



Preliminary Final Report

HIGHLIGHTS

- Revenue for FY17 was lower at \$3.19m as the company transitioned from high-volume, low margin revenues in payments to higher-margin sales in e-Commerce and software services
- Gross Margin on products sold increased to 48% (from 19% in FY16) as SMA focussed on higher gross-margin products and services
- Company successfully grew its China eCommerce business with monthly sales in line with expectations and with a CAGR of greater than 40%.
- The result reflects:
 - revenue earned from sales, licence fees and services for the period of \$3,191,749;
 - an impairment charge of \$2,025,378 raised against amounts owed to the company by China Mobile
 - an impairment charge of \$184,313 raised against other entities in China;
 - an impairment charge of \$488,000 representing the reduced carrying value of the Lanstead funding arrangement.
- SmartTrans has taken the prudent position with respect to recognising impairments on amounts owed to the company in China, but does consider the nature of collection of payments in China as different to Australia and remains focussed on the collection of all outstanding receivables.
- Over 300 Australian products made available via SmartTrans' RooLife platforms.
- WeChat shopping platform launched with Shanghai Stock Exchange-listed Shanghai Information Technology Co. Ltd (Dodoca).
- Online e-Commerce sales launch implemented with established online shopping provider Wjike.

OPERATIONS

During the year, SmartTrans developed its e-Commerce platforms in China expanding its associated mobile and internet-based payment systems whilst continuing the rollout of its Supply Chain Optimisation software in the logistics and services sectors in Australia.

SmartTrans' China-based operations markets and sells merchandise from Australian producers (food, wine, personal care items and tourism) to Chinese consumers, meeting the high demand for Australian merchandise in China. SmartTrans provides a complete end-to-end service to non-China based merchants bundling marketing, customer acquisition, logistics and payment collection from consumers on WeChat and Alipay in RMB and settlement with Australian suppliers in AUD.

Appendix 4E

During FY17, the company officially launched its WeChat shopping platform, Dodoca RooLife, in partnership with Shanghai Stock Exchange-listed Shanghai Information Technology Co. Ltd (Dodoca), a platform that markets and sells Australian products to Chinese consumers. Dodoca RooLife has initially focussed on building market presence in Guangdong, a province with a population of more than 107 million people.

SmartTrans is also achieving good sales revenue and growth providing its products as the key Australian marketplace on established online retailer Wjike's shopping platforms.

SmartTrans' online marketplaces in China are growing at a pleasing rate, currently delivering greater than 40% compound annual revenue growth as quality-conscious consumers in China purchase Australian products and services from the Company's trusted e-commerce platforms.

SmartTrans generates revenue through the provision of marketing services, the acquisition of customers, commission on sale of products and transaction fees.

Whilst still at a very early stage, monthly sales have consistently grown since launch of the company's RooLife platforms in January 2017 with sales showing growth continuing into FY18. The company's structures and operations are being optimised for growth and profitability. With additional working capital, the company expects to significantly grow its e-Commerce revenue.

While the delay in receipt of outstanding payments due to the company from the Chinese SOE, China Mobile, has had an dampening effect on growth of the company's e-Commerce business, CAGR in FY17 still exceeded 40%.

The company has taken the prudent position of impairing the amount payable from China Mobile to SmartTrans (\$2,025,378), due to the time period the payments have been outstanding. The two companies are in discussion with respect to settling the payment. SmartTrans is proceeding with the expectation that the amount due will be collected in full.

SmartTrans aims to establish RooLife as the most visible and trusted e-commerce platform for Chinese consumers to buy premium Australian products, and to access services such as travel and tourism.

With SmartTrans' ability to accept and process payments from Chinese consumers in RMB and settle payment to Australian companies in AUD, the e-Commerce service has wide appeal to companies seeking to access the large online shopping market in China.

In Australia, SmartTrans' internet and smartphone-based platform allows transportation managers to efficiently manage vehicle fleets. SmartTrans' platform allows managers to quickly plan and execute optimal fleet movements that markedly improve delivery time frames and reduce costs. Both managers and customers receive real-time updates of the status of deliveries.

A growing pipeline of prospects for the company's logistics software solution is being fostered in Australia through business development initiatives which have led to a number of new contracts being secured during and immediately following the end of the financial year. The pipeline of customer prospects and active negotiations has expanded considerably.

A key attribute of the logistics solution business is its customer retention. Customers generally renew their service contracts with an average engagement of over seven years.

