Smart Parking Limited (formerly Car Parking Technologies Limited) and its Controlled Entities

ABN 45 119 327 169

Annual Report

For the year ended 30 June 2013

Contents

Corporate Information

This Annual Report covers both Smart Parking Limited as an individual entity and the Consolidated entity comprising Smart Parking Limited and its subsidiaries. The Group's presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Director's report on page 2. The Directors' report is not part of the financial report.

Directors

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

Auditors

Grant Thornton Audit Pty Ltd
525 Collins Street
Melbourne VIC 3001

Company Secretary

Mr Jeremy King

Bankers

Westpac
Level 13, 109 St Georges Terrace
Perth WA 6000

Registered Office

945 Wellington Street
West Perth, Western Australia 6005
Telephone : +61 8 9322 7600
Facsimile : +61 8 9322 7602

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone : +61 8 9323 2000
Facsimile : +61 8 9323 2033

Stock Exchange

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

Website

www.smartparking.com

ASX Code: SPZ

Directors Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Smart Parking Limited and entities it controlled at the end of, or during the year ended 30 June 2013.

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 Collins[1]	Managing Director
Mr Paul Gillespie[2]	Managing Director
Ms Penelope Maclagan	Non-Executive Director
Ms Tiffany Fuller	Non-Executive Director
Mr Jeremy King[3]	Non-Executive Director
Mr Bernie Dickson[4]	Executive Director

[1]Resigned 7 January 2013
[2]Appointed 7 January 2013
[3]Appointed 1 August 2012
[4]Resigned 22 September 2012

Principal activities

The Group operates two main divisions:

The Technology division activities were sales of car parking technology hardware, software and associated products and services.

The Parking Management division (Smart Parking Limited (UK)) activities were parking management solutions mainly in the retail sector.

Review of Operations

The loss of the Group for the financial year after income tax amounted to $7,278,928 (2012: loss of $17,151,635).

The year has seen the successful transition to a new Managing Director with Mr Paul Collins the Founder of the Technology business retiring during the year. Mr Paul Gillespie commenced as Managing Director in January 2013.

Technology Division – Since the appointment of the new Managing Director the focus has been on reviewing the strategy and developing the team to deliver on that strategy. Development has continued on the next generation vehicle detection sensor and integrating Radio Frequency Identification into the sensor.

Sales of $1.8m (2012: $2.8m) were below expectations. This was partially offset by higher gross margins. As part of the Group reviewing its strategy it has now implemented dedicated sales resources in New Zealand, Australia, USA and the UK.

Directors Report (continued)

Review of Operations (cont'd)

Parking Management Division - The focus has continued on integrating the parking management business, Smart Parking Limited (UK), into the Group including restructuring the business and rolling out technology which the Group is now starting to see the benefits from. Management fees decreased by 7% as expected and this was offset by a 17% increase in civil penalty income on an annualised basis. Adjusted EBITDA for the division improved to breakeven (2012: 6 months post acquisition loss of $0.6m).

The results for the Group include $2.6m of restructuring and non-recurring costs which includes a $1.3m impairment of the net asset receivable associated with the Group's acquisition of Smart Parking (UK). Refer note 28.

The Group's cash on hand reduced by $6.4m to $4.6m, major movements included additions to fixed assets of $1.7m, proceeds from sale of property $0.8m, settlement of UK legacy tax liabilities $1.5m, net outflow in cash held on behalf of customers of $2.3m, and other restructuring and non-recurring costs of $0.6m.

Dividends

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

Significant changes in state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

The Group changed its name from Car Parking Technologies Limited to Smart Parking Limited to market itself under a global brand.

Matters subsequent to the end of the financial year

On 24 July 2013, entities associated with two Directors made a loan facility of up to $3m ($1m currently drawn) available to the Group. The loan facility is unsecured, attracts an interest rate of 10% payable monthly and may be repaid at any time without penalty, with principal otherwise due for repayment by 24 July 2015.

As outlined in note 28 the recoverable amount of the net asset adjustment on the acquisition of Smart Parking Limited (UK) has increased by $90,696 due to an increase in the share price from $0.15 at 30 June 2013 to $0.16 at 30 August 2013.

The Group has agreed terms for the sale of a property in the United Kingdom which is included in the Statement of Financial Position as Assets classified as held for sale. The legal documentation for the sale has yet to be completed.

The Group expects to settle the remaining UK legacy tax liabilities of $1.2m in the first quarter of FY14.

Except for matters discussed above there have been no matters subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future years.

Directors Report (continued)

Review of Operations (cont'd)

Likely developments and expected results of operations

Whilst the Group expects growth in revenues from the Technology Division as result of the review in strategy and through having dedicated sales resource in its major markets the majority of the revenue will continue to be derived from the Parking Management division.

The Parking Management division operates primarily in the retail market in the United Kingdom. The division is looking to diversify into other market segments and lease new sites, and to improve yield management on existing car parking sites.

Environmental regulation

The Directors are mindful of the regulatory regime in relation to the impact of the organisational activities on the environment. There have been no known breaches by the Group during the financial year.

Directors Report (continued)

Information on Directors

Mr Christopher Morris	-	Non-Executive Chairman
Age	-	65
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	-	41,475,560 Ordinary Fully Paid Shares (indirect)
Directorships held in other listed entities	-	Mr Morris is the Non-Executive Chairman of Computershare Limited and was previously Chief Executive Officer from 1990 to 2006. Mr Morris is a Non-Executive Director of Adslot Limited.

Mr Paul Collins	-	Managing Director (resigned 7 January 2013)
Age	-	52
Qualifications	-	-
Experience	-	Mr Collins has a variety of experience in both the public and private sectors as well as private business ownership. As founder of Smart Parking Limited (NZ) his key strength is identifying business opportunities and drawing upon his own and others expertise to develop innovative technical solutions to take them through to commercial reality.
Special responsibilities	-	None
Interest in Shares & Options: Held in Smart Parking Limited	-	14,334,691 Ordinary shares (indirect) 141,677 Ordinary shares (direct)
Directorships held in other listed entities	-	-

Mr Paul Gillespie	-	Managing Director (appointed 7 January 2013)
Age	-	39
Qualifications	-	-
Experience	-	Paul was appointed Managing Director of Smart Parking in January 2013. Before joining Smart Parking Paul 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 Paul 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	-	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	-	61
Qualifications	-	BSc (Hons), DipEd
Experience	-	Ms Maclagan is a Non-Executive director of Computershare Limited. She joined Computershare Limited in 1983 and was appointed to the Board as an executive director in May 1995. Until 2008, as head of Computershare Technology Services, Ms Maclagan was responsible for planning, developing and executing technology across the world in support of that company's global strategy. In 2008, she reduced her day to day involvement in Computershare Limited and gave up her line management role and in September 2010 gave up her remaining executive responsibilities.
Special responsibilities	-	Remuneration Committee, Audit Committee
Interest in Shares & Options: Held in Smart Parking Limited	-	5,179,167 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	-	43
Qualifications	-	BCom, ACA, GAICD
Experience	-	Ms Fuller is a qualified Chartered Accountant who has had a 20 year career across Chartered Accounting, Corporate Finance, Investment Banking and Private Equity. Tiffany joined Rothschild Australia in 1997 in the Investment Banking Group after 8 years at Arthur Andersen in Audit, Corporate Finance and Management Consulting in Australia, the UK and the United States. At Rothschild, Tiffany advised various private and public clients, was responsible for managing a Microcap Fund on behalf of a number of Australia's large industry superannuation funds, and was a founding director of the Rothschild e-Fund, a technology focused venture capital fund.
Special responsibilities	-	Remuneration Committee, Audit Committee
Interest in Shares & Options: Held in Smart Parking Limited	-	166,667 Ordinary Shares (direct)
Directorships held in other listed entities	-	Ms Fuller is a Non-Executive Director of Adslot Limited.

Directors Report (continued)

Information on Directors (cont'd)

Mr Jeremy King	- -	Company Secretary/Director (Non-Executive) from 1 August 2012
Age		39
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 13 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	-	400,000 Ordinary Shares (direct)
Directorships held in other listed entities	-	Mr King is a Non-Executive Director of Orca Energy Limited and Continuation Investments Ltd.

Mr Bernie Dickson	- -	Executive Director (Mr Dickson's employment with Smart Parking Limited (UK) was terminated on 24 August, 2012. Mr Dickson resigned as a director on 22 September, 2012.)
Age		58
Qualifications	-	-
Experience	-	Mr Dickson was the Managing Director of Smart Parking Limited (UK) (formerly Town and City Parking Limited) prior to being acquired by Smart Parking Limited. He has previously been a director and shareholder of Swedish parking company Sky Parks and has previously been a director of various companies in the travel, property and chemical sectors. Mr Dickson spent 20 years in the City of London as an investment manager prior to entering the car parking industry.
Special responsibilities	-	None
Interest in Shares & Options: Held in Smart Parking Limited	-	-
Directorships held in other listed entities	-	-

Directors Report (continued)

Information on Directors (cont'd)

<u>Directors meetings</u>

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	-	-	-	-
Mr Paul Collins[1]	2	2	-	-	-	-
Mr Paul Gillespie[2]	3	3	-	-	-	-
Ms Penelope Maclagan	5	5	5	5	-	-
Ms Tiffany Fuller	5	5	5	5	-	-
Mr Jeremy King[3]	5	5	5	5	-	-
Mr Bernie Dickson[4]	-	-	-	-	-	-

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

[1]Resigned 7 January 2013
[2]Appointed 7 January 2013
[3]Appointed 1 August 2012
[4]Resigned 22 September 2012

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[1]	Non-executive Chairman
Mr Paul Collins[2]	Managing Director
Mr Paul Gillespie[3]	Managing Director
Ms Penelope Maclagan	Non-executive Director
Ms Tiffany Fuller	Non-executive Director
Mr Jeremy King[4]	Non-executive Director
Mr Bernie Dickson[5]	Executive Director
Other key management personnel	
Mr Richard Ludbrook	Group Chief Financial Officer
Mr Charlie Leaper	Chief Operating Officer: Smart Parking Limited (UK)

[1]Acted as Executive Chairman during the year under review and reverted to Non-executive Chairman on 1 July 2013
[2]Resigned 7 January 2013
[3]Appointed 7 January 2013
[4]Appointed 1 August 2012
[5]Resigned 22 September 2012

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

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

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

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

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

Directors Report (continued)

Remuneration Report (cont'd)

Non-executive directors

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

Mr Morris acted as Executive Chairman for year ending 30 June 2013 and received no additional remuneration other than fees and payments that would have been made to him in his capacity as Non-Executive Chairman.

Directors' fees

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

Non-executive Directors do not receive performance based pay.

The following fees have applied:

Base Fees	**2013**	**2012**
Chairman[1]	$40,000	$40,000
Other non-executive directors[2]	$120,000	$80,000

[1] Mr Morris became Executive Chairman in May 2012 when he became acting CEO of Smart Parking Limited (UK) until 30 June 2013. Mr Morris received no additional remuneration for his executive role. Mr Morris elected to receive a reduced Chairman's fee for half of the 2013 financial year.
[2] These are annual fees.

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 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 2013 and no bonus will be paid to the Executives for this period with the exception of the Managing Director.

Long term incentives

The executive and non-executive directors are entitled to share options as approved by shareholders.

