

SmartTrans Holdings Limited
ABN 86 009 065 650

2009 Annual Report

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CORPORATE DIRECTORY

Directors

John P C FORSYTH AM Chairman
James P LAURIE Chief Executive Officer
BSc, MAusIMM
Andrew D FORSYTH Non-executive Director
Llb

Company Secretary

John W MILLARD

Senior Management

James P LAURIE Chief Executive Officer

Registered Office

Suite 3, First Floor
614 Newcastle Street
LEEDERVILLE WA 6007

Head Office

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614 Newcastle St
LEEDERVILLE WA 6007
Telephone: (61-8) 9228 1199
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email: smarttrans@smarttrans.com.au
Homepage: www.smarttrans.com.au

Auditors

RSM Bird Cameron Partners
8 St Georges Terrace
PERTH WA 6000

Bankers

Westpac Banking Corporation
275 George Street
SYDNEY NSW 2000

Solicitors

Deacons
Level 2,
1 Alfred Street
Circular Quay
SYDNEY NSW 2000

Securities Quoted

Australian Stock Exchange Limited
Home Exchange – Australian Stock Exchange (Perth)
Limited

Share Registry

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

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

CHAIRMAN'S REPORT

The Company conducts business on two diverse fronts, the provision of on-line intelligent transport systems, software and services and mineral exploration.

INTELLIGENT TRANSPORT SYSTEMS, SOFTWARE AND SERVICES (95% equity)

During the year SmartTrans Limited continued with its expansion into the Chinese market.

SmartTrans delivers its logistics and transport solutions software in two major geographies, Australia and China. SmartTrans' services are also available to the major events market worldwide.

SmartTrans systems are used to plan and manage the delivery of a diverse range of products including groceries, snack foods, pharmaceuticals, print products, building materials, services and even people, doing it more efficiently than pre-existing methods, reducing the number of vehicles used, reducing fuel and labour costs, reducing an organisation's carbon footprint and reducing disputes about late or missed deliveries.

SmartTrans' proven systems, delivered under a *Software as a Service* model, are highly scalable and highly efficient to roll out, delivering benefits quickly to transport and distribution companies.

The use of SmartTrans' Intelligent Transport Systems (ITS) continued to expand in Australia as tightening economic conditions encouraged companies to improve their level of transport efficiency and reduce their carbon footprint.

SmartTrans consolidated its strong market position in the route optimisation market in Australia being the only company to provide a full suite of transport management software incorporating Web-based route optimisation, electronic proof of delivery and GPS tracking.

Existing customers expanded their usage of SmartTrans' systems in a strong endorsement of the benefits and savings delivered by SmartTrans' industry-leading Location Based Services (LBS) technology. SmartTrans' customer base benefited from the enhanced functionality developed and delivered as part of the SmartTrans EventTrack® system.

In China, SmartTrans is offering its products for sale direct as well as through a specialist transport services company, China Transport Development Corporation (CTDC). A previous agreement with China Alarm Holdings Limited (CAHL) has lapsed and CAHL has subsequently gone into liquidation with no adverse effect on SmartTrans.

SmartTrans' EventTrack system, delivered in Beijing in 2008, saw SmartTrans become a leader in international event logistics management, having successfully deployed its products for use at the Olympic Games. This followed on from the system originally delivered at the Sydney 2000 Olympics. SmartTrans has now showcased its solutions to the Organisers for the London 2012 Olympic Games and the Delhi 2010 Commonwealth Games.

During the year, SmartTrans also translated its products to operate in parallel in both Chinese and English and to alternate seamlessly between the two languages giving it access to the large and rapidly growing Chinese logistics market. This appeals both to domestic Chinese companies and the large contingent of

Western providers operating in China with Western management and Chinese operational staff.

SmartTrans' software and server infrastructure was established and configured in China specifically to service the logistics market in China and Hong Kong.

In parallel, SmartTrans has positioned itself well to take advantage of the large and growing market for mobile telephone-based software systems. Development work, undertaken as part of the EventTrack project, can be ported to service the requirements of social networks and the distribution and management of software to mobile telephone users.

Business opportunities are now beginning to emerge in China and the company is currently pursuing several leads where it can utilise its EventTrack functions in the mobile phone environment. Its e-Track tracking applications and its route optimisation products are also attracting significant interest.

MINERAL EXPLORATION

The company has four exploration projects: Mount Mackenzie, Waitara, Marlborough Fault and Riversleigh located in two separate groups in Queensland:

- Riversleigh Group
Riversleigh Base Metals Project (zinc, lead, silver, copper).
- South Connors Arch Group
Mount Mackenzie Project (gold, copper);
Waitara Project (copper, molybdenum, gold);
and
Marlborough Fault Project (copper, gold).

Following its acquisition of OZ Minerals' Century Mine operations, the China Minmetals Group ("MMG") has resumed exploration for lead-zinc mineralisation at Riversleigh and will focus both on the "Grevillea" Prospect and the development of regional targets on the company's tenements.

In April 2009 Newcrest advised its withdrawal from the Broadsound Joint Venture at Mount Mackenzie. Newcrest's stated primary objective at Mount Mackenzie was to locate a multi-million ounce high sulphidation, porphyry-related or breccia-hosted gold deposit that could sustain a stand-alone operation producing at least 200,000 ounces of gold per year for more than ten years. Newcrest advised that the Mount Mackenzie prospect no longer fits that objective.

SmartTrans believes there is significant potential for smaller but significant high grade deposits at Mount Mackenzie. Such deposits may suit other mining companies and SmartTrans is seeking a suitable joint venture partner from the ranks of Australia's current list of active gold producers and explorers.

On behalf of Directors, my thanks go to the SmartTrans team which has worked extremely hard during the year.

John Forsyth AM
Chairman

29 September 2009

DIRECTORS' REPORT

Your directors present their report on the economic entity consisting of SmartTrans Holdings Limited and the entity it controls at the end of and during the year ended 30 June 2009.

Directors

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

John P C Forsyth AM
James P Laurie BSc, MAusIMM
Andrew D Forsyth Llb

John P C Forsyth AM – Chairman

Chairman of directors of the Dymocks Group of Companies, Sm@rtTrans Limited, Tandragee Pty Limited, Coolgardie Units Pty Limited and Jamajon Pty Limited. No directorships of other listed companies are held.

James P Laurie – Director

Director and geologist with over thirty years in mining and exploration for gold and base metals. Also a director of Sm@rtTrans Limited. No directorships of other listed companies are held.

Andrew D Forsyth – Director

Solicitor and a director of Dymocks Group of Companies, Sm@rtTrans Limited, Tandragee Pty Limited, Coolgardie Units Pty Limited and Jamajon Pty Limited. No directorships of other listed companies are held.

Company Secretary

John W Millard

Greater than 40 years in company secretarial practice and financial accounting.

Dividends

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

Principal Activities

The principal activities of the Company during the year were mineral exploration and an investment in a company which provides on-line intelligent transport systems, software and services that comprise consignment, route and delivery optimisation, proof of delivery, mobile data, GPS tracking and vehicle telemetry.

Operating Results

The consolidated operating loss of the economic entity amounted to \$1,722,325 (2008: \$1,899,727 loss).

Review of Operations

For further information refer to Chairman's Report.

Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the economic entity.

