



7 November 2016

Jeremy Newman
Senior Adviser, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 40 Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

By email: jeremy.newman@asx.com.au

Dear Jeremy

Response to ASX Appendix 4C Query

We refer to your letter dated 3 November 2016 in relation to in the Company's Quarterly Report (Appendix 4C) lodged for the period ended 30 September 2016 (**September Quarterly Report**) and respond as follows (adopting the numbering in your letter):

1. As noted in the September Quarterly Report, SmartTrans is an operating business that generates cash inflows each quarter, including receipts from customers. The summary of anticipated cash outflows in the September Quarterly Report does not fully reflect the anticipated net cash flows for the following quarter, as it excludes cash inflows (such as receipts from customers). The net receivables balance due to the company (after deduction of payables) at 30 September 2016 was \$1.3 million.

As stated in the latest quarterly report, the Company is focusing on higher margin revenue items. The Company also proposes to scale back expenditure until its cash flow permits that expenditure to be increased. The Company has historically ensured its financial viability by a combination of its revenue streams and raising cash using equity and debt instruments. Whilst the Company is in a position to adjust, and has adjusted, its expenditure commitments pending further revenue receipt, it is also giving consideration to other forms of capital funding. However the outcome of such considerations and resultant discussions are as yet uncertain/incomplete and disclosure would be premature at this stage.

2. The Company considers it may have continue to have negative operating cash flows in the short term, but not to the extent of the negative cash flows for the September quarter. The Company also notes the matters set out in response 1 above and considers that it will have sufficient funds to continue its operations.
3. As previously announced, and as set out in the Company's response dated 7 November 2016 to the ASX Aware Query dated 3 November 2016, the Company continues to transition its strategy from high volume, low margin to lower volume but higher margin revenue streams. The Company has invested a significant amount of money into the business over the past 12 months and the returns on those investments have only just started to occur, with a substantial part of the Company's forecast Subscription Billing Revenues in FY17 to occur with little to no additional outlay. The Company also notes the matters set out in response 1 above.

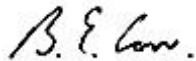
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4. We confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. ASX Listing Rule 12.2 requires that "An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continue quotation of its securities and its continued listing. The Company will continue to ensure that its financial position warrants continued quotation and in that regard notes that, as set out in response 1 above:
 - a. as at 30 September 2015, the net receivables balance due to the company (after deduction of payables) was \$1.3 million; and
 - b. the Company is also giving consideration to other forms of capital funding. However the outcome of such considerations and resultant discussions are as yet uncertain/incomplete and disclosure would be premature at this stage.

Yours faithfully



Bryan Carr
Managing Director
SmartTrans Holdings Ltd



3 November 2016

Ms Leanne Ralph
Company Secretary
SmartTrans Holdings Limited

By email:

Dear Ms Ralph

SMARTTRANS HOLDINGS LIMITED ("ENTITY"): ASX APPENDIX 4C QUERY

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 September 2016, released to ASX Limited ("ASX") on 1 November 2016 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers \$1,328,000.
2. Net negative operating cash flows for the quarter of (\$1,275,000).
3. Cash at end of quarter of \$880,000.

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

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.



Listing rule 3.1

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

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

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

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

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be emailed to jeremy.newman@asx.com.au. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.00 am WST on Monday, 7 November 2016**.

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

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Jeremy Newman
Senior Adviser, ASX Listings Compliance