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SMART TRANS

SmartTrans Holdings Limited

ASX: SMA

An Australian based Technology Solutions Company

Corporate Structure:

Shares on issue:	2,206 M
Unlisted Options:	166 M
Market Cap:	$AUD 99 M
52 week high:	5.0 cents
52 week low:	0.9 cents
	(30-Oct-15)

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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Twitter:
www.twitter.com/SmartTrans_SMA

Quarterly Report for the period ended 30th September 2015

Integrity / Innovation / Inspiration / Information

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Highlights

- **Revenue for quarter of $2.46 million - a record for SMA and representing a 144% increase on the prior corresponding period of $1.01 million**
- **China operations deliver revenue of $2.28 million as SmartPay platform continues growth trajectory**
- **Company achieves another milestone with revenue of $1.07 million for month of September alone in China**
- **Direct Carrier subscription billing service now available in seven major provinces in China with reach to potential 460 million mobile subscribers[1]**
- **Love Finance product launched with China Telecom and generating revenue**
- **SmartTrans receives maiden logistics revenue after successful implementation of new automotive module with Yanfeng Visteon Automotive in China**
- **SMA working closely with Yanfeng Visteon Automotive to identify further opportunities in automotive sector in China**
- **Company will use financial flexibility to scale up and strategically expand SmartPay into additional major provinces**
- **SmartTrans poised for further growth through SmartPay and now logistics business in China**

FINANCIAL PERFORMANCE FOR QUARTER ENDED 30 SEPTEMBER 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 September 2015 of $2.46 million, a record for the Company and representing an increase of 144% on the previous corresponding period ($1.01 million).

This significant revenue growth is directly attributable to the ongoing expansion and rapid uptake of the Company's proprietary SmartPay billing and payments platform in China, from which SmartTrans derived revenue of $2.28 million for the quarter.

SmartTrans also achieved the milestone of booking revenue of over $1.0 million in one month in September from its China operations alone ($1.07 million), the first time in the Company's history. While mostly driven by the growth of SmartPay, this result was also assisted by the maiden revenue contribution of approximately $90,000 from the initial phases of SMA's logistics operations in China.

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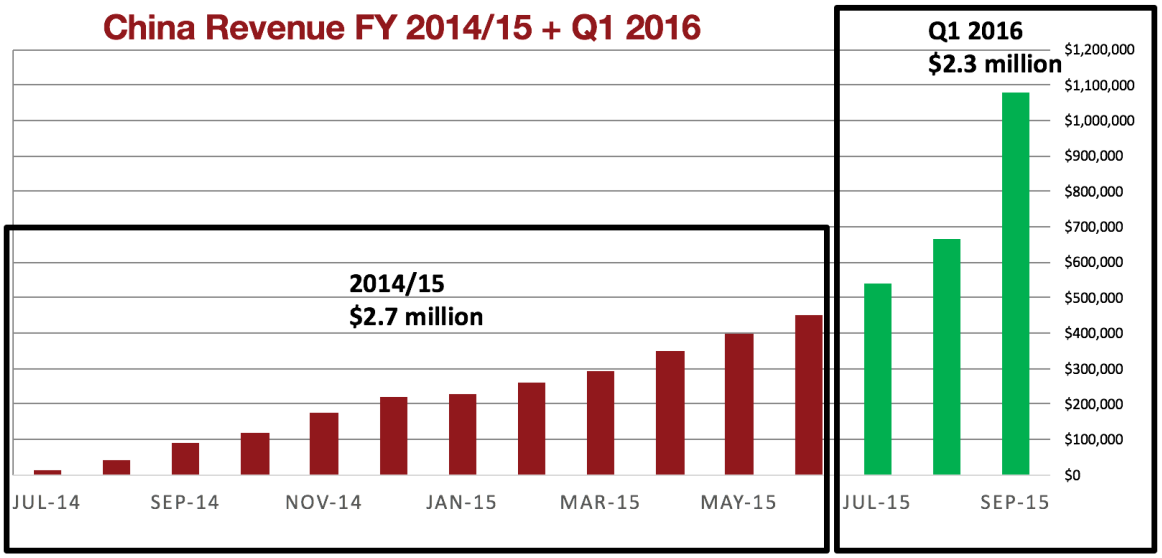

Figure 1 – Revenue from SmartTrans' operations in China from July 2014 to September 2015

As the graph above at Figure 1 clearly illustrates, the SmartPay platform has continued to generate significant and ongoing revenue growth for the Company, which is largely attributable to a strong subscription customer base and a broader range of Apps and content which is readily available for purchase by consumers via this channel.

The Company's logistics software and services division in Australia continues to enjoy the support of blue chip clients and, as noted above, has provided the platform upon which SmartTrans has successfully launched this business in China. SmartTrans is encouraged by this development and the promising early signs for the business division in this large and lucrative market.