Appendix 4E

RESULTS ANNOUNCEMENT TO THE MARKET

2017 Full Year Financial Results

(Based on accounts currently being audited)

1 Details of the reporting period and the previous corresponding period

Reporting Period	Financial Year Ending	30 June 2017
Previous Corresponding Period	Financial Year Ending	30 June 2016

2. Results for announcement to the market

2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities

Total revenue in the reporting period	3,191,749
Previous corresponding period – Total Revenue	11,648,458
Percentage change up or down from the previous corresponding period of Revenue from ordinary activities	(73)%

2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members

Total Profit (Loss) in Reporting Period	(6,278,161)
Previous corresponding period	(2,811,131)
Percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members	(123) %

2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members

Total Net Profit (Loss) in Reporting Period	(6,278,161)
Previous corresponding period	(2,811,131)
Percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members	(123) %

2.4 The amount per security and franked amount per security of final and interim dividend or a statement that it is not proposed to pay dividends

No dividends proposed relating to the reporting period

2.5 The record date for determining entitlements to the dividends (if any)

Not applicable

Appendix 4E

3. A statement of Comprehensive Income together with notes to the statements, prepared in compliance with AASB 10s

Statement of Profit & Loss and other Comprehensive Income For the year ended 30 June 2017

	Notes	Consolidated 2017 \$	2016 \$
Revenue - Operations		3,191,749	11,648,458
Online mobile promotion & third party cost		(1,656,169)	(9,470,545)
Employee salaries and benefits expense		(2,526,796)	(1,800,055)
Material and installation costs		(397,850)	(432,786)
Depreciation expense		(21,223)	(31,544)
Consultancy cost		(813,999)	(995,271)
ASIC, Audit & Tax		(301,550)	(330,152)
Investor Relations		(86,031)	(207,089)
Share based payment		-	(246,800)
Rental & occupancy costs		(255,632)	(248,791)
Travelling and accommodation costs		(218,363)	(287,430)
Amortisation of Intangible Assets		(41,657)	(10,061)
Legal & associated costs		(105,881)	(65,530)
Other expenses		(332,039)	(312,916)
Foreign currency gain/(loss)		(14,972)	20,619
Impairment Loss		(2,697,749)	-
Loss before income tax		(6,278,161)	(2,811,131)
Income tax benefit		-	-
Loss for the year		(6,278,161)	(2,811,131)
Other comprehensive income for the year			
Foreign currency translation reserve		(77,439)	(108,256)
Total comprehensive loss for the year		(6,355,600)	(2,919,387)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Appendix 4E

A Statement of Financial Position together with notes to the statement. The Statement of Financial Position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.

**Statement of Financial Position
As at 30 June 2017**

		Consolidated	
	Notes	2017	2016
		\$	\$
Current Assets			
Cash and Cash Equivalents	3	621,684	2,130,093
Trade and Other Receivables	4	663,940	4,955,729
Inventory	5	40,389	-
Other Financial Asset		1,700,426	-
Other		50,873	-
Total Current Assets		3,077,312	7,085,822
Non Current Assets			
Property Plant & Equipment	5	49,957	27,037
Intangible Assets	5	173,022	221,462
Other Financial Asset		371,968	-
Total Non Current Assets		594,947	248,499
TOTAL ASSETS		3,672,258	7,334,321
Current Liabilities			
Trade and Other Payables	6	1,770,259	3,639,504
Provisions	7	183,436	159,579
Other Borrowings	8	-	-
Total Current Liabilities		1,953,696	3,799,083
Non Current Liabilities			
Provisions		-	-
Other		-	-
Total Non Current Liabilities		-	-
TOTAL LIABILITIES		1,953,696	3,799,083
NET ASSETS		1,718,563	3,535,238
Equity			
Contributed Equity		76,919,120	73,035,195
Reserves		1,205,534	695,149
Accumulated Losses		(76,406,091)	(70,195,106)
TOTAL EQUITY		1,718,563	3,535,238

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

Appendix 4E

- 5a. A statement of changes in equity together with notes to the statement. The statement of changes in equity may be condensed but must comply with the disclosure requirements of AASB 101

