Collaborate CORPORATION LIMITED

ACN 066 153 982

2019 ANNUAL REPORT

drivemycar

Carly.co

Collaborate CORPORATION LIMITED

CORPORATE DIRECTORY

Directors

Mr Adrian Bunter - Non-Executive Chairman

Mr Chris Noone - Chief Executive Officer and Executive Director

Mr Stephen Abolakian - Non-Executive Director

Mrs Michelle Vanzella - Non-Executive Director

Company Secretary

Ms Karen Logan

Registered Office and Principal Place of Business

Suite 3, Level 7

189 Kent Street

Sydney NSW 2000

Telephone: +61 2 8889 3641

Email: shareholder@collaboratecorp.com

Website: www.collaboratecorp.com

Share Registry

Automic Registry Services

Level 5, 126 Phillip Street

Sydney NSW 2000

Telephone: 1300 288 664 / +61 2 9698 5414

Email: hello@automic.com.au

Website: www.automic.com.au

Stock Exchange

Collaborate Corporation Limited is listed on the Australian Securities Exchange.

ASX Code: CL8

Auditor

HLB Mann Judd

Level 4, 130 Stirling Street

Perth WA 6000

Bankers

National Australia Bank

Level 14, 100 St George's Terrace

Perth WA 6000

CONTENTS

DIRECTORS' REPORT

The Directors present their report together with the financial report of Collaborate Corporation Limited (the **Company** or **Parent Entity**) and its controlled entities (the **Group**), for the year ended 30 June 2019 and the auditor's report thereon.

DIRECTORS

The Directors at any time during or since the end of the financial year are:

Mr Adrian Bunter

Non-Executive Chairman - appointed 19 February 2014

Adrian has over 20 years' experience in accounting, finance and a broad range of corporate advisory roles ranging from mergers and acquisitions, divestments of businesses, debt/equity raisings and strategy development and execution. Adrian is an executive director of Venture Advisory, a specialist telecommunications, media and technology financial advisory firm operating out of Australia and AsiaPac. Adrian is a Chartered Accountant, a Senior Associate of Finsia and has completed a Bachelor of Business and a Graduate Diploma in Applied Finance. Adrian is a member of the Executive Committee of Australia's leading angel investing group, Sydney Angels.

In the 3 years immediately before the end of the financial year, Adrian also served and continues to serve as a Non-Executive Director of 8common Limited since 6 June 2014.

Adrian was appointed Non-Executive Chairman of the Board effective from 29 August 2019.

Mr Chris Noone

Chief Executive Officer and Executive Director - appointed 7 August 2014

Chris has led the development, launch and growth of many innovative companies that have helped define today's digital market in Europe, Asia and Australia including Hasbro Interactive, Vodafone and Ninemsn. Chris has also co-founded a number of start-up businesses that delivered disruptive online products. Since joining in 2014, Chris has leveraged Collaborate's initial focus and expertise in the sharing economy and evolved it to help the automotive industry connect with consumers who want more flexible access to vehicles. Chris graduated from University of Technology, Sydney with a Bachelor of Business (Marketing).

Mr Stephen Abolakian

Non-Executive Director - appointed 14 February 2019

Stephen Abolakian is an accomplished executive with experience across property development, finance, capital raising, operations and human resources. In 2012 Stephen was appointed Managing Director of Hyecorp Property Group, a diversified Australian property group with three key operating divisions – property development, construction and funds management. Hyecorp grew from initial roots in the automotive repair and accident replacement industry. Hyecorp is associated with the Willoughby Capital Trust, the largest shareholder of Collaborate Corporation Limited. Stephen graduated from Sydney University with a Bachelor of Economics and holds a Diploma of Financial Markets from FINSIA.

Mrs Michelle Vanzella

Non-Executive Director (Independent) - appointed 1 September 2018

Michelle has an extensive combination of customer, marketing, digital, data and commercial legal skills built up across multiple industries including technology, retail, property and financial services. Michelle practiced Corporate & Commercial Law at Allens and has held senior executive positions with iconic Australian brands including Westfield, Suncorp and AAMI. She was previously an independent non-executive director of Canteen Australia. She is currently a non-executive director at Hunter Water and sits on the Investment Committee and the Science, Environment & Human Health Committee. Michelle has a Bachelor of Law (Hons) & Economics and an MBA from AGSM.

Mr Joshua (Jim) Landau - *resigned 1 September 2018*

COMPANY SECRETARY

Ms Karen Logan

Appointed 27 October 2009

Karen is a Chartered Secretary with over 15 years' experience in assisting small to medium capitalised ASX-listed and unlisted companies with compliance, governance, financial reporting, capital raising, merger and acquisition, and IPO matters. She is a Fellow of the Institute of Chartered Secretaries and Administrators, a Fellow of the Governance Institute of Australia, a Fellow of the Financial Services Institute of Australasia and a Graduate Member of the Australian Institute of Company Directors. Karen is presently the principal of a consulting firm and secretary of a number of ASX-listed companies, providing corporate and accounting services to those clients.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Parent Entity during the financial year were:

	Board Meetings		Nomination and Remuneration Committee Meetings		Audit and Risk Committee Meetings	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Chris Noone	38	38	N/A	N/A	N/A	N/A
Mr Stephen Abolakian[1]	19	17	1	1	2	2
Mr Adrian Bunter	38	36	3	3	3	3
Mrs Michelle Vanzella[2]	35	33	2	2	2	2
Mr Jim Landau[3]	3	3	1	1	1	1

Committee membership

As at the date of the report, the Parent Entity had a Nomination and Remuneration Committee and an Audit and Risk Committee of the Board of Directors.

Members acting on the Committees of the Board during the financial year were:

Nomination and Remuneration Committee	Audit and Risk Committee
Mrs Michelle Vanzella (Chair)[1]	Mr Adrian Bunter (Chair)
Mr Stephen Abolakian[2]	Mrs Michelle Vanzella[1]
Mr Adrian Bunter	Mr Stephen Abolakian[2]
Mr Jim Landau (former Chair)[3]	Mr Jim Landau[3]

Notes:

1. Appointed 1 September 2018.
2. Appointed 14 February 2019.
3. Resigned 1 September 2018.

DIRECTORS' INTERESTS

The following relevant interests in the fully paid ordinary shares (**Shares**) and Options of the Parent Entity were held by the Directors as at the date of this report.