ONLINE & MOBILE PAYMENTS PLATFORM AND SOFTWARE SOLUTIONS BUSINESS IN CHINA

A significant milestone for SmartTrans during the quarter was that of reaching the number of 4,393,000 customers who regularly transact on the SmartPay platform, many who do so across multiple channels, with 1,227,500 customers billed in the month of July alone. The number of consumers in China who now regularly transact with SmartPay has since exceeded 5,000,000 and is expected to grow.

As noted above, the Company attributes much of this growth to its subscription billing model, which has delivered customer retention rates of approximately 80% without requiring further marketing spend, combined with the wide and diverse range of Apps and content now available through SmartPay.

Another notable achievement for SmartTrans during the period was the expansion of its Direct Carrier billing service (including subscription billing) into Shandong Province through the Company's established partnerships with both China Mobile and China Telecom.

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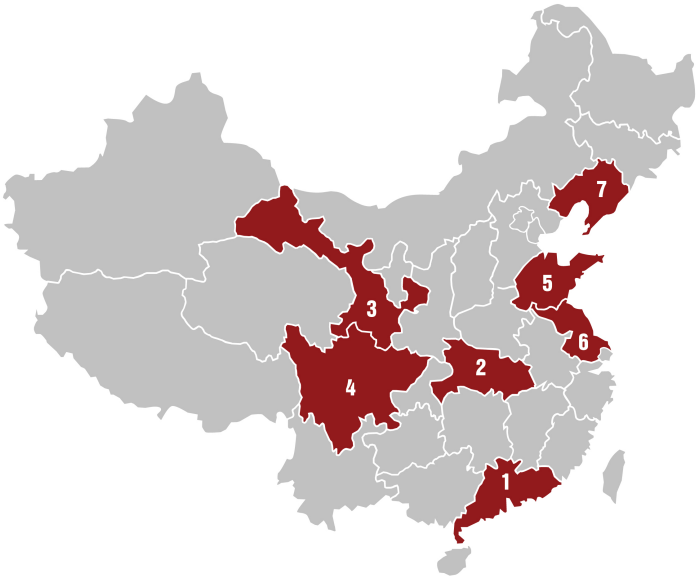
This was a major coup for SmartTrans as this is China's second largest province by population (circa 97 million)[2], and with many of the two telcos' customers being 3G or 4G subscribers – a natural fit for the data rich Apps and content that SMA now promotes and sells via SmartPay.

In September, SmartTrans expanded its Direct Carrier billing service with China Telecom into Gansu Province. Post end of quarter (ASX 21 October 2015) the Company launched the service in Liaoning Province, again through its China Telecom partnership. Liaoning is an important province in northeast China (population circa 42 million[1]) and was targeted primarily due to the high income demographic of the cities of Dalian and Shenyang.

SmartTrans has been strategically expanding the Direct Carrier billing service through its well established China Mobile and China Telecom partnerships, with SMA now having the ability to market and sell to a potential 460 million mobile phone subscribers across seven major provinces in China (see map and table below). Ultimately the Company intends to offer this service across the entire country.

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 province[1]

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A further notable achievement for SmartTrans during the quarter was the rapid uptake of its Love Finance mobile financial news and information service. Love Finance was launched in June 2015 by SMA in collaboration with China Telecom and Ta Kung Pao, China's oldest established and first online newspaper[3].

Following its launch in Hubei Province and after further market research and content refinement, SmartTrans saw subscriptions to the Love Finance service rapidly escalate, with sales from this source alone growing to approximately $50,000 per month.

As with other subscription services that SMA promotes and sells via the SmartPay platform, revenue from Love Finance is passive and recurrent in nature and is additional to the other earnings the Company derives from the sales of numerous games and Apps.

Encouraged by this success, SmartTrans is now in advanced discussions with China Telecom to scale up and roll out the Love Finance service into a number of additional major provinces in order to promote the product to the telco's broader subscriber base of 190 million customers[4].

LOGISTICS SOFTWARE & SERVICE BUSINESS

SmartTrans' Australian business division, which provides mobile and online software and services in the transport and logistics area, commenced FY 2016 with a major development during the quarter with the launch of its logistics business in China through an agreement executed with Yanfeng Automotive Trim Systems Co. Ltd (Yanfeng Visteon Automotive), a subsidiary of the country's largest car manufacturer Shanghai Industry Automotive Corporation (SAIC)[5].

SAIC is a state owned enterprise (SOE) with global operations in over 20 countries and with supply, OEM and joint venture agreements with major marques such as Mercedes Benz, Volkswagen, Fiat, Nissan, Ford, General Motors and Chrysler[5].

