



SmartTrans Holdings Limited
ASX: SMA

An Australian based
Technology Solutions Company

Corporate Structure:

Shares on issue: 2215 M
Unlisted Options: 166 M
Market Cap: \$AUD 95M
52 week high: 7.1 cents
52 week low: 2.2 cents

Directors:

Mr Mark Vaile AO
Non-Executive Chairman

Mr Bryan Carr
CEO & Managing Director

Mr Andrew Forsyth
Non-Executive Director

Mr Yui (Ian) Tang
Non-Executive Director

Mr Greg Simpson
Non-Executive Director

Mr Ian Hawkins
Executive Director

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Youtube:
https://youtu.be/-1t_vje1DBA

***Quarterly Report
for the period ended
31st March 2016***

Highlights

- SmartTrans books revenue for quarter of \$2.66 million – increase of 200% on the previous corresponding period (\$884k) (post tax revenue)
- Year to date revenue \$8.69 million - 200% increase on same period in FY2015 (\$2.89 million)
- Revenue down from previous record quarter in line with expectations due to traditionally quieter Chinese New Year trading period
- Solid China revenue performance was achieved with significantly reduced marketing spend
- Ongoing focus on cash collections with total collections of \$2.82 million for period
- Direct Carrier Billing continues to drive revenue performance – now covering 8 major provinces and potential reach to 468 million mobile phone subscribers
- SmartTrans secures landmark agreement to enable cross-border payments to and from China via SmartPay platform
- Company targeting additional major provinces in conjunction with telco partners, China Mobile and China Telecom
- SmartTrans launches exciting new lottery offering in conjunction with Direct Carrier Billing expansion into Hainan
- Company maintains focus on controlling costs and overheads
- SmartTrans awarded Westpac Australia-China Business Award for Business Excellence for Business Innovation following the end of the Quarter

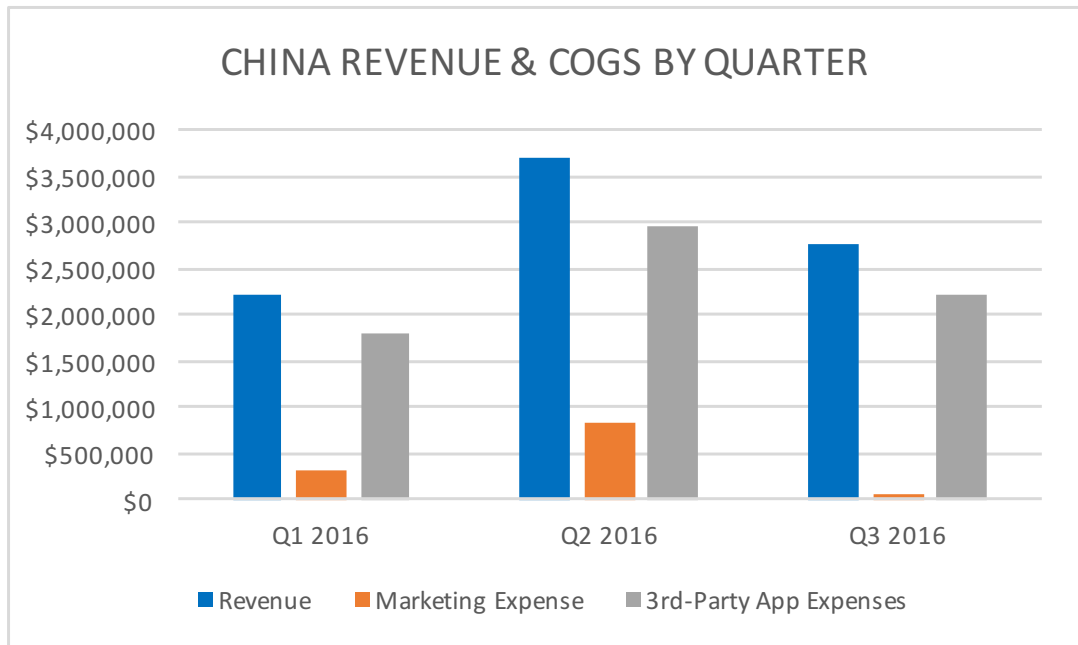
FINANCIAL PERFORMANCE FOR THE QUARTER ENDED 31 MARCH 2016

ASX-listed smartphone payments provider and logistics software company SmartTrans Holdings Limited (ASX: SMA) is pleased to report revenue for the quarter ended 31 March 2016 of \$2.66 million, representing an increase of 200% on the previous corresponding period (\$884k), and bringing year to date revenue to \$8.69 million, a 200% increase on same period in FY2015 (\$2.89 million).