Director	Shares	Options[1]				
		Unquoted Options	Executive A	Executive B	Officer A	Officer B
Mr Adrian Bunter	9,200,000	1,333,333	Nil	Nil	1,500,000	1,500,000
Mr Chris Noone[2]	2,520,833	336,110	1,766,666	1,766,666	3,500,000	7,000,000
Mr Stephen Abolakian[3]	241,142,533	75,791,667	Nil	Nil	Nil	Nil
Mrs Michelle Vanzella	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. Refer to Note 15 for details of grant dates, expiry dates and exercise price of options on issue at balance date.
2. 2,520,833 Shares and 14,369,442 Options are held indirectly through Noone Holdings Pty Ltd as trustee for C&K Noone Family Trust.
3. 241,142,533 Shares and 75,791,667 Unquoted Options are held indirectly through Willoughby Capital Pty Ltd as trustee for Willoughby Capital Trust (**Trust**). Mr Abolakian is a potential beneficiary of the Trust. MNA Family Holdings Pty Ltd as trustee for Hishenk Pty Ltd Superannuation Fund holds 6,562,500 Shares and 875,000 Unquoted Options in Collaborate. Mr Abolakian's parents are directors and shareholders of MNA Family Holdings Pty Ltd and are beneficiaries of the Hishenk Pty Ltd Superannuation Fund.

PRINCIPAL ACTIVITY

The principal activity of the Parent Entity and Group during the financial year was the operation of peer-to-peer online marketplaces, including the provision of subscription services.

REVIEW OF OPERATIONS

Operating review

Collaborate continued to evolve its business in the 2019 financial year (**FY19**) to align with new significant revenue opportunities, focus its internal resources and reduce costs. By the end of FY19 Collaborate had established itself as a leader in the car subscription market in Australia, made major director and strategic advisor appointments, launched new products while sharpening the focus on opportunities in the automotive industry, signing new partnership agreements and securing strategic investment from a key overseas player in the automotive industry, which also opened up the opportunity for offshore expansion. When comparing Collaborate's financial results with FY18 it is important to note that the Board has elected not to recognise a receivable for the R&D Tax Incentive in FY19 due to ongoing uncertainty over the Government's changes to eligibility criteria. Upon clarity being provided, Collaborate expects to submit an R&D Tax Incentive claim and any receipts will be recognised in FY20. Having regard to this change in approach and despite investment in start-up costs and marketing for Carly vehicle subscription, net loss for FY19 decreased by 2.9% compared to FY18 on a like for like basis.

A number of challenges were encountered during FY19 which impacted revenues in the DriveMyCar car rental business. Due to the downturn in sales of new vehicles, traditional car rental companies, which compete with DriveMyCar, were able to source significantly discounted new vehicles which lead to very strong rental price competition. DriveMyCar chose to preserve margin and avoid significant price competition and responded by launching unlimited kilometre offers and expanding the range of new and near new vehicles in its fleet. Market conditions have now moderated and DriveMyCar achieved a 16% increase in Rental Transaction Value in the June 2019 Quarter compared to the March 2019 Quarter. Amended registration requirements were introduced for rideshare vehicles and poorly drafted legislation and resultant inefficient application processes in Victoria and Queensland resulted in foregone sales revenue. All issues were resolved in July 2019 and despite the short term impact on revenue, the introduction of the legislation is seen as positive for the long term as it provides regulatory clarity for the rideshare rental market, which is important for innovative business models.

Collaborate addressed the short term revenue challenges by reducing costs by 12% and trialling and launching new products. Short term rentals (2 - 6 days) was launched and apartment car share was trialled to assess their viability however neither satisfied the Company's criteria to warrant further focus or investment. In contrast, Carly vehicle subscription service was launched in late March 2019 and immediately attracted significant interest from automotive manufacturers, dealers, media and consumers. Carly provides manufacturers and dealers in the existing annual $60 billion Australian vehicle sales market with a new way to provide more flexible access to vehicles for consumers who are increasingly questioning the burden and inflexibility of long term vehicle ownership. Carly is a major focus for growth in FY20 while DriveMyCar continues to focus on car rental, rideshare rental and accident replacement rental opportunities.

Collaborate strengthened its Board with the appointment of former Westfield and Suncorp senior executive Michelle Vanzella as non-executive director in August 2018 and following announcement that Collaborate would pursue opportunities in the car subscription market, Stephen Abolakian, representing the Company's largest shareholder, Willoughby Capital (an associate of Hishenk) also joined as a non-executive director in February 2019. To support Collaborate's focus on the automotive industry, Paul Morris, respected industry veteran and former AHG and Inchcape senior executive, was appointed as Strategic Advisor to the Board in November 2018. Evan Jones, formerly of the Volkswagen Group joined as Business Development Manager in June 2019.

Collaborate concluded a number of agreements with key partners which contributed to supply of vehicles, expanded logistics capabilities and provided efficient customer acquisition opportunities. European vehicle manufacturer Peugeot provided over 100 new vehicles for rideshare and private rentals, automotive dealer Cricks Tweed expanded DriveMyCar's reach in a key tourist region, Suttons Motors provided vehicles for rideshare and subscription close to the Sydney CBD and LSH, the largest retailer of Mercedes-Benz vehicles facilitated the availability of new luxury vehicles at Melbourne Airport while Custom Fleet provided fleets of Subaru Forester and Hyundai Tucson vehicles in Sydney, Melbourne & Brisbane. In November 2018 an airport handover location was also established near Brisbane Airport to provide easy access to vehicles for tourists and business customers.

Collaborate pursued cost-effective capital raising transactions during FY19 to supplement working capital and provide funds to develop the Carly vehicle subscription offering. An entitlement issue raised total funds of $1,160,846, before costs, concluding in January 2019. In March 2019 Collaborate secured a financing facility of $850,000 and the advance on future capital raising of $150,000 from Hishenk Pty. Ltd., a company associated with Stephen Abolakian, a director of the Company. In July 2019, the Company announced that it had negotiated an extension of the repayment date of the Financing Facility from 30 September 2019 to 31 March 2020 and a reduction in the simple interest payable from 12% to 9% per annum effective from 1 October 2019.

Collaborate concluded the year with approximately $1,250,000 cash on hand, an increase of $445,000 from the prior year.

