SmartTrans Holdings Limited

2015
Annual Report

ABN 86 009 065 650

SmartTrans Holdings Limited
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2015 Annual Report

TABLE OF CONTENTS

CORPORATE DIRECTORY

Directors

Geoffrey W RABY *BEc (Hons) MEc PhD*	Chairman
Andrew D FORSYTH Llb	Non-Executive Director
Bryan E CARR BSc	Executive Director
Ian R HAWKINS	Executive Director
Yui (Ian) TANG	Non-Executive Director
Gregory Simpson	Non-Executive Director

Company Secretary

Leanne RALPH
BBus ACIS AAICD

Senior Management

David J THOMSON (resigned 11 September 2015)

Registered Office

Level 1,
10 Queens Road,
MELBOURNE VIC 3004

Head Office

Level 1,
10 Queens Road,
MELBOURNE VIC 3004
Telephone: (61-3) 9866 7333
Facsimile: (61-8) 9866 7303

Email: smarttrans@smarttrans.com.au
Homepage: www.smarttrans.com.au

Auditors

RSM Bird Cameron Partners
Level 21,
55 Collins Street
MELBOURNE VIC 3000

Bankers

Westpac Banking Corporation
275 George Street
SYDNEY NSW 2000

Solicitors

HopgoodGanim
Level 4,
105 St Georges Terrace
PERTH WA 6000

Securities Quoted

Australian Securities Exchange
Home Exchange – Australian Securities Exchange (Perth)

Share Registry

Computershare Registry Services
Level 2, 45 St Georges Terrace
PERTH WA 6000

Telephone: (61-8) 9323 2000
Facsimile: (61-8) 9323 2033

Corporate Governance Statement

Statement is available on homepage: www.smarttransholdings.com

Chairman's Report

Financial year 2015 has been one of milestones and achievements for SmartTrans, particularly with the success we are now enjoying in China after many years of hard work to establish our presence in what is widely anticipated to soon become the largest consumer market in the world.

The clearly defined focus we have maintained on our two key business divisions throughout the year has paid off. The performance of our SmartPay billing and payments platform in China has exceeded expectations and in Australia the company continues to enjoy the support of blue chip clients in its logistics operations, which has now also expanded into China with the Yanfeng Visteon project.

Some of the notable milestones that SmartTrans achieved during FY2015 are as follows:

- Secured direct-to-phone billing capability with China Unicom and China Telecom, adding to that already established with China Mobile – reach to combined subscriber base of almost 1.3 billion with China's three major telcos[1].
- Booked record revenue of $4.277 million for FY 2015 – increase of 82% on FY 2014 ($2.344 million), primarily driven by performance of the SmartPay platform in China.
- Reached the milestone of 3.16 million customers billed via SmartPay in FY2015.
- Signed an MOU with Ta Kung Pao, China's oldest established and first online newspaper[2], for SmartTrans to collaborate on the broader distribution of news and content.
- Initiated and progressed in-App billing arrangements with several well regarded game developers in China whereby consumers can readily and easily purchase games and updates.
- Entered into agreement with Entellect Ltd (now KNeoMedia Ltd) for exclusive distribution of their KNeoJUNIOR 'edutainment' products in China.
- Executed an agreement with China International Travel Service (CITS) for SMA to build and distribute an App and integrated online platform that will enable Chinese and Australian consumers to book and pay for travel services between the two countries.
- Launched Direct Carrier Subscription Billing service with China Mobile – since rolled out into a number of major provinces.
- Successfully trialled and launched the 'Love Finance' mobile financial news and information service in collaboration with China Telecom and Ta Kung Pao.
- Added Direct Carrier Subscription Billing service with China Telecom (in addition to China Mobile, above) – launched in Hubei, soon to roll out into additional targeted major provinces.
- Successfully completed a highly over subscribed $5.5 million capital raising through a Non-Renounceable Rights Issue to existing shareholders to fund further growth and development of both business divisions.

As is evident, it has been a busy and productive year for SmartTrans, and on behalf of the Board I thank the team, led by Managing Director Bryan Carr, for their hard work and dedication.

We enter financial year 2016 in the most exciting phase in the Company's history, with solid and diversified revenue streams, a clearly defined strategy for further growth and development across both business divisions.

I thank you, our shareholders, for your continued loyalty and support as we strive to maximise value and become profitable.

Geoffrey W Raby

GEOFFREY W RABY

Chairman

30 September 2015

1. Source: *www.chinamobileltd.com, www.chinaunicom.com, www.chinatelecom.com.cn* 2. Source: *www.takungpao.com*

DIRECTORS' REPORT

Your directors present their report on the economic entity consisting of SmartTrans Holdings Limited and the entities it controls at the end of and during the year ended 30 June 2015.

Directors

The directors' names and qualifications during the financial year and up to the date of this report are:

Geoffrey Raby BEc (Hons) MEc PhD
Andrew D Forsyth Llb
Bryan Carr BSc
Ian R Hawkins
Yui (Ian) Tang
Gregory Simpson (appointed on 22 April 2015)

Dr Geoffrey W Raby - Chairman

Director, appointed 6 August 2011, also a director of the company's subsidiary Sm@rtTrans Limited. Dr Raby served as Australia's Ambassador to China and has extensive experience in business in China. Also a director of Fortescue Metals Group and OceanaGold Corporation.

Andrew D Forsyth – Non-Executive Director

Solicitor and a director of Dymocks Group of Companies, Sm@rtTrans Limited, Tandragee Pty Limited, Coolgardie Units Pty Limited and Jamajon Pty Limited. Also a director of the company's subsidiaries Sm@rtTrans Limited, SmartTrans Technology (Beijing) Limited and SmartTrans (HK) Ltd.

Bryan E Carr – Executive *Director, CEO*

Appointed 26 July 2011, with significant experience in the information technology sector and its application to the transport industry. Also a director of the company's subsidiaries Sm@rtTrans Limited, SmartTrans Technology (Beijing) Limited and SmartTrans (HK) Ltd.

Ian R Hawkins- Executive-Director, CTO

Appointed 13 March 2013, also a director of the company's subsidiary Sm@rtTrans Limited. Ian Hawkins is also the Chief Technical Officer of Sm@rtTrans Limited.

Yui (Ian) Tang - Non-Executive Director

Appointed 13 March 2013, also a director of the company's subsidiary Sm@rtTrans Limited. Mr Tang is the CEO of Beijing AustChina Technology, the Chairman of 123 AustChina Education Consultancy and a Director on the Board of the China-Australia Chamber of Commerce (AustCham Beijing).

Gregory Simpson - Non-Executive Director

Appointed 22 April 2015, holds a Bachelor of Commerce and is a Chartered Accountant.

Company Secretaries

Leanne Ralph BBus ACIS AAICD (appointed on 11 September 2015)
David J Thomson, B.Bus (Acc), IPA (resigned on 11 September 2015)

Dividends

There were no dividends declared or paid during the course of the financial year and no dividend is recommended.

