



SmartTrans

HOLDINGS LIMITED

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Quarterly Report
for the period ended
30th June 2015

Highlights

- Revenue for quarter of \$1,397,000 represents growth of 140% on PCP (\$581,000)
- China operations deliver revenue of \$1,206,000 for June Quarter, \$2,755,000* for FY 2015
- FY2015 revenue for SmartTrans of \$4,290,000 eclipses FY 2014 result (\$2,194,000)
- SmartPay platform continues to deliver growing and recurring revenue
- Logistics division performing satisfactorily with solid and stable revenue result
- *Love Finance News* product successfully launched with China Telecom and Ta Kung Pao
- Direct Carrier billing service introduced with China Telecom in Hubei Province
- New App providers added to China Mobile Direct Carrier billing service
- SmartPay mobile payment platform being integrated by growing number of Chinese and International companies
- Over 4,400,000 billing transactions processed in FY2015 from a growing customer database
- Capital Raising of \$5.5 million successfully completed – offer heavily over subscribed
- Board strengthened with appointment of Gregory Simpson as Non-Executive Director
- Logistics business expanded into China post-end of quarter by securing deal with major SOE subsidiary

FINANCIAL PERFORMANCE FOR QUARTER ENDED 30 JUNE 2015

ASX-listed smartphone payments provider and logistics software company SmartTrans Holdings Limited (ASX: SMA) is pleased to report revenue for the quarter ended 30 June 2015 of \$1,397,000, which represents growth of 140% on the previous corresponding period (\$581,000) and brings year-to-date revenue to \$4,290,000. This figure represents an increase of 96% on total revenue earned for financial year 2014 (\$2,194,000).

SmartTrans is greatly encouraged that this revenue growth is primarily due to the rapid uptake and expansion of its proprietary SmartPay payments platform in China, which has been a major and ongoing focus for the Company in FY2015.

The SmartPay platform, which had its twelfth consecutive month of record revenue growth in June, has delivered revenue from SmartTrans' operations in China alone of \$2,755,000* for FY2015, exceeding all revenue earned by the Company across all its businesses for FY2014. The platform processed over 4,400,000 billing transactions in FY2015, accumulating an increasingly valuable customer user base.

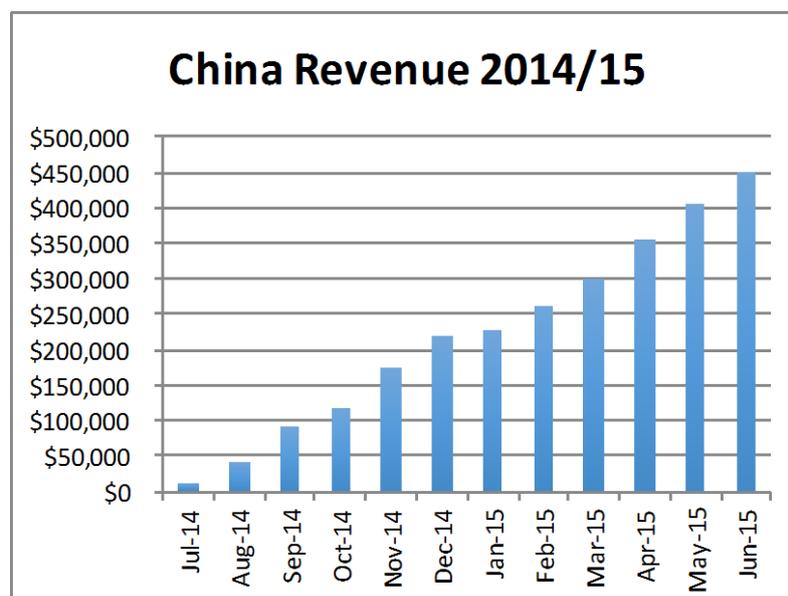


Figure 1 – Revenue from SmartTrans' operations in China to the end of June 2015

The graph in Figure 1 (above) illustrates the strong and ongoing month-on-month revenue growth that the SmartPay platform has delivered to the Company during FY2015. This is attributable to a strong subscription user base, as well as expanding use by consumers making in-App purchases through a variety of channels.

The Company's logistics software and services operation in Australia also performed satisfactorily, providing a solid platform upon which SmartTrans has been able to expand the business into China. The logistics business booked revenue of \$1,526,000 for the year.