In June 2019 a number of significant announcements were made supporting future growth of Carly vehicle subscription. An agreement was signed with I-Motor to jointly develop a Subscription Solution that will enable a 'subscribe' option to be added to vehicles listed on dealer websites and for customers to activate a car subscription to be facilitated by Carly. The Car Subscription Solution will enable automotive dealers to seamlessly introduce a new revenue stream to their dealership and provide their customers with the opportunity to subscribe to a vehicle whilst viewing it on the dealer website. The Car Subscription Solution leverages web traffic already landing on the dealer website and therefore requires no additional marketing expenditure. Student Services Australia signed a marketing agreement for the promotion of Carly as the exclusive vehicle subscription service via www.StudentVIP.com.au for a minimum term of 12 months with a performance based arrangement. StudentVIP is Australia's largest opt-in email database of university students with over 550,000 members and is also Australia's largest university student website with over 2.3 million page impressions per month. The StudentVIP database is an ideal channel for advertisers to engage with the youth market through personalised and targeted email campaigns.

On 28 June 2019 Collaborate raised $1,000,000 through a placement to a strategic investor, Turners Automotive Group Limited (ASX:TRA; NZX:TRA). Turners is a New Zealand based integrated automotive financial service group, primarily operating in the automotive sector, and provides strength in the three key areas of automotive retail, finance and insurance, and debt management systems. The strategic investment from Turners, a major player in the New Zealand automotive market, follows the Company's March 2019 launch of Carly. Collaborate proposes to leverage Turners' industry experience and accelerate the growth of Carly in the car subscription market in Australia. In addition to the placement, the parties have agreed an exclusivity period to negotiate the launch of a joint vehicle subscription service in New Zealand. A launch in New Zealand would enable Collaborate to leverage its existing investment in the technology platform supporting Carly and access a substantial new market with the support of Turners, the largest seller of cars in New Zealand.

Financial review

The Group revenue from continuing operations decreased by $172,922 or 14% (2018: 31% increase) to $1,034,212 during the year (2018: $1,207,134). The Group incurred a loss of $3,235,752 for the year (2018: $2,991,370).

Revenues are the amounts received or receivable by the Group for services rendered and do not include the amounts paid to owners for rental or other services. The total transaction value of services via peer-to-peer marketplaces is the sum of amounts received by the owners of assets and the services revenue of the Group.

The Group's net assets are $1,503,521 (2018: $2,685,898) and the Group has cash reserves of $1,246,590 (2018: $801,667).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 29 October 2018, Collaborate completed a non-renounceable entitlement issue on a 1-for-8 basis to shareholders of the Company at an offer price of $0.015 per Share (**2018 Entitlement Issue**), raising $1,029,521, before costs, including a total of $600,000 underwritten by existing shareholders and officers of Collaborate.

On 21 November 2018, a number of unrelated party underwriters reinvested underwriting fees paid to them and a further 800,000 Shares were issued at an offer price of $0.015 per Share under the shortfall offer under the 2018 Entitlement Issue, raising a further $12,000.

On 10 January 2019, the Company announced the execution of a controlled placement deed with Acuity Capital for the issue of up to $3,000,000 of equity over a 30-month period (**CPD**). Under the CPD:

(a) 20,000,000 Shares were issued as collateral shares for nil consideration; and

(b) 2,500,000 Shares were issued in lieu of cash payment for a transaction fee.

The CPD facility is available to the Company until 31 July 2021. No drawdowns have been made.

On 22 January 2019, 7,955,033 Shares were issued at an offer price of $0.015 per share pursuant to the shortfall offer under the 2018 Entitlement Issue, raising a total of $119,325, before costs.

On 30 January 2019, the Group received an R&D Tax incentive rebate of $325,259 for the 2018 financial year.

On 31 January 2019, 3,535,714 Shares were issued to a consultant at a deemed issue price of $0.014 per share in lieu of cash payment for services.

On 13 March 2019, the Company secured a financing facility of $850,000 (**Financing Facility**) and advance of $150,000 on future equity raising (**Advance**) from Hishenk Pty. Ltd. (**Hishenk**), the Company's largest shareholder and a related party of the Company. Refer to Note 28 for further information on variation of terms of the Financing Facility and Advance agreed with Hishenk subsequent to balance date.

On 28 June 2019, the Company issued 100,000,000 Shares to strategic investor, Turners Automotive Group Limited (**Turners**), at an issue price of $0.01 per Share, raising $1,000,000 before costs (**Placement**). Pursuant to the terms of the Placement, the Company will seek shareholder approval at the 2019 annual general meeting to issue up to 66,666,667 free-attaching unquoted options exercisable at $0.015 each on or before 18 December 2020. The corporate advisor to the Placement was issued 2,000,000 Shares in consideration for securing the new investor under the Placement.

There were a total of 824,543,303 Shares on issue at 30 June 2019, including 20,000,000 Shares issued as collateral shares under the CPD. Refer to Note 15 for further information on the CPD.

RESULTS

The Group recorded a loss of $3,235,752 (2018: loss of $2,991,370) after income tax for the year.

LIKELY DEVELOPMENTS

The Group will continue with the development of its online marketplaces. The allocation of resources will continue to be focused on the high growth opportunities available to the Group. Future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

MATERIAL BUSINESS RISKS

The proposed future activities of the Group are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Directors and management of the Group and cannot be mitigated. An investment in the Group is not risk free and should be considered speculative.

This section provides a non-exhaustive list of the risks faced by the Group or by investors in the Group. The risks should be considered in connection with forward looking statements in this Annual Report. Actual events may be materially different to those described and may therefore affect the Group in a different way.

Investors should be aware that the performance of the Group may be affected by these risk factors and the value of Collaborate's Shares may rise or fall over any given period. None of the Directors or any person associated with the Group guarantee the Group's performance.

Material business risk	Mitigating actions
Level of demand and supply for assets featured in the online marketplaces Group revenues depend upon attracting demand and supply for its online marketplaces. The success of the online marketplaces is influenced by the number of new users, the number of asset owners and renters, the number of assets and listings and other factors that affect the amount of revenues. A decline in supply or demand could lead to a decline in the number of owners and renters and volume of rental transactions which in turn could impact the financial results of the Group.	Management deploys various paid and unpaid strategies to acquire supply and demand, both independently and in conjunction with strategic partners, to increase demand for rentals and grow the number of asset listings on the Group's online marketplaces. Management monitors and regularly optimises customer acquisition and conversion activities based on strategic partnership opportunities and anticipated demand and asset availability and seasonality.