Principal Activities

Internet and mobile software systems for logistics and consumer mobile applications and billing.

Operating Results

The consolidated operating loss of the economic entity amounted to $1,653,165 (2014: $4,376,279 loss).
As at 30 June 2015 the Company had net assets of $5,954,098.

DIRECTORS' REPORT (Cont)

Review of Operations

OVERVIEW

During financial year 2015, a major focus for SmartTrans Holdings Ltd (SmartTrans or the Company) was the further development and expansion of our SmartPay mobile and online billing and payments platform in China, while also controlling expenses and overheads.

The Company is pleased to report operating revenue of $4.277 million for the year, representing an 82% increase on that of the previous year ($2.344 million), and which was largely derived from our operations in China.

With additional marketing capital now available the company hopes to be able to expand its logistics software and services business in Australia building on the mix of new and renewed service contracts attained during the past year which are already delivering recurring revenue for the Australian operation.

A notable development was the launch of our auto/logistics business in China, through the execution of an agreement (in July 2015) with the subsidiary of a major car manufacturer for the provision of software and services connecting motor vehicles to the Internet.

SMARTPAY ONLINE & MOBILE BILLING AND PAYMENTS PLATFORM IN CHINA

The Company's SmartPay platform is now well established in the market place in China and has wide reach to consumers through the following partnerships:

- Direct Carrier billing, Direct-to-phone billing and In Application billing with China Mobile
- Direct Carrier billing, Direct-to-phone billing and In Application billing with China Telecom
- Direct-to-phone billing and In Application billing with China Unicom
- Internet and mobile phone billing with China Mobile CMPay
- Internet and mobile phone billing with UnionPay
- Internet and mobile phone billing with Alipay

In July 2015, the Company commenced a subscription service with the SmartPay platform, whereby consumers pay a monthly fee for content. The SmartPay platform has delivered significant earnings for the Company with twelve consecutive months of revenue growth for the year and also a solid base of passive and recurring revenue through excellent customer retention rates.

A major achievement for SmartTrans during the year was the commencement of integrated Direct Carrier Billing, initially with China Mobile and subsequently with China Telecom, allowing App and content providers to promote and sell to segments of these two telco's large subscriber base. Under the terms of these agreements, SmartTrans acts as billing service provider and receives a royalty fee from sales.

Initially launched in Guangdong Province, SmartTrans now provides the Direct Carrier billing service with China Mobile in Jiangsu and Sichuan, with China Telecom in Hubei, and with both telcos in Shandong. The addition of this service has been another major revenue driver for the Company in financial year 2015 and SmartTrans plans to continue its strategic roll out into additional major provinces.

During the year, SmartTrans also focussed on growing and diversifying the range of Apps and content available to consumers via SmartPay, primarily through securing agreements with a number of well-regarded game developers in China. By having SmartPay embedded in these Apps, consumers may readily and easily purchase games and updates, with SmartTrans earning a transaction fee and also a royalty from such sales.

Another step towards growing and diversifying its product offerings through SmartPay was an agreement executed with Entellect Ltd (now KNeoMedia Ltd) under which SmartTrans has exclusive distribution rights for their popular KNeoJUNIOR 'edutainment' products in China. A trial launch of the first Mandarin version of the product was successfully completed in July 2015 with strong interest from consumers.
The Company's 'Love Finance' mobile financial news and information service, developed in collaboration with Ta Kung Pao, China's oldest established and first online newspaper[2], was successfully launched with China Telecom in June 2015. Following successful market testing and product refinement, SmartTrans is now earning approximately $50,000 per month from subscriptions to this product alone.

Another notable development for SmartTrans was the partnership entered into with China International Travel Service (CITS), a well-respected State Owned Enterprise (SOE). Under this agreement, SmartTrans is working closely with CITS to develop an App and integrated online platform that will allow Chinese and Australian consumers to book and pay for a wide range of travel services between the two countries. SmartTrans considers that this partnership with such a highly regarded SOE is a great mark of respect for the Company itself, and the performance of its proprietary technology.

Through the range of successful partnerships and agreements that the Company has entered into, as outlined above, the SmartPay platform has delivered the majority of revenue for SmartTrans in financial year 2015 ($2.737 million), a pleasing result.

DIRECTORS' REPORT (Cont)

LOGISTICS SOFTWARE & SERVICE BUSINESS

The company continues to enjoy the support of blue-chip clients in its logistics operations in Australia where the company's customers receive the benefit of the proprietary technology that has evolved into the SmartPay platform.

During the year, SmartTrans renewed a number of existing service contracts, as well as securing some new agreements. These contracts are generally for three-year periods, delivering a solid recurring revenue platform that has served as a foundation for the Company's growth into China.

An exciting development for the logistics division more recently (July 2015) has been its launch in China, through the execution of an agreement with Yanfeng Visteon, the components subsidiary of Shanghai Automotive Industry Corporation (SAIC). An SOE, SAIC is one of China's largest car manufacturers that also has joint venture agreements in place with numerous global vehicle manufacturers.

Under this agreement, for which the first implementation is well advanced, SmartTrans will provide a newly developed module of its proprietary logistics software using mobile internet connectivity which will provide information and evaluation of driver performance, safety, route optimisation and fuel efficiency and which can also aid in reducing greenhouse gas emissions.

SmartTrans will earn revenue from Yanfeng via an upfront payment and also via a monthly per unit licensing fee. This partnership also provides the Company with exposure to the fast growing connected motor vehicle sector which enables internet connection in vehicles for a variety of purposes. The two companies are also considering the potential for the SmartPay platform to be integrated into the on-board module.

BOARD APPOINTMENT

In April 2015, SmartTrans announced the appointment of Mr Gregory Simpson as a Non-Executive Director of the Company. Mr Simpson is a Chartered Accountant and has served as a financial and commercial consultant to the Board of SmartTrans since January, 2013. Mr Simpson holds a Bachelor of Commerce degree with significant experience in the accounting and commercial fields.

Mr Simpson's familiarity with the Company, combined with his depth of experience in the fields of finance and accountancy makes him a valuable addition to a strong and diverse Board.

Capital Raisings

In October 2014, the Company raised funds of $1.8 million through a private placement to a number of strategic sophisticated investors with these funds successfully deployed to fast-track the growth and development of the SmartPay platform, as outlined above. The rapid and ongoing revenue growth achieved by SmartPay since then is a strong affirmation of this strategy.

More recently, in June 2015, SmartTrans successfully completed a $5.5 million capital raising through a fully underwritten and heavily oversubscribed Non-Renounceable Rights Issue (Offer), made to existing shareholders.

This most recent capital raising has given SmartTrans the financial flexibility to further grow and expand the SmartPay platform into new regions and services, in particular to expand the roll out of its successful Direct Carrier billing model with China Mobile and China Telecom.

