed technology	- 7 years

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

q) Trade and other payables

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

r) Borrowings

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

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

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

s) Provisions, contingent liabilities and contingent assets

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

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

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

Notes to the Financial Statements (continued)

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

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

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

t) Employee benefits

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

(ii) *Long service leave*
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on 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.

Notes to the Financial Statements (continued)

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

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

u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

v) Earnings per share

(i) *Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Notes to the Financial Statements (continued)

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

x) Going concern

For the year ended 30 June 2016, the Group incurred a loss of $1.5m (2015: loss $5.4m) and net operating cash inflows of $0.8m (2015: outflow $4.5m). The Group's net cash position at reporting date is $3.4m down from $5.5m at 30 June 2015.

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

- Revenue growth is being achieved in both the Parking Management and Technology segments, and the outlook for the next 12 months is very positive.
- The loss for the period of $1.5m includes legal and related costs incurred in the current period of $0.8m which are not expected to occur in the future, loss on disposal of plant and equipment $0.9m and an income tax benefit of $0.7m.
- The Group committed $2.5m of capital investment for the period, the benefit of which will be realised in future periods. Further capital investments will be made, however the level of investment can be managed subject to the timing of other cash inflows and outflows.
- Management's forecast cash flows are supported by both a pipeline of contracted revenue, and expected revenue based on actual performance over the past 6 months.

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

Notes to the Financial Statements (continued)

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

y) <u>New and revised standards that are effective for these financial statements</u>

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

Certain new and revised accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period. The Group does not plan to adopt these standards early. An assessment of the impact of these new standards and interpretations is set out below:

New/revised pronouncement	Superseded Announcement	Nature of Change	Effective date (annual reporting period beginning on or after)	Impact on Initial Application
AASB 9 Financial Instruments (December 2014)	AASB 139 Financial Instruments: Recognition and Measurement (in part)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.	1 January 2018	The Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 15 Revenue from Contracts with Customers	AASB 118 Revenue AASB 111 Construction Contracts	AASB 15 establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue.	1 January 2018	The Group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

Notes to the Financial Statements (continued)

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

New/revised pronouncement	Superseded Announcement	Nature of Change	Effective date (annual reporting period beginning on or after)	Impact on Initial Application
AASB 16 Leases	AASB 117 Leases	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	1 January 2019	The Group has yet to make an assessment of the impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

Notes to the Financial Statements (continued)

2. Critical accounting estimates and judgements

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

Estimated recoverable amount of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy in note 1 p) (i). The recoverable amounts of cash-generating units have been determined using value-in-use calculations. These calculations require the use of assumptions. Refer to note 13 for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the goodwill is $1,606,073 (2015: $1,824,423). During the year there were no impairment losses.

Estimated recoverable amount of developed technology

The Group annually assesses whether there are any indicators that the developed technology described in note p) (iii) may be impaired. As indicators were identified the recoverable amounts of technology cash-generating unit have been determined using value-in-use calculations and an estimate of the assets fair value less costs to sell. These calculations require the use of assumptions with the key driver of future cash flows being revenue. In the event that the technology division does not generate revenues as planned an impairment of the developed technology may result. Refer to note 13 for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the developed technology is $1,452,485 (2015: $2,244,920) and there were no impairment losses.

Provision for net realisable value of inventory

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. Judgement is involved in determining the future realisable value of slow moving items or technology items which may become obsolete with advancements in future technology.

Recognition of deferred tax asset

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

Parking Charge Notice Revenue

The Group recognises a year-end accrual for Parking Charge Notice ('PCN') infringements issued but 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 contractual terms with car park owners, and the potential for cancellation or non-recovery.

Notes to the Financial Statements (continued)

2. Critical accounting estimates and judgements (cont'd)

Onerous lease provision

The Group recognises an onerous lease provision in respect of a property leased in the UK which is currently vacant. Judgement is involved in estimating future cash flows including how long the property will remain vacant and future expected recoveries from sub leasing.