Likely Developments and Results

The likely developments, future prospects and business strategies, of the economic entity for subsequent years will depend upon exploration success at all or any of its projects and the success of its EventTrack, e-Route, e-Track, e-PoD, mobile data and vehicle telemetry products.

SmartTrans expects to grow its Australian business with identified expansion projects with existing customers expected to take the SmartTrans solution to additional locations.

The functionality of the SmartTrans system will continue to increase as enhancements developed for the EventTrack project are integrated into the full suite of logistics products.

The Chinese government's focus on monitoring and improving food safety presents excellent opportunities for SmartTrans with its experience with the implementation of a food, dairy and frozen goods transportation software systems in Australia.

DIRECTORS' REPORT (Cont)

Legislative changes and recently announced stimulus packages in China are expected to drive growth in the market for SmartTrans products over the coming year as SmartTrans systems provide the capability to monitor and report on the conditions of food transport and provide advanced capability to audit and manage the recall of delivered product.

Additionally, SmartTrans and its Chinese partner are well placed to leverage off the recently announced RMB100 billion logistics stimulus package fund to "speed up the development of modern logistics... to assist and encourage the technological innovations efforts, which it said is of great significance to cope with the on-going global financial crisis." This presents great opportunities for the SmartTrans systems that are already available and hosted in Beijing.

SmartTrans is working with a mobile telephone operator in China to have SmartTrans software installed and packaged on new mobile telephones purchased by consumers and available for download by existing customers. If fulfilled, this co-operation will provide SmartTrans software to a large customer base on a revenue-share basis between SmartTrans and the operator.

Additionally, SmartTrans is working with a premium social networking community in China, "P1", to provide a mobile telephone version of its application to the P1 user base.

SmartTrans will continue to promote the benefits of its EventTrack systems to major events around the world.

Significant Events after the Balance Date

The Company intends to raise equity funds by the way of a pro rata non-renounceable Rights Issue (on terms, including price and ratio, yet to be determined) before 31 December 2009. There has not been any other matter or circumstance that has arisen since the end of the financial year that has or may significantly affect the operations, results or state of affairs of the economic entity in future financial years.

Environmental Regulation

The Company is committed to environmental care and aims to carry out its activities in an environmentally-responsible and scientifically-sound way. In performing exploration activities, some disturbance of the land in the creation of tracks, drill rig pads, sumps and the clearing of vegetation occurs. These activities have been managed in a way that reduces environmental impact to a practical minimum. Rehabilitation of any land disturbance commences as soon as practicable after exploration activity in an area has been completed.

The Company has, as far as the directors are aware, complied with all statutory requirements relating to its exploration activities.

Non-Audit Services

The economic entity has engaged RSM Bird Cameron on assignments additional to their statutory audit duties. These assignments involved provision of professional technical advice and preparation of the Company's income tax return for which RSM Bird Cameron was paid \$3,000 and \$5,510 respectively.

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

- a) all non-audit services have been reviewed by the Board of Directors to ensure they do not impact on the integrity and objectivity of the auditor; and
- b) none of the services undermine 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 Officers or Auditors

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

Meetings of Directors

The following table sets out the number of formal meetings of the Company's directors during the year ended 30 June 2009 and the number of meetings attended by each director:

Number of meetings held: 15

Director	No. of meetings held whilst Director	No. of Meetings Attended
John P C Forsyth AM	15	15
James P Laurie	15	15
Andrew D Forsyth	15	15

DIRECTORS' REPORT (Cont)

Corporate Governance

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

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.

REMUNERATION REPORT

Your directors present their Remuneration Report for the period 1 July 2008 to 30 June 2009.

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 demands which are made on non-executive directors in the current corporate governance environment and are reviewed annually by the Board of Directors to ensure such fees are appropriate and not out of line with the market. Remuneration of non-executive directors is comprised of a base fee only. Non-executive directors are not entitled to participate in share-based compensation.

Executives

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

Chairman

The services of the Chairman are provided by the Dymocks Group to the Company, the details of which are disclosed in Note 18(b), and were confirmed by the Board at a meeting held on November 22, 1990. The level of the remuneration, which includes office rental and other services supplied by Dymocks, was recommended to the Board by the then Chief Executive Officer with the benefit of research into published information as to the level of remuneration paid to chairpersons of comparable companies.

Letter of Appointment

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

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	
John P. C. Forsyth AM	Chairman — Non-Executive
James P. Laurie	Director — Executive
Andrew D. Forsyth	Director — Non-Executive

Key Management Personnel	
Bryan E. Carr	Chief Operating Officer (Sm@rtTrans Limited)

DIRECTORS' REPORT (Cont)

(b) Parent Entity Directors' Remuneration

	Primary		Superannuation		Other – Note 18 (b)		Total	
	Salary, Fees & Commissions		Contribution					
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
John P.C. Forsyth AM	-	-	-	-	*240,000	*240,000	240,000	240,000
James P. Laurie	197,958	184,272	13,740	13,128	-	-	211,698	197,400
Andrew D. Forsyth	10,000	-	10,000	20,000	-	-	20,000	20,000
Total	207,958	184,272	23,740	33,128	240,000	240,000	471,698	457,400

*Includes office accommodation, administrative services, secretarial assistance, miscellaneous travel and other expenses.

The service and performance criteria set to determine remuneration are set out in paragraph (e) of the Directors' Report. There was no directors' share-based key management personnel compensation during the year.

(c) Key Management Personnel Remuneration

	Primary		Superannuation		Total	
	Salary & Fees		Contribution			
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
Bryan E. Carr	184,865	212,450	16,638	19,120	201,503	231,570
Total	184,865	212,450	16,638	19,120	201,503	231,570

The service and performance criteria set to determine remuneration are set out in paragraph (e) of the Directors' Report. There was no key management personnel share-based compensation during the year. The company did not issue options to directors and there are no options issued as remuneration to directors.

(d) Shareholdings

Number of Shares held directly or indirectly by Parent Entity Directors and Key Management Personnel

	Balance		Net Change*	Balance
	1 July 2008			
Parent Entity Directors				
John Forsyth AM	328,723,957	-		328,723,957
Andrew Forsyth	19,845,738	-		19,845,738
James Laurie	128,571	-		128,571
Key Management Personnel				
Bryan Carr	580,869	-		580,869
Total	349,279,135			349,279,135

*Net Change refers to shares bought and sold.

(e) 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 director 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 director and key management personnel is on a continuing basis, not formalized by service agreements, the terms of which are not expected to change in the immediate future. Upon retirement the executive director and key management personnel are paid employee benefit entitlements accrued to date of retirement. The executive director 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 director are formalised in a letter of appointment that also contains comprehensive provisions in relation to termination, confidentiality and suspension.

DIRECTORS' REPORT (Cont)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in these financial statements.

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

A handwritten signature in black ink that reads "James Laurie". The signature is written in a cursive style with a large initial 'J'.

JAMES P LAURIE,
Director

Perth, Western Australia
Dated: 29 September 2009



RSM Bird Cameron Partners

Chartered Accountants

Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
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www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMARTTRANS HOLDINGS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of SmartTrans Holdings Limited ("the company"), which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of SmartTrans Holdings Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1 to the financial statements, which indicates that the company and consolidated entity, for the year ended 30 June 2009 incurred net losses of \$1,972,305 and \$1,722,325 respectively and had net cash outflows from operating activities of \$335,020 and \$1,545,172 respectively. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 and 5 of the directors' report for the financial year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of SmartTrans Holdings Limited for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

D J WALL
Partner

Perth, WA

Dated: *29 SEPTEMBER 2009*

DIRECTORS' DECLARATION

In the directors' opinion:

- a. the financial statements and notes as set out in pages 10 to 29, are in accordance with the Corporations Act 2001 including:
 - i. complying with Accounting Standards and the Corporations Regulations 2001; and
 - ii. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and
- b. 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 are conscious of the fact that the integrity of a Company's financial reporting depends on the existence of a sound system of risk management, oversight and internal control. The directors are of the opinion that the Company has a sound system of risk management and internal control in place and that the system is operating effectively in all material respects in relation to financial reporting risks.