This capital injection will also assist the Company to fully leverage the opportunity it now has through expansion into the auto/logistics connected motor vehicle sector in China to further grow and diversify revenue streams.

Outlook

SmartTrans enters financial year 2016 in the best position it has ever been as a company, with a strong balance sheet, cash on hand of just over $6 million, streamlined operations and a solid platform of revenue that it can further grow upon.
Moreover, whilst the Company recorded a statutory loss before interest and tax for financial year 2015 of $1.653 million, this result represents a substantial improvement on the previous year's loss of $4.38 million (which included a one-off write down of $2.121 million associated with legacy mining assets and a charge of $380k restructuring cost).

While our logistics business in Australia continues to underpin our operations, the dynamic progress we have made with the market penetration of the SmartPay platform in China over the year marks the beginning of a new phase of development for the Company.

The ongoing expansion of SmartPay through the provision of additional Apps, content, products and services, along with the roll out into key major provinces and the further development of our auto/logistics division in China will help us achieve the next level of growth and maturity.

2. Source: *www.takungpao.com*

DIRECTORS' REPORT (Cont)

Significant Events after the Reporting Date

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect SmartTrans Holdings Limited and its controlled entities' operations, the results of those operations, or the state of affairs in future financial years.

Non-Audit Services

SmartTrans has engaged RSM Bird Cameron on assignments additional to their statutory audit duties. These assignments involved provision of professional technical advice and preparation of the Company's income tax return for which RSM Bird Cameron was paid $15,000.

The Board of Directors is satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

a) all non-audit services have been reviewed by the Board of Directors to ensure they do not impact on the integrity and objectivity of the auditor; and
b) none of the services undermined the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Insurance of Directors and Officers

During the financial year, SmartTrans Holdings Limited insured all directors and officers of the economic entity for all liabilities and costs relating to any claim made against them arising out of their conduct whilst acting as a director or officer of the economic entity, other than conduct involving a wilful breach of duty in relation to the economic entity.

Meetings of Directors

The following table sets out the number of formal meetings of the Company's directors during the year ended 30 June 2015 and the number of meetings attended by each director:

Number of meetings held:

Director	No. of meetings held whilst Director	No. of Meetings Attended
Geoffrey W Raby	13	13
Andrew D Forsyth	13	12
Bryan E Carr	13	13
Ian R Hawkins	13	12
Yui (Ian) Tang	13	5
Gregory Simpson	4	4

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of SmartTrans Holdings Limited support and have adhered to the principles of corporate governance. The Company's statement of corporate governance practice is included in this Annual Report.

DIRECTORS' REPORT (Cont)

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Options

At the date of this report, the unissued ordinary shares of SmartTrans Holdings Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
04/11/2014	04/11/2016	$0.030	10,000,000*
04/11/2014	04/11/2016	$0.040	10,000,000*
11/05/2015	11/05/2018	$0.030	1,500,000*
11/05/2015	11/05/2017	$0.020	1,500,000*
23/06/2015	23/06/2017	$0.035	137,727,677
23/06/2015	23/06/2017	$0.035	5,000,000*

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.
There have been no unissued shares or interests under option of any controlled entity within the Group during or since the end of the reporting period.

* Relates to options issued as share-based payment transaction. For details of these options, refer to Note 26 to the financial statements.

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 these financial statements.

REMUNERATION REPORT

Your directors present their Remuneration Report for the year 1 July 2014 to 30 June 2015.

Role of Board of Directors

The Board determines the appropriate nature and amount of remuneration. The Board seeks to ensure that executive reward satisfies the following criteria for good reward governance practice:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive remuneration to performance;
- transparency; and
- capital management.

Non-Executive Directors

Fees paid to non-executive directors have not been reviewed for many years and are considered to be substantially below the market.

Executives

Executive directors and key management personnel remuneration comprises base salary and superannuation. Base salary is reviewed annually by the Board having regard to the overall levels of remuneration of executives in comparable Australian companies.

Chairman

The services of the Chairman reflect the benefit of research into published information as to the level of remuneration paid to chairpersons of comparable companies.

Letter of Appointment

Remuneration and other terms of employment for the executive director are formalised in a letter of appointment that also contains comprehensive provisions in relation to termination, confidentiality and suspension.

DIRECTORS' REPORT (Cont)

Remuneration of Directors and Key Management Personnel

(a) Names and positions held of Parent Entity Directors and Key Management Personnel in office at any time during the financial year are:

Parent Entity Directors	
Geoffrey W. Raby	Chairman-Non-Executive
Andrew D. Forsyth	Director – Non-Executive
Bryan E. Carr	Director – Executive
Ian R. Hawkins	Director – Executive
Yui (Ian) Tang	Director – Non Executive
Gregory Simpson	Director – Non Executive (appointed on 22 April 2015)
Key Management Personnel	
David J. Thomson	CFO / Co. Secretary (resigned on 11 September 2015)

(b) Table of benefits and payments for the year ended 30 June 2015
Directors' and Key Management Personnel

		Short-term benefits				Post-employment benefits		Long-term benefits		Equity-settled share-based payments		Cash-settled shared-based payments	Termination benefits	Total
		Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Pension and Superannuation	Other	Incentive plans	LSL	Shares / Units	Options / Rights			
Directors														
Geoffrey W. Raby	2015	40,000	-	-	-	-	-	-	-	-	*12,172	-	-	52,172
	2014	40,000	-	-	-	-	-	-	-	-	*81,699	-	-	121,699
Bryan E. Carr	2015	**305,344	-	-	192,103	-	-	-	-	-	-	-	-	497,447
	2014	**216,000	-	-	-	-	-	-	-	-	-	-	-	216,000
Andrew D. Forsyth	2015	18,350	-	-	5,041	1,650	-	-	-	-	-	-	-	25,041
	2014	18,350	-	-	-	1,650	-	-	-	-	-	-	-	20,000
Yui (Ian) Tang	2015	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000
	2014	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000
Ian R. Hawkins	2015	48,953	-	-	-	-	-	-	-	-	-	-	-	48,953
	2014	120,000	-	-	-	10,800	-	-	-	-	-	-	-	130,800
Gregory Simpson	2015	3,453	-	-	16,219	328	-	-	-	-	-	-	-	20,000
	2014	-	-	-	30,800	-	-	-	-	-	-	-	-	30,800
Sub-Total	2015	***436,100***	***-***	***-***	***213,363***	***1,978***	***-***	***-***	***-***	***-***	***12,172***	***-***	***-***	***663,613***
	2014	***414,350***	***-***	***-***	***30,800***	***12,450***	***-***	***-***	***-***	***-***	***81,699***	***-***	***-***	***539,299***
Other Key Management Personnel														
David Thomson	2015	137,300	-	-	-	13,044	-	-	-	-	-	-	-	150,344
	2014	78,507	-	-	-	7,261	-	-	-	-	-	-	-	85,768
Total	***2015***	***573,400***	***-***	***-***	***213,363***	***15,022***	***-***	***-***	***-***	***-***	***12,172***	***-***	***-***	***813,957***
	2014	***492,857***	***-***	***-***	***30,800***	***19,711***	***-***	***-***	***-***	***-***	***81,699***	***-***	***-***	***625,067***

* Share based payment arising from the issue of options as referred to in Note 26.
** Fees were paid to I.T.S. Worldwide Ltd in which Bryan E. Carr has an interest and of which he is a director. I.T.S Worldwide Ltd has provided the services of a Chief Executive Officer to Sm@rtTrans Limited since 1/7/2009.