3. Segment information

a) Description of segments

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

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

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.

b) Segment information provided to the board

The segment information provided to the Board for the reportable segments for the year ended 30 June 2016 is as follows:

Group - 2016	Technology $	Parking Management $	Total $
Total segment revenue	5,580,325	28,379,930	33,960,255
Inter-segment revenue	(2,201,971)	-	(2,201,971)
Revenue from external customers	**3,378,354**	**28,379,830**	**31,758,284**
Adjusted EBITDA	**(2,519,960)**	**5,347,259**	**2,827,299**
Depreciation and amortisation	56,645	1,781,499	1,838,144
Income tax expense / (benefit)	-	(684,798)	(684,798)
Total segment assets	4,152,694	16,743,722	20,896,416
Total assets includes:			
Additions to non-current assets	82,325	2,489,304	2,571,629
Total segment liabilities	1,634,252	23,518,037	25,152,289

Notes to the Financial Statements (continued)

3. Segment information (cont'd)

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

The segment information provided to the Board for the reportable segments for the year ended 30 June 2015 is as follows:

Group - 2015	Technology $	Parking Management $	Total $
Total segment revenue	3,993,903	21,406,116	25,400,019
Inter-segment revenue	(1,842,821)	-	(1,842,821)
Revenue from external customers	**2,151,082**	**21,406,116**	**23,557,198**
Adjusted EBITDA	**(2,663,151)**	**743,838**	**(1,919,313)**
Depreciation and amortisation	65,008	1,662,652	1,727,660
Income tax expense	-	(942,100)	(942,100)
Total segment assets	2,328,737	29,752,838	32,081,575
Total assets includes:			
Additions to non-current assets	137,498	1,896,712	2,034,210
Total segment liabilities	895,314	38,419,692	39,315,006

Notes to the Financial Statements (continued)

	Consolidated	
	2016	2015
	$	$

3. Segment information (cont'd)

c) Other segment information

(i) Segment revenue

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

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

Total segment revenue	**33,960,255**	25,400,019
Intersegment eliminations	**(2,201,971)**	(1,842,821)
Interest revenue	**46,867**	237,966
	31,805,151	23,795,164

Revenue for the Group is analysed as follows:

Group	Revenue $ 2016	$ 2015	Non-current assets $ 2016	$ 2015
New Zealand	**1,391,528**	314,120	**1,609,521**	2,393,290
Australia	**1,302,641**	703,724	**5,217**	3,354
United Kingdom	**31,249,345**	24,329,482	**4,122,169**	4,976,090
Other	**16,741**	52,693	**-**	-
Totals prior to intercompany eliminations	**33,960,255**	25,400,019	**5,736,907**	7,372,734
Intercompany eliminations	**(2,201,971)**	(1,842,821)	**-**	-
Total	**31,758,284**	23,557,198	**5,736,907**	7,372,734

During the year the Group had one customer that contributed more than 10% of revenue from sales of good and services amounting to $9,229,156 (29%) (2015: $7,775,535 (33%)). The contract with this customer ended on 30 April 2016. Following the termination of the contract the Group retained plant and equipment which can now be directed to new sites which are expected to provide a higher return on capital.

Notes to the Financial Statements (continued)

	Consolidated 2016 $	Consolidated 2015 $

3. Segment information (cont'd)

(ii) Adjusted EBITDA

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement excludes the effects of 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 central treasury function, which manages the cash position of the group.

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

	2016 $	2015 $
Adjusted EBITDA	**2,827,299**	(1,919,313)
Intersegment eliminations	**2,184,375**	(1,825,614)
Interest revenue	**46,867**	237,966
Interest expense	**(1,380)**	(1,674)
Depreciation	**(1,779,137)**	(1,729,408)
Amortisation	**(880,680)**	(868,062)
Loss on disposal of fixed property, plant and equipment	**(946,692)**	(178,236)
Restructuring costs	**-**	(431,300)
Professional fees and settlement related to dispute	**(831,073)**	(767,343)
Adjusted EBITDA for parent company	**(2,795,898)**	1,207,434
Other	**(33,488)**	(108,277)
Loss before income tax from operations	**(2,209,807)**	(6,383,827)

Notes to the Financial Statements (continued)

	Consolidated	
	2016	**2015**
	$	**$**

3. Segment information (cont'd)

(iii) Segment assets

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

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

	2016	2015
Segment assets	**20,896,416**	32,081,575
Intersegment eliminations	**(14,596,813)**	(17,157,287)
Unallocated:		
Parent company assets	**13,679,381**	19,152,663
Total assets as per the balance sheet	**19,978,984**	34,076,951

(iv) Segment liabilities

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

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

	2016	2015
Segment liabilities	**25,152,289**	39,315,006
Intersegment eliminations	**(18,571,729)**	(21,153,085)
Unallocated:		
Parent company liabilities	**608,928**	955,881
Total liabilities as per the balance sheet	**7,189,488**	19,117,802

Notes to the Financial Statements (continued)

	Consolidated	
	2016	2015
	$	$

4. Financial risk management

The Groups activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments, however the Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

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

The group holds the following financial instruments:

	2016 $	2015 $
Financial assets		
Cash and cash equivalents	**4,140,820**	16,289,523
Trade and other receivables	**3,944,903**	4,942,436
	8,085,723	21,231,959
Financial liabilities		
Trade and other payables	**5,830,073**	18,127,108
Borrowings	**7,208**	97,483
	5,837,481	18,224,591

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 British Pound) at the end of the reporting period, expressed in Australian dollars was $2.4m (2015: $44,647).