SmartTrans was chosen by Yanfeng Visteon Automotive to develop and supply a module utilising the Company's proprietary logistics software to use mobile internet connectivity to provide information and evaluation of driver performance, safety, route optimisation and fuel efficiency.

The technology was successfully implemented in commercial vehicles in Shanghai, with maiden revenue in China for the company's logistics software of $90,000. SmartTrans will also receive further payments as this project progresses.

SmartTrans is working closely with Yanfeng Visteon Automotive to investigate opportunities for sales and distribution of an after-market version of its module for commercial vehicles in China, while also looking to promote the product and its software to others in the automotive sector there.

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

CORPORATE

In September, SmartTrans announced that the Company had appointed a new Company Secretary, Ms Leanne Ralph, following the decision of Mr David Thomson to leave the company.

Ms Ralph has considerable experience as a Company Secretary and holds a Bachelor of Business, a diploma in Applied Corporate Governance and sits on the Governance Institute of Australia's Corporate and Legal Issues Committee. As such, SmartTrans feels that Ms Ralph is the ideal candidate for this critical role as the Company progresses to the next levels of maturity and development.

During the quarter, the Company also initiated the establishment of a small shareholding sale facility, to provide shareholders with a parcel of securities with a market value of less than $500 (Small Shareholding) with an opportunity to sell their shareholding in the Company without incurring brokerage costs (Sale Facility).

The Sale Facility was undertaken to enable SmartTrans to reduce the administrative cost of managing small shareholdings and to enable investors with Small Shareholdings (who may find it difficult or expensive to dispose of those shares through normal means) to dispose of their Small Shareholdings in a cost effective manner.

To assist in the process, the Company appointed Triple C Consulting Pty Ltd to act as sale broker and to underwrite the Sale Facility, which was open to eligible shareholders that held a Small Shareholding at 7.00pm on 17 August 2015. The Sale Facility closed at 5.00pm on Friday 2 October 2015, and payments have subsequently been made to 1,577 shareholders who between them held 8,950,136 shares in the Company.

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OUTLOOK

SmartTrans has entered Q2 FY 2016 with strong revenue streams and a clearly defined strategy for the next stages of growth and development ably supported by a considerably strengthened balance sheet following the successful $5.5 million capital raising completed in June 2015.

With this financial flexibility, SMA will fast track the expansion of its Direct Carrier billing service into major provinces in China, building on this important passive and recurring revenue platform.

The Company will also continue to strategically grow the range of games, Apps and content available to consumers in China via the SmartPay platform, continuing to build its reputation as a trusted billing partner.

SmartTrans is confident that this will also further enhance the Company's position as the gateway solution for third parties wishing to market and sell products and services in what is predicted to become the largest economy on the globe.

The launch of SmartTrans' logistics business in China through its partnership with Yanfeng Visteon Automotive, utilising the same proven software and technology upon which the Company was founded, marks the beginning of another dynamic chapter in the SmartTrans story.

Through this partnership with the subsidiary of one of China's major SOEs, SmartTrans is now well placed to further develop this business division into a significant operation and revenue stream for the Company. SmartTrans will seek potential opportunities within the wider automotive sector in China (and beyond) that may allow it to fully leverage this alliance.

SmartTrans has entered an exciting phase in the Company's history as it is poised for further growth to deliver value for its shareholders.

1. Source: www.tieba.baidu.com/p/2537083595 2. Source: www.statista.com 3. Source: www.takungpao.com. 4. Source www.chinatelecom.com 5. Source: *www.reuters.com/article/2015/04/02/saic-motor-results-idUSL3N0WZ2JE20150402.*

Rule 4.7B

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")

September 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 Receivables at 30 September 2015 total **$3,262,955** are due for payment in the subsequent quarter	661	661
1.2	Payments for (a)staff costs	(369)	(369)
	(b)advertising and marketing (Generated revenue during the Quarter due for payment in future months.)	(497)	(497)
	(c)research and development		
	(d)leased assets		
	(e)other working capital	(798)	(798)
1.3	Dividends received		
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	(998)	(998)

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		Current quarter $A'000	Year to date (12months) $A'000
1.8	Net operating cash flows (carried forward)		
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property	(51)	(51)
	(d) physical non-current assets		
	(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)	(77)
1.11	Loans to other entities		
1.12	Loans repaid by other entities		
1.13	Other (provide details if material)		
	Net investing cash flows	(128)	(128)
1.14	**Total operating and investing cash flows**	(1,126)	(1,126)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	1	1
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	1	1
	Net increase (decrease) in cash held	(1,125)	(1,125)
1.21	Cash at beginning of quarter/year to date	6,058	6,058
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	4,934	4,934

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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	54
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

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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	2,334	2,334
4.2	Deposits at call	2,600	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)	4,934	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: ..... B. E. Carr. .... Date: ...30/10/15.....
Print name: Bryan Carr (Director)

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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.