



SmartTrans Holdings Limited
ASX: SMA

An Australian based
Technology Solutions Company

Corporate Structure:

Shares on issue: 2212 M
Unlisted Options: 166 M
Market Cap: \$AUD 117M
52 week high: 7.1 cents
52 week low: 0.9 cents

Directors:

Dr. Geoff Raby
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 December 2015

Highlights

- SmartTrans books revenue for quarter of \$4.01 million – another record for SMA and a 325% increase on the previous corresponding period (\$942,000)
- Revenue for H1 2016 of \$6.38 million – an increase of 226% increase on the previous corresponding period for H1 2015 (\$1.96million)
- Fourth consecutive month of revenue exceeding \$1 million
- Range and diversity of apps and content available via SmartPay combined with strategic marketing spend delivering results
- Growing number of billing partnerships across a variety of sectors aimed at de-risking SmartPay revenue streams
- Expansion of Direct Carrier Subscription billing service in China also helping to grow customer numbers and recurring revenue streams
- Early signs promising for logistics expansion into China, while Australian division secures new strategic partner in CEVA Logistics

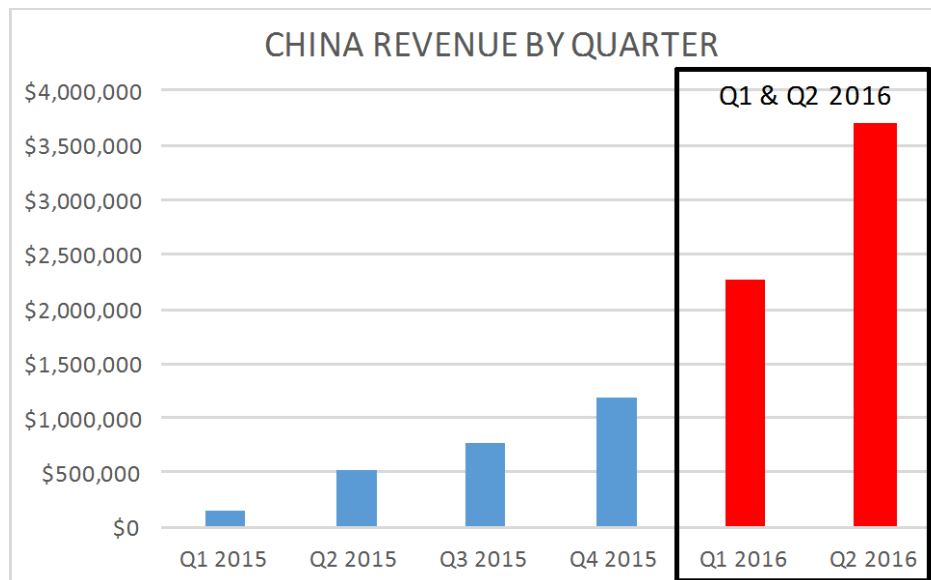
FINANCIAL PERFORMANCE FOR QUARTER ENDED 31 DECEMBER 2015

ASX-listed smartphone payments provider and logistics software company SmartTrans Holdings Limited (ASX: SMA) is pleased to report revenue for the quarter ended 31 December 2015 of \$4.01 million, another record for the Company and representing an increase of 325% on the previous corresponding period (\$942,000), and a 325% increase on that of the previous quarter (\$2.46 million).

This result brings total revenue for H1 2016 to \$6.38 million, which represents a 226% increase on the previous corresponding period for H1 2015 (\$1.96 million) and another record for SmartTrans.

The strong and ongoing revenue growth that the Company is achieving continues to be attributable to the success of its proprietary SmartPay billing and payments platform in China, with revenue from this source now exceeding \$1 million per month with \$3.69 million generated in the quarter from SmartPay.

SmartPay revenue in December was the fourth consecutive month where revenue from this source exceeded \$1 million.



Revenue from SmartTrans' operations in China from July 2014 to end of December 2015

The graph above highlights the significant and strong revenue streams that are now being delivered through the SmartPay platform in China, which is a reflection of the large and diverse range of Apps and content available via this channel, combined with the Company's strategic investment in marketing this offering to consumers.

SmartTrans' software and services business in Australia continued to consolidate in the Quarter, with a significant new customer signing. The expansion of the Company's logistics business into China, while still in its early stages, is also showing promising signs.

ONLINE & MOBILE PAYMENTS PLATFORM AND SOFTWARE SOLUTIONS BUSINESS IN CHINA

SmartTrans continued to strategically expand its reach in China during the quarter, with the launch of its Direct Carrier Subscription billing service in Liaoning Province through its partnership with China Telecom. The addition of Liaoning, the largest province in Northeast China, means the company is now operating in provinces with a potential reach to 460 million mobile phone users across seven major provinces¹.

The Company's Direct Carrier Subscription billing service, which it offers in targeted provinces in China through agreements with both China Mobile and China Telecom, has been one of the key drivers of SMA's rapid revenue growth since its introduction in July 2015. The subscription based nature of this revenue is largely passive and recurring, enhanced by excellent customer retention rates (circa 80%).

SmartTrans will now focus on further targeted expansion of this service into a number of additional major provinces with both telcos, with the company focussed on continued expansion of its Direct Carrier billing across China.

Provinces in China covered by the SmartTrans' SmartPay platform



	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
	TOTAL	488,644,700	460,014,000

Table showing population & number of mobile phone users by province¹

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

Another notable achievement for SmartTrans during the quarter was passing the milestone of 6 million customers who transact via the SmartPay platform in China. The growth in customer numbers from approximately 4 million in August 2015 to more than 6 million in October 2015 clearly demonstrates how attractive the platform is to both content providers and consumers alike.