Material business risk	Mitigating actions
Innovation risk The Group's ability to retain, increase, and engage its users and address their evolving needs and to increase revenues will depend heavily on management's ability to successfully create, launch and grow demand for new products, both independently and in conjunction with strategic partners. While the Group dedicates significant resources to understanding its owners and renters needs and upgrading its product offering and sharing economy platform to remain innovative and in tune with trends, the Group's owners and renters may not be satisfied with its offerings or perceive that its offerings do not cater to their needs. Remaining innovative and developing new and unique product offerings require investment and configuration that requires monetary and internal resource investment which may erode the Group's competitive position and adversely affect the growth and profitability of the Group.	The Group presently fosters a culture that encourages management to quickly develop and launch new and innovative products and introduce improvements to existing products. Management monitors and regularly assesses its products and adjusts resources deployed to and expended upon the various initiatives based on the feedback from its users and strategic partners and the Group's ability to successfully monetise its products offerings.
Growth risk The Group's ability to increase revenues will depend heavily on management's ability to successfully retain, increase and engage its users and grow demand for its products both independently and in conjunction with strategic partners. The Group currently prioritises user engagement and strategic partnerships over short-term financial results, and management may make product decisions that may reduce the Group's short-term revenue or profitability if management believes that the decisions are consistent with current priorities of the businesses and benefit owners and renters and will thereby improve Group's financial performance over the medium to long term. These decisions may not produce the long-term benefits that management expects, in which case user growth and engagement, relationships with strategic partners and results of operations could be harmed.	Management of growth is critical to the business but places pressure on resourcing, innovation and evolution of the businesses. The Board, together with management, continue to implement initiatives that it believes will deliver value to the Group by meeting customer needs and effectively utilising available financial resources

Material business risk	Mitigating actions
Insurance risk The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with the Company's operations is not always available and where available the costs may be prohibitive.	The Group business has a fleet insurance policy to cover owners and drivers of vehicles used for rental contracts created via its online marketplaces. The insurance policy requires the Group to cover an initial component of claims, some or all of which may be recovered from the renter of the vehicle. From time to time, the Group makes economic decisions which may result in the Group not claiming on its fleet insurance policy and covering claims itself where it believes it is beneficial to do so. The Group's business plan takes into account the payment of the first component of claims and settlement of some other damages claims. The Group has maintained a policy with the same insurer since inception. The claims paid out by the insurer are less than the cumulative premiums paid by the Group. The Group continues to monitor its insurance position with a view to ensuring ongoing insurance coverage and with the experience developed has undertaken discussions with possible alternative insurance providers. The Group does not expect there to be an issue in relation to obtaining insurance, however there can be no guarantee that the current insurer will continue to offer insurance coverage that is commercially acceptable to the Group and no guarantee that alternative insurance can be obtained on terms that may be commercially acceptable to the Group.
Regulatory risks The introduction of new policies or legislation or amendments to existing policies or legislation and the failure by governments to act promptly to introduce new or amend existing policies or legislation that governs Group operations or contractual obligations, could impact adversely on the operations and, ultimately, the financial performance of the Group.	In conjunction with its strategic partners, management monitors the policies and regulations that apply to Group operations and regularly engages and consults with government agencies.

Material business risk	Mitigating actions
Privacy and cyber security risks The Group collects, transmits and stores commercial and financial information. Advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography or other developments may result in the Group's failure or inability to adequately protect its commercially sensitive information or against a disruption to the Group's online marketplaces. The Group relies upon the availability of its online marketplaces to provide services to its clients. Hackers could render the online marketplaces unavailable through a denial of service or other disruptive attacks. Although the Group has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the online marketplaces could lead to a loss of revenues whilst the Group is unable to provide its product offerings and services. Further, it could hinder the Group's abilities to retain existing users or attract new users, which would have a material adverse impact on growth of the businesses.	The Group has established measures and systems to minimise the likelihood of security breaches and these systems are regularly monitored for development or improvement. Network security and penetration testing assessments are conducted by third party auditors on Group systems.
Finance risk There is no certainty regarding the ability of the Group to raise sufficient funds to meet its needs into the future. The Group's future capital requirements depend on a number of factors including its ability to generate sufficient income from its operations. The Group might need to raise additional capital from equity or debt sources due to unforeseen circumstances. There can be no assurance that the Group will be able to raise such capital on favourable terms or at all. If adequate funds are not available on acceptable terms the Group may not be able to develop its business to the desired level or at all, and this may have an adverse impact on the Group's operations.	The Board regularly assesses the financial position of the Group and continues to assess all funding alternatives available to ensure that it can continue to make good progress on all strategic growth areas and maintain focus on growing both demand for and supply of assets.

Material business risk	Mitigating actions
Intellectual Property risk The Company has developed an online marketplace for its businesses. In particular, the Company has developed a platform to support its product offerings and facilitate transactions between asset owners and renters. The laws relating to intellectual property assist to protect the Company's proprietary rights in the intellectual property relevant to the Company's businesses. However, trademark registration, although an indicator of valid intellectual property ownership, is not indefeasible as any errors in the registration process can lead to registration being challenged or revoked. Accordingly, the Company cannot be certain that the validity, ownership or authorised use of intellectual property relevant to the Company's businesses will not be successfully challenged by third parties. In addition, there can be no guarantee that unauthorised use or copying of the Company's software, data, specialised technology or algorithms will be prevented.	The Company has also sought and received protection of certain of its intellectual property, namely trademarks which are at various stages from application to registered in Australia.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under Commonwealth or State legislation. However, the Directors believe that the Group has adequate systems in place for the management of its requirements under environmental regulations and are not aware of any breach of those regulations as they apply to the Group.

GOVERNANCE

The Board of Directors is responsible for the operational and financial performance of the Company, including its corporate governance. The Company believes that the adoption of good corporate governance adds value for stakeholders and enhances investor confidence.

The Company's corporate governance statement is available on the Company's website, in a section titled 'Corporate Governance': http://collaboratecorp.com/investor-relations/corporate-governance/

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to balance date:

1. On 16 July 2019, Hishenk agreed to the variation of terms of the Financing Facility of $850,000 as follows:
   - the repayment date was extended from 30 September 2019 to 31 March 2020; and
   - with effect from 1 October 2019, the simple interest payable will be reduced to 9% from 12% per annum.