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.

Notes to the Financial Statements (continued)

4. Financial risk management (cont'd)

(ii) Price risk

The Group is not exposed to equity securities price risk as it does not hold securities that are subject to price fluctuations.

(iii) Cash flow and fair value interest rate risk
Some of the Group's cash balance is held in a high interest earning account. Sensitivity analysis is not disclosed based on management's calculations as 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 2016		**30 June 2015**	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
Cash and cash equivalents	**2.90%**	**4,140,820**	3.46%	16,289,523

b) Credit risk

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

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

The maximum exposure to credit risk is the carrying amount of the financial assets of cash and other receivables to the value of $8,085,723 (2015: $21,231,959).

As of 30 June 2016, trade receivables of $408,025 (2015: $1,305,479) were past due but were not impaired. These relate to a number of independent customers for whom there is no recent history of default (Refer to note 10).

c) Liquidity risk

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

As at reporting date the Group had net working capital of $3,860,668 (2015: $4,786,806). The Group manages liquidity risk by continuously monitoring cash flow forecasts and actual cash flows on a monthly basis.

Notes to the Financial Statements (continued)

4. Financial risk management (cont'd)

The financial liabilities of the Group at reporting date included:

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

Maturities of financial liabilities

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

GROUP **As at 30 June 2016**	*Less than 6 months* **$**	*6 – 12 months* **$**	*Greater than 12 months* **$**	*Total contractual cashflows* **$**	*Carrying Amounts* **$**
Non-derivatives					
Trade payables	**5,830,073**	**-**	**-**	**5,830,073**	**5,830,073**
Hire purchase liabilities	**7,408**	**-**	**-**	**7,408**	**7,408**
Total non-derivatives	**5,837,481**	**-**	**-**	**5,837,481**	**5,837,481**

GROUP **As at 30 June 2015**	*Less than 6 months* **$**	*6 – 12 months* **$**	*Greater than 12 months* **$**	*Total contractual cashflows* **$**	*Carrying Amounts* **$**
Non-derivatives					
Trade payables	18,127,108	-	-	18,127,108	18,127,108
Hire purchase liabilities	24,560	24,560	48,363	97,483	97,483
Total non-derivatives	18,151,668	24,560	48,363	18,224,591	18,224,591

d) Fair value

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

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

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

Notes to the Financial Statements (continued)

	Note	Consolidated 2016 $	2015 $
5. Revenue and other income			
Revenue from operations			
Revenue from sale of goods and services		**31,758,284**	23,557,198
Interest revenue		**46,867**	237,966
Total revenue from operations		**31,805,151**	23,795,164

6. Expenses

Loss before income tax includes the following specific expenses:

	Note	2016 $	2015 $
Depreciation:			
- Motor vehicles		**(86,259)**	(412,051)
- Plant and equipment		**(1,621,703)**	(1,189,534)
- Office equipment		**(28,583)**	(96,070)
- Leasehold improvements		**(42,592)**	(31,753)
Total depreciation		**(1,779,137)**	(1,729,408)
Amortisation		**(880,680)**	(868,062)
Total depreciation and amortisation		**(2,659,817)**	(2,597,470)
Finance costs:			
- Interest expense		**(1,380)**	(1,674)
- Bank fees and charges		**(89,100)**	(80,998)
Total finance costs		**(90,480)**	(82,672)
Other expenses:			
- Audit fees	24	**(137,709)**	(108,563)
- ASX and share registry expense		**(62,870)**	(56,373)
- Consultants expense		**(287,174)**	(116,188)
- Foreign exchange gain/(loss) (net)		**(412,604)**	75,222
- Impairment of trade debtors		**39,189**	114,129
- Legal fees		**(918,334)**	(763,964)
- Gain/(loss) on disposal of fixed property, plant and equipment		**(946,692)**	(178,236)
- Motor vehicle expense		**(538,383)**	(410,813)
- Support and development		**(37,297)**	(57,420)
- Travel and Accommodation		**(789,154)**	(752,324)
- Insurance		**(335,551)**	(362,109)
- Telephone and communications		**(473,145)**	(414,142)
- Cash collection fees		**(748,474)**	(823,448)
- Licencing Authority fees		**(1,766,914)**	(1,297,511)
- Repairs and maintenance		**(966,292)**	(965,158)
- IT Support		**(450,209)**	(397,212)
- Staff recruitment		**(167,323)**	(228,872)