SmartTrans continues to look to leverage further value from this large and growing customer base. Specifically, the Company is seeking to monetise its proprietary analytical data gathered through SmartPay on consumer spending habits and trends that is sought after by marketers, advertisers and consumer goods and services companies.

Reflecting SmartTrans' strategy of further diversifying its SmartPay revenue streams, in December 2015 the Company commenced a national rollout in China of the Mandarin language version of the unique KNeoJUNIOR 'edutainment' (education & entertainment) product.

The broader rollout was initiated after extensive testing of the product in Guangdong Province by SmartTrans in conjunction with KNeoJUNIOR developer, KNeoMedia Limited. Following this successful trial, which resulted in 14,000 initial downloads of the product, KNeoJUNIOR is now being marketed to consumers in a number of additional provinces utilising SmartTrans' Direct Carrier Billing agreement with China Mobile, with promising early signs.

The Company entered into another exciting joint venture during the quarter, announcing in December that it had commenced a new billing partnership with Chengdu Qinyu Technology Ltd (Chengdu Qinyu). Based in Chengdu, which is the capital of Sichuan Province and regarded as a progressive centre of technology in China, Chengdu Qinyu provides online content and apps, including those that sell train tickets.

Under the terms of this agreement, Chengdu Qinyu is using the SmartPay platform to collect payments for train tickets and mobile apps from its user base in China, allowing consumers to make purchases either via their telco provider or by using the popular UnionPay billing capability. The Company commenced generating revenue from this arrangement in its first month (December 2015).

This alliance with Chengdu Qinyu not only further demonstrates SmartTrans' strategy of revenue diversification, it provides the Company with a significant opportunity through exposure to the huge commuter transport sector in China – a natural fit for SmartTrans. SmartTrans is also encouraged by this strong endorsement of its best of breed technology.

LOGISTICS SOFTWARE & SERVICE BUSINESS

A notable development during the quarter for SmartTrans' Australian business division, which provides mobile and online software and services in the transport and logistics area, was the commencement of a partnership with CEVA Australia (CEVA).

CEVA is a division of the large global CEVA Logistics operation, which operates in some 170 countries and employs approximately 44,000 people. In Australia, with approximately 2,000 staff and 63 facilities, CEVA provides specialised logistics services focussed on the movement of vehicles, equipment and heavy machinery across a variety of industry sectors.

SmartTrans will now work closely with CEVA 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 here in July 2015 (ASX July 28 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.

The proprietary module that was successfully developed and implemented by SmartTrans in conjunction with Yanfeng Visteon Automotive utilises a unique version of SmartTrans' proven software and technology, combined with internet connectivity, to provide information and evaluation of driver performance, safety and, fuel efficiency and which can also reduce greenhouse gas emissions.

The two companies are now examining further applications for the commercialisation of this technology, by potentially extending the scope of the current project or through possible third party licensing and distribution agreements.



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CORPORATE

SmartTrans announced that as of 2 October 2015 it had closed the Small Shareholding Sale Facility (Sale Facility) that was opened to eligible shareholders on 17 August 2015 (ASX 19 August & 6 October 2015).

The Sale Facility was undertaken to enable the Company to substantially reduce the administrative cost of managing small shareholdings, which was achieved by facilitating the disposal of these small shareholdings in a cost effective manner (i.e. with no brokerage).

The Company appointed Triple C Consulting Pty Ltd to act as lead broker and underwriter of the Sale Facility, which was successfully completed and with all eligible shareholders paid on 16 October 2015.

An exciting initiative for SmartTrans during the quarter was the production of a corporate video showcasing the Company's business model and operations in China. This video explains in a concise and easy to understand manner how the Company generates revenue through the SmartPay platform, as well as highlighting SMA's investment attractions.

OUTLOOK

SmartTrans enters the second half of FY 2016 well placed to further build on the solid revenue platform the Company has created with the SmartPay platform in China and with a well-defined strategy to achieve this.

As outlined above, the Company's strategic investment in marketing and billing for the wide range of apps and content now available to consumers in China via SmartPay has achieved its objective in maintaining and further growing revenue streams. SmartTrans will continue to focus on this while also selectively growing and diversifying its offering in order to maintain and further diversify revenue streams.

The launch of the logistics business in China, while still its early stages, has been very promising thus far and represents a potentially major opportunity for SmartTrans. Similarly, the recent partnership with CEVA Australia (outlined above) is a natural fit for SmartTrans and offers potential upside should this collaboration expand into other regions.

This continues to be an exciting phase in the Company's history and the company is well positioned to reach the next level of growth and maturity, delivering value for its shareholders.

The company's corporate video can be viewed at:

www.smarttransholdings.com/Resources/SmartTrans%20Presentation%20File.mp4 and

https://youtu.be/-1t_yJe1DBA

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")

December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (6months) \$A'ooo
1.1	Receipts from customers	1,390	2051
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	(277) (2,160) (899)	(646) (2,657) (1,697)
1.3	Dividends received	32	38
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		(1,914)	(2,911)

+ 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	(52)	(103)
(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)		
	(52)	(180)
Net investing cash flows		
1.14 Total operating and investing cash flows	(1,966)	(3,091)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	181	182
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	181	182
Net increase (decrease) in cash held	(1,785)	(2,909)
1.21 Cash at beginning of quarter/year to date	4,934	6,058
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	3,149	3,149

+ 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

244

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

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

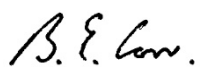
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	516	2,333
4.2	Deposits at call	2,632	2,600
4.3	Bank overdraft	n/a	n/a
4.4	Other (provide details)	n/a	n/a
Total: cash at end of quarter (item 1.23)		3,149	4,934

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: ...29/01/16.....

+ 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.