2. On 16 July 2019, the Financing Facility and Advance were novated from Hishenk to Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust (**Willoughby Capital**) following an internal restructure of the Abolakian family assets. Willoughby Capital is also a related party of the Company by virtue of Mr Abolakian being a potential beneficiary of the trust.
3. On 22 July 2019, Willoughby Capital agreed to underwrite up to $1,150,000 of the non-renounceable entitlement issue of shares and free-attaching options to raise up to $2,061,358 (**2019 Entitlement Issue**), including take up of $150,000 of entitlements by offset of the Advance.
4. On 27 August 2019, the Company completed the 2019 Entitlement Issue on a 1-for-4 basis to shareholders of the Company at an offer price of $0.01 per Share raising $1,598,491 before costs, including a total of $1,255,000 underwritten by existing shareholders and officers of Collaborate (this includes offset of the $150,000 Advance by Willoughby Capital). Subscribers under the 2019 Entitlement Issue received free-attaching unquoted options on a 2-for-3 basis which have an exercise price of $0.015 per option and an expiry date of 18 December 2020.

Other than the matters described above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature 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 future financial years.

OPTIONS

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are as follows:

Class	Expiry Date	Exercise Price $	Number of Options
Employee Options	1 September 2019	0.0223[1]	1,634,797
Executive A Options	28 November 2019	0.0198[1]	883,333
Executive B Options	28 November 2019	0.0298[1]	883,333
Employee Options	1 March 2020	0.0248[1]	316,622
New A Options	24 April 2020	0.0310	8,333,333
New B Options	24 April 2020	0.0500	3,333,333
Management options	1 May 2020	0.0358[1]	1,000,000
Employee Options	1 September 2020	0.0386[1]	2,408,294
Executive A Options	28 November 2020	0.0198[1]	883,333
Executive B Options	28 November 2020	0.0298[1]	883,333
Officer A Options	23 November 2020	0.0494[1]	7,000,000
Officer B Options	23 November 2020	0.0792[1]	10,500,000
Unquoted Options	18 December 2020	0.0150	106,566,006
Employee Options	3 September 2021	0.0211[1]	2,264,656
Employee Options	1 October 2021	0.0188	318,272
Employee Options	1 February 2022	0.0163	260,031
Employee Options	7 May 2022	0.0125	1,000,000
Employee Options	7 May 2022	0.0150	1,000,000
Employee Options	1 June 2022	0.0100	140,074

[1] These are the adjusted exercise prices following completion of the 2018 Entitlement Issue.

Refer to the Remuneration Report for further details of options outstanding held by Key Management Personnel.

Shares issued as a result of the exercise of options

During the financial year, no options to acquire ordinary shares in the Company were exercised.

Expiry of options

The following options expired during the financial year:

Class	Expiry Date	Exercise Price[1]	Number of Options
Executive A Options	28 November 2018	0.0198	383,334
Executive B Options	28 November 2018	0.0298	883,334
Director Options	28 November 2018	0.0298	2,000,000
Officer Options	30 November 2018	0.0348	5,000,000
Facility Options	31 May 2019	0.0298	4,500,000

[1] These are the adjusted exercise prices following completion of the 2018 Entitlement Issue.

Lapse of options

The following options lapsed in accordance with the terms of the Company's Incentive Option Plan during the financial year:

Class	Lapse Date	Exercise Price[1]	Number of Options
Employee Options	30 June 2019	0.0398	159,272
Employee Options	30 June 2019	0.0386	516,660
Employee Options	30 June 2019	0.0211	454,558

[1] These are the adjusted exercise prices following completion of the 2018 Entitlement Issue.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

Indemnification

The Parent Entity has agreed to indemnify the Directors and Company Secretary of the Group against all liabilities to another person (other than the Parent Entity or any related body corporate) that may arise from their position as Directors and Company Secretary of the Group, except where the liability arises out of conduct involving a lack of good faith.

The Parent Entity has also agreed to cover any liability for costs and expenses incurred in successfully defending civil or criminal proceedings, or in connection with a successful application for relief under the *Corporations Act 2001*. It also provides indemnity against costs and expenses in connection with an application where a court grants relief to a Director under the *Corporations Act 2001.*

Insurance premiums

The Company paid a premium, during the year in respect of a director and officer liability insurance policy, insuring the Directors of the Group, the Company Secretary, and executive officers of the Group against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

During the financial year, HLB Mann Judd, the Parent Entity's auditor, did not perform any non-audit services.

REMUNERATION REPORT

The Remuneration Report is set out on pages 17 to 24 and forms part of the Directors' Report.

AUDITOR'S INDEPENDENCE DECLARATION

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 audit of the annual report. The Independence Declaration is set out on page 25 and forms part of this Directors' Report for the year ended 30 June 2019.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

REMUNERATION REPORT

This Remuneration Report, which forms part of the Directors' Report, outlines the key management personnel remuneration arrangements of the Parent Entity and the Group in accordance with the requirements of the *Corporations Act 2001* (the **Act**) and its regulations. This information has been audited as required by section 308(3C) of the Act.

For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Parent Entity and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL

The following were key management personnel of the Group at any time during the financial year and unless otherwise indicated were key management personnel for the entire financial year:

Directors

Name	Position held
Mr Chris Noone	Chief Executive Officer and Executive Director
Mr Stephen Abolakian	Non-Executive Director (appointed 14 February 2019)
Mr Adrian Bunter	Non-Executive Director
Mrs Michelle Vanzella	Non-Executive Director (appointed 1 September 2018)
Mr Joshua (Jim) Landau	Non-Executive Director (resigned 1 September 2018)

REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Parent Entity is responsible for determining and reviewing remuneration policies for the Directors and Executives. If necessary, the Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Group.

Further information on the Nomination and Remuneration Committee’s role, responsibilities and membership are set out in the Corporate Governance Statement.

PRINCIPLES OF REMUNERATION

The remuneration structures explained below are competitively set to attract and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel’s ability to control the relevant segment’s performance;
- the Group’s performance including:
    - the Group’s earnings and financial position; and
    - the growth in share price and delivering constant returns on shareholder wealth.

REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of Non-Executive Directors’ remuneration is clearly distinguished from that of Executives.

