Collaborate Corporation Limited
Appendix 4D
Half-year Report Ended
31 December 2016

Name of entity
Collaborate Corporation Limited

ABN or equivalent company reference

ABN 60 066 153 982

Half-year ended

31 December 2016
(Previous corresponding period: 31 December 2015)

Results for announcement to the market

				$
Revenue from ordinary activities	Up	33.9%	to	381,459
Loss from ordinary activities after tax attributable to members	Down	(16.0)%	to	(997,733)
Net loss after tax (from ordinary activities) for the period attributable to members	Down	(16.0)%	to	(997,733)

Net tangible assets per security

	31 December 2016	31 December 2015
Cents per ordinary share	**(0.01)**	0.18

Dividends

No dividends have been declared or are payable by the Company as at 31 December 2016.

Explanation of results

An explanation of the key financial elements contributing to the revenue and result above can be found in the review of operations included within the directors' report.

Changes in controlled entities

The Company did not gain or lose control of any entities during the period and does not have any associates which contribute to the loss for the period.

In accordance with Listing Rule 4.2A.3, the Interim Financial Report for the six months ended 31 December 2016 and Appendix 4D - Half Year Report of Collaborate Corporation Limited (ASX: CL8) follow this announcement. This information is to be read in conjunction with the annual report for the year ended 30 June 2016.

Chris Noone
CEO and Executive Director
Collaborate Corporation Limited

Collaborate Corporation Limited

ABN 60 066 153 982

Interim report for the half-year ended 31 December 2016

Collaborate Corporation Limited ABN 60 066 153 982
Interim report - 31 December 2016

Contents

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Collaborate Corporation Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

1. Directors

The Directors of the Group at any time during or since the end of the interim period and until the date of this report are noted below.

Mr Chris Noone
(CEO / Executive Director)

Mr Adrian Bunter
(Non-Executive Director)

Mr Jim Landau
(Non-Executive Director)

2. Results

The net loss after tax of the Group for the half-year was $997,733 (2015: loss of $1,187,796).

The Group's gross revenue from continuing operations increased by 33.9% to $381,459 in this half year, and gross profit from continuing operations increased by 24.7% to $231,613. The net result from continuing operations, before net financing costs or tax, decreased by 15.0% to $1,010,187. Net assets decreased by 7.8% to $2,158,742 during the half-year.

3. Review of Activities

Collaborate Corporation commenced the 2017 financial year with two major announcements that laid the foundation for continuing expansion of operations, and capitalised on these and other opportunities to deliver a 34% increase in gross revenue and a reduction in the net loss after tax by 16%.

The first of these was the launch of rideshare rentals for UberX drivers, which provided access to a valuable recurring revenue stream in a rapidly expanding market. Rideshare rentals commenced in Sydney in July 2016 and expanded to Melbourne and Brisbane in September 2016, contributing to the 164% increase in gross revenue from the September 2016 quarter to the December 2016 quarter and accounting for 19% of total Net Rental Days Realised in the Dec 2016 Qtr.

The establishment of the rideshare rental sales channel continues to be enthusiastically supported by corporate suppliers of vehicles including automotive dealers, leasing companies and manufacturers, particularly Subaru which piloted a fleet of Levorg wagons in October 2016. Following the success of this ‘try before you buy’ initiative, the addition of a further 101 Subaru Impreza’s was announced in February 2017 as part of Subaru’s national marketing campaign.

The second announcement was the securing of a flexible equity facility supported by existing sophisticated shareholders which provides Collaborate with the ability to access up to $2.25 million in funds at an issue price based on a discount that is no more than 15% to the 10 day VWAP. The equity facility enables Collaborate to quickly access funds, at relatively low cost, as and when required and to benefit from future increases in the share price and thus limit dilution for existing shareholders. A total of $490,000 has been drawn down under the equity facility to date, with $1.76 million capacity remaining. The availability of the equity facility provides Collaborate with certainty of funding so that it may focus on growth of the business. Additionally, the Company raised $50,000 via placement to an existing long term shareholder concurrently with the second draw down under the equity facility.

