Appendix 4D

Half-year Report

31 December 2019

Smart Parking Limited

ABN 45 119 327 169

Results for announcement to the market

Financial Results	% change	Dec 2019 $	Dec 2018 $
Revenue from ordinary activities	Down 1%	13,974,378	14,137,722
Profit/(loss) after tax attributable to members	Down 155%	(1,475,340)	(578,341)
Net Profit/(loss) for the period attributable to members	Down 277%	(1,731,819)	(458,681)

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

Net Tangible Asset Backing	Dec 2019	Dec 2018
Net tangible asset backing per ordinary security	4.46 cents	6.10 cents

Other explanatory notes

The above results are affected by some significant non-recurring, non-operating items. Adjusted EBITDA excludes the effects of non-recurring and non-operating items, and was $1.6m, increasing by 246% or $1.2m on H1 FY19. Excluding the impact of the adoption of IFRS 16 Leases in the current period, adjusted EBITDA increased by 59%, or $0.3m. (Refer to Note 1 for the impact of the adoption of IFRS 16 and to the Directors' Report for an explanation of non-recurring, non-operating items).

In the Parking Management division, adjusted EBITDA for H1 FY20 was $3.5m, up 84% on H1 FY19. Excluding the impact of the adoption of IFRS 16 Leases, Parking Management adjusted EBITDA was $2.7m, up 41% on H1 FY19.

The Company increased sites under management by 16%. Parking Management revenue of $11.5m was up 1% (H1 FY19: $11.3m), as the addition of new sites offset the removal of a few large sites related to one off issues with prior management. The number of Parking Breach Notices issued increased by 5% compared to the prior corresponding period, or 28% if the unusual key site losses are excluded. The growth in new car parks has diversified the revenue stream and decreased risk by diluting reliance on key sites.

The company expects revenue growth in H2 FY20 as a result of increased PBN's and site acquisitions.

External revenue in the Technology division was down 11% from $2.8m (H1 FY19) to $2.5m (H1 FY20). There is a good pipeline of projects to be installed in H2, including Gatwick Airport which should positively impact H2 results.

The company invested $0.6m on Research and Development and continued to invest in technology. The division continued to enhance the functionality of its Smart City platform (SmartCloud) and Parking App, and launched its next generation indoor Parking Guidance System. The company is developing an Enforcement Management System, to complete the end to end customer journey, opening up a wider pool of customers with a greater product offering.

Further commentary on the results is included in the Investor Presentation.

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

Smart Parking Limited
and its Controlled Entities

ABN 45 119 327 169

Interim Financial Report

for the half-year ended 31 December 2019

Contents

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by Smart Parking Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Directors' Report

Your Directors present their report together with the consolidated financial statements for the half-year ended 31 December 2019.

Directors

The names of the Directors in office during the half-year and until the date of this report are as follows. All Directors were in office for the entire period.

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

Principal activities

The Group operates three divisions:

- Parking Management: Provision of parking management solutions, predominantly servicing the retail sector, managing agents and land owners in the United Kingdom.

- Technology: The sale of Smart City and IoT (Internet of Things) technology, hardware and software predominantly for parking solutions around the world.

- Research and Development: Includes costs to research, develop and enhance Smart City, IoT and ANPR software/hardware for both the Technology and Parking Management divisions.

Directors' Report (continued)

Review of Operations

The Group's operating loss after income tax for the half-year ended 31 December 2019 was $1.5m, compared to a loss for the half-year ended 31 December 2018 of $0.6m.

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

	2019	2018
	$	$
Revenue	**14,036,023**	**14,267,272**
Net Loss for the half-year after tax	**(1,475,340)**	**(578,341)**
EBITDA[1]	562,644	536,795
Professional fees[2]	727,872	-
Restructuring costs[3]	232,140	-
VAT under dispute[4]	873,137	-
Other non-recurring expenses[5]	-	18,738
Foreign exchange gains[6]	(746,198)	(78,871)
Adjusted EBITDA[7]	**1,649,595**	**476,662**
Adjusted EBITDA margin	11.8%	3.3%

