



Appendix 4D

Rule 4.2A

1. Half yearly report

Name of entity

SmartTrans Holdings Ltd

ABN: 86 009 065 650

Report for the half-year ended 31 December 2016

Previous corresponding period

is the financial year ended 30 June 2016

and half year ended 31 December 2015

2. Results for announcement to the market

			A\$'000s
Revenues (item 2.1)*	down	58% to	2,716
Loss after tax attributable to members (item 2.2)	up	158% to	(1,666)
Net Loss for the period attributable to members (item 2.3)	up	158% to	(1,666)
Dividends (item 2.4)			
No dividends will be paid			
Record date for determining entitlements to the dividend (item 2.5)		N/a	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):			
<i>As previously noted in the Annual Report and Quarterly Reports, the company has been transitioning the business from high-volume, low margin products to higher margin e-Commerce products and has been focused on building up its e-Commerce services and establishing relationships with key partners and brands seeking to sell online in China. The company moved its focus towards marketing products with higher gross margins and those products which are expected to provide higher lifetime customer value to the company. Whilst this has and will reduce gross revenue, it is expected to increase the overall return to the company.</i>			

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NSW 2009
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3. Net tangible assets per security (*item 3*)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.18¢	0.15¢

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

Control gained over entities

Name of entities (*item 4.1*)

N/A

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

N/A

Loss of control of entities

Name of entities (*item 4.1*)

N/A

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

N/A.

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

(*item 4.3*).

N/A.

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

N/A.

5. Dividends (*item 5*)

N/a	
Date of payment	Total amount of dividend

Final dividend – N/a

Interim dividend – N/a

Amount per security

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

Interim dividend on all securities

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

Total

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

N/A

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

N/A

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

Name of associate or joint venture entity	% Securities held
None	N/A

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

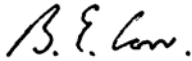
	6mths to 31 Dec 2016 \$	6mths to 31 Dec 2015 \$
Group's share of associates' and joint venture entities':		
Profit (loss) before tax		-
Income tax		
Net profit (loss) after tax		-
Adjustments		
Share of net profit (loss) of associates and joint venture entities		

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

Periodic Disclosure Requirements Compliance Statement

- 1 An interim report for the half-year ended 31 December 2016 is provided with the Appendix 4D information.
- 2 The interim report has been prepared in accordance with AASB 134 Interim Financial Reporting.
- 3 Except where noted in the report, the interim report and information provided in Appendix 4D uses the same accounting policies as those applied at 30 June 2016, except mandatory changes under the Australian equivalents to International Financial Reporting Standards (A-IFRS).
- 4 The Appendix 4D information gives a true and fair view of the matters disclosed in the interim financial report.
- 5 The Appendix 4D information is based on the interim financial report, which has been subject to review.

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

Sign here:  Date: 28 February 2017

Print name: Bryan Carr

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

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

C O N T E N T S

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

**SMARTTRANS HOLDINGS LIMITED
And Controlled Entities**

DIRECTORS' REPORT

Your Directors present their report together with the interim report of the consolidated entity for the half year ended 31 December 2016.

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

- Hon. Mark Vaile AO – Non-Executive Chairman
- Andrew D Forsyth LLB – Non-Executive Director
- Bryan E Carr BSc – Executive Director, *CEO*
- Yui Ian Tang – Non-Executive Director
- Gregory Simpson – Non-Executive Director

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

Review of Operations

HALF YEAR SUMMARY

Highlights

- Cash collections in HY 2017 totalled \$4.41 million (up from \$2.06 million in HY 2016)
- Total Consolidated Revenue for HY 2017 of \$2.72 million
- Cash holdings at 31 December 2016 was \$1.30 million
- \$4.5 million funding secured with \$3.4m invested in sharing arrangement with Lanstead Capital LP upon issue of Tranche B shares in second half of the financial year.
- Funds raised will be applied to scale up e-commerce market place in China and market SmartPay in Australia
- Company expanded its e-Commerce services and capabilities as the “Gateway to China” for businesses seeking to sell their products online in China
- Development of WeChat e-commerce market place with Shanghai Stock Exchange-listed Shanghai Dodoca Information Technology Co. Ltd
- Company is targeting to have 120 premium Australian brands on its e-Commerce platform in China within 12 months
- Continued expansion and diversification of revenue sources

ASX-listed smartphone payments provider and logistics software company SmartTrans Holdings Limited (ASX: SMA) provides the following update for the Half Year ended 31 December 2016.