The directors have been given the declaration by the person who performs both a chief executive function and a chief financial officer function required by section 295A of the Corporations Act 2001.

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



JAMES P LAURIE
Director

Perth, Western Australia

Dated: 29 September 2009

INCOME STATEMENTS

For the year ended 30 June 2009

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
Revenue	4	1,755,448	1,596,404	892,397	647,434
Employee salaries and benefits expense		(1,792,532)	(1,533,009)	(356,145)	(274,807)
Depreciation expense		(99,518)	(51,933)	(4,738)	(3,144)
Management and administration services expense	18(b)	(240,000)	(240,000)	(240,000)	(240,000)
Other expenses		(1,078,188)	(1,352,364)	(271,533)	(232,757)
Material and installation costs		(623,434)	(318,825)	-	-
Provision for impairment of loans to a controlled entity		-	-	(1,992,286)	(1,855,097)
Loss before income tax	5	(2,078,224)	(1,899,727)	(1,972,305)	(1,958,371)
Income tax	6	355,899	-	-	-
Loss for the year attributable to members of the parent entity		(1,722,325)	(1,899,727)	(1,972,305)	(1,958,371)
Basic loss per share (cents per share)	19	(0.26)	(0.31)		
Diluted loss per share (cents per share)	19	(0.26)	(0.31)		

The accompanying notes form part of these financial statements

BALANCE SHEETS

As At 30 June 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	7	638,764	2,392,474	580,256	2,183,928
Trade and other receivables	8	338,595	162,384	370	3,327
Other current assets	9	12,426	16,369	221	1,638
Total Current Assets		989,785	2,571,227	580,847	2,188,893
Non-Current Assets					
Trade and other receivables	8	54,799	64,437	169,810	603,363
Other financial assets	10	-	36,379	2	36,381
Property, plant and equipment	11	128,245	186,546	11,738	11,826
Exploration, evaluation and development costs	12	4,535,833	4,370,079	4,535,833	4,370,079
Total Non-Current Assets		4,718,877	4,657,441	4,717,383	5,021,649
TOTAL ASSETS		5,708,662	7,228,668	5,298,230	7,210,542
Current Liabilities					
Trade and other payables	13	315,837	171,750	80,089	33,033
Provisions	14	349,226	290,994	158,883	145,946
TOTAL LIABILITIES		665,063	462,744	238,972	178,979
NET ASSETS		5,043,599	6,765,924	5,059,258	7,031,563
Equity					
Issued capital	15	56,495,378	56,495,378	56,495,378	56,495,378
Accumulated losses		(51,451,779)	(49,729,454)	(51,436,120)	(49,463,815)
Parent interest		5,043,599	6,765,924	5,059,258	7,031,563
Minority equity interest		-	-	-	-
TOTAL EQUITY		5,043,599	6,765,924	5,059,258	7,031,563

The accompanying notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2009

	Note	Consolidated		
		Ordinary Share Capital	Accumulated Losses	Total Equity
		\$	\$	\$
Balance at 1 July 2007		53,053,388	(47,829,727)	5,223,661
Shares issued during the year		3,441,990	-	3,441,990
Loss attributable to members of parent entity		-	(1,899,727)	(1,899,727)
Balance at 30 June 2008		56,495,378	(49,729,454)	6,765,924
Balance at 1 July 2008		56,495,378	(49,729,454)	6,765,924
Loss attributable to members of parent entity		-	(1,722,325)	(1,722,325)
Balance at 30 June 2009	15	56,495,378	(51,451,779)	5,043,599
		Company		
		Ordinary Share Capital	Accumulated Losses	Total Equity
		\$	\$	\$
Balance at 1 July 2007		53,053,388	(47,505,444)	5,547,944
Shares issued during the year		3,441,990	-	3,441,990
Loss attributable to members of parent entity		-	(1,958,371)	(1,958,371)
Balance at 30 June 2008		56,495,378	(49,463,815)	7,031,563
Balance at 1 July 2008		56,495,378	(49,463,815)	7,031,563
Loss attributable to members of parent entity		-	(1,972,305)	(1,972,305)
Balance at 30 June 2009	15	56,495,378	(51,436,120)	5,059,258

The accompanying notes form part of these financial statements

CASH FLOW STATEMENTS

For the year ended 30 June 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Receipts from customers and government grants		1,699,774	1,519,177	397,683	55,814
Payments to suppliers and employees		(3,582,659)	(3,501,399)	(806,119)	(713,232)
Research and development tax concession		262,149	-	-	-
Interest received		75,564	156,805	73,416	153,612
Net cash used in Operating Activities	22	(1,545,172)	(1,825,417)	(335,020)	(503,806)
Cash Flows from Investing Activities					
Exploration and evaluation expenditure		(167,321)	(249,797)	(167,321)	(249,797)
Payments for plant and equipment	11	(41,217)	(199,526)	(4,650)	(10,482)
Proceeds from sale of plant and equipment		-	3,627	-	3,627
Loans to controlled entities		-	-	(1,096,680)	(1,649,772)
Net cash used in Investing Activities		(208,538)	(445,696)	(1,268,651)	(1,906,424)
Cash Flows from Financing Activities					
Proceeds from Issue of Shares, net		-	3,441,990	-	3,441,990
Net cash provided by Financing Activities		-	3,441,990	-	3,441,990
Net increase/(decrease) in cash and cash equivalents		(1,753,710)	1,170,877	(1,603,672)	1,031,760
Cash and cash equivalents at the beginning of year		2,392,474	1,221,597	2,183,928	1,152,168
Cash and cash equivalents at the end of year	7	638,764	2,392,474	580,256	2,183,928

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover the economic entity of SmartTrans Holdings Limited and controlled entities and SmartTrans Holdings Limited as an individual parent entity. SmartTrans Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 29th September 2009 by the Board of Directors.

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

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

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

Basis of Preparation

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

The company and the consolidated entity, for the year ended 30 June 2009 incurred a net loss of \$1,972,305 and \$1,722,325 respectively and a net cash outflows from operating activities of \$335,020 and \$1,545,172 respectively. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's and the consolidated entity's ability to continue as a going concern. However, the directors believe the company and the consolidated entity are going concerns after considering the following matters:

- The company is planning to raise \$1.5 million capital in a rights issue before 31 December 2009. The proposed issue is underwritten to the extent of \$528,000 and the company is in negotiations with another investor and it is hoped that this investor will participate as a sub underwriter to the extent of at least \$1 million;
- Administration costs are expected to reduce in the FY10 year as a result of cost cutting;
- Exploration costs are being kept at a minimum level while joint ventures are being sought for the company's tenements. Successful joint ventures will ensure that costs are kept at a very low level while joint venture partners cover all commitment costs;
- The financial position of the company's subsidiary is expected to improve especially as its presence in China matures. It has achieved the following:
 - a) Revenue from fees paid by customers to access its systems (2009:\$611,466) increased by 93% over the previous year (2008: \$315,360).
 - b) It has invested significantly in the last financial year to build, translate and implement its systems in China. It has improved the future profitability of SmartTrans systems by replacing third-party components in the process;
 - c) During the last financial year it installed and established the server infrastructure in China to service Chinese contracts;
 - d) It is well advanced in negotiations with a major telecommunications provider in China to sell SmartTrans software on a revenue share basis;
 - e) It has an in-principle agreement to provide its systems to Chinese Social Networking group, "P1", on a revenue share basis;
 - f) It is due to receive in excess of \$500,000 in government grants in the coming financial year;
 - g) It is in discussion to supply its EventTrack system to the Delhi Commonwealth Games and the London Olympic Games; and
 - h) It still incurred a loss for the year, but its business continues to expand and it has budgeted to produce a small profit for the year to 30 June 2010.

