SmartTrans Holdings Limited

2017
Annual Report

ABN 86 009 065 650

SMARTTRANS

SmartTrans Holdings Limited
ABN 86 009 065 650

2017 Annual Report

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CORPORATE DIRECTORY

Directors

Hon. Mark Vaile AO	Non-Executive Chairman
Brendan MASON	CEO & Managing Director
Bryan E CARR	Executive Director
Yui (Ian) TANG	Non-Executive Director
Tracy COLGAN	Non-Executive Director

Company Secretary

Leanne RALPH
BBus ACIS AAICD

Registered Office

Level 7,
10 Queens Road,
MELBOURNE VIC 3004

Head Office

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

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

Auditors

RSM Australia 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

During the year the Company has continued to build on its existing e-commerce base in China, at the same time shifting focus to higher margin e-commerce platforms.

SmartTrans is a well-established Australian business, trusted by both Australian businesses seeking to sell their products in China and by Chinese consumers seeking to buy those products.

We have already seen significant growth in the e-commerce business, with steady month on month increases in sales on our own e-commerce stores on WeChat and Taobao and also in the joint marketing we undertake through two additional large wholesale platforms.

Our well-established mobile and internet-based logistics software business in Australia continues to optimise its cloud-based SaaS Telematics platform, allowing quick and simple dispatch, and the tracking and optimising of delivery vehicles. A recent restructure and expanded marketing has led to promising results. The business continues to enjoy a high retention rate with our loyal customer base signing up for extended contracts.

SmartTrans delivers access to the world's largest mobile phone, online shopping and e-commerce markets.

Investment in SmartTrans provides shareholders with diversified exposure to China's consumption boom, with distribution agreements and activity across a broad, and increasing range of product sectors.

We expect to continue to build our portfolio of products being sold and distributed in China and to continue to develop a valuable customer database.

On behalf of the Board I thank the SmartTrans team for another year of hard work and dedication in optimising the business and forging a solid position in the competitive but rewarding e-commerce field.

I thank you, our shareholders, for your continued loyalty and support.

Hon. Mark Vaile AO

Chairman

29 September 2017

DIRECTORS' REPORT

Your directors present their report together with the financial statements on the consolidated entity consisting of SmartTrans Holdings Limited and the entities it controlled at the end of and during the year ended 30 June 2017.

Directors

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

Hon. Mark Vaile AO
Andrew D Forsyth Llb (Resigned 29/07/17)
Brendan Mason (Appointed 29/07/17)
Bryan Carr
Ian R Hawkins (Resigned 24/11/16)
Yui (Ian) Tang
Gregory Simpson (Resigned 29/07/17)
Tracy Colgan (Appointed 29/07/17)

Hon. Mark Vaile AO – Chairman

Appointed 4th April 2016, Hon. Mark Vaile AO is the former Deputy Prime Minister of Australia and former leader of the National Party. He brings a wealth of experience in the global commerce environment, including that of Trade Minister involved in negotiating the US-Australia Free Trade Agreement (FTA), the then proposed Australia-China FTA, as well as similar agreements with trading partners Singapore, Thailand and Malaysia. Mark was previously Chairman of Aston Resources and CBD Energy Limited, and is currently a board member of Virgin Australia Limited and Servcorp Limited. Mark is also a Director of Stamford Land Corp which is listed on the Singapore Stock Exchange, a Director Trustee of HostPlus Superfund, and Chairman of Palisade Regional Infrastructure Fund. Mark is the Chair of the Remuneration and Nomination Committee, member of the Audit, Risk and Finance Committee, and a director of the Company's subsidiary Sm@rtTrans Limited.

Andrew D Forsyth – Non-Executive Director (resigned on 29/07/17)

Solicitor, former partner Deacons Sydney and a director of Dymocks Group of Companies, Sm@rtTrans Limited, Tandragee Pty Limited, Coolgardie Units Pty Limited and Jamajon Pty Limited. Andrew was also a director of the Company's subsidiaries Sm@rtTrans Limited, SmartTrans Technology (Beijing) Limited and SmartTrans (HK) Ltd.

Mr Brendan L. Mason – CEO & Managing Director

Appointed 29 July 2017, Mr Mason brings extensive experience of the Chinese marketplace to the role of Managing Director, having previously held numerous senior leadership positions in a range of major international companies and organisations, including CEO, Cochlear's General Manager for China and Mongolia and Lucent Technologies' Executive Director and Head of Sales and was previously Board Member, Treasurer and Chairman of the Australian Chamber of Commerce to China.

Bryan E Carr – Executive *Director*

Appointed 26 July 2011, with significant experience in the information technology sector and its application to the transport industry and mobile payments sector along with extensive experience managing business operations in China. Bryan is also a director of the Company's subsidiaries Sm@rtTrans Limited, SmartTrans Technology (Beijing) Limited and SmartTrans (HK) Ltd and is a member of the Audit, Risk and Finance Committee.

Ian R Hawkins- Executive-Director, CTO

Appointed 13 March 2013, Ian was a director and Chief Technical Officer of Sm@rtTrans Limited of the Company's subsidiary Sm@rtTrans.

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.

Tracy Colgan - Non-Executive Director

Appointed 29 July 2017, China market business leader and former AustCham Beijing Chair with extensive knowledge of the China market built over a thirty year career that has included overseeing Kamsky Associates' China operations as President of KAI and Managing Director and postgraduate study at Renmin and Wuhan Universities. Tracy is the chair of the Audit, Risk and Finance Committee and a member of the Remuneration and Nomination Committee.

DIRECTORS' REPORT (Cont)

Company Secretary

Leanne Ralph BBus ACIS AAICD

Dividends

There were no dividends declared or paid during the course of the financial year and no dividend is recommended (2016: nil).

Principal Activities

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

Operating Results

The loss of the consolidated entity amounted to $6,278,161 (2016: $2,811,131 loss).
As at 30 June 2017 the consolidated entity had net assets of $1,718,563 (2016: 3,535,238).

The Company notes that this result is adversely effected by amounts owed to the company by China Mobile Jiangsu Limited and other local telecommunication providers. The Company has taken the prudent position of impairing $2.3 million of receivables (inclusive of VAT in China) due to the time period the payments have been outstanding. SmartTrans is in discussion with respect to settling the payments and is proceeding with the expectation that the amounts due will be collected in full. All associated expenses have been fully recognised.

DIRECTORS' REPORT (Cont)

Review of Operations

OVERVIEW

SmartTrans Holdings Limited is a leading technology and software company that has developed and provides mobile and online billing and payment platforms for the China market, which it applies to its expanding range of e-commerce services.

SmartTrans has also developed and provides its cutting-edge proprietary logistics software to some of Australia's leading blue-chip organisations, many of which have long term contracts in place with the company.

Revenue softened during the year to $3.19 million as the Company moved away from the telecom mobile payments business (2016 Revenue: $11.65 million).

Key points:
- Expanded the range of logistics software with the growth of Express product range, focusing on companies with smaller fleets;
- Continued to build on cross-border payment facility capability from China and strategic partnerships with Chinese e-commerce businesses;
- Grew its presence in the high growth e-commerce market in China;
- Partnered with significant brands for e-commerce in the rapidly growing online market in China;
- Strengthened its position as the "Australian Gateway to China" for foreign businesses seeking to sell into China.

During the year, SmartTrans extended the application for its established China-based mobile payment systems with growing utilisation within the Company's RooLife e-commerce platforms, which experienced strong growth in the second half of the financial year following its launch as the Company focussed on meeting demand from Chinese consumers for high-quality Australian products.