Operational

SmartTrans operates mobile and internet-based billing and e-Commerce platforms in China and mobile and internet software solutions servicing the logistics and services sectors in Australia.

In China, the company has successfully established itself in the rapidly emerging “fintech” and e-Commerce sectors, effectively distributing and collecting payment for a diverse range of products.

In the first half of the year SmartTrans focused on the expansion of its mobile and internet billing services into the e-Commerce sector, establishing its SmartTrans Roolife brand and platform with:

- Alibaba stores (SmartTrans Roolife)

SMARTTRANS HOLDINGS LIMITED And Controlled Entities

- WeChat store (Roolife Lifestyle Store)
- Dodoca Roolife platform

SmartTrans' ability to promote and distribute products online, bill customers directly and settle payments to merchants in Australia strongly positions the company as the "Gateway to China" for businesses seeking to sell their products online in China.

The company continues to expand its operations with China-listed Dodoca, Australian-listed BPS Technologies and its China-based billing partners China Mobile, China Telecom, Alibaba and QianDaiPay Payments Company.

The company is a trusted provider to Australian businesses seeking to sell their products in China and importantly to receive payment in Australia, matching the demand from Australian businesses eager to sell into China with the growing demand from Chinese consumers seeking high quality, safe and prestigious Australian products.

During the quarter the company continued its billing activities for third-party mobile content and subscription-based billing in China, albeit at lower levels with lower marketing expenditure.

In Australia, the company continued negotiation for the expanded roll out of its products with new and existing users of its mobile and internet-based logistics software.

Financial

The company's cash holdings at 31 December 2016 were \$1.30 million.

On 28 December 2016, the company announced that it had secured funding of \$4.5 million from a new institutional investor, UK-based Lanstead Capital LP and two existing shareholders, Loyal Strategic Investment and Dymocks Securities, to fund the expansion of its e-commerce platforms and facilitate the rollout of its SmartPay payments platform into Australia.

Under the Sharing Agreement with Lanstead Capital described in the company's announcement dated 28 December 2016:

- The company has retained \$412,500 of the \$2.75 million of the first tranche of subscription funds and invested the balance under the terms of the Sharing Agreement;
- Subject to approval at the General Meeting to be held on 28 February 2017, the company will retain \$187,500 of the \$1.25 million of the second tranche of subscription funds and invest the balance under the terms of the Sharing Agreement.

The company has made changes to its product mix designed to improve the return from its business activities over the course of FY17.

As previously noted in the Annual Report and Quarterly Reports the company has been transitioning the business from high volume, low margin products to low volume but higher margin e-Commerce products and has been focused on building up its e-Commerce services and establishing relationships with key partners and brands seeking to sell online in China.

The company moved its focus towards marketing products with higher gross margins and those products which are expected to provide higher lifetime customer value to the company. Whilst this has and will reduce gross revenue, it is expected to increase the overall return to the company.

Total Consolidated Revenue for the Half Year was \$2.72 million.

In the Half Year ended 31 December 2016, the company received cash inflows of \$4.41 million from sales of products, including payments of trade receivables, from an earlier reporting period, up from \$2.06 million in the corresponding half year ended December 2015.

Following the end of the half year, the company received its R&D tax return payment of \$301k further strengthening the company's cash position.

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

Outlook

SmartTrans expects to continue to build the portfolio of products being sold and distributed in China and to continue to cultivate and benefit from its customer database, expanding the revenue contribution from its e-Commerce activities.

The company plans to commence actively marketing its billing capabilities and e-Commerce platforms to merchants and brands in Australia to build the range of brands and products SmartTrans sells in China.

As the virtual “Gateway to China” SmartTrans will service the growing demand from Australian businesses seeking to enter the China market. The company expects its business model to be equally appealing to businesses anywhere in the world providing for further expansion opportunities in the future.

SmartTrans and its China-based e-Commerce partner Dodoca have set a target of marketing and selling 100 premium Australian brands on the Dodoca Roolife platform within 12 months.

In FY17, SmartTrans and Australian-based partner, BPS Technologies, are targeting at least 20 high-quality merchants which each produce at least \$1million in annual sales on the SmartTrans e-Commerce platform.

SmartTrans anticipates that it will generate a double-digit percentage fee on sales through the platform, with the magnitude of the fee linked to the level of service being provided to specific merchants. The company also anticipates receipt of fees on processing payments and cross-border settlements.