Notes to the Financial Statements (continued)

	Consolidated 2016 $	2015 $

7. Income tax expense

a) Income tax expense

	2016 $	2015 $
Current tax	**-**	**-**
Deferred tax	**(207,459)**	**-**
Benefits of tax losses	**(477,339)**	(1,023,550)
Tax expense	**(684,798)**	(1,023,550)
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**(684,798)**	(1,023,550)
(Decrease)/increase in deferred tax liabilities	**-**	-

b) Reconciliation of income tax expense to prima facie tax payable

	2016 $	2015 $
Profit/(loss) before income tax expense	**(2,209,807)**	(6,383,827)
Tax at the Australian rate of 30% (2015: 30%)	**(662,942)**	(1,915,148)
Tax effect of permanent differences:		
Rate differences	**10,275**	206,813
Intangible impairment expense	**250,191**	249,630
Non-deductible expenses	**888,300**	(152,669)
Share-based payments expense	**66,496**	53,926
Other timing differences	**(210,063)**	5,924
Benefits of tax losses and other timing differences not brought to account	**(1,027,055)**	527,974
Tax expense	**(684,798)**	(1,023,550)

c) Unrecognised temporary differences

Deferred tax assets and liabilities not recognised relate to the following:

	2016 $	2015 $
Deferred tax assets		
Tax losses	**2,845,100**	3,492,590
Other temporary differences	**822,041**	510,209
Deferred tax liabilities		
Other temporary differences	**-**	-
	3,667,141	4,002,799

Notes to the Financial Statements (continued)

	Consolidated	
	2016	**2015**
	$	**$**

7. Income tax expense (cont'd)

A deferred tax asset has been recognised on tax losses in Smart Parking Limited (UK) which are expected to be utilised within the next 24 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 $1,343,799 (2015: $531,047) giving rise to an unrecognised deferred tax asset of $403,140 (2015: $159,314);
- Tax losses arising in New Zealand $8,721,284 (2015: $7,534,824) giving rise to an unrecognised deferred tax asset of $2,441,960 (2015: $2,109,751).

At 30 June 2016, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has no liability for additional taxation should such amounts be remitted.

a) Tax consolidation legislation

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

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

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

Notes to the Financial Statements (continued)

8. Earnings/(loss) per share

Basic profit/ (loss) per share (cents per share)	**(0.51)**	(1.84)
Diluted profit/ (loss) per share (cents per share)	**(0.51)**	(1.84)
Profit/ (loss) used in calculating EPS	**(1,525,009)**	(5,360,277)
Basic and diluted loss per share		
Profit/(Loss) used in calculating EPS		
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**No.**	**No.**
	296,174,197	292,090,794

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:	**(1,525,009)**	(5,360,277)

The earnings per share calculation has not been adjusted for the 5,792,283 deferred share rights (2015: 2,243,014) as the company has made a loss in the current year and this would be considered antidilutive. These deferred share rights could potentially dilute basic earnings per share in the future.

Notes to the Financial Statements (continued)

	Consolidated 2016 $	2015 $

9. Cash and cash equivalents

	2016 $	2015 $
Cash at bank and in hand	**3,368,970**	5,525,694
Cash held on behalf of customers	**771,850**	10,763,829
	4,140,820	16,289,523

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

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

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

10. Trade and other receivables

	2016 $	2015 $
Current		
Trade receivables	**1,415,713**	2,602,138
Provision for impairment of receivables (a)	**(45,053)**	(92,120)
	1,370,660	2,510,018
Prepayments	**1,321,479**	1,283,572
Other receivables (d)	**2,574,243**	2,398,846
	5,266,382	6,192,436
Non-current receivables (d)	**-**	33,572
	5,266,382	6,226,008

Further information relating to the receivable from a related party is set out in note 27.

a) Impaired trade receivables
As at 30 June 2016 current trade receivables of the group with a nominal value of $45,053 (2015: $92,120) were impaired. The amount of the provision was $45,053 (2015: $92,120).

The ageing analysis of these trade receivables is as follows:

	2016 $	2015 $
1 to 3 months	**4,415**	15,167
3 to 6 months	**34,024**	5,810
Over 6 months	**6,614**	71,143
	45,053	92,120

Notes to the Financial Statements (continued)

	Consolidated 2016 $	2015 $

10. Trade and other receivables (cont'd)

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

	2016 $	2015 $
At 1 July	**92,120**	203,361
Provision for impairment recognised during the year	**74,649**	56,824
Receivables written off during the year as uncollectible	**(26,286)**	(11,604)
Unused amount reversed	**(89,064)**	(172,365)
Foreign exchange translation	**(6,366)**	15,904
At 30 June	**45,053**	92,120

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

b) Past due but not impaired

As of 30 June 2016, trade receivables of $408,025 (2015: $1,305,479) 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:

	2016 $	2015 $
Up to 3 months	**256,671**	1,173,416
3 months and over	**151,354**	132,063
	408,025	1,305,479

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 2016 and 30 June 2015.