In Australia the Company continued the rollout of its Soppy Chain Optimisation software which is provided to a blue-chip customer base in the logistics and services sectors in Australia. The Company's proprietary software, whilst servicing its established customers, is also expected to meet the growing demand for optimising and managing deliveries for e-commerce and online orders in the Australian market.

SmartTrans' China-based operation markets and sells merchandise from Australian producers (especially food, wine and personal care items) to Chinese consumers, with SmartTrans providing a complete end-to-end service to non-China based merchants by bundling marketing, customer acquisition, logistics and payment collection from consumers on WeChat and Alipay in RMB and settlement to Australian suppliers in AUD.

SmartTrans generates revenue through the provision of marketing services, the acquisition of customers, commission on sale of products and transaction fees.

In Australia, SmartTrans' internet and smartphone-based platform allows transportation managers to efficiently manage vehicle fleets. SmartTrans' platform allows managers to quickly plan and execute optimal fleet movements that markedly improve delivery times and reduce costs. Both managers and customers receive real-time updates of the status of deliveries.

A growing pipeline of prospects for the Company's logistics software solution is being fostered in Australia through an expanded sales force and business development focus, with a number of new contracts secured during and immediately following the end of the financial year. The Company's forward pipeline of customer prospects and active negotiations expanded considerably during the year and this momentum is expected to continue into the coming year.

A key attribute of the logistics solution business is its strong customer retention with customers typically renewing their service contracts, providing the Company with an average engagement of over seven years with each customer.

BUSINESS OVERVIEW FOR MOBILE PAYMENTS AND E-COMMERCE PLATFORM AND LOGISTICS SOFTWARE SOLUTIONS

During the 2017 financial year, the Company officially launched its WeChat shopping platform, Dodoca RooLife, in partnership with Shanghai Stock Exchange-listed Shanghai Information Technology Co. Ltd (Dodoca), a platform that markets and sells Australian products to Chinese consumers, initially focussed on Guangdong Province which has a population of over 107 million people.

SmartTrans is also achieving good sales revenue and growth providing its products as the key Australian marketplace on established online retailer Wanjike shopping platforms.

In the last six months of the financial year, monthly sales have consistently increased at a rate of 40% compound annual revenue growth since the launch of the Company's RooLife platforms in January 2017 with growth continuing into FY18. The Company's structures and operations are being optimised for growth and with additional working capital, the Company expects to significantly grow its e-commerce revenue.

SmartTrans is focussed on continuing to build on RooLife's established market position as the most visible and trusted e-commerce platform for Chinese consumers to buy premium Australian products and to continue to expand and strengthen the range of services available, with a particular focus on the high-growth travel and tourism sector.

DIRECTORS' REPORT (Cont)

With SmartTrans' ability to accept and process payments from Chinese consumers in RMB and settle payment to Australian companies in AUD, the e-commerce service has wide appeal to companies seeking to access the large online shopping market in China.

Whilst pleasing progress has been achieved in the Company's RooLife e-commerce business, the Company recognises that delay in receipt of payments due to it by Chinese SOE, China Mobile, has had an impact. Access to this additional working capital would have allowed the Company to aggressively drive further growth.

In parallel, the Company has been working on improved terms of trade with both suppliers and platform partners with SmartTrans recently reaching agreement on improved payment terms with key suppliers and cash collection terms with online partners. This is expected to enhance cash flow and hence provide more working capital to strengthen online sales channels.

The Company notes that this result is adversely effected by amounts owed to the Company by China Mobile Jiangsu Limited headquarted in Nanjing and other local telecommunication providers. The Company has taken the prudent position of impairing $2.3 million of receivables (inclusive of VAT in China) due to the time period the payments have been outstanding. SmartTrans is proceeding with the expectation that the amount due will be collected and upon receipt expects to apply these funds to grow its e-commerce and mobile payments business.

LOGISTICS SOFTWARE AND SERVICES BUSINESS

SmartTrans' Australian business division, which provides mobile and online software and services in the transport and logistics area, continues to perform in line with expectations servicing a diverse range of blue-chip customers spread across a range of industry sectors in this region.

SmartTrans' cloud-based SaaS Telematics platform allows transport managers to quickly and simply dispatch, track and optimise delivery vehicles. It gives clients control and location tracking over each vehicle, allowing them to most efficiently manage the routing and sequencing of deliveries, thereby saving time and money. The efficiency benefits are easy to reconcile and the cost savings associated with optimisation are reported daily. Transport managers can dynamically configure their transport networks around special customer service requirements and constraints. Users pay a monthly subscription which varies according to the size of their transport fleet and the complexity of their customers' needs.

This business is showing encouraging results from a recent restructure and expansion of its marketing effort. Existing customers continue to show exceptional loyalty, with a high proportion of customers renewing for extended terms. Customers extending and renewing include Ceva Logistics, Austral Bricks, Sigma Healthcare, Baycorp and BAM Wine Logistics.

Concurrently, the Company has installed a sales CRM system that allows deals to be qualified. We are seeing our forward sales pipeline expand considerably with many local and overseas enquiries. We recently launched an entry-level Express product servicing the needs of companies with smaller fleets, which complements the more sophisticated mobility and optimisation products. Recent new contracts have included Kings Transport, Calendar Cheese, and materials supplier Fultons.

The division continues to work closely with long-standing partner CEVA Australia (a subsidiary of the large global CEVA Logistics operation), assessing ways in which SmartTrans' proprietary technology may be applied to enhance CEVA's operations in terms of safety, efficiency and sustainability.

BOARD APPOINTMENT

Brendan Mason was appointed Group Managing Director on 29 July 2017.

Brendan has been responsible for overseeing the scale-up of the e-commerce operations in China from SmartTrans' Beijing headquarters. Brendan joined SmartTrans as Chief Operating Officer and the CEO of SmartTrans Technology (Beijing) Co Ltd in January 2017 having previously served in senior China-based executive roles for Cochlear and South Australian government incubator "SinoSA". Brendan has considerable expertise building businesses in China and since joining SmartTrans has already secured key partnerships to facilitate the growth of SmartTrans' e-commerce operations in China.

In order to drive more Australian brands and services to the RooLife and Wjike platforms, Bryan Carr has assumed the role of Executive Director responsible for Business Development and oversees SmartTrans' Australian operations following his recent relocation to Australia from Beijing.

Tracy Colgan was appointed as a Non-Executive Director on 29 July 2017.

Tracy is a highly-regarded China market business leader and recently retired as the Chair of AustCham Beijing. Tracy's knowledge of the China market is second to none, built over a thirty year career that has included overseeing Kamsky Associates' China operations as President of KAI and Managing Director and postgraduate study at Renmin and Wuhan Universities. Chinese investments overseen by Tracy have included a $30 million joint venture chemicals manufacturing facility in Shanghai, a $50 million wholly foreign owned enterprise (WFOE) based in Guangzhou, a joint venture with the People's Bank of China in Beijing involving issues of high national priority to China, and a cooperative aviation venture based out of Zhuhai, near Macau.

Andrew Forsyth and Greg Simpson retired as Non-Executive Directors on 31 August 2017.

DIRECTORS' REPORT (Cont)

Commenting on the retirements, SmartTrans Chairman Mark Vaile said:
"I would like to extend my appreciation and gratitude to our two outgoing directors, Andrew Forsyth and Greg Simpson, who have both been highly valuable contributors during their time on the SmartTrans board. Andrew Forsyth's dedication and commitment to the organisation in his role as a founding director has been of the highest calibre and Greg's input and oversight of the financial aspects of the business over the last 3 years has been invaluable.

Ian R Hawkins resigned as Executive Director on 24 November 2016.

Significant changes in the state of affairs

During the financial year, the consolidated entity commenced sales via its e-commerce and offline distribution channels in China.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian law or in the People's Republic of China.