Non-Executive Director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the 2010 Annual General Meeting, is not to exceed $150,000 per annum. Directors’ fees cover all main board activities and membership of committees.

Non-Executive Directors do not receive any retirement benefits, nor do they receive any performance related compensation.

The level of Non-Executive Directors' fees as at the reporting date were as follows:

Name	Non-Executive Directors' fees
Mr Stephen Abolakian	$30,000 per annum
Mr Adrian Bunter	$30,000 per annum
Mrs Michelle Vanzella	$30,000 per annum

Executive remuneration

Remuneration for Executives is set out in employment agreements.

Executive Directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

Fixed remuneration

Fixed remuneration consists of base compensation as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee through a process that considers individual and overall performance of the Group. As noted above, the Nomination and Remuneration Committee has access to external advice independent of management.

Other benefits

Key management personnel may receive benefits such as car allowances, and the Group pays fringe benefits tax on these benefits, where applicable.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward Executives for meeting or exceeding their financial and personal objectives. The short-term incentive (**STI**) is an 'at risk' bonus provided in the form of cash, while the long-term incentive (**LTI**) may be provided as in the form of options over ordinary shares or as an 'at risk' bonus provided in the form of fully paid ordinary shares of the Parent Entity.

Short-term incentives

The Nomination and Remuneration Committee together with the Board have determined the key performance indicators (**KPIs**) for the key management personnel. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and may include financial, non-financial, corporate and individual measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

At the end of the financial year and subsequent to the completion of the year-end audit, the Nomination and Remuneration Committee and Board of Directors assess the performance of the Group, the relevant segment and individual against the KPIs set. No bonus is awarded where performance falls below the minimum. If it is determined that the KPIs have been reached, the Nomination and Remuneration Committee recommends the STI to be paid to the individuals for approval by the Board.

An STI payment of $20,000 for Mr Noone was awarded for the 2019 financial year (2018: $12,000) which represented 25% of the maximum amount payable (2018: 15%).

Long-term incentives

LTI may be provided to key management personnel in the form of options over ordinary shares or as an 'at risk' bonus provided in the form of fully paid ordinary shares of the Parent Entity. LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth.

For the purposes of the 'at risk' bonus, the Nomination and Remuneration Committee together with the Board have determined the KPIs for the key management personnel. At the end of the financial year and subsequent to the completion of the year-end audit, the Nomination and Remuneration Committee and Board of Directors assess the performance of the Group, the relevant segment and individual against the KPIs set. No bonus is awarded where performance falls below the minimum. Only one bonus may be claimed by a key management person in a financial year.

If it is determined a KPI has been reached, the Nomination and Remuneration Committee recommends the shares be issued to the individuals for approval by the Board. Options and shares may only be issued to Directors subject to approval by shareholders in a general meeting.

During the year, there were no options awarded to Directors as LTI (2018: 16,500,000 following shareholder approval at the 2017 Annual General Meeting). The Parent Entity has a policy that prohibits employees and Directors of the Parent Entity from entering into transactions that operate or are intended to operate to limit the economic risk or are designed or intended to hedge exposure to unvested Parent Entity securities. This includes entering into arrangements to hedge their exposure to LTI granted as part of their remuneration package. This policy may be enforced by requesting employees and Directors to confirm compliance.

Use of remuneration consultants

The Board did not engage the services of a remuneration consultant during the year.

Voting and comments made at the Company's 2018 Annual General Meeting

At the 2018 Annual General Meeting, more than 75% of votes cast were in favour of the adoption of the Company's remuneration report for the 2018 financial year (FY17: more than 75%). The Company did not receive any comments at the Annual General Meeting on the remuneration report (FY17: nil).

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Directors have regard to the following indices in respect of the current financial year and the previous four financial years:

	2019	2018	2017	2016	2015
Net profit/(loss) for the year	$(3,235,752)	$(2,991,370)	$(2,093,175)	$(1,925,702)	$(2,252,049)
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	(0.7 cents)	(1.8 cents)	1.2 cents	0.1 cents	0.1 cents[1]
Share price at beginning of the period	1.7 cents	3.4 cents	2.2 cents	2.1 cents	0.2 cents
Share price at end of the period	1.0 cents	1.6 cents	3.4 cents	2.2 cents	2.1 cents[1]
Earnings/(loss) per share for loss from continuing operations					
Basic loss per share	(0.47 cents)	(0.48 cents)	(0.48 cents)	(0.55 cents)	(0.53 cents)[1]
Diluted loss per share	(0.47 cents)	(0.48 cents)	(0.48 cents)	(0.55 cents)	(0.53 cents)[1]

1. On 11 December 2014, the Company completed the consolidation of capital to consolidate every 10 shares into 1 share. The change in share price is based on the adjusted share price at the beginning of the period compared to the share price at the end of the period.

In assessing the above indices, the Directors note that the Group has yet to record a sustainable net profit or pay a dividend. Consequently, as the overall level of key management personnel's compensation takes into account the performance of the Group, that overall level has remained relatively unchanged, other than the increase or decrease in compensation levels due to the appointment or resignation of key management personnel. Mr Noone was awarded a $20,000 performance related payment in respect of the 2019 financial year (2018: $12,000) in accordance with the terms of his employment agreement.

EMPLOYMENT AGREEMENT

Remuneration and other terms of employment for key management personnel are formalised in employment agreements. Details of the agreement in place during the 2019 financial year follows:

Name:	Mr Chris Noone
Title:	Chief Executive Officer/ Executive Director
Agreement commenced:	7 August 2014
Term of agreement:	To continue indefinitely until terminated in accordance with the Agreement.
Probationary period:	Three months
Base salary:	\$225,000 per annum, plus statutory superannuation effective from 1 July 2017 (Previous base salary: \$200,000 plus statutory superannuation)
Short term incentive:	Up to \$80,000 per annum effective from 1 July 2017 (Previous STI: \$60,000)
Long term incentive:	Subject to any relevant performance or other conditions, restrictions or requirements of the Board, the Corporations Act 2001 or the ASX Listing Rules, the Company may grant shares or options for the benefit of the executive as a long term incentive. During the 2018 financial year, 10,500,000 options were granted following receipt of shareholder approval.
Termination:	Three months by either party.

