



Appendix 4D

Rule 4.2A

1. Half yearly report

Name of entity

SmartTrans Holdings Ltd

ABN: 86 009 065 650

Report for the half-year ended 31 December 2015
 Previous corresponding period
 is the financial year ended 30 June 2015
 and half year ended 31 December 2014

2. Results for announcement to the market

Revenues (<i>item 2.1</i>)*	up/down	234% to	A\$'000s 6,542
Profit (loss) after tax attributable to members (<i>item 2.2</i>)	up/down	34% to	(603)
Net profit (loss) for the period attributable to members (<i>item 2.3</i>)	up/down	34% to	(603)
Dividends (<i>item 2.4</i>) No dividends will be paid			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)		N/a	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>): The company has provided a full commentary on the results of its operations in its Financial Report for the 6 months period ended 31 December 2015.			

3. Net tangible assets per security (*item 3*)

Net tangible asset backing per ordinary security

Current period	Previous corresponding period
0.25¢	0.31¢

4. Details of entities over which control has been gained or lost during the period: (item 4)

Control gained over entities

Name of entities (item 4.1)

N/A

Date(s) of gain of control (item 4.2)

N/A

Loss of control of entities

Name of entities (item 4.1)

N/A

Date(s) of loss of control (item 4.2)

N/A.

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost

(item 4.3).

N/A.

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)

N/A.

5. Dividends (item 5)

N/a	
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Date of payment

Total amount of dividend

Final dividend – N/a

Interim dividend – N/a

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Interim dividend: Current period	N/a	-	-
Previous period	N/a		
	N/a		

Interim dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (<i>each class separately</i>)	-	-
Preference securities (<i>each class separately</i>)	-	-
Other equity instruments (<i>each class separately</i>)	-	-

Total

6. Details of dividend or distribution reinvestment plans in operation are described below (*item 6*):

N/A

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

N/A

7. Details of associates and joint venture entities (*item 7*)

Name of associate or joint venture entity	% Securities held
Digi 8	

Aggregate share of profits (losses) of associates and joint venture entities (*where material*)

	6mths to 31 Dec 2015 \$	6mths to 31 Dec 2014 \$
Group's share of associates' and joint venture entities':		
Profit (loss) before tax		(54,248)
Income tax		-
Net profit (loss) after tax		(54,248)
Adjustments		-
Share of net profit (loss) of associates and joint venture entities		(54,248)

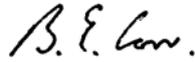
8. **The information provided in the Appendix 4D is based on the interim financial report (attached), which has been prepared in accordance with Australian accounting standards (item 8).**
9. **The interim financial report is not subject to audit dispute or qualification.**
(item 9)

Periodic Disclosure Requirements Compliance Statement

- 1 An interim report for the half-year ended 31 December 2015 is provided with the Appendix 4D information.
- 2 The interim report has been prepared in accordance with AASB 134 Interim Financial Reporting.
- 3 Except where noted in the report, the interim report and information provided in Appendix 4D uses the same accounting policies as those applied at 30 June 2015, except mandatory changes under the Australian equivalents to International Financial Reporting Standards (A-IFRS).
- 4 The Appendix 4D information gives a true and fair view of the matters disclosed in the interim financial report.
- 5 The Appendix 4D information is based on the interim financial report, which has been subject to review.

The audit report or review by the auditor is provided with the interim financial report.

Sign here:



Date: 29 February 2016

Print name: Bryan Carr

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities
A.B.N. 86 009 065 650

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

C O N T E N T S

Directors' Report
Independent Auditor's Review Report
Directors' Declaration
Consolidated Statement of Profit or Loss and Other Comprehensive Income
Consolidated Statement of Financial Position
Consolidated Statement of Changes in Equity
Consolidated Statement of Cash Flows
Notes to the Financial Statements
Auditor's Independence Declaration

**SMARTTRANS HOLDINGS LIMITED
And Controlled Entities**

DIRECTORS' REPORT

Your Directors present their report together with the interim report of the consolidated entity for the half year ended 31 December 2015.