Matter subsequent to the end of the financial year

On 28 August 2017, the Company announced that it had completed a placement of new shares and options for a total of $600,000.

No other matter or circumstance has arisen since 30 June 2017 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.

Likely developments and expected results

The Supply Chain Solutions sales pipeline is expected to continue to expand with many local and overseas enquiries. The high retention rate of long-term existing consumers is expected to continue, whilst new opportunities are converted into contracted sales. The Company's e-commerce platform, Roolife, has a reputation for trusted, quality Australian goods and services. As Australians, Chinese consumers recognise our ability to source authentic goods from quality suppliers. Our Australian connections share these same trading values. Our medium-term objective is to achieve meaningful scale so the business can continue profitable growth. Reflecting Chinese consumers' rapid adoption of the WeChat and Alipay payment platforms, the Telecommunications Carrier Payments Business will be wound down. The Company will continue to look for ways to improve performance and cash flow, particularly where revenue is not impacted, in order increase profitability.

Material Business Risks

Management have identified the following key business risks which have the potential to impact the consolidated entity's operational and financial performance and provided the following summary of how these risks are managed:

Financial Risk - the consolidated entity's activities expose it to a number of financial risks. The consolidated entity adopts a financial risk management program which seeks to minimise the potential adverse impacts on financial performance of the consolidated entity. Financial risks and specific risk management approaches are reported in more detail in the Notes to the Consolidated Financial Statements.

Consumer Demand – the consolidated entity is exposed to consumer spending cycles and changes in consumer demands, which in turn impacts sales and profitability. To mitigate this risk the consolidated entity actively monitors market trends and uses a number of different sales channels to market its products across a number of geographic regions.

Regulatory – changes in the regulatory environment in the local and foreign jurisdiction where the consolidated entity operates may affect the ability of the consolidated entity to sell certain products and services which contain certain components or ingredients. The consolidated entity actively monitors proposed changes in the relevant regulations so that it can assess the impact of such changes and develop appropriate response strategies where possible.

IT Security & Continuity – the consolidated entity has security policies and procedures in place to manage access to its network infrastructure. A recent upgrade of server equipment was undertaken to improve the reliability of its systems and the selected services moved to secure cloud based infrastructure where deemed appropriate. Backup and recovery procedures are tested on a regular basis.

Non-Audit Services

SmartTrans has engaged RSM Australia Partners 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 and fringe benefit tax lodgement, for which RSM Australia Partners was paid $5,500 and $6,000 respectively.

The Board of Directors is satisfied that the provision of non-audit services by the auditor did not compromise the auditor's 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

DIRECTORS' REPORT (Cont)

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 consolidated 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 consolidated entity, other than conduct involving a wilful breach of duty in relation to the consolidated entity.

Indemnity and insurance of auditor

SmartTrans Holdings Limited has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related 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 2017 and the number of meetings attended by each director:

Number of meetings held:

Director	No. of meetings held whilst Director	No. of Meetings Attended
Hon. Mark Vaile AO	10	10
Andrew D Forsyth	12	12
Bryan E Carr	12	12
Ian R Hawkins	3	2
Yui (Ian) Tang	10	4
Gregory Simpson	12	12

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.

Shares under 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
11/05/2015	11/05/2018	$0.020	1,300,000*
08/12/2015	08/12/2018	$0.067	6,026,233
29/01/2016	29/01/2018	$0.035	2,000,000
03/03/2017	03/03/2019	$0.018	200,000,000*
28/08/2017	28/08/2019	$0.010	61,250,000
28/08/2017	28/08/2019	$0.015	61,250,000

No option holders entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company.

* Options granted on 11 May 2015 and 3 March 2017 relate to options issued as share-based payments and capital raising costs respectively.

Shares issued on the exercise of options

The following ordinary shares were issued during the year ended 30 June 2017 and up to the date of this report on the exercise of options granted:

Grant Date	Exercise Price	Number of shares issued
23/06/2015	$0.035	42,144

DIRECTORS' REPORT (Cont)

REMUNERATION REPORT

Your directors present their Remuneration Report for the year 1 July 2016 to 30 June 2017.

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 reflect the benefit of research into published information as to the level of remuneration paid to directors of comparable companies.

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.

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	
Hon Mark Vaile AO	Chairman – Non-Executive
Andrew D. Forsyth	Director – Non-Executive (Resigned 29/07/17)
Brendan Mason	Director – Managing Director (Appointed 29/07/17)
Bryan E. Carr	Director – Executive
Ian R. Hawkins	Director – Executive (Resigned 24/11/16)
Yui (Ian) Tang	Director – Non-Executive
Tracy Colgan	Director – Non-Executive (Appointed 29/7/17)
Gregory Simpson	Director – Non-Executive (Resigned 29/07/17)
Key Management Personnel	
James Brooke	CFO (resigned on 28 August 2017)

DIRECTORS' REPORT (Cont)

(b) Table of benefits and payments for the year ended 30 June 2017

Directors' and Key Management Personnel

		Short-term benefits				Post-employment benefits		Long-term benefits		Equity-settled share-based payments		
		Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Pension and Superannuation	Other	LSL	Shares / Units	Options / Rights	Termination benefits	Total
Directors												
Geoffrey W. Raby	2017	-	-	-	-	-	-	-	-	-	-	-
	2016	52,500	-	-	-	-	-	-	-	50,000	-	102,500
Mark Vaile	2017	120,000	-	-	-	11,400	-	-	-	-	-	131,400
	2016	30,000	-	-	-	2,850	-	-	-	-	-	32,850
Bryan E. Carr	2017	* 335,379	-	-	78,441	-	-	-	-	-	-	413,820
	2016	*281,331	-	-	209,581	-	-	-	-	-	-	490,912
Brendan Mason	2017	^110,337	-	-	-	-	-	-	-	-	-	110,337
	2016	-	-	-	-	-	-	-	-	-	-	-
Andrew D. Forsyth	2017	60,000	-	-	-	5,700	-	-	-	-	-	65,700
	2016	45,000	-	-	-	4,275	-	-	-	25,000	-	74,275
Yui (Ian) Tang	2017	60,000	-	-	-	-	-	-	-	-	-	60,000
	2016	35,000	-	-	-	-	-	-	-	25,000	-	60,000
Ian R. Hawkins	2017	10,417	-	-	-	990	-	-	-	-	-	11,406
	2016	50,818	-	-	-	-	-	-	-	25,000	-	75,818
Gregory Simpson	2017	70,000	-	-	-	6,650	-	-	-	-	-	76,650
	2016	45,000	-	-	-	4,275	-	-	-	25,000	-	74,275
Sub-Total	2017	***766,133***	-	-	***78,441***	***24,740***	-	-	-	-	-	***869,314***
	2016	***539,649***	-	-	***209,581***	***11,400***	-	-	-	150,000	-	***910,630***
Other Key Management Personnel												
James Brooke	2017	164,451	-		21,497	15,623	-	-	-	-	-	201,572
	2016	114,904	-		-	10,915	-	-	-	-	-	125,819
David Thomson	2017	-	-		-	-	-	-	-	-	-	-
	2016	42,245	-		-	4,013	-	-	-	-	-	46,258
Total	***2017***	***930,584***			***99,938***	***40,362***	-	-	-	-	-	***1,070,886***
	2016	***696,798***	-		***209,581***	***26,328***	-	-	-	***150,000***	-	***1,082,707***

* 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 provides the services of a Chief Executive Officer to SmartTrans Holdings Limited and its subsidiaries.

^ Fees were paid to Sino Oz Limited in which Brendan Mason has an interest in.