The service and performance criteria set to determine remuneration are set out in paragraph (f) of the Remuneration Report.

DIRECTORS' REPORT (Cont)

(c) Shareholdings

Number of Shares held directly or indirectly by Parent Entity Directors

30 June 2015	Balance at the start of the year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at the end of the year
Parent Entity Directors					
Andrew Forsyth	35,816,823	-	-	5,116,688	40,933,511
Bryan Carr	57,784,505	-	-	4,369,348	62,153,853
Geoff Raby	10,000,000	-	-	1,428,572	11,428,572
Ian Hawkins	5,032,349	-	-	718,097	5,751,256
Ian Tang	-	-	-	-	-
Gregory Simpson	10,024,858*	-	-	1,432,123	11,456,981
Total	118,658,535	-	-	13,065,638	131,724,173

30 June 2014	Balance at the start of the year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at the end of the year
Parent Entity Directors					
Andrew Forsyth	34,114,752	-	-	1,702,071	35,816,823
Bryan Carr	57,784,505	-	-	-	57,784,505
Geoff Raby	3,333,333	-	6,666,667	-	10,000,000
Ian Hawkins	5,032,349	-	-	-	5,032,349
Ian Tang	-	-	-	-	-
Total	100,264,939	-	6,666,667	1,702,071	108,633,677

*Represents existing shareholding held by Gregory Simpson prior to being appointed as director on 22 April 2015.

(d) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2015	Balance at the start of the year	Granted as remuneration during the year	Other Changes during the year	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares						
Andrew Forsyth	-	-	2,558,345	-	-	2,558,345
Bryan Carr	-	-	2,184,674	-	-	2,184,674
Geoff Raby	6,666,666	-	714,287	-	(6,666,666)	714,287
Ian Hawkins	-	-	359,454	-	-	359,454
Ian Tang	-	-	-	-	-	-
Gregory Simpson	-	-	716,062	-	-	716,062
	6,666,666	-	6,532,822	-	(6,666,666)	6,532,822

DIRECTORS' REPORT (Cont)

(d) Option holdings (Cont)

30 June 2014 *Options over ordinary shares*	Balance at the start of the year	Granted as remuneration during the year	Other Changes during the year	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Bryan Carr	-	-	-	-	-	-
Geoff Raby	6,666,666	-	-	-	-	6,666,666
Ian Hawkins	-	-	-	-	-	-
Ian Tang	-	-	-	-	-	-
	6,666,666	-	-	-	-	6,666,666

(e) Other transactions with key management personnel and their related parties

There has been no other transactions involving equity instruments other than those described in the tables above.

(f) Remuneration Practices

The Company's policy for determining the nature and amount of emoluments of directors and key management personnel of the Company is as follows:

The remuneration structure for the executive directors and key management personnel is based on a number of factors including length of service, particular experience of the individual concerned, and overall performance of the Company. Employment between the Company and the executive directors and key management personnel is on a continuing basis, not formalized by service agreements, the terms of which are not expected to change in the immediate future. Upon retirement the executive director and key management personnel are paid employee benefit entitlements accrued to date of retirement. The executive directors and key management personnel are paid a percentage of their salary (determined by the Board at the time) in the event of redundancy. Additionally, remuneration and other terms of employment for the executive directors are formalised in a letter of appointment that also contains comprehensive provisions in relation to termination, confidentiality and suspension.

This concludes the remuneration report, which has been audited.

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

B. E. Carr.

BRYAN E CARR
Director
Melbourne, Victoria

Dated: 30 September 2015

RSM Bird Cameron Partners

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T +61 3 9286 8000 **F** +61 3 9286 8199
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of SmartTrans Holdings Limited for the year ended 30 June 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 Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Philip A Ransom

P A RANSOM
Partner

30 September 2015
Melbourne

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company and consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view; and
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors

BRYAN E CARR
Director

Melbourne, Victoria

Dated: 30 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue - Operations		**4,277,301**	2,194,369
Revenue – Non-operating activities	4	-	150,000
Online mobile promotion & third party cost		**(2,176,918)**	(99,804)
Employee salaries and benefits expense		**(1,615,785)**	(1,578,289)
Material and installation costs		**(335,382)**	(456,627)
Depreciation expense		**(8,677)**	(7,623)
Consultancy cost		**(400,555)**	(187,254)
ASIC, Audit & Tax		**(296,435)**	(99,308)
Loss on disposal of Tenement		-	(2,121,289)
Restructuring costs		-	(380,023)
Management and administration services expense		-	-
Share based payment		**(67,176)**	(81,699)
Rental & occupancy costs		**(147,060)**	(181,935)
Travelling and accommodation costs		**(183,020)**	(262,265)
Amortisation of intangible assets		**(122,742)**	(780,738)
Legal & associated costs		**(152,731)**	(173,911)
Foreign exchange gain/(loss)		**(98,179)**	(9,799)
Other Expenses	5	**(325,806)**	(300,084)
Loss before income tax		**(1,653,165)**	(4,376,279)
Income tax benefit	6	-	-
Loss for the year		**(1,653,165)**	(4,376,279)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(1,653,165)**	(4,376,279)
Total comprehensive loss for the year attributable to:			
Members of the parent equity		**(1,653,165)**	(4,376,279)
Basic loss per share (cents per share)	18	**(0.09)**	(0.27)
Diluted loss per share (cents per share)	18	**(0.09)**	(0.27)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 $	2014 $
Current Assets			
Cash and cash equivalents	7	**6,058,169**	813,913
Trade and other receivables	8	**1,545,558**	230,801
Intangible Asset		**-**	122,742
Other current assets	9	**25,534**	19,902
Total Current Assets		**7,629 ,261**	1,187,358
Non-Current Assets			
Trade and other receivables	8	**26,981**	13,796
Property, plant and equipment	11	**34,647**	21,463
Total Non-Current Assets		**61,628**	35,259
TOTAL ASSETS		**7,690,889**	1,222,617
Current Liabilities			
Trade and other payables	12	**1,578,076**	613,155
Provisions	13	**158,715**	126,056
Other Borrowings	23	**-**	700,000
TOTAL LIABILITIES		**1,736,791**	1,439,211
NET ASSETS		**5,954,098**	(216,594)
Equity			
Issued capital	14	**72,684,668**	64,927,987
Reserves		**653,405**	586,229
Accumulated losses		**(67,383,975)**	(65,730,810)
TOTAL EQUITY		**5,954,098**	(216,594)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Note	Ordinary Share Capital $	Non Controlling Interest $	Reserves $	Accumulated Losses $	Total Equity $
Balance at *1 July 2013*		64,805,669	-	504,530	(61,354,531)	3,955,668
Shares issued during the year		122,318	-	-	-	122,318
Share issue costs		-	-	-	-	-
Share based payments		-	-	81,699	-	81,699
Total comprehensive loss for the year		-	-	-	(4,376,279)	(4,376,279)
Balance at *30 June 2014*	14	64,927,987	-	586,229	(65,730,810)	(216,594)
Balance at *1 July 2014*		64,927,987	-	586,229	(65,730,810)	(216,594)
Shares issued during the year		8,559,095	-	-	-	8,559,095
Share issue costs		(802,414)	-	-	-	(802,414)
Share based payments		-	-	67,176	-	67,176
Total comprehensive loss for the year		-	-	-	(1,653,165)	(1,653,165)
Balance at *30 June 2015*	14	72,684,668	-	653,405	(67,383,975)	5,954,098