Statement of Changes in Equity For the year ended 30 June 2017

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
2016				
Balance at 1 July 2015	72,684,668	653,405	(67,383,975)	5,954,098
Shares issued during the period	258,691	-	-	258,691
Cost of shares issued	(4,964)	-	-	(4,964)
Share based payments	96,800	150,000	-	246,800
Cumulative Translation Adjustment	-	(108,256)	-	(108,256)
Profit/(Loss) for the financial year	-	-	(2,811,131)	(2,811,131)
Balance at 30 June 2016	73,035,195	695,149	(70,195,106)	3,535,238
2017				
Balance at 1 July 2016	73,035,195	695,149	(70,195,106)	3,535,238
Shares issued during the period	4,554,565	-	-	4,554,565
Cost of shares issued	(670,640)	-	-	(670,640)
Options Issued During Period	-	655,000	-	655,000
Options Expired During Period	-	(67,176)	67,176	-
Profit/(Loss) for the financial year	-	-	(6,278,161)	(6,278,161)
Foreign Currency Translation	-	(77,439)	-	(77,439)
Balance at 30 June 2017	76,919,120	1,205,533	(76,406,091)	1,718,563

Appendix 4E

- 5b. A Statement of Cash Flow together with notes to the statement. The Statement of Cash Flow may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 107 Cash Flow Statements, or for foreign entities, the equivalent foreign accounting standard.

Statement of Cash Flows
For the year ended 30 June 2017

	Notes	Consolidated 2017 \$	2016 \$
Cash from operating activities:			
Receipts from customers (inclusive of GST)		6,709,127	8,696,208
Payments to suppliers and employees (inclusive of GST)		(10,374,161)	(12,816,195)
Interest received		2,999	50,841
Receipt from R&D Grant		301,217	371,458
Net cash inflow/(outflow) from operating activities	8	(3,360,818)	(3,697,688)
Cash flows from investing activities:			
Payments for property plant and equipment		(40,577)	(25,080)
Payment for intangible asset		-	(220,849)
Payments for termination of joint venture		-	(77,060)
Net cash (outflow) from investing activities		(40,577)	(322,989)
Cash flows from financing activities:			
Proceeds from capital raisings		1,926,221	-
Payments for capital raising costs		(15,640)	(199,044)
Proceeds from issue of shares		-	254,718
Net cash provided by (used in) financing activities		1,910,581	55,674
Net increase (decreases) in cash held		(1,490,814)	(3,965,003)
Cash at beginning of financial year		2,130,093	6,058,169
Effect of foreign exchange		(17,595)	36,927
Cash at end of financial year	3	621,684	2,130,093

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes

Appendix 4E

Notes to Sections 3, 4 & 5

1. Revenue

	Consolidated	
	2017	2016
	\$	\$
Revenue		
Services	2,890,532	11,312,593
Research & Development tax incentive	301,217	335,865
Total	3,191,749	11,648,458

2. Operating profit (loss)

	Consolidated	
	2017	2016
	\$	\$
Net profit (loss) and expenses		
Profit (loss) before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	(21,222)	(31,544)
	(21,222)	(31,544)
Amortisation		
Software	(41,658)	-
Total amortisation	(41,658)	-

3. Current assets - Cash and cash equivalents

	Consolidated	
	2017	2016
	\$	\$
Cash at bank and on hand	621,684	2,130,093

4. Current assets - Trade and other receivables

Trade debtors	2,689,318	4,955,730
Less Provision for impairment of trade debtors	(2,025,378)	-
	663,940	4,955,730

5. Non-current assets - Property, plant and equipment

	Consolidated	
	2017	2016
	\$	\$
Intangible Assets		
At cost	231,523	231,523
Less: Accumulated amortisation	(58,501)	(10,061)
Total Intangible Assets	173,022	221,462
Plant and equipment		
At cost	93,030	56,141
Less: Accumulated depreciation	(43,074)	(29,104)
Total plant & equipment	49,957	27,037

6. Current liabilities - Trade and other payables

	Consolidated	
	2017	2016
	\$	\$
Trade payables	1,770,259	3,639,504
Other payables	-	-
	1,770,259	3,639,504

Appendix 4E

7. Current liabilities - Provisions

	Consolidated 2017	2016
	\$	\$
Employee benefits – annual leave	105,842	95,189
Employee benefits – long service leave	77,594	64,389
	183,436	159,579

8. Reconciliation of operating profit (loss) after income tax to net cash inflow from operating activities

	Consolidated 2017	2016
	\$	\$
Operating profit (loss) after income tax	(6,278,161)	(2,811,131)
Depreciation and amortisation	62,880	41,605
Impairment loss	2,697,749	-
Equity based payment	-	246,800
Foreign exchange differences	(90,901)	-
Fair value changes on financial asset	67,890	-
Doubtful debt allowance	34,273	-
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	2,025,553	(3,365,520)
(Increase)/decrease in inventories	(40,389)	-
(Decrease)/increase in trade creditors and accruals	(1,869,244)	2,027,576
(Increase)/decrease in prepayment	5,675	-
(Decrease)/increase in Other Liabilities	-	864
(Decrease)/increase in Provisions	23,857	-
Net cash inflow (outflow) from operating activities	(3,360,818)	(3,859,805)