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

d) Other receivables

These amounts include accrued income for Pay and Display revenue including cash not collected or cash collected and in transit to the bank at reporting date, and Parking Charge Notice revenue for infringements issued which are expected to be paid subsequent to reporting date.

e) Foreign exchange and interest rate risk

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

Notes to the Financial Statements (continued)

	Consolidated 2016 $	Consolidated 2015 $

11. Inventories

	2016 $	2015 $
Stock in Transit	**23,373**	12,576
Work in progress	**160,704**	38,773
Finished goods	**1,457,770**	1,321,768
	1,641,847	1,373,117

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

Consolidated	Motor Vehicles $	Office Equipment $	Plant and Equipment $	Leasehold Improvem-ents $	Total $
Year ended 30 June 2016					
At 1 July 2015					
Opening net book amount	**134,273**	**84,819**	**4,253,472**	**471,109**	**4,943,673**
Additions	**188**	**28,170**	**2,421,741**	**63,460**	**2,513,559**
Disposals	**(1,282)**	**-**	**(954,063)**	**(12,145)**	**(967,490)**
Depreciation charge for the year	**(86,259)**	**(28,583)**	**(1,621,703)**	**(42,592)**	**(1,779,137)**
Foreign exchange translation	**893**	**(4,372)**	**(478,360)**	**(55,691)**	**(537,530)**
Closing net book amount	**47,813**	**80,034**	**3,621,087**	**424,141**	**4,173,075**
At 30 June 2016					
Cost or fair value	**449,809**	**408,644**	**8,239,070**	**546,605**	**9,644,128**
Accumulated depreciation & impairment	**(401,996)**	**(328,610)**	**(4,617,983)**	**(122,464)**	**(5,417,053)**
Net book amount	**47,813**	**80,034**	**3,621,087**	**424,141**	**4,173,075**

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

Notes to the Financial Statements (continued)

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

(a) Assets in the course of construction

The carrying amounts of assets disclosed above include the plant and equipment expenditure of $112,181 (2015: $349,387) recognised in relation to property, plant and equipment which is in the course of construction. The group has no capital expenditure contracted for at the reporting date (2015: $206,348).

13. Intangible assets (non-current)

	Software	Developed Technology	Goodwill	Other intangible assets	Total
	$	$	$	$	$
Year ended 30 June 2016					
Opening net book amount	**141,908**	**2,244,920**	**1,824,423**	**8,660**	**4,219,911**
Additions	**35,126**	**27,023**	**-**	**-**	**62,149**
Disposals	**-**	**-**	**-**	**-**	**-**
Exchange differences	**(12,527)**	**-**	**(218,350)**	**(598)**	**(231,475)**
Amortisation charge	**(57,397)**	**(819,458)**	**-**	**(3,825)**	**(880,680)**
Closing net book amount	**107,110**	**1,452,485**	**1,606,073**	**4,237**	**3,169,905**
At 30 June 2016					
Cost	**834,809**	**5,785,380**	**13,806,554**	**23,727**	**20,450,470**
Accumulated amortisation and impairment	**(727,699)**	**(4,332,895)**	**(12,200,481)**	**(19,490)**	**(17,280,565)**
Net book amount	**107,110**	**1,452,485**	**1,606,073**	**4,237**	**3,169,905**

	Software	Developed Technology	Goodwill	Other intangible assets	Total
	$	$	$	$	$
Year ended 30 June 2015					
Opening net book amount	**138,265**	**2,980,367**	**1,611,324**	**12,977**	**4,742,933**
Additions	**26,847**	**67,626**	**-**	**-**	**94,473**
Disposals	**(280)**	**-**	**-**	**-**	**(280)**
Exchange differences	**36,594**	**-**	**213,099**	**1,154**	**250,847**
Amortisation charge	**(59,518)**	**(803,073)**	**-**	**(5,471)**	**(868,062)**
Closing net book amount	**141,908**	**2,244,920**	**1,824,423**	**8,660**	**4,219,911**
At 30 June 2015					
Cost	**830,321**	**5,758,357**	**14,147,403**	**25,547**	**20,761,628**
Accumulated amortisation and impairment	**(688,413)**	**(3,513,437)**	**(12,322,980)**	**(16,887)**	**(16,541,717)**
Net book amount	**141,908**	**2,244,920**	**1,824,423**	**8,660**	**4,219,911**

Notes to the Financial Statements (continued)

	Consolidated	
	2016	**2015**
	$	**$**

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

(a) Impairment test for goodwill and developed technology

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

A CGU level summary of the allocation is presented below.