SmartTrans is also planning to expand its SmartPay platform into the Australian market to process payments made by inbound Chinese tourists wanting to use their existing payment infrastructure – WeChat, UnionPay and AliPay – to procure goods and services when travelling in Australia, consequently establishing and forging a connection between Australian businesses and Chinese consumers. Funds raised under the placements referred to above will also be used to market and provide the SmartPay infrastructure to Australia-based retailers and tourism operators in Australia.

Sales of third-party Apps and subscription-based mobile billing is expected to continue but with the growing addition of e-Commerce billing and sales.

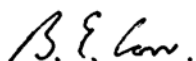
In Australia, SmartTrans is working with key partners and clients to expand its installation footprint and revenue for its proprietary logistics software designed to optimise and manage the delivery of products and services.

With agreed funding in place and a growing range of products and services being sold in China the Board and management of SmartTrans Holdings Limited remain confident of driving growth and delivering value for their shareholders.

Auditor’s Independence Declaration

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

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



Bryan E Carr
Managing Director

Signed this 28th February 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of SmartTrans Holdings Limited and its controlled entities for the half year ended 31 December 2016, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink that reads 'P A Ransom'.**P A RANSOM**

Partner

28 February 2017
Melbourne, Victoria

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2016

	Note	31 Dec 2016 \$	31 Dec 2015 \$
Revenue - Operations	5	2,715,745	6,542,536
Online mobile promotion & third party cost		(1,709,474)	(4,955,824)
Employee salaries and benefits expense		(1,330,676)	(715,956)
Material and installation costs		(285,034)	(149,602)
Depreciation expense		(13,817)	(5,504)
Consultancy cost		(383,558)	(618,004)
Share registration regulatory and compliance costs		(136,533)	(127,486)
Share based payment		-	(150,000)
Corporate Advisory		(55,291)	-
Rental & occupancy costs		(120,815)	(126,757)
Travelling and accommodation costs		(110,536)	(89,787)
Legal & associated costs		(68,231)	(41,201)
Amortisation of intangible assets		(12,068)	-
Foreign exchange gain/(loss)		(3,970)	-
Other expenses		(151,316)	(207,024)
Loss before income tax		(1,665,574)	(644,608)
Income tax benefit		-	-
Loss for the period		(1,665,574)	(644,608)
Other comprehensive income for the period:			
Foreign currency translation		40,058	41,541
Total comprehensive loss for the period		(1,705,632)	(603,067)
Basic loss per share (cents per share)		(0.07)	(0.03)
Diluted loss per share (cents per share)		(0.07)	(0.03)

The accompanying notes form part of these financial statements

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	31 Dec 2016 \$	30 Jun 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		1,302,005	2,130,093
Trade and other receivables	6	3,339,033	4,899,182
Other assets		123,556	56,547
Financial assets	7	1,405,189	-
TOTAL CURRENT ASSETS		6,169,783	7,085,822
NON CURRENT ASSETS			
Financial assets	7	702,594	-
Intangible asset		202,611	221,462
Property, plant and equipment		33,011	27,037
TOTAL NON CURRENT ASSETS		938,217	248,499
TOTAL ASSETS		7,108,000	7,334,321
CURRENT LIABILITIES			
Trade and other payables		2,428,706	3,639,504
Provisions		163,490	159,579
TOTAL LIABILITIES		2,592,196	3,799,083
NET ASSETS		4,515,804	3,535,238
EQUITY			
Issued capital	7	75,721,393	73,035,195
Reserves		587,915	695,149
Accumulated losses		(71,793,504)	(70,195,106)
TOTAL EQUITY		4,515,804	3,535,238

The accompanying notes form part of these financial statements

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Half-Year Ended 31 December 2016

		Issued Capital		Accumulated	
		Ordinary	Reserves	losses	Total Equity
	Note	\$	\$	\$	\$
Balance at 1 July 2015		72,684,668	653,405	(67,383,975)	5,954,098
Shares issued during the period		258,691	-	-	258,691
Cost of shares issued		(4,964)	-	-	(4,964)
Share based payments		96,800	150,000	-	246,800
Foreign currency translation		-	(108,256)	-	(108,256)
Loss for the period		-	-	(2,811,131)	(2,811,131)
Balance at 30 June 2016		<u>73,035,195</u>	<u>695,149</u>	<u>(70,195,106)</u>	<u>3,535,238</u>
Balance at 1 July 2016		73,035,195	695,149	(70,195,106)	3,535,238
Shares issued during the period	7	2,686,198	-	-	2,686,198
Cost of shares issued		-	-	-	-
Share based payments		-	(67,176)	67,176	-
Foreign currency translation		-	(40,058)	-	(40,058)
Loss for the period		-	-	(1,665,574)	(1,665,574)
Balance at 31 December 2016		<u>75,721,393</u>	<u>587,915</u>	<u>(71,793,504)</u>	<u>4,515,804</u>

The accompanying notes form part of these financial statements.