In November 2016, the Company also announced a deal with Trivett Group for the addition of prestige vehicles to the DriveMyCar fleet in the Sydney and Melbourne region. The prestige rentals include BMW, Jaguar, Mini and Land Rover vehicles which are being made available to private and corporate customers and commenced being added to the fleet in late December. The Trivett Group venture is also expected to contribute to the revenue growth of the business as new and near new prestige vehicle models are added to the DriveMyCar fleet.

In October 2016, Collaborate announced a strategic agreement with Aon Risk Services Australia Limited (Aon), a subsidiary of Aon plc (NYSE:AON) to support the launch of a new online rental marketplace to monetise idle assets - Mobilise (www.mobilise.com). Mobilise will replace the existing Rentoid.com marketplace. Mobilise will allow asset owners to safely and efficiently rent their idle assets to private individuals and businesses that are seeking temporary access to a wide range of assets at reasonable prices. Mobilise will facilitate marketing of the assets through an online marketplace, verify potential renters through Collaborate’s proprietary PeerPass® platform, collect payments and ensure that rented assets are covered by insurance. Under the relationship, Aon will promote Mobilise to its strong network of clients and source insurance solutions from its panel of insurance providers to provide coverage for assets whilst on rental. To further strengthen the Mobilise proposition, Collaborate has appointed respected rental and equipment industry veteran, John Tolmie, as a strategic advisor to its Board. Mr Tolmie is the former Group CEO of Kennards Hire, Australia’s number one family owned supplier of high quality hire equipment.

MyCaravan continues to build traction in both listings and bookings and delivered record results in H1 FY17. The Rental Transaction Value in the December 2016 quarter was equal to 103% of the total revenue achieved in the full twelve months of FY16. This significant increase was achieved as a result of increasing caravan activations, website traffic and customer enquiries. Limited resources are currently being allocated to MyCaravan but there are a number of referral and organic programs being maintained to obtain genuine and viable caravan listings. At the opportune time, the Company will increase the focus on MyCaravan to ensure resources deployed will result in an effective use of shareholder funds. There are several broader strategic areas the Company is pursuing that may accelerate growth of the MyCaravan business.

Collaborate Corporation currently holds an 8.33% interest in SME cashflow financing provider, FundX. The Board of FundX continues to review expressions of interest from parties to make equity investments into FundX and to provide lending funds for the invoice discounting/lending platform. Collaborate will advise shareholders of any decision to increase its investment in FundX.

Subsequent to the end of the period, Collaborate secured agreements with six existing sophisticated shareholders to underwrite $1.26 million of listed CL8O options, representing approximately 37% of CL8O options on issue.The underwriting places the Company in a strong financial position to drive growth of the peer-to-peer marketplaces, support the launch of Mobilise, pursue investment opportunities that align with the Company’s peer-to-peer strategy as well as supplement working capital. CL8O option holders are eligible to exercise their options up to AWST 5:00 pm on 30 April 2017. If all options are exercised, the Company will receive $3.44 million in total (inclusive of the underwriting), before costs.

4. Auditor's independence declaration under Section 307C of the Corporations Act 2001

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Group with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 2 and forms part of this Director's Report for the half year ended 31 December 2016.

This report is signed in accordance with resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

Chris Noone
CEO and Executive Director

Dated at Sydney, New South Wales, this 27th day of February 2017.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Collaborate Corporation Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
27 February 2017

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Collaborate Corporation Limited
Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2016

	Consolidated	
	31 December 2016 $	31 December 2015 $
Revenue from continuing operations	**381,459**	284,778
Cost of providing services	**(149,846)**	(99,028)
Gross profit	**231,613**	185,750
Corporate and administrative expenses	**(1,040,823)**	(1,204,999)
Research and development expenses	**(201,312)**	(179,603)
Results from continuing operations	**(1,010,522)**	(1,198,852)
Finance costs		
Finance income	**335**	18,174
Finance expenses	**-**	(7,118)
Net financing costs	**335**	11,056
Loss before income tax	**(1,010,187)**	(1,187,796)
Income tax benefit	**12,454**	-
Loss for the period after tax	**(997,733)**	(1,187,796)
Total comprehensive income for the period	**(997,733)**	(1,187,796)
Loss is attributable to:		
Owners of Collaborate Corporation Limited	**(997,733)**	(1,187,796)
Total comprehensive result for the period is attributable to:		
Owners of Collaborate Corporation Limited	**(997,733)**	(1,187,796)
	Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic earnings per share	(0.26)	(0.37)
Diluted earnings per share	(0.26)	(0.37)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Collaborate Corporation Limited
Consolidated Statement of Financial Position
As at 31 December 2016

