
DECEMBER 2015 QUARTERLY REPORT AND BUSINESS UPDATE

Collaborate Corporation Limited (ASX:CL8) is pleased to present its consolidated Quarterly Cash Flow and business update for the period ended 31 December 2015. Key highlights include:

- + Continued increase in revenue and reduction in operating costs.
- + 56% increase in DriveMyCar quarterly rental transaction value vs Dec 2014 Quarter
- + \$591,000 cash inflow from capital raising with further \$50,000 subject to shareholder approval.
- + Completion of investment in FundX. Over \$600,000 in loans written by the FundX business.
- + Cash on hand increased by \$31,000, with R&D tax rebate still to be received.

Operating costs decreased for the second consecutive quarter, reducing by 7% to \$808,000 reflecting the benefit of management's focus on the collaborative consumption strategy. These costs included approximately \$95,000 of once-off and non-repeating expenses, including final payments for the June 2015 year-end audit and Marketboomer related disposal costs, staff recruitment costs and costs of business development consultant activities for new category expansions. Net operating cash outflows for the quarter were \$410,000, being a reduction of 19% from the previous quarter.

Overall cash receipts for the quarter increased, driven by growth in the DriveMyCar and MyCaravan businesses. DriveMyCar sales were particularly strong in December, delivering a record sales month and achieving a utilisation rate of 71%. The utilisation of the fleet is a guide as to the increasing quality of the fleet available on the DriveMyCar platform.

December rental transaction value increased by 57% compared to November and gross profit increased by 94% reflecting the economies of scale as the size of the fleet increases. Rental transaction value for DriveMyCar for the December 2015 Quarter compared with December 2014 Quarter increased by 56% and gross profit increased by 152%. This result was assisted by continued optimisation of the marketing campaigns and the inclusion of additional vehicles from corporate fleets, which only became available on 21 December 2015. The launch of airport rentals in Sydney and Brisbane late in the December 2015 quarter and the continued expansion of DriveMyCar: Business also positively contributed to the result.

Additional capital of \$591,000 was raised from mostly existing and some new investors during the quarter and a further \$50,000, committed by Collaborate Director, Domenic Carosa, is subject to shareholder approval. The Company is expecting to receive a cash rebate of approximately \$190,000 either late in the March 2016 Quarter or early in the June 2016 Quarter as a result of the R&D activities and expenditures incurred during FY15. The R&D tax rebate is an increase on previous estimates.

Collaborate made an initial investment of \$150,000 in peer-to-peer small business funding platform FundX, making it the largest investor in the seed round. The Company holds options allowing it to participate in a second investment round at the same price as the original round. FundX has written over \$600,000 in loans since its launch in late 2015. A sophisticated machine learning credit algorithm developed by FundX, in conjunction with KPMG, was completed during the December 2015 quarter and is now capable of processing and authorising loans in less than 60 seconds. Integrations with Red Planet and a range of cloud accounting packages are ready to be deployed.

FundX has received a number of enquiries from parties interested in participating in future investment rounds and for the provision of lending funds for peer-to-peer invoice loans. These enquiries have come from a number of high net worth individuals and institutions. Whilst FundX is currently only dealing with wholesale and sophisticated investors in the peer-to-peer marketplace, it is making plans for the provision of an offering for retail investors and is receiving pre-registrations on its website. FundX's performance is currently tracking ahead of its original plans and the Directors of Collaborate are very pleased with the progress being made by FundX.

Business Development and Outlook

The commencement of the Corporate Business Development Manager on 21 October 2015 has accelerated the development of corporate partnerships. New vehicles were added to the DriveMyCar fleet in late December with a number of additional agreements in negotiation and a strong pipeline of opportunities. The increasing interest from the corporate sector for both supply of vehicles and demand for vehicles has also been accompanied by significant interest from government departments seeking to more effectively manage the utilisation of assets using Collaborate's sharing economy model.

The level of interest from government across Australia was further bolstered by the launch of the New South Wales Government 'Collaborative Economy Position Paper' <http://collaboratecorp.com/investor-relations/media/> which confirmed the NSW state government's support for the industry and most importantly encouraged government departments to embrace the sharing economy to manage its assets more effectively.

The Directors are very pleased with the growth of the business, the ongoing reduction in costs and the opportunities for expansion and look forward to a positive 2016 driven by increased interest from individuals, corporations and government agencies.

Authorised by:

Chris Noone
CEO and Director
Collaborate Corporation Limited

About Collaborate Corporation Limited

Collaborate Corporation Limited is listed on the Australian Securities Exchange (ASX:CL8). It is Australia's leading listed company focused on 'collaborative consumption', 'peer-to-peer' or 'sharing economy' businesses. Collaborate currently has three core business segments: www.DriveMyCar.com.au Australia's leading peer-to-peer car rental business; www.MyCaravan.com.au Australia's leading peer-to-peer caravan rental business and www.Rentoid.com, one of Australia's leading peer-to-peer 'rent anything' platforms. Collaborate has a material investment in FundX, a peer-to-peer invoice discounting and SME lending platform. Through our proprietary trust and reputation platform, www.peerpass.com.au we create 'trust' between individuals and make it possible for people to safely transact with each other in the sharing economy.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity		
COLLABORATE CORPORATION LTD		
ABN		Quarter ended ("current quarter")
60 066 153 982		31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current Quarter \$A'000	Year to date (6 Months) \$A'000
1.1	Receipts from customers	398	760
1.2	Payments for (a) staff and recruitment costs	(204)	(327)
	(b) advertising and marketing	(122)	(234)
	(c) research and development	(81)	(180)
	(d) leased assets	-	-
	(e) other working capital	(399)	(931)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	4
1.5	Interest and other costs of finance paid	(4)	(8)
1.6	Income tax credit received	-	-
1.7	Other	-	-
	Net operating cash flows	(410)	(916)
1.8	Net operating cash flows (carried forward)	(410)	(916)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	(150)	(150)
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	(4)

		Current Quarter \$A'000	Year to date (6 Months) \$A'000
1.10	Proceeds from disposal of:		
	(a) businesses (item 5) net of cash disposed of	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	300
1.13	Other	-	-
	Net investing cash flows	(150)	146
1.14	Total operating and investing cash flows	(560)	(770)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	591	1,140
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other	-	-
	Net financing cash flows	591	1,440
	Net increase (decrease) in cash held	31	370
1.21	Cash at beginning of quarter/year to date	820	481
1.22	Exchange rate adjustments to items	0	0
1.23	Cash at end of quarter	851	851

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current Quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(68)
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Executive directors' remuneration	- (55)
	Non-executive directors' remuneration	- (13)

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil
2.2	Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest	Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	122	122
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	851	820
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.23)	851	820

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.13)
5.1	Name of entity	Nil	Nil
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act(except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: **28 January 2016**
CEO and Director

Print name: **Chris Noone**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.