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	2015 $	2014 $
Cash Flows from Operating Activities			
Receipts from customers and government grants		**2,167,877**	1,677,975
Software fees from previous years		**600,000**	-
Payments to suppliers and employees		**(5,386,968)**	(3,693,528)
Research and development tax concession		**296,224**	376,873
Interest received		**8,845**	20,136
Net cash used in Operating Activities	21	**(2,314,022)**	(1,618,544)
Cash Flows from Investing Activities			
Exploration and evaluation expenditure		-	(34,650)
Payment for intangible asset		-	(903,480)
Proceeds from sale of tenements		-	150,000
Payments for plant and equipment	11	**(21,861)**	(11,963)
Net cash used in Investing Activities		**(21,861)**	(800,093)
Cash Flows from Financing Activities			
Proceeds from convertible loan		**550,000**	700,000
Payment for capital raising costs		**(278,959)**	-
Proceeds from issue of shares		**7,309,097**	122,318
Net cash provided by Financing Activities		**7,580,138**	822,318
Net increase/(decrease) in cash and cash equivalents		**5,244,256**	(1,596,319)
Cash and cash equivalents at the beginning of year		**813,913**	2,410,232
Cash and cash equivalents at the end of year	7	**6,058,169**	813,913

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 Cont

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers the economic entity of SmartTrans Holdings Limited and controlled entities (“Group”). SmartTrans Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, SmartTrans Holdings Limited, have not been presented within this financial report as permitted by the Corporation Act 2001.

The financial report was authorised for issue on 30 September 2015 by the Board of Directors.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the group in the preparation of the financial statements. The accounting policies set out below have been consistently applied, unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs except for financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2014:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The Group has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The Group has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 Cont

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

New standards and interpretations issued but not yet effective

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective. Other than changes to disclosure formats, it is not expected that the initial application of these new standards in the future will have any material impact on the financial report.

Title	Summary	Effective date	Expected Impact on the Financial Statement
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	AASB 2015-3 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose.	Annual reporting periods beginning on or after 1 July 2015	There is not expected to be any changes to the reported financial position, performance or cash flows of the entity.
AASB 15 Revenue from contracts with customers AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	Annual reporting periods beginning on or after 1 January 2018	The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 Cont

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

New standards and interpretations issued but not yet effective (Cont.)

Title	Summary	Effective date	Expected Impact on the Financial Statement
AASB 9 Financial Instruments AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009) AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments AASB 2014-1 Amendments to Australian Accounting Standards AASB 2014–7 Amendments to Australian Accounting Standards arising from AASB 9 AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value. Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income. Chapter 6 Hedge Accounting supersedes the general hedge accounting requirements in IAS 39 Financial Instruments: Recognition and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from IAS 39 are as follows: • to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under IAS 39); • changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and • modification of the requirements for effectiveness testing (including removal of the 'brightline' effectiveness test that offset for hedging must be in the range 80-125%). Revised disclosures about an entity's hedge accounting have also been added to IFRS 7 Financial Instruments: Disclosures. Impairment of assets is now based on expected losses in IFRS 9 which requires entities to measure: • the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or • full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.	Annual reporting periods beginning on or after 1 January 2018	Impacts on the reported financial position and performance have not yet been determined.

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 Cont

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Accounting Policies

(a) Principles of consolidation

A controlled entity is any entity SmartTrans Holdings Limited is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of controlled entities is contained in Note 10 to the financial statements. All controlled entities have a June financial year end except for SmartTrans Technology (Beijing) Co. Limited which has a December financial year end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(c) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the financial position date.

Deferred tax is accounted for using the financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 Cont

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(d) Recoverable amount of non-current assets

The carrying values of non-current assets are recorded at their recoverable amounts, which are determined by reference to the present value of future net cash flows expected to be generated by those assets.

The present value of future net cash flows expected to be generated by the parent entity's investment in Sm@rtTrans Ltd cannot be assessed with certainty as it is dependent upon a continuation of the successful development and commercialisation of the on-line intelligent transport systems, software, services and other technology. Refer to note (g) for accounting policy on impairment.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The useful lives for each class of depreciable assets are:

Class of Fixed Asset	Useful lives
Plant and equipment	2 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(f) Financial instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Held- to- maturity investments
The investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(f) Financial instruments (cont)

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment
At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(g) Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Interests in joint ventures

The Group's share of the assets, liabilities, revenue and expenses of joint venture operations and jointly-controlled operations have been included in the appropriate line items of the consolidated financial statements. Details of the Group's interests are shown in Note 22.

(i) Intangibles

Research and development
Expenditure during the research phase of a project is recognised as an expense when incurred. Products and software development costs, including the economic entity's route optimisation and mobile data systems technology, are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Products and software development costs have a finite life and are amortised on a systematic basis over the useful life of the project which is estimated to be 4 to 5 years. Products and software development costs are carried at cost less accumulated amortisation and any impairment loss.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to financial position date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(k) Earnings per share

Basic earnings per share is determined by dividing the operating loss after income tax attributable to members of SmartTrans Holdings Limited by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing the operating loss after income tax attributable to members of SmartTrans Holdings Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for the effects of all dilutive potential ordinary shares.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and less bank overdrafts if any.

(m) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(n) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial positions are shown inclusive of GST.

Cash flows are presented in the Statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

(s) Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(s) Foreign Currency Transactions and Balances (Cont)

Group companies
The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(t) Fair value of Assets and Liabilities
Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

The Group did not measure any of its assets and liabilities at fair value on either a recurring or non-recurring basis, during the financial year.