While revenue was lower than the previous quarter this result was in line with expectations as this is traditionally a quieter trading period in China, where the Company now generates the bulk of its revenue, primarily due to Chinese New Year celebrations and holidays. Having taken the decision to significantly reduce its SmartPay marketing spend in China during the period (see graph below), SmartTrans is pleased that it booked solid revenue from its operations of \$2.66 million.

The Company collected approximately \$2.82 million during the Quarter.

The accompanying consolidated statement of cashflows discloses cash at end of the quarter of \$2,724,000 but in addition to this cash, the company had receivables (net of payables) of approximately \$1.6 million which are due to be collected in the coming months.



Graph illustrating SmartTrans’ quarterly revenue, marketing expense and 3rd-Party App expense from its SmartPay platform in China

SmartTrans’ logistics software and services business continued to operate in line with expectations in Australia whilst in China the Company continued to explore opportunities for further expansion of this division into China with its partner Yanfeng Visteon (www.yf-usa.com/about/about_2_en.htm).

ONLINE & MOBILE PAYMENTS PLATFORM AND SOFTWARE SOLUTIONS BUSINESS IN CHINA

SmartTrans continued the strategic expansion of its Direct Carrier Billing service in China, launching the service with its billing partners China Mobile and China Telecom in Jiangsu Province in January. Following this, the Company launched the service in Hainan Province in March.

Through this expansion, SmartTrans now has Direct Carrier Billing capabilities across eight major provinces in China, with the potential to reach approximately 468 million mobile phone subscribers (see map and table below).



	Province	Population	Cell phone Users
1	Guangdong	107,240,000	139,350,000
2	Hubei	57,260,000	43,519,000
3	Gansu	25,849,800	18,917,000
4	Sichuan	81,070,000	59,322,000
5	Shandong	95,800,000	78,252,000
6	Jiangsu	79,394,900	77,614,000
7	Liaoning	42,030,000	43,040,000
8	Hainan	9,034,800	8,177,000
	TOTAL	497,679,500	468,191,000

Population & number of mobile phone users by province

Source: <http://tieba.baidu.com/p/2537083595>

In conjunction with its telco partners the Company is targeting, a number of additional major provinces for the Direct Carrier billing service, which has been a key revenue drive for SmartTrans since its introduction in July 2014.

The strong revenue that the Company continues to deliver is being driven by a combination of in-app billing by third parties using SmartTrans’ billing systems and subscription-based billing which is contributing recurring revenue through excellent month-on-month customer retention rates which exceed 80%.

Another notable development during the quarter was the Company’s landmark agreement with Qiandaipay (Beijing QianDaiPay Payment Technology Ltd), allowing SmartTrans to facilitate cross border payments (up to USD\$50,000 per supplier per day) to businesses based outside China from consumers in China via its SmartPay platform.

Through this agreement SmartTrans is able to provide 24-hour settlement for payments sent from China, with the Company able to integrate this capability into the online and mobile SmartPay billing and payments platform. SmartTrans will retain a fixed percentage fee for each transaction it processes.

More critically, this service will position SmartTrans and the SmartPay platform as a highly compelling turn-key solution for any third party outside China wishing to access consumers in the huge e-Commerce sector in China. This capability is also expected to appeal to businesses seeking to transact with Chinese consumers in their home country allowing Chinese tourists to pay via their UnionPay or AliPay account.

The Company expects that this agreement, which gives SmartTrans the ability to market and promote its China billing and payments service globally for both the business-to-business (B2B) and consumer e-commerce sectors, will complement, grow and diversify its revenue streams.

Further extending SmartTrans' billing reach, post end of quarter (ASX 11 April 2016), SmartTrans added a new third-party billing agreement with an offline and online lottery provider in China.

The service is initially being launched in Hainan province, which is regarded as a major hub for lotteries and associated businesses, and was made possible through the expansion of SmartTrans' Direct Carrier Billing service there.

This new offering is expected to contribute revenue for the Company in Q4 2016 and provides exposure to the growing and lucrative lotteries sector in China. Lotteries and online sports betting is a well regulated industry that was launched in China in 1987 and has since grown rapidly to become one of the world's largest lottery markets by sales volume². In 2014, total lottery sales in China were RMB382 billion (~AUD\$77 billion), an increase of 24% on the previous year¹.

Following the end of the Quarter, SmartTrans was awarded the 'Business Excellence Award for Business Innovation' at the AustCham Westpac Australia-China Business Awards held in Shanghai.