The Agreement otherwise contains provisions standard for an agreement of employment including in relation to annual, long service and personal leave, confidentiality and other general provisions.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration for the year ended 30 June 2019

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2019	**Cash salary and fees $**	**Bonus $**	**Other benefits $**	**Superannuation $**	**Long service leave $**	**Options $**	**Total $**	**Proportion of remuneration performance related**
Non-Executive Directors:								
Mr S Abolakian [1]	11,250						11,250	N/A
Mr A Bunter	30,000	-	-	-	-	-	30,000	N/A
Mrs M Vanzella [2]	25,000						25,000	N/A
Mr J Landau [3]	5,000	-	-	-	-	-	5,000	N/A
Total Non-Executive Directors	**71,250**	**-**	**-**	**-**	**-**	**-**	**71,250**	**N/A**
Executive Directors:								
Mr C Noone	225,000	20,000	-	23,275	-	-	268,275	7.46%
Total Executive Directors	**225,000**	**20,000**	**-**	**23,375**	**-**	**-**	**268,275**	**7.46%**
Total Directors	**296,250**	**20,000**	**-**	**23,375**	**-**	**-**	**339,525**	**7.46%**

Remuneration for the year ended 30 June 2018

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2018	**Cash salary and fees $**	**Bonus $**	**Other benefits $**	**Superannuation $**	**Long service leave $**	**Options $**	**Total $**	**Proportion of remuneration performance related**
Non-Executive Directors:								
Mr A Bunter	30,000	-	-	-	-	37,691	67,691	N/A
Mr J Landau [3]	30,000	-	-	-	-	37,691	67,691	N/A
Total Non-Executive Directors	**60,000**	**-**	**-**	**-**	**-**	**75,382**	**135,382**	**N/A**
Executive Directors:								
Mr C Noone	225,000	12,000	-	22,515	-	124,863	384,378	35.60%
Total Executive Directors	**225,000**	**12,000**	**-**	**22,515**	**-**	**124,863**	**384,378**	**35.60%**
Total Directors	**285,000**	**12,000**	**-**	**22,515**	**-**	**200,245**	**519,760**	**35.60%**

Notes to the tables of remuneration of key management personnel:

1. Appointed 14 February 2019.
2. Appointed 1 September 2018.
3. Resigned 1 September 2018.

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

(i) Fully paid ordinary shares

Director	Held at 1 July 2018	Held at date of appointment	Purchases/ (Sales)	Granted as remuneration	Other changes/ Options conversions	Held at date of resignation	Held at 30 June 2019
Mr Noone	1,350,000	N/A	666,667	-	-	N/A	2,016,667
Mr Abolakian[1]	N/A	-	-	-		N/A	-
Mr Bunter	5,200,000	N/A	2,000,000	-	-	N/A	7,200,000
Mrs Vanzella	N/A	-	-	-		N/A	-
Mr Landau	-	N/A	-	-	-	-	N/A
	Held at 1 July 2017	**Held at date of appointment**	**Purchases/ (Sales)**	**Granted as remuneration**	**Other changes/options conversions**	**Held at date of resignation**	**Held at 30 June 2018**
Mr Noone	1,350,000	N/A	-	-	-	N/A	1,350,000
Mr Bunter	3,913,738	N/A	1,286,262	-	-	N/A	5,200,000
Mr Landau	-	N/A	-	-	-	N/A	-

(ii) Share options

Director	Held at 1 July 2018	Held at date of appointment	Purchases/ (Sales)	Granted as remuneration	Other changes/ Options conversions	Held at date of resignation	Held at 30 June 2019
Mr Noone	16,800,000	N/A	-	-	(2,766,668)	N/A	14,033,332
Mr Abolakian[1]	N/A	-	-	-	-	N/A	-
Mr Bunter	5,500,000	N/A	-	-	(2,500,000)	N/A	3,000,000
Mrs Vanzella	N/A	-	-	-	-	N/A	-
Mr Landau	3,000,000	N/A	-	-	-	3,000,000	N/A
	Held at 1 July 2017	**Held at date of appointment**	**Purchases/ (Sales)**	**Granted as remuneration**	**Other changes/ Options conversions**	**Held at date of resignation**	**Held at 30 June 2018**
Mr Noone	6,300,000	N/A	-	10,500,000	-	N/A	16,800,000
Mr Bunter	2,500,000	N/A	-	3,000,000	-	N/A	5,500,000
Mr Landau	-	N/A	-	3,000,000	-	N/A	3,000,000

Notes in relation to the tables of key management personnel equity holdings:

1. At balance date, Hishenk Pty. Ltd. held 127,455,033 Shares in Collaborate. Mr Abolakian's father is a sole director and both his parents are shareholders of Hishenk. MNA Family Holdings Pty Ltd as trustee for Hishenk Pty Ltd Superannuation Fund held 5,250,000 Shares in Collaborate. Mr Abolakian's parents are directors and shareholders of MNA Family Holdings Pty Ltd and are beneficiaries of the Hishenk Pty Ltd Superannuation Fund.

For Directors' interests in shares and options, as at date of this report, refer to page 6 of the Directors' Report.

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company during the year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

		Transactions value for the year		Balance outstanding at 30 June	
Director	Transaction	2019 $	2018 $	2019 $	2018 $
Mr A Bunter	Taxation services[1]	1,190	2,635	-	-
Mr S Abolakian	Advance[2]	150,000	-	150,000	-
	Financing Facility[3]	850,000	-	850,000	-
	Interest payable[3]	16,866	-	16,866	-

Notes in relation to the table of other key management personnel transactions:

1. A company associated with the spouse of Mr Bunter provided taxation services to the Company. The terms for such services were based on market rates, and amounts were payable on normal commercial terms.
2. An entity associated with Mr Abolakian, agreed to provide the Company an advance of $150,000 on a future equity raising. The Advance is unsecured and interest free. Refer to Note 14 for further details of the Advance. Refer to Note 28 for details of terms renegotiated subsequent to balance date and offset of the Advance against take up of entitlements under the 2019 Entitlement Issue.
3. An entity associated with Mr Abolakian agreed to provide a Financing Facility of up to $850,000 to the Company. The Financing Facility is unsecured, repayable by 30 September 2019 and is provided at a simple commercial interest rate of 12% per annum calculated based on amount drawn. Refer to Note 14 for further details of the Financing Facility. Refer to Note 28 for details of variation of terms negotiated subsequent to balance date, including extension of repayment date and reduction of interest rate.