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

The Group offers long term incentives to employees through the Deferred Share and Incentive Plan. Under the Deferred Share and Incentive 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 no link between compensation and the financial performance of the Group.

Directors Report (continued)

Remuneration Report (cont'd)

B. Details of Remuneration

Amounts of remuneration

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

The following persons must be disclosed under the Corporations Act 2001 as specified executives:

- Mr Jeremy King – Company Secretary

Key Management Personnel of the Group and other executives of the Group and of the Company

	Short Term Employee Benefits				**Post Employment**	**Share Based Payments**		**Total**	**% Options**
30 June 2013	Salary & Fees	Commissions/ Cash Bonus	Non Monetary	Other	Superannuation Contributions	Options & Rights	Termination Benefits	Total	% Options
Non-Executive Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	
Ms Penelope Maclagan	30,000	-	-	-	-	-	-	30,000	-
Ms Tiffany Fuller	40,000	-	-	-	-	-	-	40,000	-
Mr Jeremy King[1]	10,000	-	-	-	-	-	-	10,000	-
Sub Total Non-Executive Directors	**80,000**	**-**	**-**	**-**	**-**	**-**	**-**	**80,000**	**-**
Executive Directors									
Mr Christopher Morris[2]	20,000	-	-	-	-	-	-	20,000	-
Mr Paul Collins[3]	102,068	-	-	6,882	-	-	-	108,950	-
Mr Paul Gillespie[4]	83,200	36,000	965	-	-	10,833	-	130,998	-
Mr Bernie Dickson[5]	39,397	-	-	-	-	-	89,000	128,397	-
Other Key Management									
Mr Richard Ludbrook	130,802	-	3,201	-	-	-	-	134,003	-
Mr Charlie Leaper	123,683	-	-	-	-	36,930	-	160,613	-
Total Key Management Personnel Compensation (Group)	**579,150**	**36,000**	**4,166**	**6,882**	**-**	**47,763**	**89,000**	**762,961**	**-**

Directors Report (continued)

Remuneration Report (cont'd)

	Short Term Employee Benefits				**Post Employ-ment**	**Share Based Pay-ments**	**Total**	**% Options**
30 June 2012	Salary & Fees	Commi-ssions/ Cash Bonus	Non Mone-tary	Other	Super-annuation Contribut-ions	Options & Rights	Total	% Options
Non-Executive Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	
Ms Penelope Maclagan	25,000	-	-	-	-	-	25,000	-
Ms Tiffany Fuller	40,000	-	-	-	-	-	40,000	-
Mr Jeremy King[1]	-	-	-	-	-	-	-	-
Sub Total Non-Executive Directors	**65,000**	**-**	**-**	**-**	**-**	**-**	**65,000**	**-**
Executive Directors								
Mr Christopher Morris[2]	20,000	-	-	-	-	-	20,000	-
Mr Paul Collins	156,666	-	-	6,549	-	-	163,215	-
Mr Roland Rogers[6]	116,940	-	-	-	-	-	116,940	-
Mr Bernie Dickson[5]	95,449	-	-	8,064	26,497	-	130,010	-
Other Key Management								
Mr Richard Ludbrook	133,132	19,490	5,346	-	-	-	157,968	-
Mr Charlie Leaper	43,779	-	-	-	-	-	43,779	-
Total Key Management Personnel Compensation (Group)	**630,966**	**19,490**	**5,346**	**14,613**	**26,497**	**-**	**696,912**	**-**

[1]Appointed 1 August 2012
[2]Acted as Executive Chairman when he became acting CEO of Smart Parking Limited (UK) from May 2012 until 30 June 2013. Mr Morris received no additional remuneration for his Executive role.
[3]Resigned 7 January 2013
[4]Appointed 7 January 2013
[5]On the acquisition of Smart Parking Limited (UK) (formerly Town and City Parking Limited) on 9 January 2012 Mr Dickson became an Executive Director. Mr Dickson's employment with Town & City Parking Limited was terminated on 24 August, 2012 at which time he became a Non-Executive Director. Mr Dickson resigned as a director on 22 September, 2012.
[6]Resigned as Director 25 January 2012

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**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Non-Executive Directors						
Ms Penelope Maclagan	100%	100%	-	-	-	-
Ms Tiffany Fuller	100%	100%	-	-	-	-
Mr Jeremy King	100%	100%	-	-	-	-
Executive Directors						
Mr Christopher Morris	100%	100%	-	-	-	-
Mr Paul Gillespie	100%	-	-	-	-	-
Mr Paul Collins	100%	100%	-	-	-	-
Mr Bernie Dickson	100%	100%	-	-	-	-
Other Key Management						
Mr Richard Ludbrook	100%	88%	-	12%	-	-
Mr Charlie Leaper	100%	100%	-	-	-	-

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 one month's notice with the exception of Mr Gillespie as outlined below.

Name	Term of agreement	Annual Base salary including superannuation	Termination benefit
Paul Gillespie, *Managing Director*	Ongoing commencing 7 January 2013	$183,120 (pro rata)	3 months base salary if terminated within 12 months of employment commencing and 1 month thereafter
Richard Ludbrook, *Group Chief Financial Officer*	Ongoing commencing 16 February 2011	$143,206	-
Charlie Leaper, *Chief Operations Officer, Smart Parking Limited (UK)*	Ongoing commencing 21 February 2012	$139,657	-

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 service conditions and there are no performance criteria.

At 30 June 2013 3,198,397 (2012: 3,344,830) shares have been set aside under the Plan and 2,107,192 (2012: 1,094,828) 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 Option at Grant Date	% vested
6 May 2011	6 May 2014	6 May 2016	$0.00	$0.28	0%
1 October 2011	1 October 2014	1 October 2016	$0.00	$0.30	0%
20 February 2012	20 February 2015	20 February 2017	$0.00	$0.31	0%
1 July 2012	1 July 2015	1 July 2017	$0.00	$0.27	0%
29 August 2012	29 August 2015	29 August 2017	$0.00	$0.26	0%
1 December 2012	1 December 2015	1 December 2017	$0.00	$0.29	0%
1 January 2013	1 January 2016	1 January 2018	$0.00	$0.26	0%

Directors Report (continued)

Remuneration Report (cont'd)

Employee Options

There were no options granted for the year ending 30 June 2013.

Employee options over shares in Smart Parking Limited were issued to Mr King and Mr Ludbrook in their capacity as Company Secretary and Group Chief Financial Officer respectively in the year ending 30 June 2011. These options were granted as compensation for past performance and carry no service or performance criteria. The options are designed to provide long-term incentives to deliver long-term shareholder returns. Under the terms of the options, participants are granted options which are granted for no issue price at an exercise price of $0.20 per share.

The options were unexercised and lapsed on 30 June 2013.

Director Options

Director options over shares in Smart Parking Limited were issued to Ms Maclagan and Ms Fuller in their capacity as Non-Executive Directors in February 2011 and approved by the Company in General Meeting. These options were granted as part of their remuneration and carry no service or performance criteria. The options are designed to provide long-term incentives to deliver long-term shareholder returns. Under the terms of the options, participants are granted options with an exercise price of $0.20 per share.

Ms Maclagan exercised her options during the year. The remaining options were unexercised and lapsed on 30 June 2013.

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

Grant Date	Date Vested & Exercisable	Expiry Date	Exercise Price	Value Per Option at Grant Date	% vested
22 February 2011 *	22 February 2011	30 June 2013	$0.20	$0.165	100%
1 April 2011	1 April 2011	30 June 2013	$0.20	$0.165	100%

- Partially exercised during the year ending 30 June 2013

Details of options over ordinary shares in the Company provided as remuneration to each director of Smart Parking Limited and each of the key management personnel of the parent entity and the Group are set out below. When exercisable, each option is convertible into one ordinary share of Smart Parking Limited.

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

Directors Report (continued)

Remuneration Report (cont'd)

There were no options granted or vested to Directors or other key management personnel during the year ending 30 June 2013 other than 250,000 rights to deferred shares granted to Mr Gillespie as part of commencing his employment.

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.

The board does not currently have a securitisation policy in place during the year with regards to shares held by Directors and key management personnel.

The model inputs for options granted during the year ended 30 June 2011 included:

Options are granted for no consideration and carry no vesting conditions. Vested options were exercisable over a period to 30 June 2013.

Grant date	22 February 2011	1 April 2011
Exercise price	$0.20	$0.20
Expiry date	30 June 2013	30 June 2013
Share price at grant date	$0.295	$0.30
Expected volatility	70%	70%
Expected dividend yield	Nil	Nil
Risk free rate	4.97%	4.97%

Shares issued on the exercise of options

200,000 ordinary shares of Smart Parking Limited were issued during the year ended 30 June 2013 on the exercise of options granted to a Director.

Shares under option

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

End of Remuneration Report

Directors Report (continued)

Insurance of officers

During the financial year, Smart Parking Limited paid a premium of $12,884 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.

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.

Directors Report (continued)

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 and BDO) 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.

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	
	2013	**2012**
	$	**$**
Audit Services		
Audit and review of financial reports		
Grant Thornton Audit Pty Ltd	48,000	34,600
BDO Audit (NSW-VIC) Pty Ltd (merged with Grant Thornton from 1 May 2012)	-	10,000
BDO Waikato, New Zealand	24,406	23,778
BDO LLP, United Kingdom	52,680	33,598
Total remuneration for audit services	125,086	101,976
Non-audit services		
BDO (WA) Pty Ltd		
Taxation and assurance services	-	16,931
BDO LLP, United Kingdom		
Taxation and assurance services	83,967	60,706
Total remuneration for non-audit related services	83,967	77,637

Directors Report (continued)

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 19.