The names of Directors in office at the date of this report are:

- Geoffrey W Raby BEc (Hons) MEd PhD – Non-Executive Chairman
- Andrew D Forsyth LLb – Non-Executive Director
- Bryan E Carr BSc – Managing Director
- Ian Robert Hawkins – Executive Director
- Yui Ian Tang – Non-Executive Director
- Gregory Simpson – Non-Executive Director

The above named Directors held office during and since the end of the half-year.

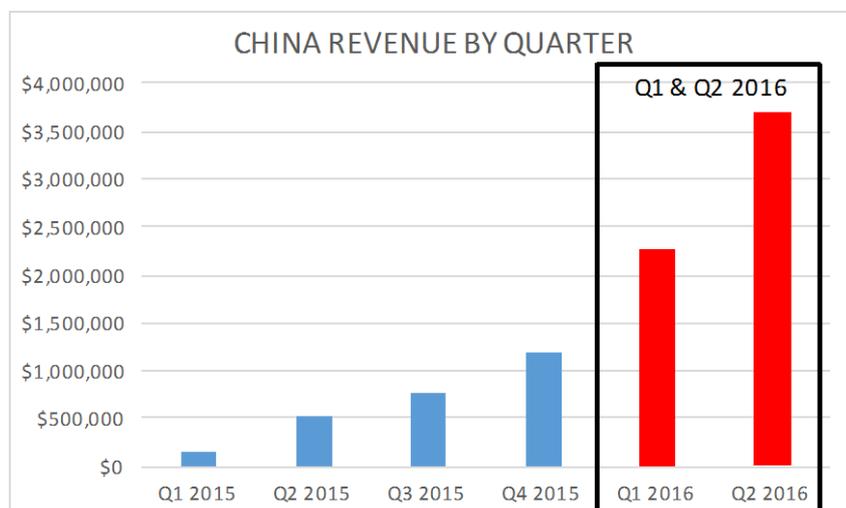
Review of Operations

OVERVIEW

SmartTrans reported a strong first half year with record revenue of \$6.54 million for the half year ended 31 December 2015 being another record for the company and an increase of 234% on the previous corresponding period. Revenue for the half year exceeded the entire revenue booked in FY2015 by 53%.

The Company's China-based operations generated a record \$5,558,601 in revenue for the half year delivering a small profit which was achieved despite its aggressive marketing campaign designed to generate future revenue and to increase the number of users in its customer database. This strategy is expected to further increase the Company's value while also growing revenue streams.

The Company continued to invest heavily in its SmartPay business in China with a focus on strengthening top line growth with increased marketing activities and the employment of additional business development personnel in China.



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

The Company's Australian reporting segment through its operating entity, SmartTrans Limited, reported a small profit derived from segment revenue of \$945,295 for the half year, with this revenue including a component of non-recurring revenue.

The group made a total comprehensive loss of \$603,067 after booking non-operating costs of \$150,000 associated with share based payments and booking substantial costs associated with corporate activities and capital raising. This result represents an improvement of 34% over the previous corresponding half-year result.

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SmartTrans maintains a strong financial position with net assets totalling \$5,681,256, including receivables of \$6,351,594.

It is important to note that the build-up of these receivables arises from the fact that the company's terms of trade with its telco customers allow 90 days for payment coupled with the fact that, particularly in the latter part of the half year, the company experienced an extraordinarily rapid rate of growth in its revenue.

The Company is confident of collecting these receivables because they are predominantly due by state owned telecommunication providers in China and the company believes that the credit risk is negligible.

Operational Overview

Online & Mobile Payments Platform in China

During the first half of the year SmartTrans continued to strategically expand its reach in China adding Direct Carrier Billing services with both China Mobile and China Telecom and adding billing services in Liaoning, Shandong and Gansu Provinces.