6. The results of segments that are significant to an understanding of the business as a whole.

Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2017 are as follows:

	Geographical Segment Summary		
	Australia	China	Total
	\$	\$	\$
Total Segment Revenue	1,083,949	2,107,800	3,191,749
Segment (Loss)/Profit	(3,241,211)	(3,036,951)	(6,278,161)
Segment Assets as at 30 June 2017	2,703,655	968,603	3,672,258
Segment Liabilities as at 30 June 2017	(788,756)	(1,164,940)	(1,953,696)

7. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.

No payments made

8. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

No plans approved

9. A statement of retained earnings showing movement

See Consolidated Statement of Changes in Equity

Melbourne
Level 7
10 Queens Road
MELBOURNE
VIC 3004
Ph: (03) 9866 7333

Sydney
Suite 37
401 Pacific Highway
ARTARMON
NSW 2064
Ph: (02) 9660 4564

Beijing
Room 501, Grand Pacific Bld A
8 Guanghua Road
Chaoyang District
BEIJING CBD, 100026
Ph: +86 (10) 6500 0910

Qingdao
Room 2307, Central International Plaza
19 Zhang zhou er Road
Shinan District
QINGDAO 266073

Appendix 4E

10. Net tangible assets per security with the comparative figure for the previous corresponding period.

Reporting Period	Cents	0.06
Previous Corresponding Period	Cents	0.15

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

Not applicable

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

Refer to explanatory notes above

13. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).

Not applicable

14. A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following.

See commentary at the beginning of the document

14.1 The earnings per security and the nature of any dilution aspects

	Consolidated	
	2017 cents	2016 cents
Basic earnings per share	(0.26)	(0.13)
Diluted earnings per share	(i)	(i)
Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating the basic earnings per share	2,461,476,548	2,211,641,015
Diluted Earnings per share		
Weighted average number of shares used as the denominator in calculating the diluted earnings per share	(i)	(i)
(i) Not materially different to basic earnings per share		

14.2 Returns to shareholders including distributions and buy backs.

None made

15. Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.

Not applicable

16. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed

This report is based on accounts that are in the process of being audited and subject to review



Brendan Mason
Managing Director

Date:
31 August 2017, Melbourne

Melbourne
Level 7
10 Queens Road
MELBOURNE
VIC 3004
Ph: (03) 9866 7333

Sydney
Suite 37
401 Pacific Highway
ARTARMON
NSW 2064
Ph: (02) 9660 4564

Beijing
Room 501, Grand Pacific Bld A
8 Guanghua Road
Chaoyang District
BEIJING CBD, 100026
Ph: +86 (10) 6500 0910

Qingdao
Room 2307, Central International Plaza
19 Zhang zhou er Road
Shinan District
QINGDAO 266073

Appendix 4E

For further information, please contact:

Brendan Mason
Managing Director
CN Cell 手机 +86 139 11320378

Media inquiries to: Ben Jarvis,
Six Degrees Investor Relations:
+61 413 150 448

About SmartTrans

SmartTrans Holdings Limited (ASX:SMA) is a leading Australian software and technology provider that offers cutting-edge solutions for the online retail and logistics markets.

In partnership with leading Chinese e-commerce firms, SmartTrans has built online marketplaces from which quality-conscious consumers in China's rapidly growing middle class are able to purchase Australian premium products.

In addition, SmartTrans has long-term contracts with some of Australia's leading blue-chip organisations for its proprietary, cloud-based supply chain solutions telematics software as a service (SaaS).

Melbourne
Level 7
10 Queens Road
MELBOURNE
VIC 3004
Ph: (03) 9866 7333

Sydney
Suite 37
401 Pacific Highway
ARTARMON
NSW 2064
Ph: (02) 9660 4564

Beijing
Room 501, Grand Pacific Bld A
8 Guanghua Road
Chaoyang District
BEIJING CBD, 100026
Ph: +86 (10) 6500 0910

Qingdao
Room 2307, Central International Plaza
19 Zhang zhou er Road
Shinan District
QINGDAO 266073