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

Christopher Morris
Non-Executive Chairman

26 September 2013

Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000
GPO Box 4736
Melbourne Victoria 3001

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

Auditor's Independence Declaration
To the Members of Smart Parking Limited (formerly Car Parking Technologies Limited)

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Smart Parking Limited (formerly Car Parking Technologies Limited) for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Duane Rogers
Partner - Audit & Assurance

Melbourne, 26 September 2013

Grant Thornton Audit Pty Ltd
ACN 130 913 594

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000
GPO Box 4736
Melbourne Victoria 3001

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

Independent Auditor's Report
To the Members of Smart Parking Limited (formerly Car Parking Technologies Limited)

Report on the financial report

We have audited the accompanying financial report of Smart Parking Limited (formerly Car Parking Technologies Limited) (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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 (formerly Car Parking Technologies Limited) is in accordance with the Corporations Act 2001, including:

- i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 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 16 of the directors' report for the year ended 30 June 2013. 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 (formerly Car Parking Technologies Limited) for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD

Chartered Accountants

Duane Rogers
Partner - Audit & Assurance

Melbourne, 26 September 2013

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013

	Note	Consolidated 2013 $	2012 $
Revenue from operations	5	20,619,883	12,872,625
Raw materials and consumables used		(847,628)	(1,718,561)
Employee benefits expense		(12,215,208)	(8,154,311)
Depreciation and amortisation expense	6	(2,127,252)	(1,431,552)
Rental and operating lease costs		(2,213,416)	(1,129,547)
Share-based payments expense	25	(190,724)	(97,601)
Finance and interest expense	6	(90,900)	(102,853)
Impairment of other receivable	28	(1,332,011)	(615,131)
Impairment of goodwill	15	-	(11,299,431)
Loss from disposal of assets classified as held for sale	13	(100,552)	-
Other expenses	6	(8,622,971)	(5,353,038)
Loss before income tax		(7,120,779)	(17,029,400)
Income tax expense	7	(158,149)	(122,235)
Loss for the year		(7,278,928)	(17,151,635)
Other comprehensive income:			
Exchange differences on translation of foreign operations	22(a)	550,873	211,669
Other comprehensive income for the year, net of tax		550,873	211,669
Total comprehensive income for the year		(6,728,055)	(16,939,966)
Total comprehensive income for the year attributable to owners of Smart Parking Limited		(6,728,055)	(16,939,966)
Earnings per share from continuing operations attributable to the ordinary equity holders of the company.			
- basic earnings/ (loss) per share	8	(0.04)	(0.10)
- diluted earnings/ (loss) per share	8	(0.04)	(0.10)

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

Consolidated Statement of Financial Position
As at 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	4,599,719	10,972,973
Trade and other receivables	10	5,896,343	8,177,224
Inventories	11	1,120,902	1,375,820
Income tax receivable		294	-
		11,617,258	20,526,017
Assets classified as held for sale	13	627,316	-
Total Current Assets		12,244,574	20,526,017
Non-current Assets			
Receivables	10	139,548	-
Financial assets at fair value through profit or loss	12	61,309	86,924
Property, plant and equipment	14	4,256,610	4,474,630
Intangible assets	15	6,074,417	6,800,139
Deferred tax assets	16	-	154,261
Total Non-current Assets		10,531,884	11,515,954
TOTAL ASSETS		22,776,458	32,041,971
LIABILITIES			
Current Liabilities			
Trade and other payables	17	7,309,736	10,693,630
Borrowings	18	204,625	-
Income tax payable		-	10,023
Deferred revenue	19	245,708	149,274
Provisions	20	1,412,989	1,301,049
Total Current Liabilities		9,173,058	12,153,976
Non-current Liabilities			
Borrowings	18	212,736	-
TOTAL LIABILITIES		9,385,794	12,153,976
NET ASSETS		13,390,664	19,887,995
EQUITY			
Contributed equity	21	45,594,329	45,554,329
Accumulated losses	22(b)	(34,237,409)	(26,958,481)
Reserves	22(a)	2,033,744	1,292,147
TOTAL EQUITY		13,390,664	19,887,995

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 2013

	Note	Contributed equity $	Reserves $	Retained earnings $	Total $
Balance at 1 July 2012		45,554,329	1,292,147	(26,958,481)	19,887,995
Total comprehensive income for the year					
Loss for the year		-	-	(7,278,928)	(7,278,928)
Other comprehensive income		-	550,873	-	550,873
Total comprehensive income for the year		**-**	**550,873**	**(7,278,928)**	**(6,728,055)**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		40,000	-	-	40,000
Share-based payment transactions		-	190,724	-	190,724
Total transactions with owners		40,000	190,724	-	230,724
Balance at 30 June 2013	22	**45,594,329**	**2,033,744**	**(34,237,409)**	**13,390,664**

	Note	Contributed equity $	Reserves $	Retained earnings $	Total $
Balance at 1 July 2011		30,972,466	982,877	(9,806,846)	22,148,497
Total comprehensive income for the year					
Loss for the year		-	-	(17,151,635)	(17,151,635)
Other comprehensive income		-	211,669	-	211,669
Total comprehensive income for the year		**-**	**211,669**	**(17,151,635)**	**(16,939,966)**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		14,581,863	-	-	14,581,863
Share-based payment transactions		-	97,601	-	97,601
Total transactions with owners		14,581,863	97,601	-	14,679,464
Balance at 30 June 2012	22	**45,554,329**	**1,292,147**	**(26,958,481)**	**19,887,995**

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Cash flows from operating activities			
Cash receipts in the course of operations		19,674,053	13,472,548
Cash payments in the course of operations		(25,301,328)	(17,460,624)
Interest and other finance costs paid		(2,595)	(102,853)
Interest received		234,893	443,627
Income taxes paid		(14,206)	(574,781)
Net cash flows inflow/(outflow) from operating activities	24	(5,409,183)	(4,222,083)
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		-	(542,857)
Proceeds from indemnities related to acquisition of subsidiary		119,227	-
Proceeds from disposal of assets		9,064	-
Proceeds from assets classified as held for sale		765,009	-
Purchase of plant and equipment		(1,731,443)	(1,930,204)
Net cash flows inflow/(outflow) from investing activities		(838,143)	(2,473,061)
Cash flows from financing activities			
Proceeds from share issue		-	15,000,000
Share issue costs		-	(418,137)
Proceeds from exercise of share options		40,000	-
Hire purchase payments		(156,630)	-
Repayment of borrowings		-	(1,041,390)
Net cash flows inflow/(outflow) from financing activities		(116,630)	13,540,473
Net increase in cash and cash equivalents		(6,363,956)	6,845,329
Cash and cash equivalents at beginning of period		10,972,973	4,235,966
Effects of exchange rate changes on cash and cash equivalents		(9,298)	(108,322)
Cash and cash equivalents at end of period	9	4,599,719	10,972,973
Financing arrangements			
Non-cash financing and investing activities	30		

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 2013 were authorised for issue in accordance with a resolution of the directors on 26 September 2013 and covers the consolidated entity 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 company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The address of the registered office is:
945 Wellington Street
West Perth
Western Australia 6005
Australia

The addresses of the principal places of business are:
177 Salmon Street
Port Melbourne
Victoria 3207
Australia

2 Oliver Street
Cambridge 3434
New Zealand

5 South Inch Business Centre
Shore Road
Perth PH2 8BW
United Kingdom

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 consolidated entity 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 26, has been prepared on the same basis as the consolidated financial statements.

b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Smart Parking Limited (''company'' or ''parent entity'') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Smart Parking Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balance and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively.

Subsidiaries are accounted for in the parent entity note at cost less impairment.

c) Segment reporting

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

Notes to the Financial Statements (continued)

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

d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the year (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold any borrowings forming part of the net investment are repaid and a proportionate share of such exchange rate difference is reclassified to profit or loss as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Financial Statements (continued)

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

e) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

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

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

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.

(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) <u>Leases</u>

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) <u>Business combinations</u>

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

Notes to the Financial Statements (continued)

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

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.

k) Cash and cash equivalents

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

l) Trade receivables

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

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

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in statement of comprehensive income.

m) Inventories

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

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

n) Investments and other financial instruments

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

Notes to the Financial Statements (continued)

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

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

Financial assets at fair value-through profit or loss

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

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

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

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

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

o) Property, plant and equipment

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

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

Motor Vehicles	- 3 – 5 years
Office Equipment	- 1 – 6 years
Plant and equipment	- 1 – 10 years
Leasehold Improvements	- 3 – 10 years
Buildings	- 25 years

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

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

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

Notes to the Financial Statements (continued)

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

p) Intangible assets

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

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

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

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

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

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

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

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

(vi) *Amortisation*
Amortisation is based on the cost of the asset, less its residual value.

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

Notes to the Financial Statements (continued)

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

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

Software - 3 years
Developed technology - 7 years

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

q) Trade and other payables

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

r) Borrowings

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

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

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

s) Provisions, contingent liabilities and contingent assets

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

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

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

Notes to the Financial Statements (continued)

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

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

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

t) <u>Employee benefits</u>

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

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

(iii) *Share-based payments*
Share-based compensation benefits are provided to employees via the Smart Parking Employee Option Plan and the Deferred Share and Incentive Plan.

The fair value of options granted under the Smart Parking Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of comprehensive income with a corresponding adjustment to equity.

Notes to the Financial Statements (continued)

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

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

u) Contributed equity

Ordinary shares are classified as equity.

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

v) Earnings per share

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

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

w) Goods and Services Tax (GST)

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

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

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

Notes to the Financial Statements (continued)

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

x) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presently separately from the other assets in the Statement of Financial Position.

y) Going concern

The Group has incurred a net cash outflow from operations of $5,409,183 for the year ending 30 June 2013. The net cash outflow from operations included settlement of legacy UK tax liabilities, movement in client cash, and restructuring and other non-recurring costs.

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

- The Group has a cash position as at 30 June 2013 of $4,599,719.
- Smart Parking Limited (UK) has an overdraft facility of $1,235,178 which was undrawn at 30 June 2013. The overdraft facility is secured over a parent company bank deposit of $1,500,000.
- The company has agreed terms for the sale of a property in the United Kingdom which is included in the Statement of Financial Position as Assets classified as held for sale. The legal documentation for the sale has yet to be completed.
- On 24 July 2013, entities associated with two Directors made a loan facility of up to $3m ($1m currently drawn) available to the Group. The loan facility is unsecured, attracts an interest rate of 10% payable monthly and may be repaid at any time without penalty, with principal otherwise due for repayment by 24 July 2015.

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

Notes to the Financial Statements (continued)

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

z) New accounting standards and interpretations

The following new standards, amendments to standards and interpretations have been issued but are not mandatory for the financial year ended 30 June 2013, and have not been adopted in the preparation of these financial statements. Those which are relevant to the Group are set out below. The Group does not plan to adopt these standards early.

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 2010)	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 2015	The Group does not expect any material impact on initial adoption.
AASB 10 Consolidated Financial Statements	AASB 127 AASB Int 112	AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities.	1 January 2013	The Group does not expect any material impact on initial adoption.
AASB 1053 Application of Tiers of Australian Accounting Standards AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	None	AASB 1053 establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: a) Tier 1: Australian Accounting Standards; and b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.	1 July 2013	The Group is a Tier 1 entity and therefore not eligible to apply the Reduced Disclosure Requirements.

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 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	None	The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards. In March 2013, the Australian government released Corporations Legislation Amendment Regulation 2013 which proposed to insert these disclosures into Corporations Regulations 2001 to ensure the disclosure requirements continue to be operative for financial years commencing on or after 1 July 2013. The closing date for submissions was 10 May 2013.	1 July 2013	When these amendments are first adopted for the year ending 30 June 2014, they are unlikely to have any significant impact on the Group.
AASB 119 Employee Benefits (September 2011)	AASB 119	The standard contains a number of changes to accounting for defined benefits plans, however the Group does not have any such plans. There is also a change for other employee benefits which are 'expected to be settled' (as opposed to 'due to be settled' under current standard) within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities.	1 January 2013	Annual leave not expected to be used within 12 months of end of reporting period will in future be discounted when calculating leave liability, however the impact to the Group is not expected to be material.

Notes to the Financial Statements (continued)

2. Critical accounting estimates and judgements

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

Share-based payments

The Group values share options using the Black-Scholes method which requires significant estimates and judgements over the inputs in respect to the volatility being 70% (market volatility of the underlying security) and the risk free rate of 4.97% (RBA 2 year government bond rate). Refer to note 25 for further details.

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy in note 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 15 for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the goodwill is $2,291,212 and there were no impairment losses.

Estimated impairment 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. 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 15 for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the developed technology is $3,724,441 and there were no impairment losses.