Through these additions the company is now operating in provinces with a potential reach to 460 million mobile phone users across seven major provinces².

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 province²

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

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Another notable achievement for SmartTrans during the period 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 that the platform is attractive to both content providers and consumers alike.

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 SmartTrans' rapid revenue growth since its introduction in July 2015. The subscription-based nature of this revenue provides a strong recurring revenue base with retention rates running at circa 80%.

SmartTrans continues to assess ways 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.

The Company entered into another exciting joint venture during December commencing a new billing partnership with Chengdu Qinyu Technology Ltd (Chengdu Qinyu). Based in Chengdu, the capital of Sichuan Province and regarded as a progressive centre of technology in China, Chengdu Qinyu has partnered with SmartTrans to bill for their online content and apps, including those that sell train tickets.

This alliance with Chengdu Qinyu not only further vindicates 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 & Services Business in Australia

SmartTrans applied additional sales and marketing support within the Australian business, which provides mobile and online software and services in the transport and logistics area, in the latter part of the half year. A notable achievement was the commencement of a partnership with CEVA Australia, a division of the large global CEVA Logistics operation, which operates in some 170 countries and employs approximately 44,000 people.

In Australia CEVA operates 63 facilities with approximately 2,000 staff providing 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 SmartTrans' logistics business, was launched in July 2015 (ASX July 28 2015) through an agreement executed with Yanfeng Automotive Trim Systems Co. Ltd (Yanfeng Visteon Automotive), another exciting milestone for the Company.

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.

CEO Commentary

The strong revenue result that we have delivered for the first half of FY2016 is very pleasing, Whilst the Company overall has recorded a statutory loss, this is mainly attributable to corporate and fund raising activities intended to deliver the financial flexibility required to maintain our trajectory of growth.

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This solid result is also a direct reflection of our strategy to further leverage the SmartPay platform in China, by diversifying the revenue streams we are now generating with a number of new billing alliances and through planned geographic expansion with our telco partners.

The strategic and selective marketing investment we have made in the SmartPay platform has also contributed to this result and we remained focussed on maintaining our large and growing customer base into the current quarter and beyond achieving the critical mass required in this large and dynamic market.

Our new alliance with CEVA Australia is a very exciting development for the Australian logistics business and is another strong endorsement for the company and its products.

Outlook

SmartTrans is confident that with the strong revenue streams now being delivered by its operations in China and the new alliance with CEVA in its logistics division in Australia, the Group is very well placed as it enters the second half of FY2016.

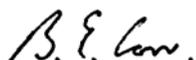
The Company expects to benefit from incoming cash flows in the coming quarters and beyond, providing a degree of financial flexibility with which it may further grow and develop its two well defined business divisions.

The Board and management of SmartTrans Holdings Limited remain committed to driving growth and unlocking value for their shareholders.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included in this interim financial report.

Signed in accordance with a resolution of the Board of Directors.



Bryan E Carr
Managing Director

Signed this 29th February 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
SMARTTRANS HOLDINGS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of SmartTrans Holdings Limited which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 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 company's financial position as at 31 December 2015 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 the company, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of SmartTrans Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of SmartTrans Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the SmartTrans Holdings Limited financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

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P A RANSOM
Partner

29 February 2016
Melbourne

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And Controlled Entities**

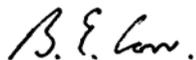
DIRECTORS' DECLARATION

The directors of the company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