CGU		
Parking management - goodwill	**1,606,073**	1,824,423
Technology – developed technology	**1,452,485**	2,244,920
	3,058,558	4,069,343

The recoverable amount of the Parking management and Technology CGU is determined on value-in-use calculations. These calculations use cash flow projections based on financial budgets prepared by management covering a one year period and expected short term growth rates for a further 4 years. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

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

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

Notes to the Financial Statements (continued)

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

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

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

Parking management CGU		
Average annual growth rate over the budget period*	**5.0%**	9.8%
Growth rate to perpetuity **	**2.5%**	2.5%
Discount rate ***	**13.5%**	14.4%
Technology CGU		
Average annual growth rate over the budget period*	**20.0%**	33.5%
Growth rate to perpetuity **	**2.5%**	2.5%
Discount rate ***	**25.0%**	25.0%

* Average revenue growth rate used to determine cash flows.
**Weighted average growth rate used to extrapolate cash flows beyond the budget period to perpetuity.
***Post-tax discount rate.

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

Cash flow assumptions

Technology Division

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

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

The discount rate is high relative to the Group's weighted average cost of capital to reflect the risk that is inherent in the division at its current stage of development and the difficulties associated with accurately forecasting future cash flows with limited historical information. It also reflects the sensitivity of the value-in-use calculations to revenue growth.

Notes to the Financial Statements (continued)

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

Parking Management Division
The assets were subject to an annual impairment test. The performance of the division improved during the year following improved yields on both managed and leased sites, growth in the number of sites under management and a strong focus on cost control.

(c) Impairment charge

There has been no impairment charge for the year ended 30 June 2016.

(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 34% lower than management's estimates at 30 June 2016 the goodwill would be fully impaired by $1,606,073.

If the revenue forecast in the five year cash flow projections for the Technology CGU had been 5% lower than management's estimates at 30 June 2016 the group would have recognised impairment against the developed technology of $930,215.

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 2016 the value-in-use would reduce by $3.1m but the goodwill would not be impaired.

If the discount rate used in the forecast in the five year cash flow projections for the Technology CGU had been 5% higher than management's estimates at 30 June 2016 the value-in-use would reduce by $1.1m but the developed technology would not be impaired.

Notes to the Financial Statements (continued)

	Consolidated 2016 $	Consolidated 2015 $
14. Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Tax losses	**1,378,389**	1,023,550
Other temporary differences	**207,459**	-
	1,585,848	1,023,550

Movements	Tax losses $	Other temporary differences $	Total $
At 1 July 2014	-	-	-
(Charged)/credited			
- to profit or loss	1,023,550	-	1,023,550
- directly to equity	-	-	-
At 30 June 2015	1,023,550	-	1,023,550
(Charged)/credited			
- to profit or loss	354,839	207,459	562,298
- directly to equity	-	-	-
At 30 June 2016	1,378,389	207,459	1,585,848

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

Notes to the Financial Statements (continued)

	Consolidated 2016 $	Consolidated 2015 $
15. Trade and other payables		
Current		
Trade payables	**2,380,298**	2,858,142
Related party payables	**23,146**	45,899
Other payables	**3,426,629**	15,223,067
	5,830,073	18,127,108

(a) All trade and other payables are expected to be settled within 12 months. Other payables includes $771,850 (2015: $10,763,829) payable to customers for cash that Smart Parking UK has collected and counted on behalf of customers, the associated cash for this is included in cash at bank. Other payables also includes provisions related to an onerous lease.

(b) Risk exposure

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

16. Borrowings

	2016 $	2015 $
Secured		
Current hire purchase liabilities	**7,208**	49,120
Non-current hire purchase liabilities	**-**	48,363
	7,208	97,483

Hire purchase liabilities are effectively secured as the rights to the hire purchased assets recognised in the financial statements revert to the hire purchase lessor in the event of default. Further information relating to hire purchase liabilities is set out in note 30.

17. Deferred revenue

	2016 $	2015 $
Current		
Revenue received in advance	**633,018**	156,585

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.