On this basis, the Directors believe it is appropriate to adopt the going concern method of accounting, in the preparation of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Accounting Policies

(a) Principles of consolidation

A controlled entity is any entity SmartTrans Holdings Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 10 to the financial statements. All controlled entities have a June financial year end.

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

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

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

(b) 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 balance sheet date.

Deferred tax is accounted for using the balance sheet 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 income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

(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 and services technology. Although the directors are budgeting for the business to be profitable from and including the year ending 30 June 2010, on the basis of conservatism and prudence, the directors have elected to raise provisions against the parent entity's investment in and loan to Sm@rtTrans Ltd until the budgeted profit has been achieved.

(d) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Depreciation

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

The useful lives for each class of depreciable assets are:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 income statement.

(e) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure is accumulated in respect of each identifiable area of interest. The expenditure relating to an area of interest is carried forward provided the rights to tenure of the area of interest are current, and provided further that either:-

- (i) it is expected that the expenditure will be recovered through successful development and exploitation of the area of interest, or alternatively by its sale, or
- (ii) exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area are continuing.

Accumulated expenditure in relation to an abandoned area is written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward expenditure in relation to an area of interest.

Site restoration is completed after the end of each exploration phase and the restoration costs are included as part of the exploration costs.

(f) Financial instruments

Recognition

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

Held- to- maturity investments

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

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories.

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

Impairment

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

(g) Impairment of assets

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

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

(h) Interests in joint ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated income statements and balance sheets. Details of the economic entity's interests are shown in Note 23.

(i) Intangibles

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Products and software development costs, including the 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 live of the project which is estimated to be 4 to 5 years. Products and software development costs are carried at cost less accumulated amortisation and any impairment loss.

(j) Employee benefits

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

(k) Earnings per share

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

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

(l) Cash and cash equivalents

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

(m) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont)

(n) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.
 Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.
 Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
 A government grant is recognised on the receipt of the grant.

(o) Goods and services tax (GST)

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

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

(p) Provisions

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

(q) Leases

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

NOTE 2 : FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by senior management in consultation with the Board of Directors. The group's overall risk management program focuses on managing the risk identified below:

Credit Risk

The group trades only with recognized, creditworthy third parties. The group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to debt is minimal. There are no significant concentrations of credit risk.

Liquidity Risk

The group has appropriate procedures in place to manage cash flows including continuous monitoring of forecast and actual cash flows to ensure funds are available to meet commitments. The group's equity management is determined by funds required to undertake software development and marketing, and exploration activities and meet its corporate and other costs. Where joint venture partners participate in particular projects the partners contribute cash calls in proportion to their respective interest or as agreed under any buy-in agreements.

Foreign exchange risk

The group's exposure to Foreign exchange risk for changes in currency rates relates primarily to the US dollar and Chinese Renminbi. The group has very low exposure to foreign exchange variation at this time.

Interest rate risk

The group's exposure to market risk for changes in interest rates relates primarily to interest on deposits with banking institutions. The group has no borrowings or finance leases. See Note 24 (b).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 3 : CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of exploration expenditure

The group tests annually whether the exploration and evaluation expenditure incurred in identifiable areas of interest is expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of reserves and further work is expected to be performed. All expenditure that does not meet these criteria is expensed in accordance with Note 1(e).

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 4 : REVENUE				
Operating activities:				
Consulting fees	71,540	127,640	-	-
Maintenance contracts	31,000	103,322	-	-
Installations	271,012	375,827	-	-
Access fees	611,466	315,360	-	-
	985,018	922,149	-	-
Non-operating activities:				
Net gain on disposal of plant and equipment	-	486	-	486
Interest received	75,564	156,805	73,416	153,612
Government grants (a)	401,154	516,965	-	-
Other revenue	293,712	-	390,803	48,955
Interest on amounts due from a controlled entity	-	-	428,178	444,381
	770,430	674,256	892,397	647,434
	1,755,448	1,596,404	892,397	647,434

(a) Export market development grants of \$401,154 (2008: \$516,965) were recognized during the year. There are no unfulfilled conditions or other contingencies attaching to these grants. The group did not benefit directly from any other forms of government assistance.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$

NOTE 5 : LOSS BEFORE INCOME TAX

Loss before income tax has been determined after charging the following items:

Bad and doubtful debt	14,156	1,962	-	-
Mineral exploration and evaluation written off	1,567	13,183	1,567	13,183
Rental expense on operating leases	148,582	145,286	41,215	38,007

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 6 : INCOME TAX

No income tax is payable by the Company or Economic Entity as they incurred losses for income tax purposes for the year. The Company and Economic Entity also have available for recoupment, income tax and capital losses at balance date.

The tax benefit for the year consists of research and development tax concession received or receivable for the year.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
(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	(2,078,224)	(1,899,727)	(1,972,305)	(1,958,371)
Income tax benefit at 30%	(623,467)	(569,918)	(591,692)	(587,511)
Less tax effect of expenses not deductible				
Expenditure and amortisation not deductible	515	17,453	-	-
Exempt income not taxable	(116,266)	-	-	-
Tax effect on research & development tax concession	355,899	-	-	-
Tax effect of temporary differences and tax losses not recognised	739,218	552,465	591,692	587,511
Income tax expense	355,899	-	-	-

(b) Deferred Tax Assets and Liabilities comprise the following:

Deferred Tax Assets				
Tax losses	8,512,135	8,214,181	5,964,928	5,946,357
Provision for investments	-	-	388,550	388,550
Provision for impairment	-	215,662	2,814,574	2,216,888
Other provisions	107,768	49,279	50,665	46,634
Other assets	13,654	-	-	-
Total deferred tax assets not recognised	8,633,557	8,479,122	9,218,717	8,598,429
Deferred Tax Liabilities				
Mining and exploration expenditure	1,285,750	1,236,024	1,285,750	1,236,024
Other assets	15,592	788	14,681	104
Total deferred tax liabilities not recognised	1,301,342	1,236,812	1,300,431	1,236,128
Net deferred tax assets not recognised	7,332,215	7,242,310	7,918,286	7,362,301
Capital losses not recognised	1,093,920	1,093,920	1,093,920	1,093,920

The above benefits will only be obtained if:

- The Company and Economic Entity derive future assessable income of a nature and of an amount sufficient to enable the benefits to be realised;
- the Company and economic entity continue to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the Company and economic entity in realising the benefits.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 7 : CASH AND CASH EQUIVALENTS				
Cash on hand	1,300	1,300	1,000	1,000
Cash at bank	95,606	237,297	37,398	29,051
Deposits at call	541,858	2,153,877	541,858	2,153,877
	638,764	2,392,474	580,256	2,183,928

The effective interest rate on deposits at call was 5.13% (2008: 7.22%) per annum; these deposits have an average maturity of 30 days.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 8 : TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Current</i>				
Trade receivables	216,455	115,134	-	-
Tax recoverable	93,750	-	-	-
Sundry receivables	28,390	47,250	370	3,327
	338,595	162,384	370	3,327
<i>Non Current</i>				
Amounts due from a controlled entity - Note 10	-	-	9,510,624	7,951,891
Provision for impairment	-	-	(9,381,914)	(7,389,628)
	-	-	128,710	562,263
Performance bonds	54,799	64,437	41,100	41,100
	54,799	64,437	169,810	603,363

The amounts due from a controlled entity are unsecured, bear interest at 5.0% (2008 : 7.6%) per annum and are payable on demand.