NOTE 2 : FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on liquidity and seeks to minimise potential adverse effects on the financial performance of the group. The group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks and ageing analysis for credit risk.

Risk management is carried out by senior management in consultation with the Board of Directors. See Note 23 for the group's overall risk management program.

NOTE 3 : CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTE 4 : REVENUE	**2015**	2014
	$	$
Non-operating activities:		
Revenue from disposal of tenements	**-**	150,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 5 : OTHER EXPENSES	2015 $	2014 $
Telephone	**94,483**	33,837
Insurance	**25,973**	39,137
Director's fees	**80,000**	90,000
Advertising and promotion	**29,147**	104,617
Bad Debt	**15,169**	-
Other	**81,034**	32,493
	325,806	300,084

NOTE 6 : INCOME TAX

No income tax is payable by the economic entity as it incurred losses for income tax purposes for the year. The economic entity also has available for recoupment, income tax and capital losses at balance date.

	2015 $	2014 $
(a) Reconciliation		
The prima facie income tax benefit on the loss from ordinary activities is reconciled as follows:		
Loss from ordinary activities before income tax	**(1,653,165)**	(4,376,279)
Income tax benefit at 30%	**495,950**	1,312,884
Tax effect of expenses not deductible	**23,508**	16,284
Tax effect of utilisation of tax losses		
Tax effect of temporary differences and tax losses not recognised/(recognised)	**(519,458)**	(1,329,168)
Income tax benefit	**-**	-
(b) Deferred Tax Assets not recognised:		
Accumulated tax losses	**10,388,337**	9,892,387
Capital losses not recognised	**1,093,920**	1,093,920

The above benefits will only be obtained if:

(i) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) no changes in tax legislation adversely affect the Company in realising the benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 7 : CASH AND CASH EQUIVALENTS

	2015	2014
	$	$
Cash on hand	**3,140**	1,300
Cash at bank	**6,055,029**	812,613
	6,058,169	813,913

NOTE 8 : TRADE AND OTHER RECEIVABLES

	2015	2014
	$	$
Current		
Trade receivables	**73,058**	208,442
Accrued income	**1,375,566**	-
Sundry receivables	**96,934**	22,359
	1,545,558	230,801
Non Current		
Performance bonds	**26,981**	13,796
	26,981	13,796

The ageing of trade receivables is as follows:

0-30 days	**57,476**	84,176
31-60 days#	**2,167**	16,841
61-90 days#	**-**	49,362
>90 days#	**13.415**	58,063
	73,058	208,442

overdue but not impaired

(a) Trade and other receivables

Trade receivables that are classified as “overdue but not impaired” have been substantially recovered after balance date. There is no impairment of sundry receivables as all were recovered within one month of balance date.

The Group does not hold any collateral in relation to the above receivables.

(b) Foreign exchange and interest rate risk

Information about the Group’s exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 23.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.
The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 2 for more information on the risk management policy of the Group and the credit quality of the group’s trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 9 : OTHER CURRENT ASSETS	**2015**	2014
	$	$
Prepayments	**25,534**	19,902

NOTE 10 : CONTROLLED ENTITIES

Investment in Controlled Entities:

	Place of Incorporation	**Equity Holding**	
		2015	2014
Parent Entity:		**$**	$
SmartTrans Holdings Limited	Australia		
Controlled Entities:			
Sm@rtTrans Limited	Australia	100%	100%
E-Trans Pty Ltd	Australia	100%	100%
SmartTrans Technology (Beijing) Ltd	People's Republic of China	100%	100%
Smartrans (HK) Ltd	Hong Kong	100%	100%
Digi 8 Limited	Hong Kong	100%	50%

NOTE 11 : PROPERTY, PLANT AND EQUIPMENT	**2015**	2014
	$	$
Plant and equipment		
Cost	**619,285**	597,424
Accumulated depreciation	**(584,638)**	(575,961)
Total property, plant and equipment	**34,647**	21,463

	2015	2014
	$	$
Plant and Equipment		
Balance at the beginning of the year	**21,463**	21,356
Additions	**21,861**	11,963
Disposals	-	(4,233)
Depreciation	**(8,677)**	(7,623)
Carrying amount at the end of year	**34,647**	21,463

NOTE 12 : TRADE AND OTHER PAYABLES	**2015**	2014
	$	$
Trade creditors and accruals	**1,578,076**	613,155

NOTE 13: PROVISIONS

Employee entitlements	**158,715**	**126,056**
Balance at the beginning of the year	**126,056**	302,859
Additional provisions	**74,781**	84,880
Amount used	**(42,122)**	(261,682)
Balance at end of the year	**158,715**	126,056

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 14 : ISSUED CAPITAL	2015	2014
	$	$
2,205,811,961 (2013 : 1,628,183,298) fully paid ordinary shares	**72,684,668**	64,927,987
Ordinary Shares	**Number**	Number
At beginning of the year	**1,628,183,298**	1,621,516,632
Shares issued	**577,628,663**	6,666,666
At end of year	**2,205,811,961**	1,628,183,298

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.
Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks on a monthly basis and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. The group's gearing ratio is kept at a minimum. There is no intention to incur debt funding on behalf of the group. Ongoing operations will be funded via equity or joint ventures with other companies.

NOTE 15 : KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2015	2014
	$	$
Short-term employee benefits	**786,763**	523,657
Post-employment benefits	**15,022**	19,711
Share-based payments	**12,172**	81,699
	813,957	625,067

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

	2015	2014
	$	$
NOTE 16 : REMUNERATION OF AUDITORS		
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial statements	**70,000**	63,000
Other services including preparation of tax returns and accounting advice regarding an ESOP and employee matters.	**15,000**	18,450
	85,000	81,450

NOTE 17 : RELATED PARTY INFORMATION

(a) Parent entity

SmartTrans Holdings Limited is the parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out in note 10.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 15 and the remuneration report in the directors' report.

(d) Economic entity

The economic entity consists of SmartTrans Holdings Limited and its subsidiaries as disclosed in Note 10. Transactions between the parent entities and other entities in the group consisted of the loans advanced and interest was charged at 4.43% per annum. Additionally, the parent has provided a letter to a controlled entity, undertaking to give or arrange any financial assistance which the controlled entity may need to ensure that it is solvent at the date upon which it incurs a debt within the meaning of section 588G of the Corporations Act 2001. Such financial assistance is not quantifiable at balance date, as it is dependent upon the trading performance of the controlled entity in the succeeding financial year.

		2015	2014
		$	$
NOTE 18 : EARNINGS PER SHARE			
(a)	Operating loss used to calculate basic and diluted EPS	**(1,653,165)**	(4,376,279)
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	**1,851,319,020**	1,626,287,003

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 19 : SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on internal reports that are provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources, and assessing performance of the operating segments has, been identified as the board of directors. The consolidated entity operates in one operating segment across two geographical locations i.e. Australia and China.