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

DIRECTORS' REPORT (Cont)

(b) Table of benefits and payments for the year ended 30 June 2017 (Cont)

Performance Conditions Linked to Remuneration

The consolidated entity's offers incentives that reward for results and continued commitment to the consolidated entity through the provision of incentive payments based on the achievement of revenue and profit targets, return on equity ratios, and continued employment with the consolidated entity providing management with a performance target which focuses upon sales growth and profitability utilising existing group resources.

The performance related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the consolidated entity and provide a common interest between management and shareholders.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the consolidated entity as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the consolidated entity at this time

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated entity. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

Name	Position held as at 30 June 2017 and any change during the year	Contract Details (Duration and Termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed Salary/Fees	Total
Mark Vaile	Non-Executive Chairman	Letter of appointment.	-	-	-	100.0%	100.0%
Bryan E. Carr	Managing Director commenced 16 December 2014	Ongoing agreement 6 months' notice required to terminate. Entitled to 6 months' gross salary.	30.0%	-	-	70.0%	100.0%
Andrew D. Forsyth	Non-Executive Director	Letter of appointment.	-	-	-	100.0%	100.0%
Yui (Ian) Tang	Non-Executive Director	Letter of appointment.	-	-	-	100.0%	100.0%
Ian R. Hawkins	Executive Director	Ongoing agreement 3 months' notice required to terminate. Entitled to 3 months' gross salary.	-	-	-	100.0%	100.0%
Gregory Simpson	Non-Executive Director	Letter of appointment.	-	-	-	100.0%	100.0%
Brendan Mason	Chief Operating Officer & China Chief Executive Officer commenced 23 January 2017	Ongoing agreement 2 months' notice required to terminate. Entitled to 2 months' gross salary.	30.0%	-	-	70.0%	100.0%
James Brooke	Chief Financial Officer commenced 26 October 2015	Ongoing agreement 2 months' notice required to terminate. Entitled to 2 months' gross salary.	-	-	-	100.0%	100.0%

On appointment to the board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

The employment terms and conditions of all KMP are formalised in contracts of employment. Each of these agreements provide for the provision of performance related cash bonuses, other benefits including car allowances, mobile telephone and laptop, and equity participation, when eligible.

Terms of employment of other KMP require that the relevant consolidated entity provide an executive contracted person with a minimum of one month's notice prior to termination of contract. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

DIRECTORS' REPORT (Cont)

(b) Table of benefits and payments for the year ended 30 June 2017 (Cont)

Non-Executive Directors are subject to similar contracts requiring one month's notice to be given on termination. Termination payments are at the discretion of the remuneration committee.

Changes since the end of the reporting period
The following changes in directors and key management personnel have occurred since the end of the reporting period:
- Brendan Mason was appointed Managing Director on 27 July 2017.
- Bryan E. Carr resigned as Managing Director on 27 July 2017 and was appointed as an Executive Director.
- Tracy Colgan was appointed as a Non-Executive Director on 27 July 2017.
- Andrew D. Forsyth resigned as a Non-Executive Director on 27 July 2017.
- Gregory Simpson resigned as a Non-Executive Director on 27 July 2017.

Share-based Payments

No shares were issued to directors and key management personnel as part of compensation during the year ended 30 June 2017.

Options

No options were granted as remuneration to directors and key management personnel during the reporting period.

(c) Shareholdings

Number of Shares held directly or indirectly by Parent Entity Directors

30 June 2017	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					
Mark Vaile	375,000	-	-	-	375,000
Andrew Forsyth	40,575,168	-	-	(197,034)	40,378,134
Bryan Carr	61,715,049	-	-	-	61,715,049
Gregory Simpson	6,456,981	-	-	-	6,456,981
Total	109,122,198	-	-	(197,034)	108,925,164

30 June 2016	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					
Mark Vaile	-	-	-	375,000	375,000
Andrew Forsyth	40,933,511	-	-	(358,343)	40,575,168
Ian Hawkins	5,751,256	-	-	-	5,751,256
Bryan Carr	61,715,049	-	-	-	61,715,049
Gregory Simpson	11,456,981	-	-	(5,000,000)	6,456,981
Total	119,856,797	-	-	(4,983,343)	114,873,454

DIRECTORS' REPORT (Cont)

(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 2017	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	3,562,716	-	-	-	(2,558,344)	1,004,372
Bryan Carr	2,184,674	-	-	-	(2,184,674)	-
Ian Tang	1,004,372	-	-	-	-	1,004,372
Gregory Simpson	1,720,444	-	-	-	(716,072)	1,004,372
	8,472,206	-	-	-	(5,459,090)	3,013,116

30 June 2016	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	1,004,372	-	-	-	3,562,717
Bryan Carr	2,184,674	-	-	-	-	2,184,674
Ian Tang	-	1,004,372	-	-	-	1,004,372
Ian Hawkins	359,454	1,004,372	-	-	-	1,363,826
Gregory Simpson	716,072	1,004,372	-	-	-	1,720,444
	5,818,535	4,017,488	-	-	-	9,836,032

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

There have 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 formalised 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.

(g) Remuneration policy

The remuneration policy of SmartTrans Holdings Limited has been designed to align key management personnel ("KMP") objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results.

The Board of SmartTrans Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated entity as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated entity is as follows:

- The remuneration policy is to be developed by the Remuneration Committee and approved by the Board after professional advice is sought from independent external consultants where considered necessary.

DIRECTORS' REPORT (Cont)

(g) Remuneration Policy (Cont)

- KMP receive a combination of base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.

- Performance incentives are generally only paid once predetermined key performance indicators have been met.

- Incentives paid in the form of options or rights are intended to align the interests of the Directors and Company with those of the Shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

- The Remuneration Committee reviews KMP packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the consolidated entity's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution required by the government, which for the FY2017 financial year was 9.5% of the individual's average weekly ordinary time earnings (AWOTE), and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.
KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is valued using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits directors and KMP from using SmartTrans Holdings Limited shares as collateral in any financial transaction, including margin loan arrangements.

(h) Engagement of Remuneration Consultants

No remuneration consultant was engaged during the year.

(i) Performance-based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the consolidated entity and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the consolidated entity's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, SmartTrans Holdings Limited bases the assessment on audited figures; however, where the KPI involves comparison of the consolidated entity, or a division within the consolidated entity, to the market, independent reports may be obtained from organisations such as Standard & Poors.

DIRECTORS' REPORT (Cont)

(j) Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. Two methods have been applied to achieve this aim, the first a performance-based bonus based on key performance indicators and the second the issue of options to Executives to encourage the alignment of personal and shareholder interests when considered appropriate.

The following table shows the gross revenue and profits for the last five years for the consolidated entity, as well as the share prices at the end of the respective financial years.