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

<i>Non Current</i>				
At beginning of the year	-	-	7,389,628	5,534,531
Additional impairment recognised during the year	-	-	1,992,286	1,855,097
At end of year	-	-	9,381,914	7,389,628

The ageing of these receivables is as follows:

0-30 days	187,110	61,496	-	-
31-60 days [#]	18,672	15,595	-	-
61-90 days [#]	10,673	550	-	-
>90 days [#]	-	37,493	-	-
	216,455	115,134	-	-

[#] overdue but not impaired

(a) Trade and other receivables

Trade receivables that are classified as “overdue but not impaired” have been substantially recovered after balance date. The outstanding balance is not impaired as it can be recovered from funds that will become payable to a debtor by the company during 2009-2010. There is no impairment of sundry receivables as all were recovered within one month of balance date.

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

(b) Foreign exchange and interest rate risk

Information about the Group’s and the parent entity’s exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 2.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 2 for more information on the risk management policy of the Group and the credit quality of the company’s trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 9 : OTHER CURRENT ASSETS				
Prepayments	12,426	16,369	221	1,638

NOTE 10 : OTHER FINANCIAL ASSETS

Shares in controlled entities – cost	-	-	1,295,167	1,295,167
Provision for impairment	-	-	(1,295,165)	(1,295,165)
Specimen gold	-	36,379	-	36,379
Investment in Controlled Entities:	-	36,379	2	36,381

	Place of Incorporation	Equity Holding		Parent Entity Investment	
		2009	2008	2009	2008
		\$	\$	\$	\$
Parent Entity:					
SmartTrans Holdings Limited	Australia				
Controlled Entities:					
Sm@rtTrans Limited	Australia	95%	95%	-	-
E-Trans Pty Ltd	Australia	100%	100%	2	2
				2	2

NOTE 11 : PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Plant and equipment				
Cost	650,802	714,839	105,907	206,511
Accumulated depreciation	(522,557)	(528,293)	(94,169)	(194,685)
Total property, plant and equipment	128,245	186,546	11,738	11,826

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Plant and Equipment				
Balance at the beginning of the year	186,546	42,094	11,826	7,629
Additions	41,217	199,526	4,650	10,482
Disposals	-	(3,141)	-	(3,141)
Depreciation	(99,518)	(51,933)	(4,738)	(3,144)
Carrying amount at the end of year	128,245	186,546	11,738	11,826

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 12 : EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Exploration tenements – at cost	4,535,833	4,370,079	4,535,833	4,370,079
Balance at beginning of the year	4,370,079	4,133,464	4,370,079	4,133,464
Expenditure incurred during the year	167,321	249,798	167,321	249,798
Expenditure written off during the year	(1,567)	(13,183)	(1,567)	(13,183)
Balance at end of the year	4,535,833	4,370,079	4,535,833	4,370,079

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective areas as further discussed in Note 1(e)

NOTE 13 : TRADE AND OTHER PAYABLES

Trade creditors and accruals	315,837	171,750	80,089	33,033
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NOTE 14: PROVISIONS

Employee entitlements	349,226	290,994	158,883	145,946
Balance at the beginning of the year	290,994	227,061	145,946	142,116
Additional provisions	154,995	127,676	32,387	26,423
Amount used	(96,763)	(63,743)	(19,450)	(22,593)
Balance at end of the year	349,226	290,994	158,883	145,946

NOTE 15 : ISSUED CAPITAL

654,444,711 (2008 : 654,444,711) fully paid ordinary shares	56,495,378	56,495,378	56,495,378	56,495,378
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Ordinary Shares

	Number		Number	
At beginning of the year	654,444,711	566,644,711	654,444,711	566,644,711
Shares issued	-	87,800,000	-	87,800,000
At the end of year	654,444,711	654,444,711	654,444,711	654,444,711

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 a show of hands.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital Management

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

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

There are no externally imposed capital requirements.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 16 : REMUNERATION OF DIRECTORS AND EXECUTIVES

The Directors' Report sets out the remuneration of the SmartTrans Holdings directors and key management personnel.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 17 : REMUNERATION OF AUDITORS				
Remuneration of the auditor of the parent entity for:				
Auditing or reviewing the financial statements	29,500	23,701	14,250	13,000
Other Services	8,510	6,700	4,010	3,350
	38,010	30,401	18,260	16,350

NOTE 18 : RELATED PARTY INFORMATION

(a) Names of directors

The names of persons who were directors of SmartTrans Holdings Limited at any time during the financial year are as follows:

- John P.C. Forsyth AM
- Andrew D. Forsyth
- James P. Laurie

(b) Transactions of directors and director-related entities

Transactions with directors during the year, that were made on normal commercial terms and conditions, were as follows:

- The Dymocks Group, of which Messrs John P.C. Forsyth AM and Andrew D. Forsyth are directors, provided management, office accommodation and administrative services to the Company totalling \$240,000 (2008: \$240,000).
- Dymocks Securities Pty Ltd and A.Verschuer, who are associates of Directors Messrs John P.C. Forsyth AM and Andrew D Forsyth, purchased gold specimens from the company for \$37,502.

(c) Directors' Shareholdings

Directors and director-related entities held directly, indirectly or beneficially at balance date, the following equity interests in the Company.

	Number of Shares	
	2009	2008
<i>Parent Entity Directors</i>		
John P.C. Forsyth AM	328,723,957	328,723,957
Andrew D. Forsyth	19,845,738	19,845,738
James P. Laurie	128,571	128,571

(d) Economic entity

The economic entity consists of SmartTrans Holdings Limited and its subsidiaries as disclosed in Note 10. Transactions between the parent entities and other entities in the group consisted of the loans advanced and interest charges on the loans as disclosed in Notes 2 and 8. Additionally, the parent has provided a letter to a controlled entity, undertaking to give or arrange any financial assistance which the controlled entity may need to ensure that it is solvent at the date upon which it incurs a debt within the meaning of section 588G of the Corporations Act 2001. Such financial assistance is not quantifiable at balance date, as it is dependent upon the trading performance of the controlled entity in the succeeding financial year.