ONLINE & MOBILE PAYMENTS PLATFORM AND SOFTWARE SOLUTIONS BUSINESS IN CHINA

During the June Quarter, SmartTrans continued to enhance the range and diversity of apps and content available to consumers in China via the SmartPay platform, most notably through its partnership with China Telecom to launch the new *Love Finance* mobile financial news and information product.

Following a successful paid pilot of the product in Hubei Province in May, *Love Finance* was officially launched there soon thereafter, achieving immediate take up and revenue for SmartTrans. *Love Finance* News, for which subscribers pay a monthly subscription of CNY5.00 (~AUD1.00) for the basic service and CNY10.00 (~AUD2.00) for the premium service, is the first product developed by SmartTrans that China Telecom has marketed to its subscribers.

SmartTrans has leveraged its close working relationship with *Ta Kung Pao*, China's oldest established and first online newspaper¹, from which it gathers content for the *Love Finance* News service, receiving a royalty from monthly subscriptions. The Company is now working with China Telecom to develop further this partnership with additional products and services available via in-App purchase and to expand this offering into more major provinces.

In May, the Company added new app providers to the growing number who now market and promote their products under SmartTrans' Direct Carrier billing arrangement with China Mobile. Under this arrangement, with the SmartPay platform embedded into these apps, consumers may easily make purchases within games and apps (for which SmartTrans receives a transaction fee) and then readily buy further features, upgrades and additional games, generating additional revenue.

A milestone development during the quarter was the launch of SmartTrans' Direct Carrier billing service with China Telecom, successfully launched in the major province of Hubei in May, and which began generating revenue for the Company almost immediately.

This agreement, which is in addition to SMA's existing arrangement with China Mobile (outlined above), will provide potential access to China Telecom's approximately 190 million users, of which some 64% are using 3G/4G mobile data connections (the highest penetration rate for 3G/4G in China)². As such, these customers are a particularly good fit for the high-end and data-rich smartphone content that SmartTrans offers consumers via SmartPay.

SmartTrans is greatly encouraged that the Company is increasingly being sought out by third parties wishing to leverage its well established market position and billing partnerships, along with its extensive reach to consumers in China, as the preferred turnkey solution for the marketing, sales and distribution of a growing range of apps and content.

Accordingly, the Company will maintain its focus on fast tracking the growth and development of the SmartPay platform in order to secure and further build on the stable and recurring revenue streams it is now enjoying from this business.

LOGISTICS SOFTWARE & SERVICE BUSINESS

SmartTrans' Australian business division, which provides mobile and online software and services in the transport and logistics area, rounded out the year with revenue of \$1,526,000 up from \$1,250,000 in the previous year.

The Company has contracts with a range of blue-chip customers in Australia, who are spread across a diverse range of industry sectors. It retains its focus on seeking and assessing new opportunities for expansion both in Australia and China.

The proprietary software that SmartTrans uses to provide solutions for its customers in the areas of logistics optimisation, safety, efficiency and security is the same that underpins its SmartPay platform and the two products have the potential for integration.

Post the end of the Quarter, the Company launched its logistics division in China by securing a contract to develop and supply its proprietary software to automotive components manufacturer, Yanfeng Automotive Trim Systems Co. Ltd, which is to be implemented with an initial 450 vehicles commencing in Shanghai.

This partnership provides SmartTrans with exposure to the fast-growing, connected, car sector, which enables internet connection in vehicles for a variety of purposes and the potential for integration with SmartTrans' existing payment and mobile content platform.

The Yanfeng Visteon Automotive group is a subsidiary of Shanghai Automotive Industry Corporation (SAIC), a state-owned enterprise that is China's largest car manufacturer and which also has joint-venture agreements with numerous global vehicle manufacturers³.

Headquartered in Shanghai, and with operations in over 20 countries, Yanfeng Visteon Automotive specialises in the design and manufacture of automotive seating and electronics, including instruments, navigation, audio, 'infotainment', security, control and safety systems. The company has supply, OEM and joint-venture agreements in place with a number of leading marques, among them Mercedes Benz, Volkswagen, Fiat, Nissan, Ford, General Motors and Chrysler.³

The Company intends to work closely with the Yanfeng Visteon team to develop and deliver the SmartTrans software with a view to promoting and distributing its products to others in the auto sector in China.