Notes to the Financial Statements (continued)

3. Segment information

a) Description of segments

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

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

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

b) Segment information provided to the board

The segment information provided to the Board for the reportable segments for the year ended 30 June 2013 is as follows:

Group - 2013	Technology $	Parking Management $	Total $
Total segment revenue	1,814,871	19,217,661	21,032,532
Inter-segment revenue	(584,249)	-	(584,249)
Revenue from external customers	**1,230,622**	**19,217,661**	**20,448,283**
Adjusted EBITDA	**(1,609,055)**	**58,355**	**(1,550,700)**
Depreciation and amortisation	155,116	1,052,963	1,208,079
Income tax expense	(186)	153,792	153,606
Total segment assets	1,767,699	15,648,867	17,416,566
Total assets includes:			
Additions to non-current assets	140,713	2,137,345	2,278,058
Total segment liabilities	1,933,709	18,646,046	20,579,755

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 2012 is as follows:

Group - 2012	**Technology** $	**Parking Management** $	**Total** $
Total segment revenue	2,806,137	10,209,322	13,015,459
Inter-segment revenue	(586,461)	-	(586,461)
Revenue from external customers	**2,219,676**	**10,209,322**	**12,428,998**
Adjusted EBITDA	**(1,517,298)**	**(562,659)**	**(2,079,957)**
Depreciation and amortisation	99,889	296,392	396,281
Income tax expense	8,539	(153,837)	(145,298)
Total segment assets	2,404,559	18,319,441	20,724,000
Total assets includes:			
Additions to non-current assets	100,068	1,443,335	1,543,403
Total segment liabilities	964,905	16,679,671	17,644,576

Notes to the Financial Statements (continued)

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:

	2013 $	2012 $
Total segment revenue	**21,032,532**	**13,015,459**
Intersegment eliminations	(584,249)	(586,461)
Interest revenue	171,600	443,267
	20,619,883	12,872,625

Revenue for the Group is analysed as follows:

	Revenue		Non-current assets	
Group	$	$	$	$
	2013	**2012**	**2013**	**2012**
New Zealand	652,028	741,668	3,954,491	4,844,404
Australia	174,472	848,502	-	-
United Kingdom	19,801,910	10,996,755	4,224,874	4,299,528
South Africa	352,852	320,641	-	-
Middle East	12,848	97,450	-	-
Other	38,422	10,443	-	-
Totals prior to intercompany eliminations	21,032,532	13,015,459	8,179,365	9,143,932
Intercompany eliminations	(584,249)	(586,461)	-	-
Total	20,448,283	12,428,998	8,179,365	9,143,932

Given the nature of the business the Group has one customer that contributes more than 10% of revenue from sales of good and services including $6,968,026 (34%) (2012: $4,864,621 (39%)).

Notes to the Financial Statements (continued)

3. Segment information (cont'd)

(ii) Adjusted EBITDA

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, acquisition costs and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and realised/unrealised gains/(losses) on financial assets. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

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

	2013 $	2012 $
Adjusted EBITDA	(1,550,700)	(2,079,957)
Intersegment eliminations	(751,254)	(299,689)
Interest revenue	171,600	443,627
Interest expense	(2,595)	(34,890)
Business acquisition costs	-	(160,925)
Depreciation	(1,187,721)	(381,101)
Amortisation	(939,531)	(1,050,451)
Impairment net asset adjustment receivable	(1,332,011)	(615,131)
Impairment of goodwill	-	(11,299,431)
Share-based payments expense	(190,724)	(97,601)
Unrealised loss on financial assets through profit and loss	(25,615)	(118,461)
Loss on disposal of fixed property, plant and equipment	(139,986)	-
Loss from disposal of assets classified as held for sale	(100,552)	-
Restructuring and non-recurring costs	(1,210,159)	(447,410)
Adjusted EBITDA for parent company	152,929	(557,945)
Other	(14,460)	(330,035)
Profit before income tax from operations	(7,120,779)	(17,029,400)

Notes to the Financial Statements (continued)

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.

Investment in shares (classified as financial assets at fair value through profit or loss) held by the group are not considered to be segment assets but rather managed by the treasury function.

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

	2013 $	2012 $
Segment assets	17,416,566	20,724,000
Intersegment eliminations	(19,455,906)	(13,118,466)
Unallocated:		
Parent company assets	24,815,798	24,436,437
Total assets as per the balance sheet	22,776,458	32,041,971

(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:

	2013 $	2012 $
Segment liabilities	20,579,755	17,644,576
Intersegment eliminations	(11,384,249)	(5,533,419)
Unallocated:		
Parent company liabilities	190,288	42,819
Total liabilities as per the balance sheet	9,385,794	12,153,976

Notes to the Financial Statements (continued)

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:

	2013 $	2012 $
Financial assets		
Cash and cash equivalents	4,599,719	10,972,973
Trade and other receivables	5,069,375	7,277,336
Financial assets at fair value through profit or loss	61,309	86,924
	9,730,403	18,337,233
Financial liabilities		
Trade and other payables	7,309,736	10,693,630
Borrowings	417,361	-
	7,727,097	10,693,630

a) Market risk

(i) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Board has a policy of monitoring foreign exchange risks.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was $39,626 (2012: $35,764).

The Group's exposure to foreign exchange movements from trading is not material.

Notes to the Financial Statements (continued)

4. Financial risk management (cont'd)

(ii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the Statement of Financial Position as fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group manages its portfolio of securities in accordance with limits set by the Group. Diversification of the portfolio is not defined by the Group as management have a short term position in the investments.

The Group holds two publicly traded ASX listed equity investments within its portfolio. The table below summarises the impact of increases/decreases in the share prices of the portfolio of equity investments using a rate of +10%/-10%.

	Impact on Pre-Tax Profit 2013		**Impact on Pre-Tax Profit 2012**	
	Increase	**Decrease**	**Increase**	**Decrease**
Volatility rate	+10%	-10%	+10%	-10%
Listed equities at cost: $61,309 (2012: $86,924)	6,131	(6,131)	8,692	(8,692)

A former Director, Mr Dickson, was the sole shareholder of Smart Parking Limited (UK) (formerly Town and City Parking Limited) prior to it being acquired by Smart Parking Limited on 9 January 2012. The sale and purchase agreement (SPA) for such acquisition provided for an adjustment to the consideration paid by Smart Parking calculated by reference to the reviewed net asset position of Smart Parking Limited (UK). To the extent (i) such adjustment was negative, and (ii) the financial performance of Smart Parking (UK) Limited for the calendar year 2012 did not meet certain levels, the SPA granted Smart Parking the right to deal with a number of shares held by Mr Dickson in Smart Parking (Relevant Shares) to the extent of the deficiency between (i) and (ii) above. The financial performance of Smart Parking (UK) Limited during calendar year 2012 did not meet the levels required under the SPA and the net asset adjustment as reviewed by the Company's auditors was $3,304,313. As at June 30, 2013, the amount receivable represented by the value of the Relevant Shares was $1,360,445. The recoverable amount of the overall net asset adjustment has been impaired by $1,332,011 (2012: $615,131) for the year ending June 30, 2013, reflecting the market value of the Relevant Shares as at June 30, 2013. For each $0.01 change in Smart Parking's share price, the amount recoverable increases or reduces by $90,696. It should be noted that Mr Dickson disputes the calculation of the net asset adjustment and first earn out.

Notes to the Financial Statements (continued)

4. Financial risk management (cont'd)

(iii) Cash flow and fair value interest rate risk
Some of the Group's cash balance is held in a high interest earning account. Sensitivity analysis is not disclosed based on management's calculations as amount considered immaterial.

The Group manages cash flow and interest rate risk by regularly reviewing cash facilities and ensuring we are attracting the highest and most suitable interest rate on our cash holdings. As at reporting date, the Group had the following variable rate cash and borrowings held at variable rates.

	30 June 2013		**30 June 2012**	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
Cash and cash equivalents	4.09%	4,599,719	5.19%	10,972,973

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 $9,669,094 (2012: $18,250,309).

As of 30 June 2013, trade receivables of $621,167 (2012: $1,107,111) 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).

Notes to the Financial Statements (continued)

4. Financial risk management (cont'd)

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 $3,071,516 (2012: $8,372,041). The Group manages liquidity risk by continuously monitoring cash flow forecasts and actual cash flows on a monthly basis.

On 24 July 2013, entities associated with two Directors, Mr Morris and Ms Maclagan made a loan facility of up to $3m ($1m currently drawn) available to the Group. The loan facility is unsecured, attracts an interest rate of 10% payable monthly and may be repaid at any time without penalty, with principal otherwise due for repayment by 24 July 2015.

Smart Parking Limited (UK) has an overdraft facility of $1,235,178 which was undrawn at 30 June 2013. The overdraft facility is secured over a parent company bank deposit of $1,500,000.

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 2013**	*Less than 6 months* $	*6 – 12 months* $	*Greater than 12 months* $	*Total contractual cashflows* $	*Carrying Amounts* $
Non-derivatives					
Trade payables	7,309,736	-	-	7,309,736	7,309,736
Hire purchase liabilities	102,313	102,312	212,736	417,361	417,361
Total non-derivatives	7,412,049	102,312	212,736	7,727,097	7,727,097

GROUP **As at 30 June 2012**	*Less than 6 months* $	*Total contractual cashflows* $	*Carrying Amounts* $
Non-derivatives			
Trade payables	10,693,630	10,693,630	10,693,630
Total non-derivatives	10,693,630	10,693,630	10,693,630

Notes to the Financial Statements (continued)

4. Financial risk management (cont'd)

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, 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.

Hierarchy
The Group classifies financial instruments recognised in the statement of financial positions of the Group and parent entity according to the hierarchy stipulated in AASB 7. The Group has listed equity securities recognised at fair value through profit or loss of $61,309 (2012: $86,924) classified as Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes to the Financial Statements (continued)

5. Revenue and other income

	Consolidated 2013 $	2012 $
From operations		
Revenue		
Revenue from sale of goods and services	20,448,283	12,428,998
Interest revenue	171,600	443,627
Total revenue from operations	20,619,883	12,872,625

6. Expenses

Loss before income tax includes the following specific expenses:

	Note	Consolidated 2013 $	2012 $
Depreciation:			
- Motor vehicles		(111,350)	(23,424)
- Plant and equipment		(1,008,043)	(299,336)
- Office equipment		(53,815)	(38,158)
- Leasehold improvements		(14,513)	(10,833)
- Land and buildings		-	(9,350)
Total depreciation		(1,187,721)	(381,101)
Finance costs:			
- Interest expense		(2,595)	(34,980)
- Bank fees and charges		(88,305)	(67,873)
Total finance costs		(90,900)	(102,853)
Amortisation		(939,531)	(1,050,451)

Notes to the Financial Statements (continued)

6. Expenses (cont'd)

	Note	Consolidated 2013 $	2012 $
Other expenses:			
- Audit fees	27	(125,086)	(101,976)
- ASX and share registry expense		(80,176)	(68,501)
- Consultants expense		(13,875)	(108,418)
- Foreign exchange loss (net)		-	(201,756)
- Impairment of trade debtors		(87,103)	(29,430)
- Loss on disposal of fixed property, plant and equipment		(139,986)	-
- Motor vehicle expense		(740,969)	(789,666)
- Support and development		(50,937)	(153,669)
- Unrealised losses on financial assets through profit or loss		(25,615)	(118,461)
- Travel and Accommodation		(405,926)	(551,250)

Notes to the Financial Statements (continued)

7. Income tax expense

	Consolidated 2013 $	Consolidated 2012 $
a) Income tax expense		
Current tax	3,888	-
Deferred tax	154,261	401,809
Adjustments for current tax of prior periods	-	50,834
Benefits of tax losses	-	(330,408)
Tax expense	158,149	122,235
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	154,261	(67,552)
(Decrease)/increase in deferred tax liabilities	-	176,571

	Consolidated 2013 $	Consolidated 2012 $
b) Reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from continuing operations before income tax expense	(7,120,779)	(17,029,400)
Profit/(loss) from discontinued operations	-	-
Tax at the Australian rate of 30%	(2,136,234)	(5,108,820)
Tax effect of permanent differences:		
Rate differences	304,666	33,987
Goodwill and intangible impairment expense	-	3,389,829
Non-deductible expenses	2,399	5,560
Amortisation	-	-
Share-based payments expense	55,285	28,331
Other timing differences	(16,383)	165,021
Benefits of tax losses and other timing differences not brought to account	1,794,155	1,383,089
Write off deferred tax previously brought to account	154,261	225,238
Tax expense	158,149	122,235
c) Unrecognised temporary differences		
Deferred tax assets and liabilities not recognised relate to the following:		
Deferred tax assets		
Tax losses	2,705,568	2,644,421
Other temporary differences	519,233	47,653
Deferred tax liabilities		
Other temporary differences	-	-
	3,224,801	2,692,074

Notes to the Financial Statements (continued)

7. Income tax expense (cont'd)

The consolidated entity has tax losses arising in Australia of $760,172 (2012: $562,137) available for offset against future taxable profits of the companies in which the losses arose.