	Consolidated	
	2009	2008
	\$	\$
NOTE 19 : EARNINGS PER SHARE		
(a) Operating loss used to calculate basic and diluted EPS	(1,722,325)	(1,899,727)
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	Number 654,444,711	Number 619,086,933

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 20 : SEGMENT INFORMATION

(a) Industry Segments

	Exploration		Transport		Consolidated	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<i>Revenue</i>						
External revenue	367,128	203,053	1,388,320	1,442,306	1,755,448	1,645,359
<i>Result</i>						
Segment result	(408,197)	(547,657)	(1,314,128)	(1,352,070)	(1,722,325)	(1,899,727)
<i>Assets</i>						
Segment assets	5,169,518	6,658,902	539,144	569,766	5,708,662	7,228,668
<i>Liabilities</i>						
Segment liabilities	238,972	178,979	426,091	283,765	665,063	462,744
<i>Other</i>						
Acquisition of non current assets	4,650	10,482	36,567	189,044	41,217	199,526
Depreciation	4,738	3,144	94,780	48,789	99,518	51,933
Mineral exploration and evaluation written off	1,567	13,183	-	-	1,567	13,183

	Australia		China		Consolidated	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<i>Revenue</i>						
External revenue	1,023,306	1,080,011	732,142	565,348	1,755,448	1,645,359
<i>Result</i>						
Segment result	(1,334,769)	(1,558,901)	(387,556)	(340,826)	(1,722,325)	(1,899,727)
<i>Assets</i>						
Segment assets	5,605,033	7,057,408	103,629	171,260	5,708,662	7,228,668
<i>Liabilities</i>						
Segment liabilities	665,063	462,744	-	-	665,063	462,744
<i>Other</i>						
Acquisition of non current assets	10,678	19,265	30,539	180,261	41,217	199,526
Depreciation	16,155	27,612	83,363	24,321	99,518	51,933
Mineral exploration and evaluation written off	1,567	13,183	-	-	1,567	13,183

The economic entity operates from two geographical locations, Australia and China.

(b) The economic entity derived income from the following activities;

Exploration

- Exploration for gold and base metals in Australia.

Transport Logistics

- Development and operation of logistics and mobile data systems for use in the transport industry to optimise efficiency of consignments, routes and deliveries, proof of delivery, GPS tracking and vehicle telemetry in Australia and China.

(c) Intersegment Transactions

There are no intersegment transactions.

NOTE 21 : COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital Expenditure

There are no capital expenditure commitments as at balance sheet date.

(b) Exploration Work

The Company has certain obligations to perform minimum exploration work and expend minimum amounts of money on its mining tenements and its share of joint venture contractual commitments. The obligations are expected to amount to \$782,000 in the year ended 30 June 2009 (2008: \$500,000) and be fulfilled in the normal course of operations of the Company. The estimated expenditure may be varied as a result of expenditure by joint venturers or exemptions to be requested.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 21 : COMMITMENTS AND CONTINGENT LIABILITIES (Cont)

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
(c) Operating Lease Commitments				
Payable				
Not later than one year	80,758	144,988	41,913	39,616
Later than one year but not later than five years	15,849	93,338	15,849	53,333
Total operating lease liability	96,607	238,326	57,762	92,949

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. Options exist to renew lease terms for an additional three years

(d) The Company and its controlled entities have no known material contingent liabilities as at 30 June 2009.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$

NOTE 22 : NOTES TO THE CASH FLOW STATEMENTS

Reconciliation of net cash used in operating activities to net (loss)

Net loss after income tax	(1,722,325)	(1,899,727)	(1,972,305)	(1,958,371)
Non-cash flows in loss				
Depreciation	99,518	51,933	4,738	3,144
Exploration expenditure written off	1,567	13,183	1,567	13,183
Gain on disposal of plant and equipment	-	(486)	-	(486)
Provisions for diminution in value and non recovery	-	-	1,992,286	1,855,095
Change in net assets and liabilities:				
Increase in receivables	(219,725)	36,395	(460,635)	(441,456)
Increase/(decrease) in other assets	48,974	(7,250)	39,336	3,935
Increase/(decrease) in payables	188,587	(83,398)	47,056	17,320
Increase in provisions	58,232	63,933	12,937	3,830
Net Cash used in Operating Activities	(1,545,172)	(1,825,417)	(335,020)	(503,806)

NOTE 23 : INTERESTS IN JOINT VENTURES

The Company is a participant in the South Connors Arch Project where it has earned a 60% interest in two tenements at Mount Mackenzie and can earn 80% in three tenements in the Marlborough Fault Project. No assets are employed by the joint venture. Expenditure incurred by the Company in respect of this joint venture is included in deferred exploration expenditure, (Note 12). MMG Australia Limited formerly OZ Minerals Australia Limited, operates the Wangunda Joint Venture which covers the company's Base Metals Project. OZ Minerals can earn 70% equity by spending in excess of \$10 million.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 24 : FINANCIAL INSTRUMENTS

(a) Financial Instrument Composition and Maturity Analysis

Group 2009	Weighted average effective interest rate	Fixed interest maturing in:			Non-interest bearing \$	Total \$
		Floating interest rate \$	1 year or less \$	1 to 5 years \$		
Financial assets						
Cash	5.13%	637,464	-	-	1,300	638,764
Receivables		-	-	-	393,394	393,394
		<u>637,464</u>	<u>-</u>	<u>-</u>	<u>394,694</u>	<u>1,032,158</u>
Financial liabilities						
Payables		-	-	-	(315,837)	(315,837)
Net financial assets		<u>637,464</u>	<u>-</u>	<u>-</u>	<u>78,857</u>	<u>716,321</u>
2008						
Financial assets						
Cash	7.22%	2,391,174	-	-	1,300	2,392,474
Receivables		-	-	-	226,821	226,821
		<u>2,391,174</u>	<u>-</u>	<u>-</u>	<u>228,121</u>	<u>2,619,295</u>
Financial liabilities						
Payables		-	-	-	(171,750)	(171,750)
Net financial assets		<u>2,391,174</u>	<u>-</u>	<u>-</u>	<u>56,371</u>	<u>2,447,545</u>
Company 2009						
Financial assets						
Cash	5.13%	579,256	-	-	1,000	580,256
Receivables		-	-	-	170,180	170,180
		<u>579,256</u>	<u>-</u>	<u>-</u>	<u>171,180</u>	<u>750,436</u>
Financial liabilities						
Payables		-	-	-	(80,089)	(80,089)
Net financial assets		<u>579,256</u>	<u>-</u>	<u>-</u>	<u>91,091</u>	<u>670,347</u>
2008						
Financial assets						
Cash	7.22%	2,182,928	-	-	1,000	2,183,928
Receivables		-	-	-	606,690	606,690
		<u>2,182,928</u>	<u>-</u>	<u>-</u>	<u>607,690</u>	<u>2,790,618</u>
Financial liabilities						
Payables		-	-	-	(33,033)	(33,033)
Net financial assets		<u>2,182,928</u>	<u>-</u>	<u>-</u>	<u>574,657</u>	<u>2,757,585</u>

(b) Interest Rate Risk

The economic entity's exposure to interest rate risk is the risk that a financial instrument will fluctuate as a result of changes in market interest rates and effective average interest rates on those financial assets and liabilities. Management only places funds on short term deposit with reputable banks and optimises interest rates by negotiation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 24 : FINANCIAL INSTRUMENTS (Cont)

The following table summarises the sensitivity of the group's and company's financial assets to movements in interest rates of 100 percentage basis points.