18. Provisions

	2016 $	2015 $
Current		
Employee benefits	**719,189**	736,626

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

Notes to the Financial Statements (continued)

19. Issued capital

	Note	Group 2016 No.	Group 2016 $	Group 2015 No.	Group 2015 $
Ordinary shares					
- Issued and fully paid	(a)	**296,174,197**	**57,751,202**	292,090,794	57,751,202
Less Treasury shares		**(5,792,283)**		(2,243,014)	
Total consolidated contributed equity		**290,381,914**	**57,751,202**	289,847,780	57,751,202

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	$
30 June 2014 and 2015	Balance	292,090,794		57,751,202
8 January 2016	Shares issued under deferred share and incentive plan	4,083,403		-
30 June 2016	**Balance**	**296,174,197**		**57,751,202**

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 23 (b)).

Capital risk management

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

At the 30 June 2016 the Group has capital of $12,789,496 (2015: $14,959,149).

Notes to the Financial Statements (continued)

	Consolidated	
	2016	2015
	$	$

20. Reserves and accumulated losses

(a) Reserves

	2016 $	2015 $
Share based payments	**1,749,031**	1,452,896
Foreign currency translation	**1,437,669**	2,378,448
	3,186,700	3,831,344

	2016 $	2015 $
Movements in share based payment reserve were as follows:		
Balance 1 July	**1,452,896**	1,235,892
Deferred share rights and option expense	**296,135**	217,004
Balance 30 June	**1,749,031**	1,452,896

Share based options
The Company has no unlisted options over ordinary shares on issue at 30 June 2016.

Deferred share rights
The Company has 5,592,283 deferred share rights on issue at 30 June 2016. Each right shall entitle the holder to acquire one share for nil consideration providing they are still employed by the Company and they have met the time hurdle.

	2016 $	2015 $
Movements in foreign currency translation reserve were as follows:		
Balance 1 July	**2,378,448**	1,571,961
Currency translation differences arising during the year	**(940,779)**	806,487
Balance 30 June	**1,437,669**	2,378,448

<u>Nature and purpose of reserves</u>

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

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

(b) Accumulated losses

	2016 $	2015 $
Balance 1 July	**(46,623,397)**	(41,263,120)
Net profit/(loss) for the year	**(1,525,009)**	(5,360,277)
Balance 30 June	**(48,148,406)**	(46,623,397)

Notes to the Financial Statements (continued)

	Consolidated 2016 $	2015 $

21. Related party transactions

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

(a) Parent entity
The parent entity 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 26.

22. Reconciliation of cash flows from operating activities

	2016 $	2015 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Profit/(Loss) after income tax for the period	**(1,525,009)**	(5,360,277)
Adjustments for:		
Loss on disposal of plant and equipment	**946,692**	178,236
Depreciation and amortisation expense	**2,659,817**	2,597,470
Impairment of trade receivables	**(39,189)**	(114,129)
Share-based payments expense	**296,135**	217,004
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in trade and term receivables	**1,146,017**	344,702
(Increase)/decrease in inventories	**(268,730)**	23,157
(Increase)/decrease in other current assets	**(903,423)**	(1,344,656)
Increase/(decrease) in trade payables and accruals	**(10,944,399)**	6,695,821
Increase/(decrease) in tax payable and deferred tax	**(562,236)**	(1,023,552)
Net Cash inflow /(outflow) from operations	**(9,194,325)**	2,213,776

Notes to the Financial Statements (continued)

23. Share based payments

(a) Options

There were no unissued ordinary shares under option at 30 June 2016.

Fair value of options granted

30 June 2016
There were no options granted during the year ended 30 June 2016.

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

(b) Deferred Share and Incentive Plan

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

At 30 June 2016 5,792,283 (2015: 2,243,014) shares have been set aside under the Plan and 5,592,283 (2015: 3,810,323) deferred share rights or shares have been allocated to particular employees. Employees have the right to acquire the shares no sooner than 2 years and no later than 5 years from the date of allocation for nil consideration.

No deferred share rights were issued to Directors for the year ending 30 June 2016 other than 415,385 rights to deferred shares granted to Mr Gillespie (2015: 1,000,000).

Notes to the Financial Statements (continued)

23. Share based payments (cont'd)

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

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value Per Right at Grant Date	% vested
1 October 2011	1 October 2014	1 October 2016	$0.00	$0.30	100%
20 February 2012	20 February 2015	20 February 2017	$0.00	$0.31	100%
1 July 2012	1 July 2015	1 July 2017	$0.00	$0.27	100%
29 August 2012	29 August 2015	29 August 2017	$0.00	$0.26	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	0%
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	0%
16 September 2014	16 September 2016	16 September 2018	$0.00	$0.14	0%
28 November 2014	28 November 2016	28 November 2018	$0.00	$0.15	0%
2 March 2015	2 March 2016	2 March 2018	$0.00	$0.11	100%
2 March 2015	2 March 2017	2 March 2019	$0.00	$0.11	0%
2 March 2015	2 March 2018	2 March 2020	$0.00	$0.11	0%
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	$0.13	0%
1 November 2015	1 November 2018	1 November 2020	$0.00	$0.13	0%