BRYAN E CARR
Managing Director

Melbourne, Victoria

Dated: 29th February 2016

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2015

	31 Dec 2015	31 Dec 2014
	\$	\$
Revenue - Operations	6,542,536	1,961,653
Online mobile promotion & third party cost	(4,955,824)	(1,213,850)
Employee salaries and benefits expense	(715,956)	(822,855)
Material and installation costs	(149,602)	(238,940)
Depreciation expense	(5,504)	(5,815)
Consultancy cost	(618,004)	(103,923)
ASIC, Audit & Tax	(127,486)	(129,568)
Share based payment	(150,000)	(12,172)
Rental & occupancy costs	(126,757)	(68,322)
Travelling and accommodation costs	(89,787)	(85,256)
Legal & associated costs	(41,201)	(76,718)
Other expenses	(207,024)	(123,203)
Loss before income tax	(644,608)	(918,969)
Income tax benefit	-	-
Loss for the period	(644,608)	(918,969)
Other comprehensive income for the period		
Foreign currency translation	41,541	-
Total comprehensive loss for the period	(603,067)	(918,969)
Basic loss per share (cents per share)	(0.03)	(0.05)
Diluted loss per share (cents per share)	(0.03)	(0.05)

The accompanying notes form part of these financial statements

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	31 Dec 2015 \$	30 Jun 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		3,168,512	6,058,169
Trade and other receivables	5	6,351,594	1,545,558
Intangible asset		153,332	-
Other assets		614,327	25,534
TOTAL CURRENT ASSETS		10,287,765	7,629,261
NON CURRENT ASSETS			
Trade and other receivables		-	26,981
Property, plant and equipment		34,023	34,647
TOTAL NON CURRENT ASSETS		34,023	61,628
TOTAL ASSETS		10,321,788	7,690,889
CURRENT LIABILITIES			
Trade and other payables		4,503,264	1,578,076
Provisions		137,268	158,715
TOTAL CURRENT LIABILITIES		4,640,532	1,736,791
TOTAL LIABILITIES		4,640,532	1,736,791
NET ASSETS		5,681,256	5,954,098
EQUITY			
Issued capital		72,864,893	72,684,668
Reserves		844,946	653,405
Accumulated losses		(68,028,583)	(67,383,975)
TOTAL EQUITY		5,681,256	5,954,098

The accompanying notes form part of these financial statements

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Half-Year Ended 31 December 2015

	Issued Capital		Accumulated losses	Total Equity
	Ordinary	Reserves		
	\$	\$	\$	\$
Balance at 1 July 2014	64,927,987	586,229	(65,730,810)	(216,594)
Shares issued during the period	8,559,095	-	-	8,559,095
Cost of share issued	(802,414)	-	-	(802,414)
Share based payments	-	67,176	-	67,176
Loss for the period	-	-	(1,653,165)	(1,653,165)
Other Comprehensive income / (loss)	-	-	-	-
Balance at 30 June 2015	72,684,668	653,405	(67,383,975)	5,954,098
Balance at 1 July 2015	72,684,668	653,405	(67,383,975)	5,954,098
Shares issued during the period	181,880	-	-	181,880
Cost of share issued	(1,655)	-	-	(1,655)
Share based payments	-	150,000	-	150,000
Loss for the period	-	-	(644,608)	(644,608)
Other Comprehensive income /(loss)	-	41,541	-	41,541
Balance at 31 December 2015	72,864,893	844,946	(68,028,583)	5,681,256

The accompanying notes form part of these financial statements.

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2015

	31 Dec 2015	31 Dec 2014
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,063,595	1,221,311
Payments to suppliers and employees	(4,776,979)	(2,480,981)
Research and development tax concession	-	-
Interest received	38,296	2,976
	(2,675,088)	(1,256,694)
Net cash used in operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(3,894)	(4,177)
Payments for Intangible Assets	(153,322)	-
Payment for termination of Joint Venture	(77,060)	-
	(234,286)	(4,177)
Net cash used in investing activities		
Cash flows from finance activities		
Proceeds from issue of convertible loan	-	500,000
Receipts from issue of shares	181,880	1,800,000
Payments for share issue costs	(199,044)	(205,862)
	(17,164)	2,094,138
Net cash flow (used in) from financing activities		
Net increase (decrease) in cash and cash equivalents	(2,926,538)	833,267
Cash and cash equivalents at beginning of period	6,058,168	813,913
Effects of Foreign Exchange	36,882	-
Cash and cash equivalents at end of period	3,168,512	1,647,180

The accompanying notes form part of these financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Reporting Basis and Conventions

The financial report covers the consolidated entity of SmartTrans Holdings Limited and controlled entities. SmartTrans Holdings Limited is a listed company and incorporated and domiciled in Australia.