[1]EBITDA represents Earnings before interest, taxation, depreciation, amortisation and loss on disposal of plant and equipment. From 1 July 2019 the company adopted IFRS 16 Leases which resulted in EBITDA increasing by $0.9m. Refer to Note 1 for the impact of adoption of IFRS 16.
[2]The professional fees relate to expert advice on the VAT dispute with HMRC and corporate advisory costs. These costs are non-operating in nature.
[3]The restructuring costs relate to a reorganisation of the UK Parking Management business.
[4]The VAT costs relate to the accounting provision associated with the ongoing dispute with HMRC. The amount represents the estimated VAT under dispute that would be payable in the event that the Company is unsuccessful in its dispute with HMRC calculated in accordance with tax assessments issued by the HMRC for prior periods. In accordance with accounting standards, disputed VAT was treated as a contingent liability and not accrued in 2018, as HMRC did not raise its assessment until August 2019. Refer to note 15 for additional information.
[5]The other non-recurring expenses are either non-recurring or non-operating in nature.
[6]The foreign exchange gains relate to funding within the Group.
[7]The Board assesses the underlying performance of the Group based on a measure of Adjusted EBITDA which excludes the effect of non-operating and non-recurring costs.

The Group's Adjusted EBITDA after non-recurring items is $1.6m (2018: $0.5m) with the EBITDA margin increasing from 3.3% in H1 FY19 to 11.8% in H1 FY20. Excluding the impact of the adoption of IFRS 16 Leases Adjusted EBITDA was $0.8m and the EBITDA margin was 5.4%.

The Group has 86% (UK Parking Management and Technology) of its revenue derived in the United Kingdom resulting in revenue and profits denominated in Great British Pounds ("GBP"). These are impacted by movements in the exchange rate between GBP and the Group's presentation currency. As the impact during the period ended 31 December 2019 has not been material, the following commentary is based on presentation currency results unless otherwise stated.

Directors' Report (continued)

Review of Operations (continued)

As at 31 December 2019, the Group had cash on hand (excluding cash held on behalf of customers) of $8.7m (30 June 2019: $10.5m).

The Group had net operating cash inflows (before the movement in client funds and non-recurring/non-operating items) for the half-year ended 31 December 2019 of $1.5m (2018: inflow $1.8m). The table below summarises the net operating cash movements for the financial year to date. The reported net operating cash inflow, including movements in client funds and non-recurring/non-operating items, was $0.7m (2018: inflow $1.9m).

	2019	2018
	$	$
Net operating cash inflow excluding movement in client funds and non-recurring items	1,453,387	1,794,634
Non-recurring cash items[1]	(769,280)	(382,169)
Net movement in client funds	34,838	482,408
Net reported cash inflow from operating activities	**718,945**	**1,894,873**

[1]The non-recurring items are either non-recurring or non-operating in nature and include professional fees and restructuring costs.

The Parking Management division collects cash from sites that it operates on behalf of customers on an ongoing basis. These amounts are material. As cash is collected and banked a corresponding liability is recognised for the same amount. Therefore movements in cash balances will also be reflected in movements in trade and other payables (refer note 5). As payment terms vary between customers the cash profile of collecting and remitting cash is variable and may have a material impact on the Company's cash balances at any one point in time. Cash flow from operating activities, excluding the movements in client cash, better reflects the Company's underlying performance.

Parking Management Division – Sales of $11.5m (2018: $11.3m) were up 1% compared with the prior corresponding period. Adjusted EBITDA for H1 FY20 was $3.5m, up 84% on H1 FY19 (excluding the impact of the adoption of IFRS 16 Leases EBITDA was $2.7m, up 41% on H1 FY19).

The increase in Adjusted EBITDA is mainly to due to the onboarding of new sites and site mix generating a higher gross margin which offset site losses in FY19, and a reduction in staff costs with the continued focus on deployment of technology to drive earnings growth.

In total, the company won and installed an additional 85 new ANPR sites for a mix of new and existing customers, bringing the total portfolio to 452 sites under management up from 389 sites at 30 June 2019. The strategy of growing the installed number of sites has been successful as the team continues to win new contracts and the sales pipeline continues to grow. The division is targeting to install 200 new installations in FY20 resulting in increased Parking Breach Notices.