	Consolidated 2016 $	Consolidated 2015 $
Deferred share rights issued under the plan to participating employees	**5,592,283**	3,810,323

(c) Expenses arising from share based payment transactions

	2016 $	2015 $
Deferred share rights	**296,135**	217,004

Notes to the Financial Statements (continued)

24. Auditor's Remuneration

	Consolidated 2016 $	Consolidated 2015 $
Audit Services		
Audit and review of financial reports		
Grant Thornton, Australia	**70,500**	62,400
Grant Thornton, United Kingdom	**67,209**	46,163
Total remuneration for audit services	**137,709**	108,563
Non-audit services		
Other assurance services		
Grant Thornton, United Kingdom	**50,878**	-
Total remuneration for non-audit related services	**50,878**	-

Notes to the Financial Statements (continued)

	Parent 2016 $	Parent 2015 $

25. Parent Entity Information

The following details information related to the parent entity, Smart Parking Limited, as at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2016 $	2015 $
Current assets	**3,791,279**	3,989,674
Non-current assets	**9,889,095**	15,162,989
Total assets	**13,680,374**	19,152,663
Current liabilities	**608,928**	955,881
Non-current liabilities	**-**	-
Total liabilities	**608,928**	955,881
Contributed equity	**57,751,202**	57,751,202
Retained earnings/ (accumulated losses)	**(46,428,787)**	(41,331,569)
Option reserve	**1,749,031**	1,452,896
Total equity	**13,071,446**	17,872,529
Profit/(Loss) for the year	**(5,097,218)**	2,502,274
Other comprehensive income/ (loss) for the year	**-**	-
Total comprehensive income/ (loss) for the year	**(5,097,218)**	2,502,274

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

Notes to the Financial Statements (continued)

	Consolidated 2016 $	2015 $

26. Key management personnel disclosures

(a) Key management personnel compensation

	2016 $	2015 $
Short-term employee benefits	**1,013,681**	948,558
Share based payments	**192,670**	55,722
Termination benefits	**-**	89,499
	1,206,351	1,093,779

(b) Equity Instrument disclosures relating to key management personnel

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

(ii) Option holdings
There were no unissued ordinary shares under option at 30 June 2016.

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

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

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

(c) Loans to key management personnel

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

Notes to the Financial Statements (continued)

26. Key management personnel disclosures (cont'd)

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

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

	Consolidated 2016 $	Consolidated 2015 $
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 revenue		
Revenue for hardware and software and services	**-**	-
Amounts recognised as expense		
Company secretarial fees	**69,300**	69,300
Share registry fees	**24,670**	20,761
Bulk print and mail services	**386,004**	301,839
Rent	**10,550**	24,000
	490,524	415,900

27. Dividends paid or proposed

There were no dividends paid or proposed during the year.

28. After reporting period events

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

Notes to the Financial Statements (continued)

29. Contingencies

The group had contingencies at 30 June 2016 in respect of:

(a) Contingent liabilities

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 25.

	Consolidated	
	2016	**2015**
	$	**$**

30. Commitments

(a) Capital commitments

The group has no capital expenditure contracted for at the reporting date (2015: $206,348).

(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:

Within one year	**2,480,493**	2,273,884
Later than one year but not later than five years	**7,049,787**	6,189,617
Later than five years	**7,009,728**	8,140,284
	16,540,008	16,603,785

(c) Hire purchase commitments

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

Commitments in relation to hire purchase as follows:

Within one year	**7,208**	49,120
Later than one year but not later than five years	**-**	48,363
Later than five years	**-**	-
	7,208	97,483

Notes to the Financial Statements (continued)

31. Dispute Resolution

On the 12th January 2015 Mr Dickson and Smart Parking Limited entered into an agreement under which all outstanding disputes would be resolved through an expert determination. Under the agreement the claims Mr Dickson and Smart Parking had filed against each other in the English High Court were stayed. The Independent Expert adjudicating on the dispute determined that a net asset adjustment of $1.9m should be made in the Smart Parking Limited's favour. In the case of the earn out the Independent Expert agreed with Smart Parking Limited that no earn out payment was due. The net result, after taking into account that Smart Parking had already received $ 2.3m in connection with the sale of Smart Parking Limited shares previously held by the vendor was that the Company was required to pay $0.4m to the vendor. Refer to the Company's Announcement dated 15 December 2015 for further details on the settlement.

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 2016 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 2016, 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

19 August 2016