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Revenue	3,192	11,648	4,277	2,194	2,692
Net Profit/(loss)	(6,278)	(2,811)	(1,653)	(4,376)	(2,123)
Share price at year-end (cents)	0.008	0.035	0.029	0.014	0.005

This concludes the remuneration report, which has been audited.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

BRENDAN MASON
Director
Melbourne, Victoria

Dated: 29 September 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of SmartTrans Holdings Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

P A RANSOM
Partner

Melbourne, Victoria
Dated: 29 September 2017

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

BRENDAN MASON
Director

Melbourne, Victoria

Dated: 29 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue - Operations	4	**3,191,749**	**11,648,458**
Online mobile promotion & third party cost		**(1,656,168)**	**(9,470,545)**
Employee salaries and benefits expense		**(2,526,796)**	**(1,800,055)**
Material and installation costs		**(397,850)**	**(432,786)**
Depreciation expense		**(21,223)**	**(31,544)**
Consultancy cost		**(813,999)**	**(995,271)**
Share registration regulatory and compliance costs		**(301,550)**	**(330,152)**
Corporate advisory		**(86,031)**	**(207,089)**
Share based payment		**-**	**(246,800)**
Rental & occupancy costs		**(255,632)**	**(248,791)**
Travelling and accommodation costs		**(218,363)**	**(287,430)**
Amortisation of intangible assets		**(41,657)**	**(10,061)**
Legal & associated costs		**(105,881)**	**(65,530)**
Foreign exchange gain/(loss)		**(14,972)**	**(20,619)**
Impairment loss	8,9	**(2,697,749)**	**-**
Other expenses	5	**(332,039)**	**(312,916)**
Loss before income tax		**(6,278,161)**	**(2,811,131)**
Income tax benefit	6	-	-
Loss for the year		**(6,278,161)**	**(2,811,131)**
Other comprehensive income for the year			
Foreign currency translation reserve		**(77,439)**	**(108,256)**
Total comprehensive income for the year		**(6,355,600)**	**(2,919,387)**
Total comprehensive income for the year attributable to:			
Members of the parent equity		**(6,355,600)**	**(2,919,387)**
Basic Earnings per share (cents per share)	19	**(0.26)**	**(0.13)**
Diluted Earnings per share (cents per share)	19	**(0.26)**	**(0.13)**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 $	2016 $
Current Assets			
Cash and cash equivalents	7	**621,684**	**2,130,093**
Trade and sundry receivables	8	**663,940**	**4,899,182**
Inventory		**40,389**	**-**
Other receivable	9	**1,700,426**	**-**
Other assets		**50,872**	**56,547**
Total Current Assets		**3,077,311**	**7,085,822**
Non-Current Assets			
Other receivable	9	**371,968**	**-**
Intangible asset	12	**173,022**	**221,462**
Plant and equipment	11	**49,957**	**27,037**
Total Non-Current Assets		**594,947**	**248,499**
TOTAL ASSETS		**3,672,258**	**7,334,321**
Current Liabilities			
Trade and other payables	13	**1,770,259**	**3,639,504**
Provisions	14	**183,436**	**159,579**
TOTAL LIABILITIES		**1,953,695**	**3,799,083**
NET ASSETS		**1,718,563**	**3,535,238**
Equity			
Issued capital	15	**76,919,120**	**73,035,195**
Reserves		**1,205,534**	**695,149**
Accumulated losses		**(76,406,091)**	**(70,195,106)**
TOTAL EQUITY		**1,718,563**	**3,535,238**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Note	Ordinary Share Capital	Reserves	Accumulated Losses	Total Equity
		$	$	$	$
Balance at *1 July 2015*		72,684,668	653,405	(67,383,975)	5,954,098
Shares issued during the year		258,691	-	-	258,691
Share issue costs		(4,964)	-	-	(4,964)
Share based payments		96,800	150,000	-	246,800
Foreign currency translation		-	(108,256)	-	(108,256)
Loss after tax for the year		-	-	(2,811,131)	(2,811,131)
Balance at *30 June 2016*	15	73,035,195	695,149	(70,195,106)	3,535,238
Balance at *1 July 2016*		73,035,195	695,149	(70,195,106)	3,535,238
Shares issued during the year		4,554,565	-	-	4,554,565
Share issue costs		(670,640)	-	-	(670,640)
Options issued during period		-	655,000	-	655,000
Options expired during period		-	(67,176)	67,176	-
Foreign currency translation		-	(77,439)	-	(77,439)
Loss after tax for the year		-	-	(6,278,161)	(6,278,161)
Balance at *30 June 2017*	15	76,919,120	1,205,534	(76,406,091)	1,718,563

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash Flows from Operating Activities			
Receipts from customers and government grants		**6,709,127**	**8,696,208**
Payments to suppliers and employees		**(10,374,161)**	**(12,816,195)**
Research and development tax concession		**301,217**	**371,458**
Interest received		**2,999**	**50,841**
Net cash used in Operating Activities	22	**(3,360,818)**	**(3,697,688)**
Cash Flows from Investing Activities			
Payment for intangible asset		**-**	**(220,849)**
Payments for termination of joint venture		**-**	**(77,060)**
Payments for plant and equipment		**(40,577)**	**(25,080)**
Net cash used in Investing Activities		**(40,577)**	**(322,989)**
Cash Flows from Financing Activities			
Proceeds from capital raisings		**1,926,221**	**-**
Payment for capital raising costs		**(15,640)**	**(199,044)**
Proceeds from issue of shares		**-**	**254,718**
Net cash provided by Financing Activities		**1,910,581**	**55,674**
Net increase/(decrease) in cash and cash equivalents		**(1,490,814)**	**(3,965,003)**
Cash and cash equivalents at the beginning of year		**2,130,093**	**6,058,169**
Effects of foreign exchange		**(17,595)**	**36,927**
Cash and cash equivalents at the end of year	7	**621,684**	**2,130,093**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report was authorised for issue on 29 September 2017 by the Board of Directors.

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
Except for the cash flow information, the financial statements have been prepared on an accrual basis under the historical cost convention.

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.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

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

As disclosed in the financial statements, the consolidated entity incurred a loss of $6,278,161 and had net cash outflows from operating activities of $3,360,818 for the year ended 30 June 2017.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

- Positive net current assets of $1,123,616 will provide working capital to assist the Company meet its obligations over the next 12 months;
- An amount of $600,000 has been raised from two share placements subsequent to the end of the financial year;
- The Company in the past has been able to raise capital when required and the Directors believe it will be able to do so in the future;
- The Company continues to actively pursue debts which were impaired during the financial year;
- New business lines, including e-commerce, are expected to generate additional revenue and cash flow in FY2018;
- Marketing and administration costs are being managed so that they are kept at minimal levels and reduced where possible.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

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.

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 15	Revenue from Contracts with Customers	It contains a single model for contracts with customers based on a five-step analysis of transactions for revenue recognition, and two approach, a single time or over time, for revenue recognition.	1 January 2018	The changes in revenue recognition measurements 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 is not expected to be material.
AASB 9	Financial Instruments	This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a "fair value through other comprehensive income" category for debt instruments, contains requirements for impairment of financial assets, etc.	1 January 2018	No expected impact
AASB 16	Leases	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts, effectively resulting in the recognition of almost all leases on the statement of financial position. The accounting by lessors, however, will not significantly change.	1 January 2019	The impact of AASB 16 is not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

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 those entities incorporated in the People's Republic of China, which have a December financial year end.

All inter-company balances and transactions between entities in the consolidated 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 consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Subsidiaries are all those entities over which the consolidated entity has control. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

(b) 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 consolidated 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 2017

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(c) 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 (f) for accounting policy on impairment.

(d) Plant and equipment

Each class of 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 consolidated 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.

(e) 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.

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.

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 consolidated entity assesses 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(f) Impairment of assets

At each reporting date, the consolidated entity 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 consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) 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 consolidated 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 3 to 5 years. Products and software development costs are carried at cost less accumulated amortisation and any impairment loss.

(h) Employee benefits

Provision is made for the consolidated entity'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.

(i) 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.

(j) 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.

(k) Comparative figures

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

(l) Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and it can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue from application usage and subscription services is recognised upon usage or take up by customers.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(m) 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.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell.

(o) Provisions

Provisions are recognised when the consolidated entity 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.

(p) 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.

(q) 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.

(r) Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the consolidated entity'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.

