
JUNE 2016 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 30 June 2016.

Key highlights include:

- + 9.5% increase in revenue vs March 2016 Quarter.
- + \$2.25 million funding facility secured.
- + Agreement signed with Uber to provide vehicles for UberX drivers.
- + Record results for DriveMyCar in seven key metrics.
- + Improvement in net operating cash flows.
- + Receipt of R&D tax incentive refund of \$192,239.
- + \$299,000 placement to existing shareholders.
- + Rentals commenced at Melbourne Airport.
- + Launch of first dealer rental service with LDV vehicles.
- + Rental booking platform delivered to third party client.

Receipts from customers increased by 9.5% compared to the March Quarter due to growth in rental revenues and software development fees for the delivery of a rental booking system for a third party client. Net operating cash flows improved by 65% due to receipt of the R&D tax incentive refund of \$192,239 and a reduction in other working capital. After adjusting for the benefit of the R&D tax incentive refund received, the net operating cash flows improved by 28%.

During the June Quarter, \$299,000 was raised from existing shareholders via a placement, of which \$99,000 was received and \$200,000 is subject to shareholder approval.

Cash on hand at the end of the June Quarter was \$117,000 but on 28 June 2016 Collaborate executed agreements with existing sophisticated shareholders of the Company for flexible equity facilities totalling up to \$2.25 million (**Equity Facilities**). Details of the Equity Facilities were announced on 28 June 2016 and they enable Collaborate to have certainty of access to funds from supportive shareholders as required to support growth initiatives and to benefit from future increases in the share price. The flexible structure of the Equity Facilities provides the opportunity to minimise the potential of dilution for all shareholders. The terms of the agreements offer flexibility as to the timing and quantum of the use of the facility and impose strict conditions on the subscribers and their ability to trade in Collaborate shares. There is no obligation on Collaborate to draw the Equity Facilities and Collaborate may also raise funds from alternative sources.

Subsequent to the end of the Quarter, the Company also executed an agreement with an entity associated with former Collaborate Director Mr Domenic Carosa, for an interest-free interim funding facility of up to \$250,000 (**Interim Funding Facility**) as an advance against

placements committed by the entity that are subject to shareholder approval. To date, the Company has drawn down \$100,000 of the Interim Funding Facility. In July, the first drawdown on the Equity Facilities in the amount of \$270,000 was also completed, of which \$170,000 was received in cash and \$100,000 is subject to shareholder approval.

Subject to the passing of resolutions at the Extraordinary General Meeting on 10 August 2016 to approve participation by a related party in recent placements, a total of \$250,000 will be received by Collaborate, net of loan funds already received under the Interim Funding Facility.

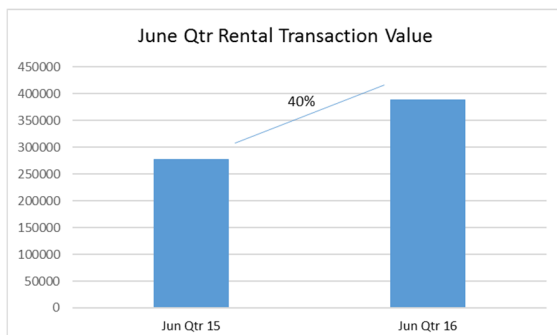
DriveMyCar

Traditionally, the June Quarter has been weaker than the March Quarter, so management is very pleased to see growth which delivered record results across seven of the nine key metrics in the June Quarter in 2016. Rental Transaction Value increased by 2% compared to the March 2016 Quarter and 40% compared to the June 2015 Quarter. Gross Revenue increased by 23% over the March 2016 Quarter and by 65% over the June 2015 Quarter, aided by stronger sales and revenue from the delivery of the online booking system to a third party client. In future quarters, the online booking system will generate fees for bookings processed through the system.

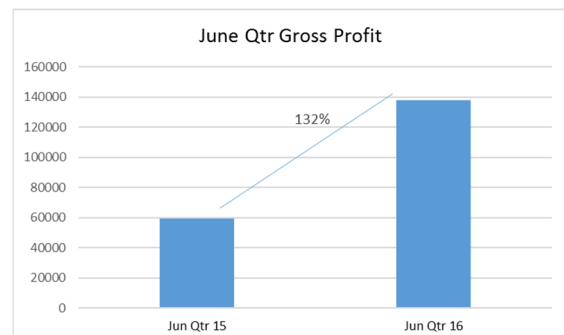
Gross profit grew by 54% compared to the March 2016 Quarter and 132% compared to the June 2015 Quarter. This gross profit included the benefit of the maximum possible Claims Experience Discount of approximately \$23,000 generated as a result of DriveMyCar's success in reducing insurance claims below the target Claims Loss Ratio threshold. A large part of the success in reducing the Claims Loss Ratio can be attributed to Collaborate's own PeerPass® platform which performs verification checks on renters before rentals commence and enables the business to undertake higher quality transactions.

Net Rental Days Realised increased 7% from the March 2016 Quarter and 56% from the June 2015 Quarter attesting to the ongoing improvement in the quality of the vehicle fleet and the improving effectiveness of the marketing campaigns.