The number of Parking Breach Notices (PBN's) issued was 196,796 up 5% on the prior corresponding period despite the loss of some key car parking sites in FY19. The growth in new car parks has diversified the revenue stream and decreased risk, by diluting reliance on key sites. The company expects ongoing revenue growth in FY20 as a result of increased PBN's and the ongoing deployment of new sites in the second half.

The division expects an annualised reduction in personnel costs of $1.0m following a restructure late in H1 FY20.

The division incurred capital expenditure of $1.0m on the technology roll-out.

Directors' Report (continued)

Review of Operations (cont'd)

The Company is benefiting from an investment in sales and customer management resources and core business processes to ensure quality customer service. This positions the business well for further growth.

The Board and management remain positive on the enforcement market opportunity for the UK and the division remains focused on winning new business and increasing operating leverage.

Technology Division – Total revenue for the division was $3.4m (2018: $3.9m) with revenue from external customers of $2.5m (2018: $2.8m). Sales in this division included Smart City installations at Moreton Bay (Australia), Livingstone Shire Council (Australia) and City of Unley (Australia).

The company also expanded its commercial customer base with new sensor installations with Burwood Brickworks Shopping Centre (Australia) and Les Mills (New Zealand) and completed its first installation at Kaufland (Germany). During the half, the company also expanded the installation at Queenstown Airport (New Zealand).

Recurring revenue of $1.8m (including intercompany recurring revenue) increased 7% compared to the prior corresponding period, underpinning future revenue streams.

The operating costs (excluding foreign exchange gains and losses) for the half year ended 31 December 2019 were $2.1m (2018: $2.1m).

SPZ at the date of reporting has $2.4m of work in progress and new orders to deliver in H2 FY20 including an order from Gatwick Airport (United Kingdom). The Gatwick Airport contract includes the installation of 4,188 sensors and is expected to generate revenue of $2.4m over the 5 year term of the contract. Smart Parking is focused on delivering best in class technology that will enable its customers to manage their parking facilities with high quality real time information, ensuring a positive customer experience for their many loyal customers.

The Smart Cities opportunity remains substantial and the division is focused on executing long term growth strategies across the Smart City and IoT marketplace.

Research and Development Division – The Group continues to invest significant resources in ongoing research and development associated with the next generation of products and services. Total costs for the division were $0.6m (2018: $0.5m). The division continued to enhance the functionality of its Smart City platform (SmartCloud) and Parking App, and launched its next generation indoor Parking Guidance System. The company is developing an Enforcement Management System, to complete the end to end customer journey, opening up a wider pool of customers with a greater product offering. These developments are leading to new revenue streams in the Technology Division.

Directors' Report (continued)

Dividends

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

Auditor's Independence Declaration

The Auditor's Independence Declaration on page 6 forms part of the Directors' Report for the half-year ended 31 December 2019.

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

Christopher Morris
Chairman

Paul Gillespie
Managing Director

21 February 2020

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 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 Directors of Smart Parking Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Smart Parking Limited for the half-year ended 31 December 2019. I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 21 February 2020

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

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

Independent Auditor's Review Report

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Smart Parking Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Smart Parking Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Smart Parking Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 21 February 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2019

	Notes	Half-Year	
		2019	2018
		$	$
Revenue from continuing operations	3	**14,036,023**	14,267,272
Raw materials and consumables used		**(1,730,298)**	(1,640,135)
Employee benefits expense		**(5,972,864)**	(5,593,313)
Depreciation and amortisation expense	1	**(1,809,736)**	(878,363)
Rental and operating lease costs	1	**(210,661)**	(1,365,149)
Share-based payments expense		**(116,452)**	(199,920)
Finance and interest expense	1	**(291,619)**	(62,494)
Other expenses		**(5,379,733)**	(4,871,528)
Loss before income tax		**(1,475,340)**	(343,630)
Income tax expense	4	**-**	(234,711)
Loss for the half-year		**(1,475,340)**	(578,341)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(256,479)**	119,660
Other comprehensive income for the half-year, net of tax		**(256,479)**	119,660
Total comprehensive income, for the half-year		**(1,731,819)**	(458,681)
Total comprehensive income for the half-year attributable to the owners of Smart Parking Limited		**(1,731,819)**	(458,681)
Basic earnings per share from continuing operations attributable to the ordinary equity holders of the company.			
- basic earnings per share (cents per share)		**(0.41)**	(0.16)
- diluted earnings per share (cents per share)		**(0.41)**	(0.16)