Group companies
The financial results and position of foreign operations, whose functional currency is different from the consolidated entity'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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(s) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.
Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(t) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(u) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(v) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(v) Investments and other financial assets (Cont)

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

(w) Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(x) Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 2 : FINANCIAL RISK MANAGEMENT

The consolidated entity'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 consolidated entity's overall risk management program focuses on liquidity and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity 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 consolidated entity's overall risk management program.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 3 : CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 4 : REVENUE	2017 $	2016 $
Sales	2,890,532	11,312,593
Research & Development tax incentive	301,217	335,865
	3,191,749	11,648,458

NOTE 5 : OTHER EXPENSES	2017 $	2016 $
Advertising and promotion	103,944	107,790
Internet/Hosting	37,874	39,483
Doubtful debt expense	34,273	-
FBT expense	36,283	-
Other	119,665	165,643
	332,039	312,916

NOTE 6 : INCOME TAX

No income tax is payable by the consolidated entity as it incurred losses for income tax purposes for the year.

The consolidated entity also has available for recoupment income tax and capital losses at balance date.

	2017 $	2016 $
(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	(6,278,161)	(2,811,131)
Income tax benefit at 30%	(1,883,448)	(843,339)
Tax effect of amounts which are not deductible/(taxable)	756,259	58,082
Tax effect of temporary differences and tax losses not recognised	1,127,189	785,257
Income tax benefit	-	-
(b) Deferred Tax Assets not recognised:		
Accumulated tax losses	13,115,124	11,231,676
Capital losses not recognised	1,093,920	1,093,920

Carried forward tax losses have not been recognised because it is presently not considered probable that future taxable profits will be available against which the economic entity can utilise the benefits therein.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 7 : CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash on hand	17,265	26,666
Cash at bank	604,419	2,103,427
	621,684	2,130,093

NOTE 8 : TRADE AND SUNDRY RECEIVABLES

	2017 $	2016 $
Trade Receivables	2,908,226	4,859,829
Less: Provision for impairment and doubtful debts	(2,342,022)	-
	566,204	4,859,829
Sundry receivables	97,736	39,353
	663,940	4,899,182

Impairment of receivables
The consolidated entity has provided for impairment of $2,342,022 inclusive of VAT in China (2016: nil) for the year ended 30 June 2017.

The ageing of the impaired receivables provided for above are as follows:

	2017 $	2016 $
0 to 3 months	61,646	-
3 to 6 months	151,265	-
Over 6 months	2,129,111	-
	2,342,022	-

Movements in the provision for impairment of receivables are as follows:

	2017 $	2016 $
Opening balance	-	-
Additional provisions recognised	2,342,022	-
Receivables written off during the year as uncollectable	-	-
	2,342,022	-

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $151,381 as at 30 June 2017 (2016: $4,228,086).

The ageing of the past due but not impaired receivables are as follows:

	2017 $	2016 $
0 to 3 months	51,813	619,195
3 to 6 months	32,635	1,682,103
Over 6 months	66,933	1,926,788
	151,381	4,228,086

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 8 : TRADE AND SUNDRY RECEIVABLES (Cont)

(a) Trade and sundry receivables

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The Company has taken the prudent position of impairing receivables from China Mobile Jiangsu Limited and other local telecommunication providers due to the time period the payments have been outstanding. SmartTrans is in discussion with respect to settling the payments.

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

(b) Foreign exchange and interest rate risk

Information about the consolidated entity'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 23 for more information on the risk management policy of the consolidated entity and the credit quality of the consolidated entity's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 9 : OTHER RECEIVABLE	2017 $	2016 $
Other Receivable	**2,560,451**	-
Less: Provision for impairment	**(488,057)**	-
	2,072,394	-

The maturity of other receivable is as follows:

Within the next 12 months (Current)	**1,700,426**	-
Within the following 12 months (Non-current)	**371,968**	-
	2,072,394	-

The Company has during the year, entered into arrangements with Lanstead Capital LP for an equity investment, to which the Company has issued 400,000,000 ordinary shares. In addition, the parties have entered into agreements which resulted in funds relating to the issue of shares being paid to the Company over an 18 month period. The above receivable balance of $2,072,394 relates to the remaining funds which are receivable at 30 June 2017 (2016: nil). The carrying amount of the financial asset at 30 June 2017 approximates its fair value.

The non-current balance of the receivable is due to be repaid by September 2018 and the effect of discounting is considered not to be material.

The agreements for the payment of the funding include conditions that are linked to the share price of the Company. These conditions require an adjustment to the funding payment amounts based on a volume weighted average price (“VWAP”) of the Company’s shares compared to a reference price in the funding agreements. In assessing these conditions as at 30 June 2017 it was determined that the receivable amount was impaired due to a decline in the Company’s share price, and therefore VWAP, against the reference price.

Had the VWAP of the Company share price decreased/increased by 25%, the receivable balance and equity of the consolidated entity would have decreased/increased by $640,000 and the operating loss of the consolidated entity would have increased/decreased by $640,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 10: CONTROLLED ENTITIES

Investment in Controlled Entities:

	Place of Incorporation	Equity Holding 2017	Equity Holding 2016
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%	100%
Beijing SmartTrans Import and Export Trade Co. Ltd.	People's Republic of China	0%*	-

*SmartTrans Holdings Limited has control over Beijing SmartTrans Import and Export Trade Co. Ltd as the Company has the ability to affect any returns through its power to direct the activities of Beijing SmartTrans Import and Export Trade Co. Ltd.

NOTE 11 : PLANT AND EQUIPMENT

	2017 $	2016 $
Plant and equipment		
Cost	**93,031**	**56,141**
Accumulated depreciation	**(43,074)**	**(29,104)**
Total property, plant and equipment	**49,957**	**27,037**

	2017 $	2016 $
Plant and equipment		
Balance at the beginning of the year	**27,037**	**34,647**
Additions	**44,143**	**25,080**
Disposals	**-**	**(1,146)**
Depreciation	**(21,223)**	**(31,544)**
Carrying amount at the end of year	**49,957**	**27,037**

NOTE 12 : INTANGIBLE ASSET

	2017 $	2016 $
Intangible Asset - Software		
Cost	**231,523**	**231,523**
Accumulated amortisation	**(58,501)**	**(10,061)**
Total Intangible Asset	**173,022**	**221,462**

	2017 $	2016 $
Intangible Asset		
Balance at the beginning of the year	**221,462**	**-**
Additions	**-**	**231,523**
Disposals	**(6,783)**	**-**
Amortisation	**(41,657)**	**(10,061)**
Carrying amount at the end of year	**173,022**	**221,462**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 13 : TRADE AND OTHER PAYABLES	2017	2016
	$	$
Trade creditors	167,470	213,661
Accruals	1,525,789	3,348,931
Other payables	77,000	76,912
	1,770,259	3,639,504

NOTE 14: PROVISIONS		
Employee entitlements	183,436	159,579
Balance at the beginning of the year	159,579	158,715
Additional provisions	93,596	73,41
Amount used	(69,739)	(72,555)
Balance at end of the year	183,436	159,57

NOTE 15: ISSUED CAPITAL	2017	2016
	$	$
Ordinary shares issued and fully paid	76,919,120	73,035,195
Ordinary Shares	Number	Number
At beginning of the year	2,216,074,582	2,205,811,961
Shares issued	500,942,144	10,262,621
At end of year	2,717,016,726	2,216,074,582

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.