	Carrying Amount	Interest Rate Risk			
		+1% Profit	Equity	-1% Profit	Equity
Consolidated					
30 June 2009					
Financial assets					
Cash and cash equivalents	637,464	6,375	6,375	(6,375)	(6,375)
		<u>6,375</u>	<u>6,375</u>	<u>(6,375)</u>	<u>(6,375)</u>

	Carrying Amount	Interest Rate Risk			
		+1% Profit	Equity	-1% Profit	Equity
Company					
30 June 2009					
Financial assets					
Cash and cash equivalents	579,256	5,793	5,793	(5,793)	(5,793)
		<u>5,793</u>	<u>5,793</u>	<u>(5,793)</u>	<u>(5,793)</u>

The group does not have borrowings.

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, to recognised financial assets is the carrying amount, net of any provisions for impairment of debts, as disclosed in the balance sheets and notes to the financial statements.

Surplus cash is placed with reputable banks.

(d) Liquidity Risk

Trade and sundry payables are expected to be paid in less than six months for both consolidated and parent entity.

(e) Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and liabilities of the economic entity approximates their carrying amounts.

The economic entity has no financial assets and liabilities where the carrying amount exceeds the net fair values at balance date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheets and in the notes to the financial statements.

NOTE 25 : SUBSEQUENT EVENTS

The Company intends to raise equity funds by the way of a pro rata non-renounceable Rights Issue (on terms, including price and ratio, yet to be determined) before 31 December 2009. There has not arisen, in the interval between the end of the financial year and the date of this report, any other matter or circumstance likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in current and subsequent financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009 (Cont)

NOTE 26 : NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. Future impact of Australian Accounting Standards, applicable to the Group but not yet operative are:

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

NOTE 27 : COMPANY DETAILS

The principal places of business are:

SmartTrans Holdings Limited
Suite 3, First Floor
614 Newcastle Street
Leederville WA 6007

Sm@rtTrans Limited
Suite 4, Level 7
11 Queens Road
Melbourne VIC 3004

Sm@rtTrans Limited
G.05
55 Miller Street
Pymont NSW 2009

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead audit partner for the audit of the financial report of SmartTrans Holdings Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

D J Wall
Partner

Perth, WA

Dated: *29 SEPTEMBER 2009*

CORPORATE GOVERNANCE

The Company is committed to implementing the highest practical standards of corporate governance. The Company is pleased to advise that its practices are largely consistent with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (Second Edition) (**ASX Corporate Governance Principles**).

Where the Company's corporate governance practices differ from the practices recommended by the ASX Corporate Governance Principles, the Company will explain its position bearing in mind that not all the practices are appropriate having regard to the size and current activities of the Company.

Board of Directors

Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board.

In September 2008 the Board adopted a Board Charter to clarify the role, powers and responsibilities of the Board, a copy of which is available on the Company's website.

Composition of the Board

Membership

The Board's size and composition is designed to effectively discharge its responsibilities, duties and encourage enhanced performance of the Company. The Board is comprised of carefully selected individuals whose experience and skill base is commensurate with the requirements and profile of the Company.

Details regarding the skills, experience and expertise of the current members of the Board are included in Directors' Report.

Independence

The Board does not fully comply with the practices recommended in Recommendation 2 of the ASX Corporate Governance Principles as it does not have any independent directors (including the Chairman of the Board). Directors are appointed based on the specific skills required by the Company and on the independence of their decision-making and judgment. The Board has determined that the current structure of the Board, comprising two non executive directors and one executive director, is appropriate for the size and current development of the Company.

Each director is aware of the importance of bringing an independent judgment to bear on board decisions and, to facilitate this, there is a procedure agreed by the Board to have access in appropriate circumstances to independent professional advice at the Company's expense.

The role of the Chairman and the Chief Executive Officer are not exercised by the same individual and the Board Charter outlines a clear division of power between the Chairman and the Chief Executive Officer.

The issue of the appointment of independent directors will be kept under review and one or more independent directors will be appointed if and when it is appropriate to do so.

Responsibilities of the Board

The division of responsibility between the Board and management is outlined in the Board Charter. In summary, and without intending to limit the role of the Board, the principal functions and responsibilities of the Board include the following.

Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.

Strategy Formulation: working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.

Risk Management: identifying the principal risks of the Company's business, examining the Company's risk profile and overseeing the Company's systems of internal risk compliance and control.

Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy, ensuring the full and timely disclosure of all material information and promoting participation at general meetings of the Company.

Management: appointing and removing the Chief Executive Officer, Company Secretary and senior executives and ensuring remuneration and conditions of service are adequate.

Performance and Remuneration: reviewing the performance and remuneration of the senior executives and undertaking performance evaluations of the Board and reviewing Board succession plans.

Company Finances: approving and monitoring acquisitions, divestitures and financial and other reporting and reviewing financial statements and other financial information distributed externally.

Audit Function: liaising with the external auditor and ensuring that the annual audits and half year audit reviews are conducted in an effective manner.

Delegation of Authority: delegating appropriate powers to senior management to ensure the effective day-to-day management of the Company.

Corporate Governance Policies

In addition to the Board Charter, in September 2008 the Board revised and introduced the following written policies and conducts annual reviews of compliance with the policies to assess compliance and effectiveness.

Copies of the Company's policies are publicly available on the Company's website.

Continuous Disclosure and Shareholder Communication Policy

The Board recognises that all investors should have equal and timely access to material information concerning the Company and that shareholders are provided with an opportunity to participate at general meetings.

The Company has adopted a Continuous Disclosure and Shareholder Communications Policy, to be administered and implemented by the Board, to ensure that Company announcements are made in a timely manner, are factual and do not omit material information and are expressed in a clear and objective manner and that shareholders have ready access to

CORPORATE GOVERNANCE (Cont)

balanced and understandable information about the Company and corporate proposals.

Risk Management Policy

The Company has adopted a Risk Management Policy for the oversight and management of material business risks. The Board is of the opinion that the Company has a sound system of risk management and internal control in place and that the system is operating effectively in all material respects in relation to financial reporting risks.

Due to the Company's size and current activities, the Company has determined that it is not appropriate to establish a separate risk management committee and instead the whole Board acts to ensure that the risk management policies reflect the Company's risk profile and to conduct an annual review of the policy and the Company's compliance. In addition, the Chief Executive Officer of the Company is responsible for ensuring the policy is implemented and must report any breaches of the Policy to the Board.

The Board receives assurance from the Chief Executive Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Code of Conduct

All stakeholders are entitled to expect the highest professional standard from employees and directors of the Company. The Company has adopted a Code of Conduct, details of which are summarised below, which sets out the way the Company conducts business and guides the behaviour of employees and directors of the Company, clearly stating the Company's firm commitment to behaving honestly and fairly.

Board Committees

Audit Committee

As the Board consists of only three members, and due to the Company's size and current activities, the Company does not have a separate audit committee as recommended by Recommendation 4.1 of the ASX Corporate Governance Principles.

Responsibility for the Company's financial reporting rests with the Board and the Board has implemented processes to ensure that the Board considers and attends to all issues that would otherwise be dealt with by an audit committee.

The Board has adequate technical expertise, including directors who are financially literate and have an understanding of the industries in which the Company operates. In accordance with the Board Charter, the Board reviews and considers the financial statements, and is generally responsible for ensuring the integrity of the Company's financial reporting. The Board also seeks external advice and guidance, where appropriate,.

RSM Bird Cameron Partners remained as the Company's external auditor during 2008/2009.