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

Consolidated Statement of Financial Position
As at 31 December 2019

	Note	31 December 2019 $	30 June 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	**9,065,843**	10,912,363
Trade and other receivables		**5,928,763**	6,292,564
Contract Assets		**325,807**	480,854
Inventories		**1,522,157**	1,088,772
Income tax receivable		**1,272**	913
Total Current Assets		**16,843,842**	18,775,466
Non-current Assets			
Receivables		**228,278**	307,550
Property, plant and equipment	7	**7,226,020**	6,908,521
Right-of-use assets	1	**13,241,061**	-
Intangible assets	8	**2,178,782**	1,935,299
Deferred tax assets	4	**1,128,292**	1,091,520
Total Non-current Assets		**24,002,433**	10,242,890
TOTAL ASSETS		**40,846,275**	29,018,356
LIABILITIES			
Current Liabilities			
Trade and other payables	9	**7,730,269**	7,572,267
Lease Liabilities	1	**1,280,579**	-
Borrowings		**16,597**	46,730
Contract liabilities		**1,038,833**	1,044,627
Provisions		**618,739**	650,081
Total Current Liabilities		**10,685,017**	9,313,705
Non-current Liabilities			
Lease Liabilities	1	**12,082,030**	-
Borrowings		**-**	10,056
Total Non-current Liabilities		**12,082,030**	10,056
TOTAL LIABILITIES		**22,767,047**	9,323,761
NET ASSETS		**18,079,228**	19,694,595
EQUITY			
Contributed equity	10	**68,865,719**	68,865,719
Accumulated losses		**(54,326,721)**	(52,851,381)
Reserves	11	**3,540,230**	3,680,257
TOTAL EQUITY		**18,079,228**	19,694,595

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

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2019

	Note	Contributed equity $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2019		68,865,719	3,680,257	(52,851,381)	19,694,595
Total comprehensive income for the half-year					
Loss for the half-year		-	-	(1,475,340)	(1,475,340)
Other comprehensive income for the half-year	11	-	(256,479)	-	(256,479)
Total comprehensive income for the half-year		**-**	**(256,479)**	**(1,475,340)**	**(1,731,819)**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		-	-	-	-
Share-based payment transactions	11	-	116,452	-	116,452
Total transactions with owners		-	116,452	-	116,452
Balance at 31 December 2019	10	**68,865,719**	**3,540,230**	**(54,326,721)**	**18,079,228**

	Note	Contributed equity $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2018		68,865,719	3,082,088	(47,882,069)	24,065,738
Adjustment on adoption of AASB 9		-	54,895	(54,895)	-
Adjusted balance at 1 July 2018		68,865,719	3,136,983	(47,936,964)	24,065,738
Total comprehensive income for the half-year					
Profit for the half-year		-	-	(578,341)	(578,341)
Other comprehensive income for the half-year		-	119,660	-	119,660
Total comprehensive income for the half-year		**-**	**119,660**	**(578,341)**	**(458,681)**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		-	-	-	-
Share-based payment transactions		-	199,920	-	199,920
Total transactions with owners		-	199,920	-	199,920
Balance at 31 December 2018		**68,865,719**	**3,456,563**	**(48,515,305)**	**23,806,977**