At 30 June 2013, 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.

8. Earnings/(loss) per share

	Consolidated	
	2013	**2012**
	$	**$**
Basic profit/ (loss) per share	(0.04)	(0.10)
Diluted profit/ (loss) per share	(0.04)	(0.10)
Profit/ (loss) used in calculating EPS	(7,278,928)	(17,151,635)
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.** 205,110,205	**No.** 180,036,996

	2013	**2012**
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:	(7,278,928)	(17,151,635)
	(7,278,928)	(17,151,635)

The earnings per share calculation has not been adjusted for the 3,198,397 deferred share rights (2012: 1,094,828) as the company has made a loss in the current year and this would be considered antidilutive. These options and deferred share rights could potentially dilute basic earnings per share in the future.

Notes to the Financial Statements (continued)

9. Cash and cash equivalents

	Consolidated 2013 $	Consolidated 2012 $
Current		
Cash at bank and in hand	2,537,933	4,126,802
Deposits at call	2,061,786	6,846,171
	4,599,719	10,972,973

Cash at bank includes cash of $2,069,649 that Smart Parking Limited (UK) has collected and counted on behalf of customers, the associated liability for this is included in other payables.

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

b) Assets pledged as security
The bank had a floating charge over the assets of Smart Parking Limited (UK) included in the statement of financial position for $11,844,256 for credit card and payment facilities. The floating charge was released by the bank on 19 July 2013.

Smart Parking Limited (UK) has an overdraft facility of $1,235,178 which was undrawn at 30 June 2013. The overdraft facility is secured over a parent company bank deposit of $1,500,000.

10. Trade and other receivables

	Note	Consolidated 2013 $	Consolidated 2012 $
Current			
Trade receivables		2,622,613	3,668,484
Provision for impairment of receivables (a)		(132,622)	(296,278)
		2,489,991	3,372,206
Receivable from related party (Refer note 28 (f))		1,360,445	2,754,794
Prepayments		966,516	899,888
Other receivables (d)		1,079,391	1,150,336
		5,896,343	8,177,224
Non-current receivables (d)		139,548	-
		6,035,891	8,177,224

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

Notes to the Financial Statements (continued)

10. Trade and other receivables (cont'd)

a) Impaired trade receivables

As at 30 June 2013 current trade receivables of the group with a nominal value of $124,198 (2012: $300,902) were impaired. The amount of the provision was $132,622 (2012: $296,278).

The ageing analysis of these trade receivables is as follows:

	Consolidated 2013 $	Consolidated 2012 $
1 to 3 months	-	-
3 to 6 months	-	44,314
Over 6 months	124,198	256,588
	124,198	300,902

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

	Consolidated 2013 $	Consolidated 2012 $
At 1 July	296,278	-
Provision for impairment on acquisition	-	269,577
Provision for impairment recognised during the year	87,103	29,430
Receivables written off during the year as uncollectible	-	(2,817)
Unused amount reversed	(259,322)	-
Foreign exchange translation	8,563	88
At 30 June	132,622	296,278

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 2013, trade receivables of $621,167 (2012: $1,107,111) 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:

	Consolidated 2013 $	Consolidated 2012 $
Up to 3 months	592,329	835,827
3 months and over	28,838	271,284
	621,167	1,107,111

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 2013 and 30 June 2012.

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 consolidated entity and the credit quality of its receivables.

Notes to the Financial Statements (continued)

10. Trade and other receivables (cont'd)

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

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)

11. Inventories

	Note	Consolidated 2013 $	Consolidated 2012 $
Stock in Transit		96,616	0
Work in progress		52,865	87,891
Finished goods		971,421	1,287,929
		1,120,902	1,375,820

12. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are all held for trading and include the following:

	Consolidated 2013 $	Consolidated 2012 $
Current		
Australian listed equity securities	61,309	86,924
	61,309	86,924

Changes in fair values of financial assets at fair value through profit or loss are recorded in other income or other expense in the profit or loss (note 6).

a) Risk exposure

The Group's exposure to price and credit risk is discussed in note 5.

13. Assets classified as held for sale

a) Assets classified as held for sale

	Consolidated 2013 $	Consolidated 2012 $
Non-current assets held for sale		
Land	627,316	-
	627,316	-

The company has agreed terms for the Compulsory Purchase Order of a property in the United Kingdom which is included in the Statement of Financial Position as Assets classified as held for sale. The legal documentation for the sale has yet to be completed and settlement is expected to take place prior to 31 October 2013.

Notes to the Financial Statements (continued)

13. Assets classified as held for sale (cont'd)

b) Sale of assets classified as held for sale

During the year Smart Parking Limited (UK) decided to sell and leaseback a car park and sell a regional office no longer in use. The sale of the car park was completed on 25th January 2013 and the sale of the regional office on 7th June 2013.

Financial information relating to the sale of the properties is set out below:

	Consolidated 2013 $	Consolidated 2012 $
Consideration received in form of cash	765,009	-
Carrying amount of net assets sold	865,561	-
Loss on sale before income tax	(100,552)	-

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

Consolidated	Land $	Buildings $	Motor Vehicles $	Office Equipment $	Plant and Equipment $	Leasehold Improvem-ents $	Total $
Year ended 30 June 2013							
At 1 July 2012							
Opening net book amount	1,392,933	68,054	75,461	132,090	2,659,517	146,575	4,474,630
Acquisition of subsidiary	-	-	-	-	-	-	-
Additions	-	-	597,936	35,494	1,612,243	32,385	2,278,058
Assets classified as held for sale and other disposals	(1,388,694)	(67,847)	(4,670)	(2,058)	(69,950)	(71,396)	(1,604,615)
Depreciation charge for the year	-	-	(111,350)	(53,815)	(1,008,043)	(14,513)	(1,187,721)
Foreign exchange translation	(4,239)	(207)	43,938	8,410	241,466	6,890	296,258
Closing net book amount	-	-	601,315	120,121	3,435,233	99,941	4,256,610
At 30 June 2013							
Cost or fair value	-	-	747,582	317,546	5,952,302	156,723	7,174,153
Accumulated depreciation & impairment	-	-	(146,267)	(197,425)	(2,517,069)	(56,782)	(2,917,543)
Net book amount	-	-	601,315	120,121	3,435,233	99,941	4,256,610

Notes to the Financial Statements (continued)

14. Property, plant and equipment (non-current) (cont'd)

Consolidated	Land $	Buildings $	Motor Vehicles $	Office Equipment $	Plant and Equipment $	Leasehold Improvem-ents $	Total $
Year ended 30 June 2012							
At 1 July 2011							
Opening net book amount	-	-	61,921	25,533	58,027	12,073	157,554
Acquisition of subsidiary	1,378,993	76,656	4,452	81,616	1,502,081	74,894	3,118,692
Additions	-	-	32,643	61,829	1,379,588	69,343	1,543,403
Disposals	-	-	(456)	-	-	-	(456)
Depreciation charge for the year	-	(9,350)	(23,424)	(38,158)	(299,336)	(10,833)	(381,101)
Foreign exchange translation	13,940	748	325	1,270	19,157	1,098	36,538
Closing net book amount	1,392,933	68,054	75,461	132,090	2,659,517	146,575	4,474,630
At 30 June 2012							
Cost or fair value	1,392,933	280,481	268,356	289,351	4,145,887	194,899	6,571,907
Accumulated depreciation & impairment	-	(212,427)	(192,895)	(157,261)	(1,486,370)	(48,324)	(2,097,277)
Net book amount	1,392,933	68,054	75,461	132,090	2,659,517	146,575	4,474,630

(a) Assets in the course of construction

The carrying amounts of assets disclosed above include the following expenditure recognised in relation to property, plant and equipment which is in the course of construction:

	Note	Consolidated 2013 $	Consolidated 2012 $
Plant and equipment		263,124	184,171

The group has capital expenditure contracted for at the reporting date but not recognized liabilities of $278,310 (2012: $74,284).

(b) Non-current assets pledged as security

Refer note 9 b).

Notes to the Financial Statements (continued)

15. Intangible assets (non-current)

	Software $	Developed Technology $	Goodwill $	Other intangible assets $	Total $
Year ended 30 June 2013					
Opening net book amount	152,024	4,517,278	2,130,837	-	6,800,139
Additions	20,540	10,234	-	20,048	50,822
Exchange differences	1,478	-	160,375	1,134	162,987
Impairment charge	-	-	-	-	-
Amortisation charge	(131,935)	(803,071)	-	(4,525)	(939,531)
Closing net book amount	42,107	3,724,441	2,291,212	16,657	6,074,417
At 30 June 2013					
Cost	520,892	5,631,734	13,590,643	21,476	19,764,745
Accumulated amortisation and impairment	(478,785)	(1,907,293)	(11,299,431)	(4,819)	(13,690,328)
Net book amount	42,107	3,724,441	2,291,212	16,657	6,074,417

	Software $	Developed Technology $	Goodwill $	Total $
Year ended 30 June 2012				
Opening net book amount	392,625	5,320,349	11,151,038	16,864,012
Acquisition of subsidiary	-	-	2,109,513	2,109,513
Additions	6,500	-	-	6,500
Exchange differences	279	-	169,717	169,996
Impairment charge *	-	-	(11,299,431)	(11,299,431)
Amortisation charge	(247,380)	(803,071)	-	(1,050,451)
Closing net book amount	152,024	4,517,278	2,130,837	6,800,139
At 30 June 2012				
Cost	496,866	5,621,500	13,430,268	19,548,634
Accumulated amortisation and impairment	(344,842)	(1,104,222)	(11,299,431)	(12,748,495)
Net book amount	152,024	4,517,278	2,130,837	6,800,139

*The carrying amount of the goodwill within the Technology cash generating unit ("CGU") was reduced to its recoverable amount through recognition of an impairment loss against goodwill during the year ending 30 June 2012. This loss was disclosed as a separate line item in the profit or loss.