Capital Management

Management controls the capital of the consolidated entity, provide the shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity'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 consolidated entity since the prior year. The consolidated entity's gearing ratio is kept at a minimum. There is no intention to incur debt funding on behalf of the consolidated entity. Ongoing operations will be funded via equity or joint ventures with other companies.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 16 : 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:

	2017 $	2016 $
Short-term employee benefits	**1,030,523**	**906,379**
Post-employment benefits	**40,363**	**26,328**
Share-based payments	**-**	**150,000**
	1,070,886	**1,082,707**

NOTE 17 : REMUNERATION OF AUDITORS

	2017 $	2016 $
Remuneration of the auditor of the parent entity for:		
Audit or review of the financial statements	**120,000**	**87,154**
Other services including preparation of tax returns and tax advisory services on PRC business	**38,368**	**10,200**
	158,368	**97,354**

NOTE 18 : 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 16 and the remuneration report in the directors' report.

(d) Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 19 : EARNINGS PER SHARE

	2017 $	2016 $
Operating loss used to calculate basic and diluted EPS	**(6,278,161)**	**(2,811,131)**
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	**2,461,476,548**	**2,211,641,015**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 20 : 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 being internet and mobile software systems and applications 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 consolidated entity 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 17

	Australia **$**	**China** **$**	**Total** **$**
Total Segment Revenue	1,075,512	2,107,800	3,182,750
Segment Loss	(821,800)	(3,036,951)	(3,858,751)
Segment Assets as at 30 June 2017	309,902	968,603	1,278,505
Segment Liabilities as at 30 June 2017	(286,428)	(1,164,940)	(1,451,367)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 20 : SEGMENT INFORMATION (Cont)

(e) Geographical Segment Summary (cont)

For the year ended 30 June 16

	Australia	**China**	**Total**
	$	**$**	**$**
Total Segment Revenue	1,204,052	10,393,579	11,597,631
Segment Loss	(454,928)	(609,514)	(1,064,442)
Segment Assets as at 30 June 2016	590,025	5,279,434	5,869,459
Segment Liabilities as at 30 June 2016	(314,568)	(3,125,152)	(3,439,720)

Reconciliation of reportable segment revenue to consolidated revenue	**2017**	**2016**
	$	**$**
Total segment revenue	**3,182,750**	**11,597,631**
Interest and other income	**8,999**	**50,827**
Total revenue	**3,191,749**	**11,648,458**

Reconciliation of reportable segment loss to consolidated loss		
	$	**$**
Total loss for reportable segments	**(3,858,751)**	**(1,064,442)**
Share based payments	**-**	**(246,800)**
Corporate costs	**(2,419,410)**	**(1,499,889)**
Loss before income tax	**(6,278,161)**	**(2,811,131)**

Reconciliation of reportable segment assets to consolidated assets		
	$	**$**
Reportable segment assets	**1,278,505**	**5,869,459**
Unallocated Assets	**2,393,753**	**1,464,862**
Total Assets	**3,672,258**	**7,334,321**

Reconciliation of reportable segment liabilities to consolidated liabilities		
	$	**$**
Reportable segment liabilities	**(1,451,367)**	**(3,439,720)**
Unallocated Liabilities	**(502,329)**	**(359,363)**
Total Liabilities	**(1,953,696)**	**(3,799,083)**

Major Customers

Two major customers represented 50% of the consolidated entity's revenue (2016: 63%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 21 : COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital Expenditure

There are no capital expenditure commitments as at 30 June 2017 and 30 June 2016.

	2017 $	2016 $
(b) Operating Lease Commitments		
Payable		
Not later than one year	**159,488**	**191,426**
Later than one year but not later than five years	**59,501**	**45,599**
Total operating lease liability	**218,989**	**237,025**

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.

(e) Contingent Liabilities and Contingent Assets

The Company and its controlled entities have no known material contingent liabilities or contingent assets as at 30 June 2017 and 30 June 2016.

NOTE 22 : NOTES TO THE STATEMENT OF CASH FLOWS

	2017 $	2016 $
Reconciliation of net cash used in operating activities to net loss		
Net loss after income tax	**(6,278,161)**	**(2,811,131)**
Adjustments for		
Depreciation and amortisation	**62,880**	**41,605**
Equity based payment	**-**	**246,800**
Impairment loss	**2,697,749**	**-**
Effects of foreign exchange	**(90,901)**	**36,927**
Fixed asset write off	**-**	**7,601**
Fair value changes on financial asset	**67,890**	**-**
Doubtful debt allowance	**34,273**	**-**
Change in net assets and liabilities:		
(Increase)/ decrease in receivables	**2,025,553**	**(3,383,182)**
(Increase)/ decrease in inventories	**(40,389)**	**-**
(Increase)/ decrease in other assets	**5,675**	**(25,534)**
Increase/(decrease) in payables	**(1,869,244)**	**2,188,362**
Increase/(decrease) in provisions	**23,857**	**864**
Net Cash used in Operating Activities	**(3,360,818)**	**(3,697,688)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 23 : FINANCIAL INSTRUMENTS

Market risk

(a) Foreign currency risk
The consolidated entity 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 consolidated entity'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 consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		**Liabilities**	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Chinese Renminbi	889,641	5,109,272	1,111,602	3,145,390

The consolidated entity had a net liability denominated in Chinese Renminbi of $221,961 (assets of $889,641 less liabilities of $1,111,602) as at 30 June 2017 (2016: $1,963,882 comprising of assets of $5,109,272 less liabilities of $3,145,390). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2016: weakened by 5%/strengthened by 5%) against the Chinese Renminbi with all other variables held constant, the consolidated entity's profit before tax for the year would have been $11,000 higher/$11,000 lower (2016: $51,000 lower/$51,000) and equity would have been $11,000 higher / $11,000 lower (2016: $51,000 lower/$15,000 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 consolidated entity is not exposed to any significant price risk, other than noted in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 23 : FINANCIAL INSTRUMENTS (CONT)

Market risk (Cont)

(c) Interest rate risk
The consolidated entity's exposure to market risk for changes in interest rates relates primarily to interest on deposits with banking institutions. The consolidated entity 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 consolidated entity. The consolidated entity has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that consolidated entity'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 consolidated entity does not hold any collateral.

Liquidity risk
The consolidated entity 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 consolidated entity'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 $
2017						
Financial assets						
Interest bearing						
Non-interest bearing						
Receivables	-%	2,364,366	371,968	-	-	2,736,334
		2,364,366	371,968	-	-	2,736,334
Financial liabilities						
Non-interest bearing						
Payables	-%	1,770,259	-	-	-	1,770,259
Other borrowings	-%	-	-	-	-	-
		1,770,259	-	-	-	1,770,259
Net financial assets		594,107	371,968	-	-	966,075
2016						
Financial assets						
Interest bearing						
Non-interest bearing						
Receivables	-%	4,899,182	-	-	-	4,899,182
		4,899,182	-	-	-	4,899,182
Financial liabilities						
Non-interest bearing						
Payables	-%	3,639,504	-	-	-	3,639,504
Other borrowings	-%	-	-	-	-	-
		3,639,504	-	-	-	3,639,504
Net financial assets		1,259,678	-	-	-	1,259,678

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 2017

NOTE 24 : EVENTS AFTER REPORTING PERIOD

On 28 August 2017 the Company announced that it had completed a placement of new shares and options for a total of $600,000.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 25 : PARENT ENTITY STATEMENT OF FINANCIAL POSITION

	Company	
	2017	2016
	$	$
Total Current Assets	3,492,174	1,394,453
Total Non-Current Assets	497,164	1,166,406
TOTAL ASSETS	3,989,337	2,560,859
TOTAL CURRENT LIABILITIES	502,316	359,351
NET ASSETS	3,487,021	2,201,508
Equity		
Issued capital	76,919,120	73,035,195
Reserves	1,391,229	803,403
Accumulated losses	(74,823,328)	(71,637,094)
TOTAL EQUITY	3,487,021	2,201,508
Loss for the year	(3,253,411)	(10,025,163)
Other comprehensive income/(loss) for the year	-	-
Total comprehensive loss for the year	(3,253,411)	(10,025,163)

This loss includes a provision for impairment of $834,000 for loan made from the parent entity to its controlled entities which has no net effect on the consolidated entity result.