(a) Intersegment transactions

There are no intersegment transactions.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(d) Unallocated items

The following items of expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Head office Plant & Equipment
- General Administration costs.
- Current tax liabilities

(e) Geographical Segment Summary

For the year ended 30 June 15

	Australia	China	Total
	$	$	$
Total Segment Revenue	1,532,135	2,736,727	4,268,862
Segment Loss	(749,820)	(316,603)	(1,066,423)
Segment Assets as at 30 June 2015	252,104	2,137,459	2,389,563
Segment Liabilities as at 30 June 2015	(298,114)	(955,882)	(1,253,996)

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 19 : SEGMENT INFORMATION (Cont)

(e) Geographical Segment Summary (cont)

For the year ended 30 June 14

	Australia	**China**	**Total**
	$	**$**	**$**
Total Segment Revenue	1,396,318	927,989	2,324,307
Segment Loss	(2,797,264)	(572,788)	(3,370,052)
Segment Assets as at 30 June 2014	242,951	321,655	564,606
Segment Liabilities as at 30 June 2014	(341,853)	(197,222)	(539,575)

Reconciliation of reportable segment revenue to consolidated revenue	**2015**	2014
	$	$
Total segment revenue	**4,268,862**	2,324,307
Interest and other income	**8,440**	20,062
Total revenue	**4,277,302**	2,344,369

Reconciliation of reportable segment loss to consolidated loss		
	$	$
Total loss for reportable segments	**(1,066,423)**	(3,370,052)
Share based payments	**(67,176)**	(81,699)
Corporate costs	**(519,566)**	(924,528)
Loss before income tax	**(1,653,165)**	(4,376,279)

Reconciliation of reportable segment assets to consolidated assets		
	$	$
Reportable segment assets	**2,389,562**	564,606
Unallocated Assets	**5,301,327**	658,011
Total Assets	**7,690,889**	1,222,617

Reconciliation of reportable segment liabilities to consolidated liabilities		
	$	$
Reportable segment liabilities	**(1,253,996)**	(589,575)
Unallocated Liabilities	**(482,795)**	(849,636)
Total Liabilities	**(1,736,791)**	(1,439,211)

Major Customers

The Group's top two customers, which represented all of Online & Mobile Payments (China) segment revenue, accounts for 64% (2014: 40%) of total Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 20 : COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital Expenditure

There are no capital expenditure commitments as at financial position date.

	2015 $	2014 $
(b) Operating Lease Commitments		
Payable		
Not later than one year	**158,520**	39,647
Later than one year but not later than five years	**36,275**	-
Total operating lease liability	**194,795**	39,647

The property leases are non-cancellable with two to three year terms. Rents are payable monthly in advance and are indexed annually to the CPI.

(d) Contingent Liabilities and Contingent Assets

The Company and its controlled entities have no known material contingent liabilities or contingent assets as at 30 June 2015.

NOTE 21 : NOTES TO THE STATEMENT OF CASH FLOWS

	2015 $	2014 $
Reconciliation of net cash used in operating activities to net loss		
Net loss after income tax	**(1,653,165)**	(4,376,279)
Adjustments for		
Depreciation	**8,677**	7,623
Equity based payment	**67,176**	81,699
Amortisation of intangibles	**122,742**	780,738
Fixed asset write off	**-**	4,233
Gain on sale of tenements	**-**	(150,000)
Impairment of exploration, evaluation and development	**-**	2,121,289
Change in net assets and liabilities:		
(Increase)/ decrease in receivables	**(1,314,757)**	(284,469)
(Increase)/ decrease in other assets	**(18,816)**	(2,727)
Increase in payables	**441,463**	409,092
Increase/(decrease) in provisions	**32,659**	(209,743)
Net Cash used in Operating Activities	**(2,314,022)**	(1,618,544)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 22 : INTERESTS IN JOINT VENTURES

All mining joint ventures were dissolved in the process of the sale of the tenements in 2014.

The Company had on 12 May 2015 acquired the remaining 50% interest in Digi8 Limited (Digi 8) that was formally held by Magna Fortis Pty Limited for the nominal amount of $1.

The Company now owns 100% of Digi8.

	2015	2014
	$	$
Share of joint operator entity's results and financial position:		
Current assets	-	172,446
Non-current assets	-	-
Total Assets	-	172,446
Current Liabilities	-	94,686
Non-current liabilities	-	-
Total liabilities	-	94,686
Net Assets	-	77,760
Revenues	-	843,496
Expenses	-	(881,639)
Loss before income tax	-	(38,143)
Income Tax expense	-	-
Loss after income tax	-	(38,143)

.

NOTE 23 : FINANCIAL INSTRUMENTS

Market risk

(a) Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Group's exposure to foreign currency risk relates primarily to the Chinese Renminbi.

The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		**Liabilities**	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Chinese Renminbi	1,897,049	1,698	(9,069)	(10,329)

The Group had net liabilities denominated in Chinese Renminbi of $1,887,980 (assets of $1,897,049 less liabilities of $9,069) as at 30 June 2015 (2014: $8,631 (assets of $1,698 less liabilities of $10,329)). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2014: weakened by 5%/strengthened by 5%) against the Chinese Renminbi with all other variables held constant, the Group's profit before tax for the year would have been $94,000 lower/$94,000 higher (2014: $400 lower/$400 higher) and equity would have been $94,000 lower/$94,000 higher (2014: $400 lower/$400 higher). The percentage change is the expected overall volatility of this currency, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

(b) Price risk
The Group is not exposed to any significant price risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 23 : FINANCIAL INSTRUMENTS (CONT)

Market risk (Cont)

(c) Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to interest on deposits with banking institutions. The group has no interest bearing borrowings or finance leases.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balance are monitored on an ongoing basis with the result that Group's exposure to debt is minimal. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has no significant credit risk at 30 June 2015 or 30 June 2014.

Liquidity risk
The Group's has appropriate procedures in place to manage cash flows including continuing monitoring of forecast and actual cash flows to ensure funds are available to meet commitments.
There are no unused borrowing facilities at the reporting date.