	Notes	Consolidated 31 December 2016 $	30 June 2016 $
ASSETS			
Current assets			
Cash and cash equivalents		**114,948**	116,911
Trade and other receivables		**223,534**	205,333
Other current assets		**45,332**	15,550
Total current assets		**383,814**	337,794
Non-current assets			
Financial assets at fair value through profit or loss	6	**150,000**	150,000
Property, plant and equipment		**19,706**	19,087
Intangible assets	8	**2,208,765**	2,217,740
Total non-current assets		**2,378,471**	2,386,827
Total assets		**2,762,285**	2,724,621
LIABILITIES			
Current liabilities			
Trade and other payables		**529,332**	321,121
Other current liabilities	9	**74,211**	61,962
Total current liabilities		**603,543**	383,083
Total non-current liabilities		**-**	-
Total liabilities		**603,543**	383,083
Net assets		**2,158,742**	2,341,538
EQUITY			
Issued capital	10	**27,331,980**	26,569,770
Unissued capital & reserves		**931,046**	878,319
Accumulated losses		**(26,104,284)**	(25,106,551)
Total equity		**2,158,742**	2,341,538

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Collaborate Corporation Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2016

Consolidated entity	Notes	**Issued capital** **$**	**Share based Payments Reserve & Unissued Capital** **$**	**Accumulated losses** **$**	**Total** **$**
Balance at 1 July 2015		25,332,277	765,583	(23,180,849)	2,917,011
Loss for the period		-	-	(1,187,796)	(1,187,796)
Other comprehensive income for the period, net of income tax		-	-	-	-
Total comprehensive income for the period		**-**	**-**	**(1,187,796)**	**(1,187,796)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	10	1,140,147	-	-	1,140,147
Share based payments	10	-	84,500	-	84,500
		1,140,147	84,500	-	1,224,647
Balance at 31 December 2015		**26,472,424**	**850,083**	**(24,368,645)**	**2,953,862**

Consolidated entity	Notes	**Issued capital** **$**	**Share Based Payments Reserve & Unissued Capital** **$**	**Accumulated losses** **$**	**Total** **$**
Balance at 1 July 2016		26,569,770	878,319	(25,106,551)	2,341,538
Loss for the period		-	-	(997,733)	(997,733)
Other comprehensive income for the period, net of income tax		-	-	-	-
Total comprehensive income for the period		**-**	**-**	**(997,733)**	**(997,733)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	10	737,210	-	-	737,210
Share based payments	10	25,000	52,727	-	77,727
		762,210	52,727	-	814,937
Balance at 31 December 2016		**27,331,980**	**931,046**	**(26,104,284)**	**2,158,742**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Collaborate Corporation Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2016

	Consolidated	
	31 December 2016 $	31 December 2015 $
Cash flows from operating activities		
Receipts from customers	**1,069,283**	760,459
Payments to suppliers and employees	**(1,849,505)**	(1,672,371)
Interest received	**280**	3,971
Finance costs	**-**	(8,470)
Net cash (outflow) from operating activities	**(779,942)**	(916,411)
Cash flows from investing activities		
Purchases of property, plant and equipment	**-**	(3,940)
Payments for acquisition of equity investments	**-**	(150,000)
Proceeds from repayment of loans	**-**	300,000
Increase in rental bond	**(12,021)**	-
Net cash (outflow) / inflow from investing activities	**(12,021)**	146,060
Cash flows from financing activities		
Proceeds from issues of shares	**790,000**	1,149,505
Payment of share issue costs	**-**	(9,358)
Net cash inflow from financing activities	**790,000**	1,140,147
Net (decrease) / increase in cash and cash equivalents	**(1,963)**	369,796
Cash and cash equivalents at the beginning of the financial year	**116,911**	480,731
Cash and cash equivalents at end of period	**114,948**	850,527

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Reporting Entity

Collaborate Corporation Limited is a company domiciled in Australia. Collaborate Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated interim financial report as at and for the half-year ended 31 December 2016 comprises the Company and its subsidiaries (together referred to as the consolidated entity or Group).