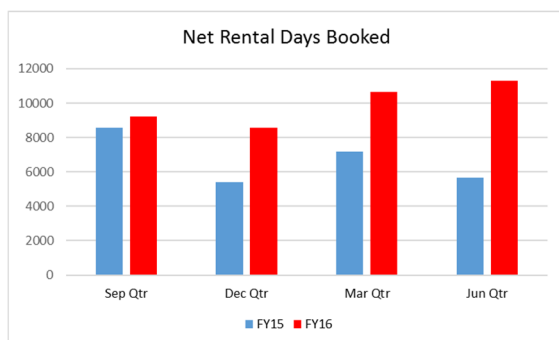
A total of 201 vehicles were activated during the June 2016 Quarter and the total number of vehicles listed on the DriveMyCar website increased to 882. As a result of the increasing number of vehicles provided by corporate fleets, the marketing budget for the acquisition of privately owned vehicles was reduced to zero by the end of the June Quarter. The listing of privately owned vehicles continues, driven by organic internet searches and ongoing PR.



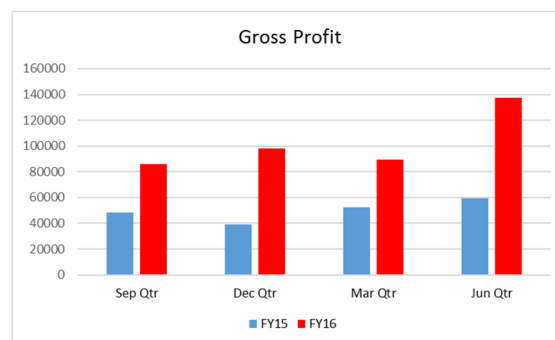
Graph 1: Rental Transaction Value (Jun Qtr 15 and Jun Qtr 16)



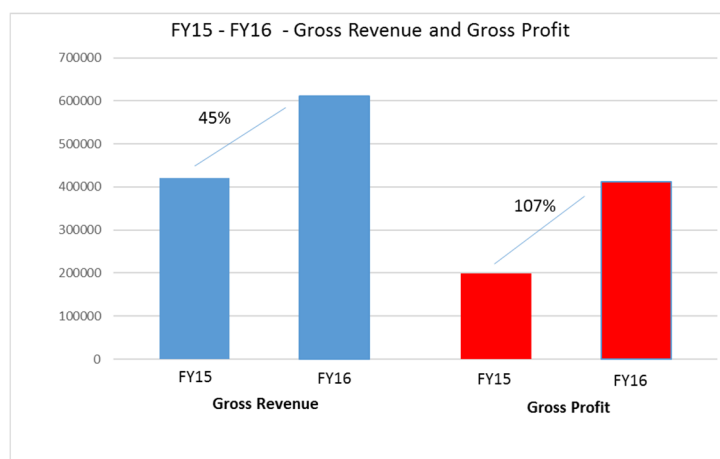
Graph 2: Gross Profit (Jun Qtr 15 and Jun Qtr 16)



Graph 3: Net Rental Days Booked (FY15 and FY16)



Graph 4: Gross Profit (FY15 and FY16)



Graph 5: Gross Revenue and Gross Profit (FY15 - FY16)

Period	Rental Transaction Value ¹ '000	Gross Revenue ² '000	Gross Profit '000	Gross Profit %	Net Rental Days Realised ³	Net Rental Days Booked	Total Vehicle Activations	Calculator Enquiries	New Renter Registrations
Jun Qtr 2016	\$388	\$180	\$138	73%	10,289	11,311	201	3,156	830
Jun Qtr 2015	\$276	\$109	\$59	54%	6,598	5,678	149	2,434	581
Sep Qtr 2015	\$362	\$136	\$86	63%	8,344	9,220	152	3,000	851
Dec Qtr 2015	\$390	\$147	\$98	67%	9,834	8,580	139	2,698	1,149
Mar Qtr 2016	\$380	\$147	\$89	61%	9,613	10,633	193	3,041	893
Jun Qtr 2016 % growth vs Mar Qtr 2016	2%	23%	54%		7%	6%	4%	4%	(7%)
Jun Qtr 2016 % growth vs Jun Qtr 2015	40%	65%	132%		56%	99%	35%	30%	43%

1. Rental Transaction Value is the total amount paid by the customers during the period (note: excludes software development fees).
2. Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes.
3. Net Rental Days Realised is the sum of rental days billed in the period.

Rental of the LDV light commercial vans commenced in April 2016 and the first rental to a customer resulted in the sale of three LDV vans, providing strong evidence of the benefits that can be gained from increased brand exposure accruing from renting vehicles directly

from automotive dealers. The success of the LDV arrangement has led to strong interest from other automotive manufacturers and DriveMyCar is progressing discussions with them.

The Melbourne Airport pick up location was launched in April 2016 and a fleet of ten Nissan Pulsar's provided by a corporate fleet owner were made available. Six private vehicles have also been signed up under the ManageMyCar service. The launch of the Melbourne Airport facility coincided with the end of the school holidays which resulted in a decline in prices charged by competitors and impacted the utilisation of vehicles in the following weeks, however the strength of the DriveMyCar value proposition ensured that utilisation exceeded the target of 75% by the end of the June quarter.