The following table details the Group's financial instrument composition and maturity analysis

	Weighted average effective interest rate	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total $
2015						
Financial assets						
Interest bearing						
Cash	2.86%	6,058,169	-	-	-	6,058,169
Non-interest bearing						
Receivables	-%	1,545,558	-	-	-	1,545,558
		7,603,727	-	-	-	7,603,727
Financial liabilities						
Non-interest bearing						
Payables	-%	1,578,077	-	-	-	1,578,077
Other borrowings	-%	-	-	-	-	-
		1,578,077	-	-	-	1,578,077
Net financial assets		6,025,650	-	-	-	6,025,650
2014						
Financial assets						
Interest bearing						
Cash	0.002%	813,913	-	-	-	813,913
Non-interest bearing						
Receivables	-%	230,801	-	-	-	230,801
		1,044,714	-	-	-	1,044,714
Financial liabilities						
Non-interest bearing						
Payables	-%	613,155	-	-	-	613,155
Other borrowings	-%	700,000	-	-	-	700,000
		1,313,155	-	-	-	1,313,155
Net financial liabilities		(268,441)	-	-	-	(268,441)

Fair value of financial instrument
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 24 : EVENTS AFTER REPORTING PERIOD

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTE 25 : PARENT ENTITY STATEMENT OF FINANCIAL POSITION

	Company	
	2015	2014
	$	$
Total Current Assets	**5,287,866**	749,270
Total Non-Current Assets	**6,907,611**	3,561,390
TOTAL ASSETS	**12,195,477**	4,310,660
TOTAL CURRENT LIABILITIES	**469,334**	849,624
NET ASSETS	**11,726,143**	3,461,036
Equity		
Issued capital	**72,684,668**	64,927,987
Reserves	**653,405**	586,229
Accumulated losses	**(62,053,182)**	(62,053,180)
TOTAL EQUITY	**11,284,891**	3,461,036
Loss for the year	**(441,252)**	(2,109,007)
Other comprehensive income/(loss) for the year	**-**	-
Total comprehensive loss for the year	**11,726,143**	(2,109,007)

Commitments of the parent entity are disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015 (Cont)

NOTE 26 : SHARE BASED PAYMENTS

(i) On 7 September 2011, 20,000,000 share options were granted to Dr Geoff Raby, a director of the Company. The options were issued under the Company's Employee Share Option Plan. As at 30 June 2015, remaining options granted to Dr Raby in September 2011 which had not been exercised had expired.

(ii) During the year, the Company has granted options to external parties for services received in relation to capital raising activities.

(iii) A summary of company options issued is set out below:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited	Balance at the end of the year
07/09/2011	07/10/2014	$0.0186	6,666,666	-	-	6,666,666	-
04/11/2014	04/11/2016	$0.030	-	10,000,000	-	-	10,000,000
04/11/2014	04/11/2016	$0.040	-	10,000,000	-	-	10,000,000
11/05/2015	11/05/2018	$0.030	-	1,500,000	-	-	1,500,000
11/05/2015	11/05/2017	$0.020	-	1,500,000	-	-	1,500,000
23/06/2015	23/06/2017	$0.035	-	5,000,000	-	-	5,000,000
			6,666,666	28,000,000	-	6,666,666	28,000,000
Weighted average exercise price			$0.0186	$0.034		$0.0186	$0.034

The weighted average remaining contractual life of options outstanding at year-end was 1.57 years.

For options granted, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
04/11/2014	04/11/2016	$0.014	$0.030	85%	0.0%	2.505%	$0.0040
04/11/2014	04/11/2016	$0.014	$0.040	85%	0.0%	2.505%	$0.0032
11/05/2015	11/05/2018	$0.035	$0.030	85%	0.0%	2.125%	$0.0178
11/05/2015	11/05/2017	$0.035	$0.020	85%	0.0%	2.125%	$0.0197
23/06/2015	23/06/2017	$0.031	$0.035	85%	0.0%	1.905%	$0.0124

NOTE 27 : COMPANY DETAILS

The principal places of business are:

SmartTrans Holdings Limited	Sm@rtTrans Limited	Sm@rtTrans Limited
Level 1	Level 1	Suite 37
10 Queens Road	10 Queens Road	401 Pacific Highway
Melbourne VIC 3004	Melbourne VIC 3004	Artarmon NSW 2064

RSM Bird Cameron Partners
Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 3 9286 8000 **F** +61 3 9286 8199
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

SMARTTRANS HOLDINGS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of SmartTrans Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of SmartTrans Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of SmartTrans Holdings Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Philip A Ransom

P A RANSOM
Partner

30 September 2015
Melbourne

SHAREHOLDER INFORMATION

The following details are according to the Share Registry's records as at 31 August 2015.

(a) Substantial Shareholders

The Company's register of substantial shareholders, prepared in accordance with the Corporations Law, recorded the information summarised below:

	ACN	No. of Shares
Dymocks Securities Pty Ltd	077 162 522	382,453,519
Loyal Strategic Investment Ltd	N/A	240,306,549
Ocean Magic Investment Ltd	N/A	134,360,989
Jamajon Pty Ltd	008 502 770	81,651,941
Tandragee Pty Ltd	008 776 949	54,422,746

(b) Twenty Largest Shareholders

The names of the twenty largest shareholders of fully paid shares in the Company are:

		No. of Ordinary Fully Paid Shares Held	Percentage Held Issued Ordinary Capital
1	Dymocks Securities Pty Limited	382,453,519	17.34%
2	Loyal Strategic Investment Ltd	240,306,549	10.89%
3	Ocean Magic Investment Ltd	134,360,989	6.09%
4	Jamajon Pty Ltd	81,651,941	3.70%
5	Tandragee Pty Limited	54,422,746	2.47%
6	ITS Worldwide Limited	45,740,000	2.07%
7	Jamajon Pty Limited <JF Superfund A/C>	44,614,367	2.02%
8	Coolgardie Units Pty Ltd	39,416,504	1.79%
9	Canala Services Pty Ltd	29,262,604	1.33%
10	CITIcorp Nominees Pty Ltd	24,248,093	1.10%
11	Isatsan Pty Ltd	23,599,763	1.07%
12	Bridgeport Enterprises Pty Ltd	22,588,027	1.07%
13	Porthide Pty Ltd	17,489,426	0.79%
14	Connaught Consultants	14,900,000	0.68%
15	Top Oceania International	13,351,172	0.61%
16	FBOB Pty Ltd	11,456,981	0.52%
17	Mr Paul Francise Murray	11,428,575	0.52%
18	Blamnco Trading Pty Ltd	11,400,000	0.52%
19	Trillian Books Pty Ltd	10,400,000	0.47%
20	Mr Benjamin Corser	10,380,631	0.47%
		1,224,471,887	55.51%

SHAREHOLDER INFORMATION (Cont.)

(c) Distribution of Shareholders

(i) Ordinary Shareholders
(Ordinary shares paid to 30 cents)

Spread of Holding	Holders	%	Shares Held
1 - 1,000	281	0.01%	137,685
1,001 - 5,000	602	0.08%	1,809,447
5,001 - 10,000	428	0.15%	3,400,907
10,001 - 100,000	1,454	2.79%	61,466,844
100,001 and over	1,284	96.97%	2,138,997,078
	4,049	100%	2,205,811,961

(ii) Shareholders of less than a marketable parcel	2210	1.76%	28,643,820

(d) Options over Unissued Shares

A total of 165,727,677 options are on issue.