The parent entity had no capital commitments as at 30 June 2017 and 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 26 : SHARE BASED PAYMENTS

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

(ii) 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
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	1,300,000	-	-	-	1,300,000
23/06/2015	23/06/2017	$0.035	5,000,000	-	-	5,000,000	-
23/06/2015	23/06/2017	$0.035	131,365,056	-	42,144	131,322,912	-
08/12/2015	08/12/2018	$0.067	6,026,233	-	-	-	6,026,233
29/01/2016	29/01/2018	$0.035	2,000,000	-	-	-	2,000,000
03/03/2017	03/03/2019	$0.018	-	200,000,000	-	-	200,000,000
			165,691,289	200,000,000	42,144	156,322,912	209,326,233
Weighted average exercise price			$0.036	$0.018	$0.035	$0.035	$0.019

The weighted average remaining contractual life of options outstanding at year-end was 1.65 years.

For options granted during the year, 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
03/03/2017	03/03/2019	$0.011	$0.018	80%	0.0%	1.82%	$0.0033

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INDEPENDENT AUDITOR'S REPORT

To the Members of SmartTrans Holdings Limited

Opinion

We have audited the financial report of SmartTrans Holdings Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion

a) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss and generated net cash outflows of $6,278,161 and $3,360,818 respectively during the year ended 30 June 2017. As stated in Note 1, these events or conditions, along with other matters as set forth in Note1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	**How our audit addressed this matter**
Recognition of Revenue Refer to Note 1(l) in the financial statements	
The process of revenue recognition may be complex and involves significant management judgements due to specific risks associated with different lines of revenue, primarily those in China. These include: ▪ determination of the appropriate revenue recognition basis for new Smartpay merchants, including assessing whether a principal or agency relationship exists; ▪ determination of the revenue recognition point of new Smartpay merchants, for example when the services have been delivered to the customers; and ▪ estimating revenue based on user data numbers for subscription billings.	Our audit procedures in relation to the recognition of revenue included: ▪ assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards; ▪ inspection of sales contracts, orders, invoices and bank receipts; ▪ third party confirmation from certain key customers; and ▪ review of sales transactions before and after year-end to ensure that revenue is recognised in the correct period.
Recoverability of Trade Receivables Refer to Note 8 in the financial statements	
Trade receivables represent a material component of the total assets in the consolidated statement of financial position. The valuation of trade receivables requires management judgment due to the specific risks associated with each item of trade receivables. Elements of judgement associated with assessing the valuation of trade receivables include making an assessment of the level of credit risk of contract receivables, extended payment terms, and determining credit risk in instances where receivables have become past due.	Our audit procedures in relation to the recoverability of trade receivables included: ▪ assessing the recoverability of a sample of contracts by comparing management's estimate of recoverability of amounts outstanding to historical patterns of receipts and reviewing cash receipts subsequent to year end; ▪ challenging the reasonableness of management's key assumptions relating to trade receivables recoverability and the provision for impairment by analysis of cash receipts after year end, review of customer correspondence and comparison to historical patterns of cash receipts; and ▪ assessing the appropriateness of the Group's disclosures relating to trade receivables.

Key Audit Matters (Cont.)

Key Audit Matter	How our audit addressed this matter
Impairment of Other Receivable Refer to Note 9 in the financial statements	
During the financial year funding was secured from an institutional investor, Lanstead Capital LP, the payment of which is to be made over an 18 month period. The Other Receivable represents a material component of the total assets in the consolidated statement of financial position. The agreements for payment of the funding include conditions that are linked to the share price of the Company as discussed in note 9. These conditions resulted in an impairment of the receivable at 30 June 2017 which was considered a key audit matter due to its nature.	Our audit procedures in relation to this matter included: ▪ reviewing the agreements and conditions relating to the funding arrangements; ▪ agreeing receipts of funding during and subsequent to the financial year to bank statements; ▪ obtaining market data in respect the company's share price relating to the funding arrangement conditions; and ▪ assessing management's basis of assessment in relation to impairment of the receivable at 30 June 2017.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of SmartTrans Holdings Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

RSM

RSM AUSTRALIA PARTNERS

Philip A Ransom

P A RANSOM
Partner

Melbourne, Victoria
Dated: 29 September 2017

ADDITIONAL INFORMATION

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. This information is current as at 31 August 2017.

(a) Substantial Shareholders

The names of the Substantial Shareholders listed in the Company's Register as at 31 August 2017:

Shareholder	No. of Shares
Dymocks Securities Pty Ltd	595,205,791
Coolgardie Units Pty Ltd	624,486,395
Tandragee Pty Ltd	624,486,395
Lanstead Capital LP	420,000,000
Canala Services Pty Ltd	118,635,354
Loyal Strategic Investments	245,892,063

This table discloses Relevant Interests in shares as defined by the Corporations Act and does not reflect beneficial interests in shares.

(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	407,453,519	14.67
2.	Citicorp Nominees Pty Limited	337,370,835	12.14
3.	Loyal Strategic Investment Ltd	245,892,063	8.85
4.	Ocean Magic Investments Ltd (Hong Kong Crn 1621842)	91,173,393	3.28
5.	Jamajon Pty Ltd	81,651,941	2.94
6.	Tandragee Pty Ltd	51,810,246	1.86
7.	Mr Shige Zhang	50,000,000	1.80
8.	Mr Zani Ilyazovski	49,658,266	1.79
9.	Bnp Paribas Nominees Pty Ltd <Global Prime Omni Drp>	49,117,707	1.77
10.	I T S Worldwide Limited	45,740,000	1.65
11.	Coolgardie Units Pty Ltd <Coolgardie A/C>	37,562,504	1.35
12.	Canala Services Pty Ltd <The Canala Super Fund A/C>	29,262,604	1.05
13.	Isatsan Pty Ltd	25,468,335	0.92
14.	Blamnco Trading Pty Ltd	25,000,000	0.90
15.	Jamajon Pty Limited <J F Superfund A/C>	23,714,367	0.85
16.	Chembank Pty Limited <R T Unit A/C>	20,000,000	0.72
17.	Bnp Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	17,843,341	0.64
18.	Porthide Pty Ltd <Thom Super Fund A/C>	16,755,655	0.60
19.	Connaught Consultants (Finance) Pty Ltd <Super Fund A/C>	14,500,000	0.52
20.	Biltrad Global Investment Corporation Pty Ltd	14,350,000	0.52
		1,634,324,776	58.83%

SHAREHOLDER INFORMATION (Cont.)

(c) Distribution of Shareholders

(i) Ordinary Shareholders

Spread of Holding	**Holders**	**Shares Held**	**% of Issued Capital**
1 - 1,000	78	10,731	0.00
1,001 - 5,000	36	118,187	0.00
5,001 - 10,000	48	412,581	0.01
10,001 - 100,000	1,287	61,030,415	2.20
100,001 and over	1,347	2,716,698,256	97.79
	2,796	2,778,270,170	100.00

(d) Less than marketable parcels of ordinary shares

There are 1,158 shareholders with unmarketable parcels totalling 3,5003,750 shares.

(e) Options over Unissued Shares

A total of 331,826,233 unlisted options are on issue.

(f) Restricted Securities

The Company had no restricted securities on issue as at 31 August 2017.

(g) Voting Rights

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or in a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll. Option holders have no voting rights.

(h) On-Market Buy-Backs

There is no current on-market buy-back in relation to the Company's securities.