On 24 June 2016 an agreement was signed with Uber for the promotion of rental vehicles to UberX drivers. This is a material agreement for DriveMyCar that provides access to a large pool of potential rental customers and is an excellent opportunity to leverage the increasing supply of corporate fleet vehicles. UberX rentals commenced in Sydney on 6 July therefore no benefits can be seen in the June Quarter. As of 26 July 2016 the initial batch of vehicles available for use by UberX drivers are 100% utilised, with new vehicles being prepared for rental to satisfy significant demand.

The number of UberX rental enquiries in Sydney has exceeded expectations with conversion to sales occurring at a higher rate than normal rental enquiries. The launch of UberX rentals in cities beyond Sydney is being explored, with the decision to proceed being largely dependent upon the availability of an adequate supply of vehicles and the ability to operate in various states.

MyCaravan

Listings on the MyCaravan website continued to grow during the June 2016 Quarter however, as expected, revenue declined in line with seasonal decline in caravan holidays over the colder months. Website user sessions in the June 2016 Quarter increased by 22% compared to the March 2016 Quarter despite online marketing expenditure being paused in February 2016 in response to the lower seasonal demand. The MyCaravan website generated 3% more user sessions in the June 2016 Quarter than in the December 2016 Quarter which had the benefit of peak seasonal demand, online advertising and search marketing campaigns. The strength of the website traffic is an indicator of the increasing prominence of MyCaravan and an improved awareness of peer-to-peer caravan rentals and has led to strong growth in forward bookings. As of 26 July 2016 paid forward bookings are already 10% above the revenue generated in the entire 2016 financial year. Business development activity is currently focused on face to face meetings with caravan park owners on the east coast to leverage their customer bases to secure additional listings.

Rentoid

Consistent progress is being made in discussions with key partners for the re-launch of an expanded Rentoid proposition. The key elements of an expanded proposition include full utilisation of the PeerPass® platform, greater protection for assets, cross-promotional marketing opportunities, a focus on higher value items and business to business transactions. Recruitment of additional staff is under way to support this initiative. Limited resources are being devoted to the current website in favour of launching an expanded proposition that will deliver greater and more sustainable value.

PeerPass® Platform

PeerPass® has been instrumental in securing and maintaining all of the corporate deals signed to date due to the ability of the platform to identify customers with the highest propensity to meet financial commitments and limiting incidents of any attempted fraud or damage to assets. An agreement has been signed for the launch of a mobile app to manage handover inspection reports. Functionality will include the ability to interface in real-time with the booking system, capture drivers licence details as well as photos and video of the condition of vehicles. GPS tracking units which provide vehicle location details and alerts in the event of excessive speed, cornering or braking are currently being trialled. These devices will enhance the ability to protect rented assets and provide vehicle owners with an extra level of security and comfort. In the future, information from the devices may be passed back to the PeerPass® platform to provide an enhanced view of a renter's level of trustworthiness.

FundX

Collaborate Corporation currently holds an 8.33% interest in SME cashflow financing provider, FundX with an option to participate in a subsequent capital raising round by investing an amount equivalent to the first round investment (\$150,000) at the same price of its original investment. Since its launch in September 2015, FundX has provided loans with a total value of over \$1.75 million with no material marketing costs incurred. To support the growth opportunities available to FundX, a Chief Technology Officer has been appointed and a Business Development Manager is due to commence in August 2016. Due to the significant progress that has been made to date, and the increasing opportunities available for FundX, the Board of FundX is reviewing the opportunity to complete a capital raising to provide funds for further growth.

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	30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current Quarter \$A'000	Year to date (12 Months) \$A'000
1.1	Receipts from customers	427	1,577
1.2	Payments for		
	(a) staff costs	(179)	(708)
	(b) advertising and marketing	(85)	(428)
	(c) research and development	(85)	(326)
	(d) leased assets	-	-
	(e) other working capital	(455)	(1,901)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	5
1.5	Interest and other costs of finance paid	-	(37)
1.6	Income tax credit received	-	-
1.7	Other (R&D Tax Concession Refund)	193	193
	Net operating cash flows	(184)	(1,625)
1.8	Net operating cash flows (carried forward)	(184)	(1,625)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	(150)
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	(4)

		Current Quarter \$A'000	Year to date (12 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	-	146
1.14	Total operating and investing cash flows	(184)	(1,479)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	99	1,239
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	(122)
1.19	Dividends paid	-	-
1.20	Other (Capital Raising Costs)	(2)	(2)
	Net financing cash flows	97	1,115
	Net increase (decrease) in cash held	(87)	(364)
1.21	Cash at beginning of quarter/year to date	204	481
1.22	Exchange rate adjustments to items	-	-
1.23	Cash at end of quarter	117	117

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(a)	(69)
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	- (14)

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	-	-
3.2	Equity Facility – refer to ASX Announcement on 28 June 2016	\$2,250	-

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	117	204
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.23)	117	204

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 July 2016**

CEO/ Managing 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.