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2016

	31 Dec 2016	31 Dec 2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	4,410,941	2,063,595
Payments to suppliers and employees	(5,852,695)	(4,776,979)
Research and development tax concession	(3,394)	-
Interest received	(1,709)	38,296
Net cash used in operating activities	(1,446,857)	(2,675,088)
Cash flows from investing activities		
Payments for property, plant and equipment	(8,225)	(3,894)
Payments for Intangible Assets	-	(153,322)
Payment for termination of Joint Venture	-	(77,060)
Net cash used in investing activities	(8,225)	(234,286)
Cash flows from finance activities		
Receipts from issue of shares	576,886	181,880
Payments for share issue costs	(60,000)	(199,044)
Proceeds from loan from shareholders	85,562	-
Net cash flow (used in) from financing activities	602,448	(17,164)
Net increase (decrease) in cash and cash equivalents	(852,634)	(2,926,538)
Cash and cash equivalents at beginning of period	2,130,091	6,058,168
Effects of Foreign Exchange	24,548	36,882
Cash and cash equivalents at end of period	1,302,005	3,168,512

The accompanying notes form part of these financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Reporting Basis and Conventions

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

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

The half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by SmartTrans Holdings Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under Corporations Act 2001.

The accounting policies applied by SmartTrans Holdings Limited in this financial report are the same as those applied by SmartTrans Holdings Limited in the consolidated financial report as at and for the year ended 30 June 2016.

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 \$1,665,574 and had net cash outflows from operating activities of \$1,446,857 for the period ended 31 December 2016. As at that date the consolidated entity had net current assets of \$4,515,804.

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

- Positive net current assets position provides adequate working capital to meet the company's obligations over the next 12 months;
- Marketing and administration costs are constantly being monitored so that they are kept at minimal levels and certain marketing costs are of the discretion of management;
- The Company undertook a capital raising during the six month period which has provided funding as at the 31 December 2016 and will provide funding for a period of up to 18 months from the 31 December 2016 - refer to note 7 for details;
- The Company has been able to raise capital as and when required and the Directors believe it could do so in the future if it becomes appropriate to do so.

SMARTTRANS HOLDINGS LIMITED
And Controlled Entities

2. EVENTS SUBSEQUENT TO REPORTING DATE

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

3. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2016.

4. SEGMENT INFORMATION

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

Geographical Segment Summary:

For the half year ended 31 December 2015

	Australia	China	Total
	\$	\$	\$
Sales to External Customers	945,295	5,558,601	6,503,896
Intersegment Sales	-	-	-
Total Segment Revenue	945,295	5,558,601	6,503,896
Segment Profit / (Loss)	135,061	11,226	146,287
Segment Assets as at 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)

For the half year ended 3 December 2016

	Australia	China	Total
	\$	\$	\$
Sales to External Customers	679,679	2,033,287	2,712,966
Intersegment Sales	-	-	-
Total Segment Revenue	679,679	2,033,287	2,712,966
Segment Profit / (Loss)	(329,432)	(478,440)	(807,872)
Segment Assets as at 31 December 2016	567,465	3,703,040	4,270,506
Segment Liabilities as at 31 December 2016	(278,767)	(1,808,056)	(2,086,823)

Reconciliation of reportable segment revenue to consolidated revenue

	31 December 2016	31 December 2015
	\$	\$
Total segment revenue	2,712,966	6,503,896
Interest Income	2,779	38,640
Total Revenue	2,715,745	6,542,536

Reconciliation of reportable segment profit(loss) to consolidated loss

	31 December 2016	31 December 2015
	\$	\$
Total Profit/(loss) for reportable segments	(807,872)	146,286
Share based payment	-	(150,000)
Corporate costs	(857,702)	(679,534)
Loss before income tax	(1,665,574)	(644,608)

SMARTTRANS HOLDINGS LIMITED
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4. SEGMENT INFORMATION (Continued)

Reconciliation of reportable segment assets to consolidated assets	31 December 2016	30 June 2016
	\$	\$
Reportable segment assets	4,270,506	5,869,459
Unallocated assets	2,837,493	1,464,862
Total Assets	7,108,000	7,334,321

Reconciliation of reportable segment liabilities to consolidated liabilities	31 December 2016	30 June 2016
Reportable segment liabilities	2,086,823	3,439,720
Unallocated liabilities	505,360	359,363
Total Assets	2,592,196	3,799,083

5. REVENUE OPERATIONS

The revenue figure includes a R&D tax offset of \$302,524 (December 2015 \$368,182) as follows:

	31 December 2016	31 December 2015
	\$	\$
Sales revenue	2,412,221	6,174,354
R&D tax offset	302,524	368,182
	2,715,745	6,542,536

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables include an amount of **\$2,786,647** owing by Chinese state owned telecommunications providers.