Joint marketing initiative of SmartTrans and Yanfeng Visteon, Shanghai, July 2015.

CORPORATE

In April, SmartTrans announced that it had strengthened its Board with the appointment of Mr Gregory Simpson as a Non-Executive Director. Mr Simpson is a Chartered Accountant who has served as a financial and commercial consultant to the SmartTrans Board since January 2013, and hence is familiar with the Company and its operations.

SmartTrans is confident that the addition of Mr Simpson, who has a wealth of experience in the accounting, financial and commercial fields, will be of significant benefit to the Board and to the Company as it reaches the next levels of growth and maturity.

During the Quarter, SmartTrans also announced that it was undertaking a \$5.5 million capital raising by way of a fully underwritten Non-Renounceable Rights Issue ('Offer'), primarily in order to fast track the development of its operations in China.

As reported to shareholders on 19 June 2015, the capital raising was successfully completed, with the Offer being heavily over-subscribed. Applications for \$9.1 million in scrip were received, which the Company considers to be a solid vote of confidence by shareholders in its technology, operations and well defined strategy for the business (over subscriptions of \$3.6 million were returned to shareholders).

OUTLOOK

Post end of Quarter, on 28 July 2015, the Company announced that it had expanded the logistics business in China by securing a contract with Yanfeng Automotive Trim Systems Co, Ltd ('Yanfeng Visteon Automotive'). The Yanfeng Visteon Automotive group is a wholly owned subsidiary of HUAYU Automotive Systems Co, Ltd (HASCO), the components division of Shanghai Automotive Industry Corporation (SAIC), a state-owned enterprise that is China's largest car maker³.

SmartTrans is now working closely with the Yanfeng Automotive group to deliver this product, a variant of the Company's best-of-breed logistics software, while also negotiating for wider sales and distribution that may be potentially available through the group's numerous joint-venture agreements with leading marqueses and its global footprint.

Having successfully completed a \$5.5 million capital raising, as above, the Company is confident that it now has the financial flexibility required fully to leverage the solid platform it has created with the SmartPay platform in China. SmartTrans will now deploy these funds in a bold but strategic and responsible manner to achieve this, while continuing to assess opportunities for the expansion of its logistics business, both in Australia and internationally.

With the consistent revenue growth achieved over the past 12 months, and with a maturing business model, the Company has determined that it is appropriate to report revenue on a Quarterly basis henceforth. The Company will continue to report any material changes in revenue as appropriate and ensure the market is updated on all material developments as they occur.

** Includes revenue attributable to SmartTrans' Hong Kong operations*

1. Source: www.takungpao.com

2. Source: www.chinatelecom-h.com/en/business/business_overview.php

3. Source: www.yf-usa.com

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")

June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12months) \$A'000
1.1 Receipts from customers	1,009	2,970
1.2 Payments for (a)staff costs	(431)	(1,521)
(b)advertising and marketing (Generated revenue during the Quarter due for payment in future months.)	(211)	(1,590)
(c)research and development		
(d)leased assets		
(e)other working capital	(354)	(1,908)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	9
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	8	(2,046)

+ 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 (12months) \$A'000
1.8 Net operating cash flows (carried forward)	8	(2,046)
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	(4)	(18)
(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	0	1
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(4)	(17)
1.14 Total operating and investing cash flows	4	(2,063)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	5,509	8,509
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	500	1,000
1.18 Repayment of borrowings	(450)	(450)
1.19 Dividends paid		
1.20 Other Costs include;	(597)	(1,797)
All capital raising costs (Legal, Rights Issue Underwriting, ASX, ASIC & Share registry fees) and conversion of loans into equity		
Net financing cash flows	4,962	7,262
Net increase (decrease) in cash held	4,966	5,199
1.21 Cash at beginning of quarter/year to date	1,050	817
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	6,016	6,016

+ 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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions	

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

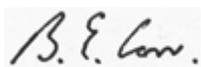
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	6,016	1,050
4.2 Deposits at call	-	-
4.3 Bank overdraft	n/a	n/a
4.4 Other (provide details)	n/a	n/a
Total: cash at end of quarter (item 1.23)	6,016	1,050

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: Date: ...31/7/15.....
 (Director)

+ See chapter 19 for defined terms.

Print name: Bryan Carr

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.