The Board annually assesses the independence and performance of the external auditor and considers requirements for the rotation of external audit partners. The Board is responsible for the

selection and appointment of the external auditor as required (in accordance with the requirements of the Corporations Act) and will conduct an examination of any potential auditor's experience, skills and independence in order to make such an appointment.

Remuneration Committee

As the Board consists of only three members, and due to the Company's size and current activities, the Company does not have a separate remuneration committee as recommended by Recommendation 8.1 of the ASX Corporate Governance Principles.

The Board as a whole is responsible for setting and reviewing the remuneration of directors, senior executives and employees of the Company, however, no person is to be directly involved in determining their own remuneration. The Board will, where appropriate, seek external advice and guidance.

Non-executive director Remuneration Policy

Non-executive directors are paid their fees out of the maximum aggregate amount (currently \$80,000) approved by shareholders for the remuneration of non-executive directors. Non-executive directors do not receive performance based bonuses and do not participate in equity schemes of the Company other than rights issues of securities and underwriting of the issue of securities.

The remuneration payable to the non-executive directors has remained constant since 2nd November 1990.

Executive Remuneration Policy

Executive directors and senior executives are paid a base salary and superannuation which is calculated by the Board, and where necessary with guidance from external consultants, based on the role and responsibilities of the executive, the results of any performance review conducted and the levels of remuneration of executives in comparable Australian companies.

Remuneration Review

The Board reviewed and increased the remuneration of the executive director during 2008-2009. The remuneration of the non executive members of the Board during 2008-2009 remained unchanged.

Nomination Committee

As the Board consists of only three members, and due to the Company's size and current activities, the Company does not have a separate nomination committee as recommended by Recommendation 2.4 of the ASX Corporate Governance Principles.

The Board is responsible for the selection and appointment practices of the Company for the review of the performance of directors, senior executives and employees of the Company and has implemented processes to ensure that in the Board considers and attends to all issues that would otherwise be dealt with by a nomination committee.

No new appointments to the Board

In accordance with the requirements of the Company's Constitution, Andrew Forsyth resigned as a director of the Company and was re-elected at the Company's Annual General Meeting held on 26 November 2007.

There were no further changes to the composition of the Board.

Performance review of employees and senior executives

The Board regularly reviews the performance of all employees and senior executives, where necessary using an external

CORPORATE GOVERNANCE (Cont)

consultant. The review involves conducting an interview with the employee or senior executive and, where appropriate, seeking feedback from employees, senior executives and any third parties regularly interacting with the employee or senior executive to determine whether the employee or senior executive is adequately fulfilling their roles and responsibilities.

A performance review of all employees and senior executives was conducted by the Board during the course of 2008/2009.

Performance review of Directors and the Board

The Company carried out a performance review of the directors and Board during the year in accordance with the Board Charter.

Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. The Company is committed to ensuring that the practices necessary to maintain confidence in the Company's integrity by stakeholders including employees, clients, customers, government authorities, creditors and the community as whole. The Code of Conduct applies to all directors, senior executives and employees of the Company.

The Code of Conduct includes:

Responsibilities to Stakeholders, Clients, Customers and Consumers

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers.

Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws.

Conflicts of Interest

Employees and directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company. Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director and the interests of any other parties in carrying out the activities of the Company.

Trading in the Company's Shares

Directors and employees are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the Company. Directors and certain employees and their associates are also prohibited from trading in the Company's securities during designated closed periods.

SHAREHOLDER INFORMATION

The following details are according to the Share Registry's records as at 31 August 2009.

(a) Substantial Shareholders

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

	ACN	No. of Shares
Dymocks Securities Pty Ltd	077 162 522	357,501,126
Tandragee Pty Ltd	008 776 949	370,722,522
Coolgardie Units Pty Ltd	050 049 191	370,722,522
Jamajon Pty Ltd (includes subsidiaries)	008 502 770	357,501,126
Mr J P C Forsyth AM	N/A	357,501,126
Mr A D Forsyth and the following companies of which he is a director:	N/A	75,687,159
Canala Services Pty Ltd	079 016 630	75,687,159
China Alarm Holdings Limited	N/A	83,000,000

(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 Ltd	243,897,381	37.27%
2 Merrill Lynch (Australia) Nominees Pty Limited	84,556,939	12.92%
3 Jamajon Pty Ltd	46,721,208	7.14%
4 Tandragee Pty Limited	38,546,601	5.89%
5 Coolgardie Units Pty Ltd	28,326,294	4.33%
6 Canala Services Pty Ltd	13,221,396	2.02%
7 Kanaslex Pty Limited	10,428,500	1.59%
8 Templevale Pty Limited	7,650,000	1.17%
9 Donohoe Holdings Pty Ltd	6,725,000	1.03%
10 Isatsan Pty Ltd	5,916,528	0.90%
11 New Wave Enterprise Limited	4,800,000	0.73%
12 ANZ Nominees Limited	4,786,639	0.73%
13 Mr Benjamin Corser	4,353,806	0.67%
14 Citicorp Nominees Pty Limited	3,367,142	0.51%
15 Australian Consolidated Exploration Pty Ltd	3,000,000	0.46%
16 Ms Rene Jacqueline Cronan-Dixon	3,000,000	0.46%
17 Australian Executor Trustees Limited	2,883,641	0.44%
18 Rokadia Pty Limited	2,500,513	0.38%
19 Maryfair Pty Ltd	2,500,000	0.38%
20 Mrs Angela Tsoukatos	2,400,000	0.37%
	519,581,588	79.39%

SHAREHOLDER INFORMATION (Cont.)

(c) **Distribution of Shareholders**

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

Spread of Holding	Holders	%	Shares Held
1 - 1,000	235	0.02	142,835
1,001 - 5,000	654	0.30	1,965,772
5,001 - 10,000	505	0.62	4,075,836
10,001 - 100,000	955	5.40	35,337,295
100,001 and over	277	93.66	612,922,973
	2,626	100.00	654,444,711

- (ii) Shareholders of less than a marketable parcel
- | | | | |
|--|-------|------|------------|
| | 2,161 | 3.93 | 25,694,385 |
|--|-------|------|------------|

SUMMARY OF MINING TENEMENTS AS AT 30 JUNE 2009

Project	Tenements	Group Interest	Joint Venture Partners
Riversleigh Base Metals Project	EPM 7797	100%	MMG Australia Limited
	EPM 10199	100%	MMG Australia Limited
	EPM 11130	100%	MMG Australia Limited
	EPM 11453	100%	MMG Australia Limited
	EPM 11711	100%	MMG Australia Limited
	EPM 11773	100%	MMG Australia Limited
	EPM 12195	100%	MMG Australia Limited
	EPM 12374	100%	MMG Australia Limited
	EPM 12747	100%	MMG Australia Limited
Mount Mackenzie Project	EPM 10006	60%	Australia Oriental Minerals NL
	EPM 12546	60%	Australia Oriental Minerals NL
	EPM 17515	60%	Australia Oriental Minerals NL
Waitara Project	EPM 11134	54.08%	Australia Oriental Minerals NL
	EPM 12361	54.08%	Australia Oriental Minerals NL
Marlborough Fault Project	EPM 14500	Earning	0%* Australia Oriental Minerals NL
	EPM 14501	Earning	0%* Australia Oriental Minerals NL
	EPM 14502	Earning	0%* Australia Oriental Minerals NL

* SmartTrans can earn up to 80% equity