Notes to the Financial Statements (continued)

15. 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.

	Consolidated 2013 $	2012 $
CGU		
Parking management - goodwill	2,291,212	2,130,837
Technology – developed technology	3,724,441	4,517,278
	6,015,653	6,648,115

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 approved by management covering a five year period. 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.

(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. In 2012 the Parking management CGU was not subject to impairment testing as the acquisition had recently taken place and the developed technology in the technology CGU was not subject to impairment testing as there were no signs of impairment.

	2013 $	2012 $
Parking management CGU		
Growth rate *	2.5%	-
Discount rate **	16.9%	-
Technology CGU		
Growth rate *	2.5%	15.0%
Discount rate **	25.0%	20.0%

*Weighted average growth rate used to extrapolate cash flows beyond the budget period to perpetuity.
**In performing the value-in-use calculations, the group has assumed there are no expected future tax cash flows due to the carry forward loss position, therefore the pre-tax discount rate is the same as the post-tax discount rate.

Notes to the Financial Statements (continued)

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

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.

(c) Impairment charge

The impairment charge of $11,299,431 arose in the Technology CGU following the lower than expected revenue for the year ended 30 June 2012. Whilst management believe in the potential for growth in this business, the impairment charge was considered prudent and appropriate given recent historical performance.

(d) Impact of possible changes in key assumptions

If the pre-tax discount rate applied to the cash flow projections for the Parking Management CGU had been 1% higher than management's estimates at 30 June 2013 (17.9% instead of 16.9%), the group would have recognised impairment against goodwill of $366,017.

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 2013 the group would have recognised impairment against the developed technology of $875,908.

Notes to the Financial Statements (continued)

16. Deferred Tax Assets

	Consolidated	
	2013	**2012**
	$	**$**
The balance comprises temporary differences attributable to:		
Unrealised loss on investments	-	-
Tax losses	-	330,832
Other temporary differences	-	(176,571)
	-	154,261

Movements	**Unrealised loss on investments $**	**Tax losses $**	**Other temporary differences $**	**Total $**
At 1 July 2011	169,628	-	90,700	260,328
(Charged)/credited				
- to profit or loss	(169,628)	330,832	(233,304)	(72,100)
- directly to equity	-	-	(33,967)	(33,967)
At 30 June 2012	-	330,832	(176,571)	154,261
(Charged)/credited				
- to profit or loss	-	(330,832)	176,571	(154,261)
- directly to equity	-	-	-	-
At 30 June 2013	-	-	-	-

Notes to the Financial Statements (continued)

17. Trade and other payables

	Consolidated 2013 $	2012 $
Current		
Trade payables	2,080,156	2,583,725
Related party payables	61,689	48,862
Other payables	5,167,891	8,061,043
	7,309,736	10,693,630

(a) All trade and other payables are expected to be settled within 12 months. Other payables includes amounts 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.

(b) Risk exposure

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

18. Borrowings

	Consolidated 2013 $	2012 $
Secured		
Current hire purchase liabilities	204,625	-
Non-current hire purchase liabilities	212,736	-
	417,361	-

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 33.

19. Deferred revenue

	Consolidated 2013 $	2012 $
Current		
Revenue received in advance	245,708	149,274
	245,708	149,274

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.

Notes to the Financial Statements (continued)

20. Provisions

	Consolidated 2013 $	Consolidated 2012 $
Current		
Employee benefits	1,412,989	1,301,049
	1,412,989	1,301,049

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.

21. Issued capital

	Note	Consolidated Entity 2013 No.	Consolidated Entity 2013 $	Consolidated Entity 2012 No.	Consolidated Entity 2012 $
Ordinary shares					
- Issued and fully paid	(a)	208,308,602	45,594,329	208,108,602	45,554,329
Less Treasury shares		(12,268,026)		(3,344,830)	
Total consolidated contributed equity		196,040,576	45,594,329	204,763,772	45,554,329

(a) Movements in ordinary share capital

Date	Details	No of shares	Issue price	$
1 July 2011	Opening Balance	156,108,602		30,972,466
28 December 2011	Share Issue	50,000,000	$0.30	15,000,000
	Less: Transaction costs arising on share issue			(418,137)
21 February 2012	Shares issued under deferred share and incentive plan	2,000,000		-
30 June 2012	Balance	208,108,602		45,554,329
6 March 2013	Exercise of Director options	200,000	$0.20	40,000
30 June 2013	Balance	208,308,602		45,594,329

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

Treasury shares are shares in Smart Parking Limited that are held by the Car Parking Technologies Employee Share Trust for the purpose of issuing shares under the Car Parking Technologies Limited Employee share scheme (refer to note 25 (b)). Treasury shares also include 9,069,629 shares of a former Director, Mr Dickson (refer to note 28 (f)).

Notes to the Financial Statements (continued)

21. Issued capital (cont'd)

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 2013 the Group has capital of $13,390,664 (2012: $19,887,995).

Notes to the Financial Statements (continued)

22. Reserves and accumulated losses

(a) Reserves

	Consolidated 2013 $	Consolidated 2012 $
Share based payments	1,066,398	875,674
Foreign currency translation	967,346	416,473
	2,033,744	1,292,147

	Consolidated 2013 $	Consolidated 2012 $
Movements in share based payment reserve were as follows:		
Balance 1 July	875,674	778,073
Deferred share rights and option expense	190,724	97,601
Balance 30 June	1,066,398	875,674

Share based options
The Company has no unlisted options over ordinary shares on issue at 30 June 2013.

Deferred share rights
The Company has 2,107,192 deferred share rights on issue at 30 June 2013. 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 3 year time hurdle.

	Consolidated 2013 $	Consolidated 2012 $
Movements in foreign currency translation reserve were as follows:		
Balance 1 July	416,473	204,804
Currency translation differences arising during the year	550,873	211,669
Balance 30 June	967,346	416,473

Nature and purpose of reserves

Share-based payments reserve
The share-based payments reserve is used to record the value of equity benefits which may be provided:

- to directors on terms determined by the shareholders; and
- to employees, advisers and consultants as payments for services.

Notes to the Financial Statements (continued)

22. Reserves and accumulated losses (cont'd)

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

	Consolidated	
	2013	**2012**
	$	**$**
Balance 1 July	(26,958,481)	(9,806,846)
Net profit/(loss) for the year	(7,278,928)	(17,151,635)
Balance 30 June	(34,237,409)	(26,958,481)

23. Related party transactions

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

(a) Parent entity
The parent entity within the Group is Smart Parking Limited which is the ultimate Australian parent.

(b) Director related entities
During the year the parent and its subsidiaries made payments to Directors and their related entities for services provided. Details are disclosed at note 28.

Notes to the Financial Statements (continued)

24. Reconciliation of cash flows from operating activities

	Consolidated	
	2013 $	2012 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Profit/(Loss) after income tax for the period	(7,278,928)	(17,151,635)
Adjustments for:		
Gain/loss on disposal of assets classified as held for sale	100,552	-
Gain/loss on disposal of plant and equipment	139,986	-
Depreciation and amortisation expense	2,127,252	1,431,552
Unrealised losses on financial assets through profit or loss	25,615	118,461
Impairment of goodwill	-	11,299,431
Impairment of trade receivables	(116,300)	29,430
Share-based payments expense	190,724	97,601
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in trade and term receivables	1,021,762	1,060,899
(Increase)/decrease in inventories	254,918	(485,747)
(Increase)/decrease in other current assets	1,123,263	1,250,721
Increase/(decrease) in trade payables and accruals	(3,141,971)	(1,420,250)
Increase/(decrease) in tax payable and deferred tax	143,944	(452,546)
Net Cash outflow from operations	(5,409,183)	(4,222,083)

Notes to the Financial Statements (continued)

25. Share based payments

(a) Options

The following share-based payments arrangements to directors, employees and advisors existed at 30 June 2013. All options granted to directors, employees and advisors are for ordinary shares in Smart Parking Ltd confer a right of one ordinary share for every option held.

Grant Date	Expiry Date	Exercise Price	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested & exercisable at end of the year Number
Consolidated Entity 2013								
22 Feb 2011	30 June 2013	$0.20	1,500,000	-	(200,000)	(1,300,000)	-	-
1 Apr 2011	30 June 2013	$0.20	500,000	-	-	(500,000)	-	-
Total			2,000,000	-	(200,000)	(1,800,000)	-	-
Weighted Average Exercise Price			$0.20	-	$0.20	$0.20	-	-
Consolidated Entity 2012								
22 Feb 2011	30 June 2013	$0.20	1,500,000	-	-	-	1,500,000	1,500,000
1 Apr 2011	30 June 2013	$0.20	500,000	-	-	-	500,000	500,000
Total			2,000,000	-	-	-	2,000,000	2,000,000
Weighted Average Exercise Price			$0.20	-	-	-	$0.20	$0.20

Fair value of options granted

30 June 2013
There were no options granted during the year ended 30 June 2013.

Notes to the Financial Statements (continued)

25. Share based payments (cont'd)

The model inputs for options granted during the year ended 30 June 2011 included:

Options are granted for no consideration and vest based on conditions determined by the board at a general meeting, vested options are exercisable as per the dates below, after vesting and;

Grant date	22 February 2011	1 April 2011
Exercise price	\$0.20	\$0.20
Expiry date	30 June 2013	30 June 2013
Share price at grant date	\$0.295	\$0.30
Expected volatility	70%	70%
Expected dividend yield	Nil	Nil
Risk free rate	4.97%	4.97%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

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 no performance criteria as it was more appropriate to use service conditions.

At 30 June 2013 3,198,397 (2012: 3,344,830) shares have been set aside under the Plan and 2,107,192 (2012: 1,094,828) deferred share rights or shares have been allocated to particular employees. Employees have the right to acquire the shares no sooner than 3 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 2013 (2012: nil) other than 250,000 rights to deferred shares granted to Mr Gillespie as part of commencing his employment.