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2019

	Note	Half-Year 2019 $	Half-Year 2018 $
Cash flows from operating activities			
Receipts from customers		**13,880,364**	16,167,286
Payments to suppliers and employees		**(13,266,981)**	(14,892,360)
Interest received		**71,083**	137,964
Income taxes paid		**(359)**	(425)
Net cash inflow from operating activities before movement in client funds		**684,107**	1,412,465
Net increase in cash held on behalf of customers	5	**34,838**	482,408
Net cash inflow from operating activities	12	**718,945**	1,894,873
Cash flows from investing activities			
Proceeds from sale of financial assets	6	**-**	4,230,948
Purchase of intangible assets		**(249,459)**	(82,646)
Purchase of plant and equipment		**(1,463,971)**	(1,646,600)
Net cash inflow/(outflow) from investing activities		**(1,713,430)**	2,501,702
Cash flows from financing activities			
Hire purchase payments		**(42,262)**	(80,427)
Interest and other finance costs paid[1]		**(252,906)**	(33,717)
Principal elements of lease payments[1]		**(639,375)**	-
Net cash outflow from financing activities		**(934,543)**	(114,144)
Net increase/(decrease) in cash and cash equivalents		**(1,929,028)**	4,282,431
Cash and cash equivalents at beginning of the half-year		**10,912,363**	7,153,543
Effects of exchange rate changes on cash and cash equivalents		**82,508**	27,397
Cash and cash equivalents at end of the half-year	5	**9,065,843**	11,463,371

[1]The increase in interest costs and lease payments relate to the adoption of IFRS 16 Leases. Until 30 June 2019 leases of property and plant and equipment were included in payments to suppliers as part of operating cash flows. Refer to Note 1 for the impact of adoption of IFRS 16.

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

Notes to the Financial Statements

Note 1 – Basis of preparation

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

These financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any publications made by Smart Parking Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001.* The half-year financial statements do not include full disclosures of the type normally included in annual financial statements. The accounting policies adopted are consistent with those of the previous financial year except for those described below.

In some instances, the prior period balances have been amended to ensure consistent classification with the financial statements for the year ended 30 June 2019.

New and amended standards applied by the Group
A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting AASB 16 Leases.

The impact of the adoption of this standard and the new accounting policies are disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

AASB 16 *Leases*
This note explains the impact of the adoption of AASB 16 Leases on the group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

The Group has adopted AASB 16 *Leases* from 1 July 2019 using the modified retrospective approach and therefore has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 July 2019.

<u>Adjustments recognised on adoption of AASB 16</u>
On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 July 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 July 2019 was 3.7%.

Notes to the Financial Statements (continued)

Note 1 – Basis of preparation (cont'd)

The associated right-of-use assets for property and other leases were measured at the amount equal to the new lease liability.

	2020 $
Operating lease commitments disclosed as at 30 June 2019	7,160,245
Discounted using the lessee's incremental borrowing rate at the initial date of application	6,875,844
Add: finance lease liabilities recognised as at 30 June 2019	56,786
Less: low-value leases recognised on a straight-line basis as an expense	(13,830)
Add: adjustments as a result of a different treatment of extension options	7,094,878
Lease liability recognised as at 1 July 2019	**14,013,678**
Of which are:	
Current lease liabilities	1,302,138
Non-current lease liabilities	12,711,540
	14,013,678

Impact on profit or loss balances

The Net Loss before Tax for the period ending 31 December 2019 deteriorated by $119,366 due to the adoption of IFRS 16. The impact on profit or loss is shown below:

	Pre IFRS 16 $	IFRS 16 Adjustment $	Post IFRS 16 Adjustment $
Rental and operating lease costs	1,100,865	(890,204)	210,661
Depreciation and amortisation	1,050,995	758,741	1,809,736
Finance and interest expense	40,790	250,829	291,619
Net loss before tax	1,355,974	119,366	1,475,340

Notes to the Financial Statements (continued)

Note 1 – Basis of preparation (cont'd)

Impact on segment disclosures and earnings per share

Adjusted EBITDA, segment assets and liabilities for 31 December 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The following segments are impacted by the change in policy.

	Increase in Adjusted EBITDA $	Increase in Segment assets $	Increase in Segment liabilities $
Technology	64,980	452,629	461,773
Parking Management	825,224	12,788,432	12,900,836
	890,204	**13,241,061**	**13,362,609**

Earnings per share improved by 0.03c per share for the six months to 31 December 2019 as a result of the adoption of AASB 16.

The group's leasing activities and how these are accounted for

The group leases various offices, car parks and cars. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extensions. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until 30 June 2019 leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the assets are available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the 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 right-of-use asset is depreciated over the shorter of the asset's useful life and the lease on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable
- the exercise of a lease extension if the lessee is reasonably certain the extension will be exercised

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used.