The annual financial report of the consolidated entity for the year ended 30 June 2016 is available upon request from the Company's registered office or may be viewed on the Company's website, www.collaboratecorp.com.

2 Statement of Compliance

The consolidated interim report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and considered together with any public announcements made by Collaborate Corporation Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

3 Basis of preparation of half-year report

This condensed consolidated interim report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going Concern

These financial statements have been prepared on a going concern basis which assumes realising assets and extinguishing liabilities in the normal course of business. The Directors acknowledge that stakeholders may be concerned regarding the ability of the Group to continue as a going concern due to the Group having incurred a net loss of $997,733 during the half year (2015: loss of $1,187,796) and the Group having a deficiency of current liabilities over current assets of $219,729 (30 June 2016: deficiency of $45,289).

The Directors are of the opinion that there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- the current business development prospects show an increase in activity and should lead to increasing ongoing revenue;
- during the 6 months to 31 December 2016, the Company raised additional share capital of $790,000 via placements to sophisticated investors;
- the Company secured a Flexible Equity Facility of $2,250,000 in the prior financial year; and has drawn down $490,000 during the current financial year. A further $1,760,000 is available to draw down;
- subsequent to period end the Company announced underwriting totalling $1,260,000 of the CL8O options expiring in April 2017. The Company also secured an advance on this underwriting of $500,000;
- the R&D tax incentive of $183,178 receivable at 31 December 2016 has since been received;

3 Basis of preparation of half-year report (continued)

- the Directors remain committed to the long-term business plan that is contributing to improved results as the business units progress;
- the budgets and forecasts reviewed by the Directors for the next twelve months anticipate the business will produce improved results; and
- the Directors consider it reasonable that the Group will be able to raise further funding as and when required.

Furthermore, the Directors have the option of seeking further funding to support working capital and the business development activities of the Group by way of equity or debt finance. The Directors are of the opinion that these factors will allow the Group to focus on growth areas and on improving profitability. The Directors continue to monitor the situation closely and are focused on taking all measures necessary to improve the Group's performance as the business units emerge from the challenging trading environment over the past year.

The Directors believe that the above indicators demonstrate that the Group will be able to pay its debts as and when they become due and payable and to continue as a going concern. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

4 Significant accounting judgments and key estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2016.

The Directors have reviewed the ongoing validity of the assumptions made in the last annual impairment assessment of goodwill and, on the basis of trading results against those originally forecast, have concluded that no impairment indicators are present to necessitate a full impairment review as at 31 December 2016.

5 Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised standards
New and revised Standards and amendments thereof and interpretations effective for the current half-year do not have any material impact on the Group.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2016
The Directors have also reviewed all of the new and revised Standards and interpretations in issue not yet adopted that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 January 2017.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

6 Financial risk management

(a) Fair value measurements

The Directors consider that the carrying value of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016:

Reconciliation of Level 3 fair value measurements

	Available-for-sale-unlisted shares	Total
31 December 2015	$	$
Opening balance	150,000	150,000
Purchases	-	-
31 December 2016 Closing balance	150,000	150,000

The financial instrument relates to an investment in Global Invoice Exchange Pty Ltd (which trades as FundX). The investment is carried at the cost of the investment based on the arms-length transactions made by several parties at the time of investment.

All of the Group's assets and liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016 are classified as level 3.

7 Segment information

The Group operates predominantly in one business segment being the collaborative consumption business. Accordingly, only one operating segment has been identified and no further disclosure is required in the financial statements.

8 Intangible assets

	Consolidated	
	31 December 2016 $	30 June 2016 $
Goodwill	**2,079,699**	2,079,699
Website development and domains	**129,066**	138,041
	2,208,765	2,217,740

9 Other current liabilities

	Consolidated	
	31 December 2016 $	30 June 2016 $
Liability for employee benefits	**62,098**	48,040
Deferred revenue	**12,113**	13,922
	74,211	61,962

10 Issued capital

Share capital

	31 December 2016 Shares	**31 December 2016 $**	31 December 2015 Shares	31 December 2015 $
Ordinary shares - fully paid	**413,195,040**	**27,331,980**	364,673,748	26,472,424

Movements in ordinary shares:

Details	**Number of shares**	**$**
Opening balance 1 July 2015	308,605,647	25,332,277
Issue of shares at $0.021 each by share placement	28,142,857	591,000
Issue of shares at $0.02 each by share placement	25,000,000	500,000
Issue of shares at $0.02 each by exercise of options	2,925,244	58,505
Less: Transaction costs arising on share issue	-	(9,358)
Balance 31 December 2015	364,673,748	26,472,424
Opening balance 1 July 2016	370,173,748	26,569,770
Issue of shares at $0.0188 each by share placement	9,042,553	170,000
Issue of shares at $0.021 each by share placement	2,380,952	50,000
Issue of shares at $0.018 each by share placement	11,111,111	200,000
Shares issued to consultant at $0.02 per share	1,250,000	25,000
Issue of shares at $0.0194 each by share placement	13,917,527	270,000
Issue of shares at $0.0188 each by share placement	5,319,149	100,000
Less: Transaction costs arising on share issue	-	(52,790)
Balance 31 December 2016	413,195,040	27,331,980

10 Issued capital (continued)

(a) Options

The following options were issued during the period (stated at the exercise price and number of options):

Class	Expiry Date	Exercise Price	Number of Options
Listed Options	30-Apr-17	$0.02	793,651
Listed Options	30-Apr-17	$0.02	3,703,704
Listed Options	30-Apr-17	$0.02	1,833,333
Facility Options	31-May-19	$0.03	1,700,000
Employee Options	1-Sep-19	$0.0225	1,634,797

11 Share-based payments

The following share-based payment arrangements were entered into during the half year:

	Number	Grant date	Expiry date	Exercise price	Fair Value at grant date	Vesting date
				$	$	
Facility Options	1,700,000	12-Aug-2016	31-May-2019	0.03	23,085	12-Aug-2016
Employee Options	1,634,797	1-Sep-2016	1-Sep-2019	0.0225	21,295	1-Sep-2016

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

	Facility Options	Employee Options
Dividend yield (%)	-	-
Expected volatility (%)	132%	132%
Risk-free interest rate (%)	1.42%	1.43%
Expected life of option (years)	2.80	3.0
Exercise price ($)	0.030	0.0225
Grant date share price ($)	0.020	0.018

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

12 Commitments

The changes to the commitments and contingencies disclosed in the most recent annual report are specified below. Other than the changes mentioned, all other commitments and contingencies remain consistent with those disclosed in the 2016 annual financial report.

(a) Lease commitments: group as lessee

(i) Non-cancellable operating leases

The Group leases an office under non-cancellable operating leases expiring within eight months from reporting date.

12 Commitments (continued)

(a) Lease commitments: group as lessee (continued)

(i) Non-cancellable operating leases (continued)

	Consolidated	
	31 December 2016 $	30 June 2016 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**47,468**	-

(b) Remuneration commitments

	Consolidated	
	31 December 2016 $	30 June 2016 $
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities payable:		
Within one year	**100,000**	100,000

13 Events occurring after the reporting period

On 6 January 2017, the Group issued 226,904 employee options under its Employee Incentive Option Plan. These options are exercisable at $0.025 per option for one ordinary share, and expire on 1 January 2020.

On 13 January 2017, the Group received an Australian Government R&D tax incentive refund of $183,178.

On 10 February 2017, the Group entered into agreements with existing sophisticated investors to underwrite the exercise of 63 million options. The underwriting agreements will result in the Group receiving $1.26 million of funds. $500,000 of the funds have been made available immediately.

On 20 February 2017, it was determined that the 260,000,000 pre-consolidation fully paid ordinary shares (26,000,000 post consolidation) that may be issued as deferred consideration shares as part of the acquisition of Drive My Car Rentals Pty Ltd would not be issued as the criteria for their issue had not been satisfied by 19 February 2017.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

Collaborate Corporation Limited
Directors' Declaration
31 December 2016

In the directors' opinion:

(a) the Interim Financial Statements and notes set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 2 confirms that the Interim Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

Chris Noone
CEO and Executive Director

Dated at Sydney, New South Wales this 27th day of February 2017.

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Collaborate Corporation Limited

Report on the Condensed Consolidated Half-Year Financial Report

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

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

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

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

Independence

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

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Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glad

N G Neill
Partner

Perth, Western Australia
27 February 2017