The Business Innovation Award recognises an Australian or Chinese company whose significant innovation has resulted in the successful development of opportunities in Greater China and is awarded based on growth achieved over the last three years, projected growth potential, success achieved in a market segment and innovation in the use of business models and partnerships³.



SmartTrans Non-Executive Director Ian Tang and Managing Director Bryan Carr (third & fourth from left) and the SMA team celebrate their award

2. Source: http://www.agtech.com/html/industry_lottery_overview_char.php

3. Source: <http://www.austcham-acba.com/judging-criteria>

LOGISTICS SOFTWARE & SERVICE BUSINESS

SmartTrans' Australian business division, which provides mobile and online software and services in the transport and logistics area, continues to perform in line with expectations servicing a diverse range of blue-chip customers spread across a range of industry sectors in Australia.

The division is currently progressing its partnership with CEVA Australia (a subsidiary of the large global CEVA Logistics operation) to apply to apply SmartTrans proprietary technology to enhance CEVA's operations in terms of safety and efficiency.

The China division of SMA's logistics business, launched in latter 2015 through an agreement executed with Yanfeng Automotive Trim Systems Co. Ltd (Yanfeng Visteon Automotive), continues to assess further potential opportunities in this market while also progressing this project.

CORPORATE

Post end of quarter (ASX 4 April 2016) SmartTrans announced the appointment of the Company's new Non-Executive Chairman, the Hon. Mark Vaile AO, replacing Dr Geoff Raby who elected to step down from that role.

Mr Vaile, former Deputy Prime Minister of Australia and former leader of the National Party, brings a wealth of experience in the global commerce environment having held several key ministerial positions during his political career, including that of Trade Minister involved in negotiating the US-Australia Free Trade Agreement (FTA), the then proposed Australia-China FTA, along with similar agreements between Australia and its trading partners Singapore, Thailand and Malaysia.

This appointment reflects the exciting new phase of growth and development that SmartTrans is about to enter as it expands further into e-commerce billing solutions and looks to explore new markets in South East Asia. Mr Vaile's extensive experience in this arena combined with his expertise in private enterprise, currently serving on the boards of high-profile public companies including Virgin Australia Holdings, Whitehaven Coal and Servcorp, will be integral to this strategy.

The Board of SmartTrans once again acknowledges Dr Raby for his outstanding governance and oversight in the role of Non-Executive Chairman since 2012. During his tenure the Company achieved an approximate eight fold increase in market capitalisation, increasing its customer base in Australia while expanding its operations into China and achieving significant revenue growth.

OUTLOOK

SmartTrans enters the final quarter of FY 2016 with a solid and diverse revenue profile and a focus to take the Company to the next stages of growth and development.

The growing range of Apps, content, products and services available to consumers in China via the SmartPay platform has been a key part of the Company's success and strong revenue growth. Accordingly, SmartTrans will continue its ongoing focus on increasing and strategically marketing this wide range of offerings in order to maintain and further grow revenue streams.

The Board and management is confident that SmartTrans is well positioned for the Company's next phase of growth and look forward to delivering value for shareholders.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

SmartTrans Holdings Limited

ABN

86 009 065 650

Quarter ended ("current quarter")

March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers (Receivables net of Payables due to the company \$1.6m)	2,833	4,897
1.2 Payments for (a)staff costs (b)advertising and marketing (Including third party payments) (c)research and development (d)leased assets (e)other working capital	(368) (2,412) (536)	(944) (5,005) (2,276)
1.3 Dividends received	8	46
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(475)	(3,332)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6months) \$A'000
1.8 Net operating cash flows (carried forward)		
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(8)	(165)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		(77)
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
	(8)	(242)
Net investing cash flows		
1.14 Total operating and investing cash flows	(483)	(3,574)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	58	240
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other Costs include;		
All capital raising costs (Legal, Rights Issue Underwriting, ASX, ASIC & Share registry fees) and conversion of loans into equity		
Net financing cash flows	58	240
Net increase (decrease) in cash held	(425)	(3,334)
1.21 Cash at beginning of quarter/year to date	3,149	6,058
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	2,724	2,724

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

1.24 Aggregate amount of payments to the parties included in item 1.2	88
1.25 Aggregate amount of loans to the parties included in item 1.11	
1.26 Explanation necessary for an understanding of the transactions	
Executive Salaries	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

SmartTrans has no borrowings.

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	n/a	n/a

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	584	516
4.2 Deposits at call	2,140	2,633
4.3 Bank overdraft	n/a	n/a
4.4 Other (provide details)	n/a	n/a
Total: cash at end of quarter (item 1.23)	2,724	3,149

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
 Print name: Bryan Carr (Director)

Date: ...28/04/16.....

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.