Right-of-use assets are measured at cost comprising:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in the profit or loss.

Notes to the Financial Statements (continued)

Note 2 – Segment information

a) Description of segments

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

The Board considers the business from a product perspective and has identified three reportable segments. Technology consists of the sale of Smart City and IoT technology products and solutions predominantly to the parking market globally, Parking Management consists of the provision of car parking management services on behalf of third party car park owners and on sites leased by the Company and managed on its own behalf in the UK, and Research and Development includes costs to research, develop and enhance software/hardware for both the Technology and Parking Management divisions.

The segment disclosures are before corporate costs. The corporate function's main purpose is to conduct financing activities and represents parent company costs which are not otherwise allocated to operating segments and foreign exchange gains and losses on the translation of foreign operations.

b) Segment information provided to the Board

The segment information provided to the Board for the reportable segments for the half-year ended 31 December 2019 is as follows:

Half-year - 2019	Technology $	Research and Development $	Parking Management $	Total $
Total segment revenue	3,409,380	-	11,503,255	14,912,635
Inter-segment revenue	(938,257)	-	-	(938,257)
Revenue from external customers	**2,471,123**	**-**	**11,503,255**	**13,974,378**
The Group's revenue disaggregated by pattern of revenue recognition as follows:				
Goods transferred at a point in time	-	-	1,423,525	1,423,525
Services transferred over time	2,471,123	-	10,079,730	12,550,853
	2,471,123	**-**	**11,503,255**	**13,974,378**
Segment Adjusted EBITDA	**(617,672)**	**(617,601)**	**3,521,770**	**2,286,497**

Notes to the Financial Statements (continued)

Note 2 – Segment information (cont'd)

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

	Technology	Research and Development	Parking Management	Total
Half-year - 2018	**$**	**$**	**$**	**$**
Total segment revenue	3,945,433	-	11,347,087	15,292,520
Inter-segment revenue	(1,154,798)	-	-	(1,154,798)
Revenue from external customers	**2,790,635**	**-**	**11,347,087**	**14,137,722**
The Group's revenue disaggregated by pattern of revenue recognition as follows:				
Goods transferred at a point in time	-	-	2,886,518	2,886,518
Services transferred over time	2,790,635	-	8,460,569	11,251,204
	2,790,635	**-**	**11,347,087**	**14,137,722**
Segment Adjusted EBITDA	**(375,261)**	**(500,113)**	**1,909,016**	**1,033,642**
Total segment assets				
31 December 2019	4,677,427	-	34,738,342	39,415,769
30 June 2019	4,368,094	-	19,023,921	23,392,015

The Board assesses the performance of the operating segments based on a measure of Adjusted EBITDA which excludes the effects of non-operating and non-recurring costs. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the Group function, which manages the cash position for the Group as a whole.

Notes to the Financial Statements (continued)

Note 2 – Segment information (cont'd)

A reconciliation of Segment Adjusted EBITDA to operating loss before income tax is provided as follows:

	Note	Half-Year **2019** **$**	2018 $
Segment Adjusted EBITDA[1]		**2,286,497**	1,033,642
Intersegment eliminations		**(9,552)**	1,263
Interest revenue		**71,083**	129,550
Interest expense		**(252,906)**	(33,717)
Depreciation		**(1,722,390)**	(822,029)
Amortisation		**(87,347)**	(56,334)
VAT under dispute[2]	15	**(873,137)**	-
Non-recurring items[3]		**(960,012)**	-
Foreign exchange gains on intra group funding		**746,198**	168,050
Loss on disposal of fixed property, plant and equipment		**(36,987)**	(97,896)
Adjusted EBITDA for Group Corporate function		**(636,787)**	(666,159)
Loss before income tax from operations		**(1,475,340)**	(343,630)

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

[2] The VAT costs relate to the accounting provision associated with the ongoing dispute with HMRC. The amount represents the estimated VAT under dispute that would be payable in the event that the Company is unsuccessful in its dispute with HMRC calculated in accordance with tax assessments issued by the HMRC for prior periods. In accordance with accounting standards, disputed VAT was treated as a contingent liability and not accrued in 2018, as HMRC did not raise its assessment until August 2019. Refer to note 15 for additional information.