Notes to the Financial Statements (continued)

25. 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 Option at Grant Date	% vested
6 May 2011	6 May 2014	6 May 2016	$0.00	$0.28	0%
1 October 2011	1 October 2014	1 October 2016	$0.00	$0.30	0%
20 February 2012	20 February 2015	20 February 2017	$0.00	$0.31	0%
1 July 2012	1 July 2015	1 July 2017	$0.00	$0.27	0%
29 August 2012	29 August 2015	29 August 2017	$0.00	$0.26	0%
1 December 2012	1 December 2015	1 December 2017	$0.00	$0.29	0%
1 January 2013	1 January 2016	1 January 20168	$0.00	$0.26	0%

	Consolidated 2013 No.	Consolidated 2012 No.
Deferred share rights issued under the plan to participating employees	2,107,192	1,094,828
	2,107,192	1,094,828

(c) Expenses arising from share based payment transactions

	Consolidated 2013 $	Consolidated 2012 $
Deferred share rights	190,724	97,601
	190,724	97,601

Notes to the Financial Statements (continued)

26. Parent Entity Information

The following details information related to the parent entity, Smart Parking Limited, as at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2013 $	2012 $
Current assets	2,716,763	12,419,685
Non-current assets	8,343,318	23,510,444
Total assets	11,060,081	35,930,129
Current liabilities	190,288	51,159
Non-current liabilities	-	-
Total liabilities	190,288	51,159
Contributed equity	45,594,329	45,554,329
Retained earnings/ (accumulated losses)	(35,790,934)	(10,551,033)
Option reserve	1,066,398	875,674
Other reserve	-	-
Total equity	10,869,793	35,878,970
Profit for the year	(24,932,733)	(1,740,519)
Other comprehensive income/ (loss) for the year	-	-
Total comprehensive income/ (loss) for the year	(24,932,733)	(1,740,519)

27. Auditor's Remuneration

	Consolidated	
	2013 $	2012 $
Audit Services		
Audit and review of financial reports		
Grant Thornton Audit Pty Ltd	48,000	34,600
BDO Audit (NSW-VIC) Pty Ltd (merged with Grant Thornton from 1 May 2012)	-	10,000
BDO Waikato, New Zealand	24,406	23,778
BDO LLP, United Kingdom	52,680	33,598
Total remuneration for audit services	125,086	101,976
Non-audit services		
Taxation		
BDO (WA) Pty Ltd	-	16,931
BDO LLP, United Kingdom	69,319	26,344
Other assurance services		
BDO LLP, United Kingdom	14,648	34,362
Total remuneration for non-audit related services	83,967	77,637

Notes to the Financial Statements (continued)

28. Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated 2013 $	Consolidated 2012 $
Short-term employee benefits	626,198	670,415
Post- employment benefits	-	26,497
Long-term benefits	-	-
Share based payments	47,763	-
Termination benefits	89,000	-
	762,961	696,912

(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
The number of options 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 out below:

2013

Name	Balance at the start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercise-able	Unvested
Directors							
Ms Penelope Maclagan	200,000	-	(200,000)	-	-	-	-
Ms Tiffany Fuller	300,000	-	-	(300,000)	-	-	-
Mr Jeremy King	500,000	-	-	(500,000)	-	-	-
Other key management personnel of the Group							
Mr Richard Ludbrook	500,000	-	-	(500,000)	-	-	-
Total	1,500,000	-	(200,000)	(1,300,000)	-	-	-

2012

Name	Balance at the start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercise-able	Unvested
Directors							
Ms Penelope Maclagan	200,000	-	-	-	200,000	200,000	-
Ms Tiffany Fuller	300,000	-	-	-	300,000	300,000	-
Other key management personnel of the Group							
Mr Richard Ludbrook	500,000	-	-	-	500,000	500,000	-
Total	1,000,000	-	-	-	1,000,000	1,000,000	-

Notes to the Financial Statements (continued)

28. Key management personnel disclosures (cont'd)

(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 out below (2012: nil):

2013

Name	Balance at the start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exercise-able	Unvested
Directors							
Mr Paul Gillespie	-	250,000	-	-	250,000	-	250,000
Other key management personnel							
Mr Richard Ludbrook	-	33,333	-	-	33,333	-	33,333
Mr Charlie Leaper	-	256,410	-	-	256,410	-	256,410
Total	-	539,743	-	-	539,743	-	539,743

(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 out below. 250,000 rights to deferred shares were granted during the reporting period to Mr Paul Gillespie as part of a sign on incentive (refer note 28 (b)(iv)). The rights will vest as shares after three years employment.

Notes to the Financial Statements (continued)

28. Key management personnel disclosures (cont'd)

2013

Name	Balance at the start of the year	Received during the year on the exercise of options	Consolidation of capital on basis of 3 for every 4 shares	Other changes	Balance at the end of the year
Directors					
Mr Christopher Morris	30,603,789	-	-	12,538,437	43,142,226
Mr Paul Collins	23,828,846	-	-	(9,352,478)	14,476,368
Mr Paul Gillespie	-	-	-	-	-
Mr Roland Rogers	23,708,257	-	-	-	23,708,257
Mr Bernie Dickson	9,069,629	-	-	(9,069,629)	-
Ms Penelope Maclagan	2,979,167	200,000	-	2,000,000	5,179,167
Mr Tiffany Fuller	166,667	-	-	-	166,667
Mr Jeremy King	400,000	-	-	-	400,000
Other key management personnel					
Mr Richard Ludbrook	578,912	-	-	-	578,912
Mr Charlie Leaper	-	-	-	-	-
Total	91,335,267	200,000	-	(3,883,670)	87,651,597

2012

Name	Balance at the start of the year	Received during the year on the exercise of options	Consolidation of capital on basis of 3 for every 4 shares	Other changes	Balance at the end of the year
Directors					
Mr Christopher Morris	27,270,456	-	-	3,333,333	30,603,789
Mr Paul Collins	23,687,169	-	-	141,677	23,828,846
Mr Roland Rogers	23,108,257	-	-	600,000	23,708,257
Mr Bernie Dickson	9,069,629	-	-	-	9,069,629
Ms Penelope Maclagan	1,312,500	-	-	1,666,667	2,979,167
Mr Tiffany Fuller	-	-	-	166,667	166,667
Other key management personnel					
Mr Richard Ludbrook	578,912	-	-	-	578,912
Mr Charlie Leaper	-	-	-	-	-
Total	85,026,923	-	-	5,908,344	90,935,267

(e) Loans to key management personnel

A former Director, Mr Dickson, was the sole shareholder of Smart Parking Limited (UK) (formerly Town and City Parking Limited) prior to it being acquired by Smart Parking Limited on 9 January 2012. At 30 June 2012 $33,906 was due from Mr Dickson for a pre-acquisition shareholders current account. A termination payment of $89,000 was made to Mr Dickson and the shareholders current account was written off as part of settling an employment dispute during the year ending 30 June 2013.

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)

28. Key management personnel disclosures (cont'd)

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

A Director, Mr Morris, is the Non-executive Chairman 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 Mr Morris's appointment.

A Director, Mr Morris, is a shareholder of Flag Communication Limited. Flag Communication Limited has provided marketing services to Smart Parking Limited (UK) 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.

On 24 July 2013, entities associated with two Directors, Mr Morris and Ms Maclagan made a loan facility of up to $3m ($1m currently drawn) available to the Group. The loan facility is unsecured, attracts an interest rate of 10% payable monthly and may be repaid at any time without penalty, with principal otherwise due for repayment by 24 July 2015.

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.

A former Director, Mr Dickson, was the sole shareholder of Smart Parking Limited (UK) (formerly Town and City Parking Limited) prior to it being acquired by Smart Parking Limited on 9 January 2012. The sale and purchase agreement (SPA) for such acquisition provided for an adjustment to the consideration paid by Smart Parking calculated by reference to the reviewed net asset position of Smart Parking Limited (UK). To the extent (i) such adjustment was negative, and (ii) the financial performance of Smart Parking (UK) Limited for the calendar year 2012 did not meet certain levels, the SPA granted Smart Parking the right to deal with a number of shares held by Mr Dickson in Smart Parking (Relevant Shares) to the extent of the deficiency between (i) and (ii) above. The financial performance of Smart Parking (UK) Limited during calendar year 2012 did not meet the levels required under the SPA and the net asset adjustment as reviewed by the Company's auditors was $3,304,313. As at June 30, 2013, the amount receivable represented by the value of the Relevant Shares was $1,360,445. The recoverable amount of the overall net asset adjustment has been impaired by $1,332,011 (2012: $615,131) for the year ending June 30, 2013, reflecting the market value of the Relevant Shares as at June 30, 2013. For each $0.01 change in Smart Parking's share price, the amount recoverable increases or reduces by $90,696. It should be noted that Mr Dickson disputes the calculation of the net asset adjustment and first earn out.

The Sale and Purchase Agreement includes tax indemnification provisions by the vendor, Mr Dickson to the company. The company is actively pursuing its rights under these provisions.

Mr Dickson's employment with Smart Parking Limited (UK) was terminated on 24 August, 2012. Mr Dickson resigned as a director on 22 September, 2012.

Notes to the Financial Statements (continued)

28. Key management personnel disclosures (cont'd)

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:

	2013 $	2012 $
Amounts recognised as revenue		
Revenue for hardware and software and services	-	787,433
Amounts recognised as expense		
Corporate advisory fees (company secretarial & financial management)	62,500	-
Share registry fees	28,248	29,675
Bulk print and mail services	120,446	-
Marketing services	90,806	-
Product support and development	-	194,364
Licence fee to occupy premises	-	26,807
	302,000	250,846

The 2012 comparatives include amounts that related to former Directors that resigned during the year ended 30 June 2013.

29. Dividends paid or proposed

There were no dividends paid or proposed during the year.

30. Non-cash investing and financing activities

	Consolidated 2013 $	2012 $
Acquisition of motor vehicles by means of hire purchase	597,936	-

31. After reporting period events

On 24 July 2013, entities associated with two Directors made a loan facility of up to $3m ($1m currently drawn) available to the Group. The loan facility is unsecured, attracts an interest rate of 10% payable monthly and may be repaid at any time without penalty, with principal otherwise due for repayment by 24 July 2015.

As outlined in note 28 the recoverable amount of the net asset adjustment on the acquisition of Smart Parking Limited (UK) has increased by $90,696 due to an increase in the share price from $0.15 at 30 June 2013 to $0.16 at 30 August 2013.

The company has agreed terms for the sale of a property in the United Kingdom which is included in the Statement of Financial Position as Assets classified as held for sale. The legal documentation for the sale has yet to be completed.

The company expects to settle the remaining UK legacy tax liabilities of $1.2m in the first quarter of FY14.

Notes to the Financial Statements (continued)

32. Contingencies

The group had contingencies at 30 June 2013 in respect of:

(a) Contingent guarantees

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

33. Commitments

(a) Capital commitments

The group has capital expenditure contracted for at the reporting date but not recognized liabilities of $278,310 (2012: $74,284).

(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.

	Consolidated	
	2013	**2012**
Commitments for minimum lease payments under non-cancellable operating leases and management contracts are payable as follows:	**$**	**$**
Within one year	1,854,143	1,426,052
Later than one year but not later than five years	5,598,209	5,493,075
Later than five years	8,134,480	6,106,796
	15,586,832	13,025,923

(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.

	Consolidated	
	2013	**2012**
Commitments in relation to hire purchase as follows:	**$**	**$**
Within one year	204,625	-
Later than one year but not later than five years	212,736	-
Later than five years	-	-
	417,361	-

Directors' Declaration

In the Directors' opinion:

(a) the financial statements, comprising the statement of 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 2013 and of the performance for the year ended on that date of the consolidated entity.

(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 2013, comply with section 300A of the *Corporations Act 2001.*

(d) The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International 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

26 September 2013

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of Smart Parking Limited ("SPT" or "Company"). The Board of Directors ("Board") supports a system of corporate governance to ensure that the management of SPT is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX Corporate Governance Council Recommendations

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* ("ASX Principles and Recommendations 2nd Edition") where considered appropriate for company of SPT's size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Securities Trading Policy, Market Disclosure Policy, Shareholder Communication and Risk Management Policies. Further details in respect to the Company's corporate governance practises are summarised below and copies of Company's corporate governance policies are available of the Company's web site at www.smartparking.com.

Meetings of the Board

The Board meets as and when required but at least quarterly to consider the business of Smart Parking Limited, its financial performance and other operational issues.