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

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

The other financial asset of \$1,405,189 and \$702,594 are the balance of the Share placement to Lanstead outlined in note 7

7. ISSUED CAPITAL

SmartTrans Holdings has secured funding of \$4.5 million from a new institutional investor and two existing shareholders to fund the expansion of its recently announced e-commerce platforms and facilitate the rollout of its SmartPay payments platform into Australia.

Placement under Lanstead agreement

The Company has entered into agreements with UK based investor Lanstead Capital LP (**Lanstead**) for an equity investment, pursuant to which the Company will issue Lanstead 400,000,000 ordinary shares at an issue price of \$0.01 per share (\$4,000,000 investment) as follows:

- A placement for a total of 275,000,000 shares under the Company's 15% placement capacity (**Tranche A**); and

SMARTTRANS HOLDINGS LIMITED
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7. ISSUED CAPITAL (CONTINUED)

- A placement for a total of 125,000,000 shares (subject to, amongst other things, shareholder approval at the EGM) (**Tranche B**).
- 20,000,000 additional shares were issued to Lanstead as a success fee in respect of the transaction.

In addition, the parties have entered into sharing agreements with associated documentation in relation to each of the above tranches (**Sharing Agreements**).

As at 31 December 2016, 295,000,000 shares were issued to Lanstead.

Placement to existing shareholders

Major shareholders, Loyal Strategic Investment and Dymocks Securities will, upon receipt by the company of the first tranche of funds from Lanstead, subscribe for 25,000,000 new shares each, at an issue price of \$0.01 per share, providing a total of \$500,000 in placement proceeds. The shares will be issued in two tranches:

- A placement of a total of 32,887,506 shares to raise approximately \$328,875 under the Company's 15% placement capacity (of which \$164,440 was received as at 31 December 2016); and
- A placement of approximately 17,112,494 shares to raise approximately \$171,124, subject to shareholder approval at an Extraordinary General Meeting (**EGM**) of the Company's shareholders, to be held on 28th February 2017.

Sharing Agreements

Under the Sharing Agreements, SmartTrans will retain:

- (a) \$412,500 of the \$2,750,000 Tranche A subscription funds; and
- (b) \$187,500 of the \$1,250,000 Tranche B subscription funds (subject to shareholder approval being received from the Tranche B placement).

The remainder of the funds will be invested in the sharing arrangements with funds being made available to SmartTrans over an 18 month period (commencing 60 days after closing of the respective tranche). The amount of those settlements will vary depending on the volume weighted average price (VWAP) for the Company's shares

Funds invested under the sharing agreement were measured at fair value resulting in \$2,107,783 in financial assets recognised at 31 December 2016 as follows

Current – Financial Asset	\$1,405,189
Non-Current – Financial Asset	\$702,594
Total Financial Assets	\$2,107,783

The Financial assets are subsequently measured at amortised cost.

Changes in shares issued during the period as follows

Cash received – Lanstead Shares	\$412 500
Fair value – balance of Lanstead	\$2,107,783
Issuance of Tranche A shares	\$2,520,283
Issuance of major shareholder's shares	\$164,440
Options exercised	\$1,475
Total	\$2,686,198

8. FAIR VALUE MEASUREMENT

The carrying amount of the other financial assets and financial liabilities, which are not measured at fair value in the statement of financial position, approximate their fair values. The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2016 (30 June 2016: Nil).

**SMARTTRANS HOLDINGS LIMITED
And Controlled Entities**

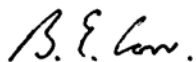
DIRECTORS' DECLARATION

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

- a) the attached financial statements and notes comply with the Corporations Act 2001 , Australian Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



BRYAN E CARR
Managing Director

Melbourne, Victoria

Dated: 28th February 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF****SMARTTRANS HOLDINGS LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of SmartTrans Holdings Limited and its controlled entities which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of SmartTrans Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "P A Ransom".

P A RANSOM
Partner

28 February 2017
Melbourne, Victoria