[3]Non-recurring items include costs comprising professional fees, corporate advisory costs, restructuring costs and other costs expenses which are either non-recurring or non-operating in nature. Additional information on the non-recurring items is included in the Review of Operations in the Directors' Report.

A reconciliation of Segment Adjusted EBITDA to Adjusted Group EBITDA is provided below:

Segment Adjusted EBITDA[1]	**2,286,497**	1,033,642
Intersegment eliminations and net foreign exchange movements	**(115)**	109,179
Adjusted EBITDA for Group Corporate function	**(636,787)**	(666,159)
Adjusted Group EBITDA	**1,649,595**	476,662

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

Notes to the Financial Statements (continued)

Note 3 – Revenue and other income

		Half-Year	
		2019	2018
	Note	**$**	$
From continuing operations			
Revenue			
Revenue from sale of goods and services	2	**13,974,378**	14,137,722
Interest revenue		**61,645**	129,550
Total revenue from continuing operations		**14,036,023**	14,267,272

Note 4 – Income tax expense

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and income tax losses. The deferred tax asset of $1,128,292 at 31 December 2019 increased $36,772 during the period to 31 December 2019.

The Group has the following unrecognised tax losses available:

- Tax losses arising in Australia of $383,666 giving rise to an unrecognised deferred tax asset of $115,100.
- Tax losses arising in New Zealand of $14,668,129 giving rise to an unrecognised deferred tax asset of $4,107,076.

Note 5 – Cash and cash equivalents

	Consolidated	
	31 Dec 2019	30 Jun 2019
Current	**$**	$
Cash at bank and in hand	**8,666,264**	10,547,622
Cash held on behalf of customers	**399,579**	364,741
	9,065,843	10,912,363

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

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

Note 6 – Financial assets

The Group sold $4.2m of Corporate Bonds during the period ending 31 December 2018.

Notes to the Financial Statements (continued)

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

Consolidated	Motor Vehicles $	Office Equipment $	Plant and Equipment $	Leasehold Improvem-ents $	Total $
Year ended 30 June 2019					
At 30 June 2019					
Cost	**402,742**	**374,419**	**13,337,459**	**585,735**	**14,700,355**
Accumulated depreciation & impairment	**(224,075)**	**(228,658)**	**(7,214,380)**	**(124,721)**	**(7,791,834)**
Net book amount	**178,667**	**145,761**	**6,123,079**	**461,014**	**6,908,521**
Half-year ended 31 December 2019					
Opening net book amount	**178,667**	**145,761**	**6,123,079**	**461,014**	**6,908,521**
Additions	**-**	**49,709**	**1,065,648**	**-**	**1,115,357**
Disposals	**(23,775)**	**-**	**(51,324)**	**(3,023)**	**(78,122)**
Depreciation charge for the year	**(33,703)**	**(27,025)**	**(882,838)**	**(20,083)**	**(963,649)**
Foreign exchange translation	**2,157**	**3,170**	**222,451**	**16,135**	**243,913**
Closing net book amount	**123,346**	**171,615**	**6,477,016**	**454,043**	**7,226,020**
At 31 December 2019					
Cost	**365,684**	**434,203**	**14,821,688**	**603,768**	**16,225,343**
Accumulated depreciation & impairment	**(242,338)**	**(262,588)**	**(8,344,672)**	**(149,725)**	**(8,999,323)**
Net book amount	**123,346**	**171,615**	**6,477,016**	**454,043**	**7,226,020**

Notes to the Financial Statements (continued)

Note 8 - Intangible assets (non-current)