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting.

The half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by SmartTrans Holdings Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under Corporations Act 2001.

The accounting policies applied by SmartTrans Holdings Limited in this financial report are the same as those applied by SmartTrans Holdings Limited in the consolidated financial report as at and for the year ended 30 June 2015.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$644,608 and had net cash outflows from operating activities of \$2,675,088 for the period ended 31 December 2015. As at that date the consolidated entity had net current assets of \$5,647,233.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- Positive net current assets position provides adequate working capital to meet the company's obligations over the next 12 months;
- Marketing and administration costs are constantly being monitored so that they are kept at minimal levels and certain marketing costs are of the discretion of management; and
- The Company in the past has been able to raise capital as and when required and the Directors believe it could do so in the future if it becomes appropriate to do so.

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

2. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' Report or the Financial Statements that has significantly or may significantly affect the state of affairs or operations of the consolidated entity in the future financial periods.

3. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2015.

4. SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on internal reports that are provided to the Board of Directors on a regular basis. Management has identified that the consolidated entity operates in one operating segment across two geographical locations: Australia and China.

Geographical Segment Summary:

For the half year ended 31 December 2014

	Australia	China	Total
	\$	\$	\$
Sales to External Customers	1,214,810	744,173	1,958,983
Intersegment Sales	-	-	-
Total Segment Revenue	1,214,810	744,173	1,958,983
Segment Profit / (Loss)	183,005	(855,559)	(672,554)
Segment Assets as at 31 December 2014	390,202	848,198	1,238,400

For the half year ended 31 December 2015

	Australia	China	Total
	\$	\$	\$
Sales to External Customers	945,295	5,558,601	6,503,896
Intersegment Sales	-	-	-
Total Segment Revenue	945,295	5,558,601	6,503,896
Segment Profit / (Loss)	135,061	11,226	146,287
Segment Assets as at 31 December 2015	1,060,820	6,292,796	7,353,616

Reconciliation of reportable segment revenue to consolidated revenue	31 December 2015	31 December 2014
	\$	\$
Total segment revenue	6,503,896	1,958,983
Interest Income	38,640	2,670
Total Revenue	<u>6,542,536</u>	<u>1,961,653</u>

Reconciliation of reportable segment profit(loss) to consolidated loss	31 December 2015	31 December 2014
	\$	\$
Total Profit/(loss) for reportable segments	146,286	(672,554)
Share based payment	(150,000)	(12,172)
Corporate costs	(679,534)	(236,913)
Interest income	38,640	2,893
Loss before income tax	<u>(644,608)</u>	<u>(918,746)</u>

Reconciliation of reportable segment assets to consolidated assets	31 December 2015	31 December 2014
	\$	\$
Reportable segment assets	7,353,616	1,238,400
Unallocated Assets	2,968,172	1,438,461
Total Assets	<u>10,321,788</u>	<u>2,676,861</u>

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

5. TRADE AND OTHER RECEIVABLES

Trade and other receivables include an amount of \$5,394,119 owing by Chinese state owned telecommunications providers. The increase in this receivables reflects the considerable growth in billings resulting from the continued focus and investment in China. The increase also reflects a deferral of payments arising as a result of Chinese government review into VAT being applied by Chinese telecommunication companies.

The company is confident of collecting these receivables and consider these as a minimal credit risk given the parties from whom the amounts are receivable. Accordingly no provision for impairment of receivables have been raised against these balances.

The company will continue to liaise with the Chinese telecommunication providers in respect of the payment of these balances which are expected to be recovered in the second half of the financial year.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of SmartTrans Holdings Limited for the half year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS



P A RANSOM
Partner

29 February 2016
Melbourne