Review of Performance

The Board reviews its performance and composition on an annual basis to ensure that it has the appropriate mix of expertise and experience. Given the size and nature of the Company's activities the Board reviews the performance of Directors and the composition of the Board, at regular intervals during the year, or as deemed necessary.

Directors' Remuneration

The remuneration of non executive Directors is different to that of executives. Executive Directors receive a salary and may receive other benefits.

Non executive Directors receive a set fee per annum and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties. When reviewing Director's fees the Board takes into account any changes in the size and scope of SPT's activities.

The Board will review the remuneration and policies applicable to all Directors on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior Executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

The structure and disclosure of the Company's remuneration policies for Directors are set out in the Directors Report.

Board Access to Information

All Directors have unrestricted access to all employees of the Company and, subject to the law, access to all Company records and information held by an employees and/or external advisers. The Board receives regular detailed financial and operational reports to enable it to carry out its duties.

Each Director may, with the prior written approval of the Chairman, obtain independent professional

Corporate Governance Statement (continued)

advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

Board Committees

The Board, where appropriate, may establish a number of committees to assist in carrying out its responsibilities in an effective and efficient manner.

1. Nomination Committee

The full Board carries out the role of the nomination committee. The full Board officially convened as a nomination committee during the Reporting Period for the appointment of Mr Paul Gillespie as Managing Director.

2. Audit and Risk Committee

The Audit and Risk Committee is governed by a Board approved charter.

The principal function of the Audit and Risk Committee is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and external audit functions.

The Audit and Risk Committee is chaired by Ms Tiffany Fuller. The Committee currently has two other permanent non-executive members being Ms Penelope Maclagan and Mr Jeremy King.

The Board considers that these members have the required financial expertise and an appropriate understanding of the markets in which the Group operates. The Managing Director, Chief Financial Officer and the Company's external auditors are invited to meetings of the Audit and Risk Committee at the Committee's discretion.

2.1 Audit Process

As part of the Company's commitment to safeguarding integrity in financial reporting, Smart Parking Limited accounts are subject to annual audit by an independent, professional auditor, who also reviews the half-yearly accounts. The Auditor attends and is available to answer questions at the Company's Annual General Meetings.

2.2 Auditor Independence

The Company has implemented procedures to monitor the independence and competence of the Company's external auditors. Details of the amounts paid for both audit work and non-audit services are set out in this annual report.

The Board requires that adequate hand-over occurs in the year prior to rotation of an audit partner to ensure an efficient and effective audit under the new partner.

Corporate Governance Statement (continued)

3. Remuneration Committee

The principle function of the Remuneration Committee is to assist the Board in ensuring that the Group's remuneration levels are appropriate and sufficient to attract and retain directors and key executives required to run the Group successfully.

The Remuneration Committee is chaired by Ms Penny Maclagan. The Committee currently has two other permanent non-executive members being Ms Tiffany Fuller and Mr Chris Morris with Mr Paul Gillespie (Managing Director) attending by invitation.

The Committee meets at least annually, with additional meetings being convened as required.

Share Trading

Under the Company's Share Trading Policy, all employees and Directors of the Company and its related companies are prohibited from trading in the Company's shares or other securities if they are in possession of price sensitive information that is not generally available to the market.

Directors and senior executives of the Company may during certain trading windows trade in the Company's securities. At all other times, all Directors must advise the Chairman of their intention to trade and must receive the Chairman's written clearance prior to undertaking a trade and all senior executives must advise the CEO or Managing Director of their intention to trade and must receive written clearance prior to undertaking a trade.

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the ASX's securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings, media communications, commenting on expected earnings, communications black-out periods and review of briefings and communications. The policy is reviewed periodically and updated as required.

The Company Secretary has responsibility for overseeing and coordinating disclosure of information to the Australian Securities Exchange. The Company Secretary also liaises with the Chairman in relation to continuous disclosure matters. The Chairman is responsible for overseeing and coordinating disclosure of information to analysts, brokers and shareholders.

Ethical Standards

All Directors, executives and employees are charged with the responsibility to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

It is the Board's responsibility to ensure that all staff are aware of the Company's Code of Conduct and to ensure that any individual who does not adhere to these ideals is dealt with appropriately by executive management. Appropriate action may be counselling, disciplinary action or termination of employment.

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community.

Corporate Governance Statement (continued)

Communications with Shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting Smart Parking Limited. Information is communicated to shareholders through the distribution of annual reports; and by presentation to shareholders at the Annual General Meeting, which they are encouraged to attend.

In addition, all reports, including quarterly reports and releases made by Smart Parking Limited throughout the year with respect to its activities are distributed widely via the Australian Securities Exchange and posted on the Company's website located at www.smartparking.com.

Corporate Governance Compliance Schedule

The table below identifies the ASX Corporate Governance Principles and Recommendations (**Recommendations**) and whether or not the Company has complied with the Recommendations during the reporting period:

Recommendation		Complied	Note
1.	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	✓	
1.2	Disclose the process for evaluating the performance of senior executives	✓	
1.3	Provide the information indicated in the Guide to reporting on Principle 1	✓	
2.	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	✓	
2.2	The chair should be an independent director	✗	Note 1
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	✗	Note 2
2.4	The board should establish a nomination committee	✗	Note 3
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors	✓	
2.6	Provide information indicated in the Guide to reporting on Principle 2	✓	
3.	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account heir legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	✗	Note 4
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	✗	Note 4

Corporate Governance Statement (continued)

	Recommendation	Complied	Note
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	✗	Note 4
3.5	Provide information indicated in the Guide to reporting on Principle 3	✓	
4.	**Safeguard integrity in financial reporting**		
4.1	Establish an audit committee	✓	
4.2	Structure the audit committee so that it: • consist only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members	✓	
4.3	The audit committee to have a formal charter	✓	
4.4	Provide the information indicated in the Guide to reporting on Principle 4	✓	
5.	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies	✓	
5.2	Provide the information indicated in the Guide to reporting on Principle 5	✓	
6.	**Respect the rights of shareholders**		
6.1	Design communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	✓	
6.2	Provide the information indicated in the Guide to reporting on Principle 6	✓	
7.	**Recognise and manage risk**		
7.1	Establish policies for oversight and management of material business risks and disclose a summary of those policies	✓	
7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. Disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	
7.3	Disclose whether assurance has been received from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide information indicated in the Guide to reporting on Principle 7	✓	
8.	**Remunerate fairly and responsibly**		
8.1	Establish a remuneration committee	✓	
8.2	Structure the remuneration committee so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	✓	
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	✓	
8.4	Provide the information indicated in the Guide to reporting on Principle 8	✓	

Corporate Governance Statement (continued)

Note 1: Mr Morris does not satisfy the Independence Test as they he is indirectly a substantial shareholder of the Company as defined in section 9 of the *Corporations Act* 2001.

Note 2: Mr Morris was made acting CEO of Smart Parking Limited (UK) from May 2012 until 30 June 2013.

Note 3: The Principles recommend that companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and that companies should have a structure to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

(a) Recommendation 2.4 – Nomination Committee

Recommendation 2.4 of the Principles states that the board should establish a nomination committee that should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

The Board as a whole serves as a nomination committee. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate nomination committee.

The responsibility for the selection of potential directors lies with the full Board of the Company. A separate nomination committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the nomination committee and to regularly review membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance and consideration of appointments and approvals.

When a Board vacancy occurs, the Board acting as the nomination committee, identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re-election every three (3) years.

Corporate Governance Statement (continued)

Note 4: The Principles recommend that companies should have a diversity policy.

(a) Recommendation 3.2– Diversity Policy

Recommendation 3.2 of the Principles states that the board should establish a diversity policy that should be structured so that it:

- includes requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people. The Board does not consider that at this stage it is appropriate to specifically adopt a policy specifically addressing diversity, but will consider adopting a policy as it develops.

(b) Recommendation 3.3– Measurable Objectives for Achieving Gender Diversity

Recommendation 3.3 of the Principles states that the board should disclose in each annual report the:

- measurable objectives for achieving gender diversity in accordance with the diversity policy and;
- the progress there has been towards achieving the objectives.

Given the size of the Company, the Company has not yet set measurable objectives for achieving gender diversity.

(c) Recommendation 3.4– Annual Report Disclosure

Recommendation 3.4 of the Principles states that the board should disclose in each annual report:

- The proportion of women employees in the whole organisation;
- Women in senior executive positions and;
- Women on the board.

Given the size of the Board and the Company, the Board considers that this function is achieved with Ms Tiffany Fuller and Ms Penelope Maclagan holding Non-Executive board positions. The proportion of women employees in the whole organisation is 13%, no women hold senior management positions.

ASX Additional Information

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

1. Shareholdings

The issued capital of the Company as at 18 September 2013 is 208,308,602 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	17	1,513	0.00
1,001-5,000	233	735,583	0.35
5,001-10,000	186	1,508,203	0.72
10,001-100,000	696	27,925,157	13.41
100,001 and over	166	178,138,146	85.52
Total	**1,298**	**208,308,602**	**100**

Unmarketable parcels

There were 145 holders of less than a marketable parcel of ordinary shares.

2. Top 20 Shareholders as at 18 September 2013

	Name	Number of Shares	%
1	Finico Pty Limited	41,475,560	19.91
2	Electronic Company of New Zealand (1971) Limited	15,003,482	7.20
3	Car Parking Technologies Employee Share Plan Pty Limited	12,273,026	5.89
4	Mr Paul Collins and Ms Jo Collins	11,416,976	5.48
5	Equity Trustees Limited	9,326,917	4.48
6	Mr Roland Rogers	8,704,775	4.18
7	Pennilane Investments Pty Ltd	5,179,167	2.49
8	Mr Bart Engelsman	4,631,300	2.22
9	Merrill Lynch (Australia)	3,950,000	1.90
10	Chouilly Pty Ltd	3,333,333	1.60
11	Mr David Oakley	3,065,000	1.47
12	Custodial Services Limited	2,601,761	1.25
13	JMC Automotive Pty Ltd	2,267,407	1.09
14	Mr Dave Mackie and Ms Maureen Mackie	2,170,922	1.04
15	Lochinvar Securities Pty Limited	1,936,667	0.93
16	Morris Family Foundation	1,666,666	0.80
17	Lochinvar Finance Pty Limited	1,596,938	0.77
18	Mr Simon Wallace and Sievwrights Trustees Services (No 4) Limited	1,447,281	0.69
19	Mr Lawrence Dowd	1,111,113	0.53
20	A&L Johnson Investments	1,109,582	0.53
	Total	**134,267,873**	**64.45**

3. Substantial Shareholders as at 18 September 2013

	Name	Number of Shares	%
1	Finico Pty Limited	41,475,560	19.91
2	Electronic Company of New Zealand (1971) Limited	15,003,482	7.20
3	S G Hiscock & Company	14,128,855	6.78
4	Mr Paul Collins and Ms Jo Collins	11,416,976	5.48

4. Unquoted Options as at 18 September 2013

Nil

5. Restricted Securities subject to escrow period

Nil

6. Voting Rights

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

7. Company cash and assets

In accordance with Listing Rule 4.10.19, the company confirms that it has been using the cash and assets it had acquired at the time of admission and for the year ended 30 June 2013 in a way that is consistent with its business objective and strategy.