	Software $	Developed Technology $	Goodwill $	Other intangible assets $	Total $
At 30 June 2019					
Cost	**1,261,774**	**5,829,385**	**2,513,501**	**16,986**	**9,621,646**
Accumulated amortisation and impairment	**(959,744)**	**(5,806,275)**	**(903,342)**	**(16,986)**	**(7,686,347)**
Net book amount	**302,030**	**23,110**	**1,610,159**	**-**	**1,935,299**
Half-year ended 31 December 2019					
Opening net book amount	**302,030**	**23,110**	**1,610,159**	**-**	**1,935,299**
Additions	**209,481**	**59,199**	**-**	**-**	**268,680**
Disposals	**-**	**-**	**-**	**-**	**-**
Exchange differences	**3,352**	**-**	**58,798**	**-**	**62,150**
Amortisation charge	**(78,795)**	**(8,552)**	**-**	**-**	**(87,347)**
Closing net book amount	**436,068**	**73,757**	**1,668,957**	**-**	**2,178,782**
At 31 December 2019					
Cost	**1,486,292**	**5,888,616**	**2,605,287**	**17,607**	**9,997,802**
Accumulated amortisation and impairment	**(1,050,224)**	**(5,814,859)**	**(936,330)**	**(17,607)**	**(7,819,020)**
Net book amount	**436,068**	**73,757**	**1,668,957**	**-**	**2,178,782**

Note 9 – Trade and other payables

	Consolidated	
	31 Dec 2019 $	30 Jun 2019 $
Current		
Trade payables	**1,280,579**	2,318,185
Other payables	**6,449,690**	5,254,082
	7,730,269	7,572,267

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

Other payables include $3.6m related to the VAT dispute with HMRC. Refer to note 15 for additional information.

Notes to the Financial Statements (continued)

Note 10 – Equity securities issued during the half-year

There are 359,215,361 shares on issue. There have been no equity securities issued during the year.

Note 11 – Reserves

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$	$
Share based payments	**3,098,775**	2,982,323
Foreign currency translation	**441,455**	697,934
	3,540,230	3,680,257

Note 12 – Reconciliation of cash flows from operating activities

	Half-Year	
	2019	2018
	$	$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax for the period	**(1,475,340)**	(578,341)
Adjustments for:		
Loss on disposal of plant and equipment	**36,987**	97,896
Depreciation and amortisation expense	**1,809,736**	878,363
Finance and interest expense	**252,906**	33,717
Movement in financial assets at fair value through profit or loss	**-**	18,738
Share-based payments expense	**116,452**	199,920
Net foreign exchange differences	**(746,198)**	(78,871)
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in trade debtors and contract assets	**568,005**	1,079,226
(Increase)/decrease in inventories	**(433,385)**	409,011
(Increase)/decrease in other current assets	**(272,776)**	619,704
Increase/(decrease) in trade payables and accruals	**899,488**	(834,251)
(Increase)/decrease in tax payable and deferred tax	**(36,930)**	49,761
Net Cash inflow from operating activities	**718,945**	1,894,873

Note 13 – Dividends

No dividends were paid or declared during the period.

Note 14 – Events subsequent to Reporting Date

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

Notes to the Financial Statements (continued)

Note 15 – Contingent Liabilities

Her Majesty's Revenue and Customs (HMRC) has issued assessments which restrict the amount of input VAT that can be recovered on expenditure incurred in the Company's operations. Independent expert advice supports the Company's view that the HMRC assessments are fundamentally flawed, as they are based on both assumptions and a methodology which are not appropriate based on the facts of the Company's situation.

While the Company has attempted to work collaboratively with HMRC to assess and resolve its position, it has lodged Notices of Appeal contesting different aspects of HMRC assessments. Smart Parking intends to vigorously defend its position if an agreeable outcome cannot be reached. This matter remains unresolved at the date of this report.

In accordance with the accounting standard, the Company has booked a liability which includes $3.6m under dispute with HMRC. In addition, there is a contingent liability of $0.4m due to an error in HMRC's calculations which the Company is confident will be resolved. Recognition of a liability does not change the Group's assessment of the facts of this matter nor its assessment of the prospects of successfully arguing an alternative position with HMRC. The Company continues to work with expert independent advisers in relation to the matter.

There have been no other changes in contingent liabilities since the last annual reporting period date, 30 June 2019.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 23 are in accordance with the *Corporations Act 2001,* including:

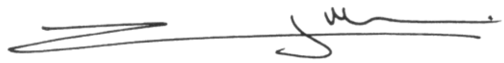
(i) complying with Australian Accounting Standard: *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional requirements; and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half- year ended on that date; and

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

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

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



Mr Christopher Morris
Chairman

Paul Gillespie
Managing Director

21 February 2020