There are no other key management personnel transactions during the 2019 or 2018 financial years.

SHARE-BASED COMPENSATION

There were no share-based remuneration transactions during the year.

Modification of equity-settled share-based payment transactions

The terms of certain options provide that if the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares, the option exercise price shall be reduced according to the formula specified in the ASX Listing Rules.

On 29 October 2018, upon completion of the 2018 Entitlement Issue, the exercise prices of options granted to key management persons as compensation were adjusted, as set out below:

Class	Expiry Date	Exercise Price $	Adjusted Exercise Price $	Number of Options
Executive A Options	28 November 2019	0.0200	0.0198	883,333
Executive A Options	28 November 2020	0.0200	0.0198	883,333
Executive B Options	28 November 2019	0.0300	0.0298	883,333
Executive B Options	28 November 2020	0.0300	0.0298	883,333
Officer A Options	23 November 2020	0.0496	0.0494	7,000,000
Officer B Options	23 November 2020	0.0794	0.0792	10,500,000

No other terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the Company during the financial year or the prior financial year.

Dated at Sydney, New South Wales this 29th day of August 2019.

Signed in accordance with a resolution of the Directors:

Chris Noone
Chief Executive Officer/ Executive Director

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Collaborate Corporation Limited for the year ended 30 June 2019, 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 audit; and

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

Perth, Western Australia	**N G Neill**
29 August 2019	**Partner**

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Collaborate CORPORATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2019

		Consolidated Group	
	Notes	2019 $	2018 $
Revenue from continuing operations	2	1,034,212	1,207,134
Cost of sales		(552,388)	(424,883)
Gross profit		481,824	782,251
Corporate and administrative expenses	3	(3,225,064)	(3,366,476)
Research and development expenses		(444,468)	(784,008)
Results from continuing activities		(3,669,532)	(4,150,484)
Finance income	3	3,280	43,151
Finance costs	3	(35,540)	-
Net financing costs		(32,260)	43,151
Loss before income tax		(3,219,968)	(3,325,082)
Income tax benefit/(expense)	4	(15,784)	333,712
Loss from continuing operations		**(3,235,752)**	(2,991,370)
Total comprehensive loss for the period		**(3,235,752)**	(2,991,370)
Basic and diluted loss per share (cents)	5	(0.48)	(0.48)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Collaborate
CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

		Consolidated Group	
	Notes	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	6	1,246,590	801,667
Trade and other receivables	7	48,598	427,373
Other current assets	8	70,094	74,092
Total Current Assets		1,365,282	1,303,132
NON-CURRENT ASSETS			
Property, plant & equipment	9	26,130	42,193
Right of use asset (Office lease)	10 (a)	209,526	-
Goodwill	11	2,079,699	2,079,699
Intangible assets	11	65,249	70,670
Total Non-Current Assets		2,380,604	2,192,562
TOTAL ASSETS		**3,745,886**	**3,495,694**
CURRENT LIABILITIES			
Trade and other payables	12	890,810	665,930
Lease liability	10(b)	165,007	-
Other current liabilities	13	79,866	113,021
Related party advance and borrowings	14	1,000,000	-
Total Current Liabilities		2,135,683	778,951
NON-CURRENT LIABILITIES			
Lease liability	10(b)	56,622	-
Other current liabilities	13	50,060	30,845
Total Non-Current Liabilities		106,682	30,845
TOTAL LIABILITIES		**2,242,365**	**809,796**
NET ASSETS		**1,503,521**	**2,685,898**
EQUITY			
Issued capital	15	33,694,524	31,669,303
Reserves	16	1,018,029	1,179,681
Accumulated losses	17	(33,209,032)	(30,163,086)
TOTAL EQUITY		**1,503,521**	**2,685,898**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Collaborate
CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019

Consolidated Group	Notes	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance as at 1 July 2017		31,671,053	945,834	(27,199,726)	5,417,161
Loss for the period		-	-	(2,991,370)	(2,991,370)
Total comprehensive loss for the period		-	-	(2,991,370)	(2,991,370)
Issue of share capital		-	-	-	-
Share issue costs		(1,750)	-	-	(1,750)
Share-based payments		-	261,857	-	261,857
Transfer from reserves		-	(28,010)	28,010	-
Balance as at 30 June 2018		**31,669,303**	**1,179,681**	**(30,163,086)**	**2,685,898**
Balance as at 1 July 2018		31,669,303	1,179,681	(30,163,086)	2,685,898
Impact of adoption of AASB 16	17	-	-	(8,599)	(8,599)
		31,669,303	1,179,681	(30,171,685)	2,677,299
Loss for the period		-	-	(3,235,752)	(3,235,752)
Total comprehensive loss for the period		**-**	**-**	(3,235,752)	(3,235,752)
Issue of share capital	15	2,267,847	-	-	2,267,847
Share issue costs	15	(242,626)	-	-	(242,626)
Share-based payments	16	-	36,753	-	36,753
Transfer from reserves	17	-	(198,405)	198,405	-
Balance as at 30 June 2019		**33,694,524**	**1,018,029**	**(33,209,032)**	**1,503,521**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Collaborate
CORPORATION LIMITED

STATEMENT OF CASH FLOWS
for the year ended 30 June 2019

	Notes	Consolidated Group 2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		2,713,413	2,985,708
Payments to suppliers and employees		(5,373,816)	(6,051,751)
Interest received		2,137	43,151
Interest paid on lease liability	10 (e)	(15,266)	-
Payments for short term leases	3	(64,489)	-
Finance costs		(1,902)	-
Research and development income tax incentive		325,259	267,023
Net cash used in operating activities	**22**	(2,414,664)	(2,755,869)
Cash flows from investing activities			
Purchases of property, plant and equipment		-	(17,391)
Proceeds from release of rental guarantee		-	26,876
Increase in rental bonds		-	(66,257)
Net cash used in investing activities		-	(56,772)
Cash flows from financing activities			
Proceeds from issues of shares		2,160,847	-
Payment of share issue costs		(125,818)	(23,505)
Proceeds from borrowings		1,000,000	-
Payment of transaction costs for borrowings		(23,329)	-
Payment of principal amounts on lease liability	10 (b)	(152,113)	-
Net cash from/(used in) financing activities		2,859,587	(23,505)
NET INCREASE/(DECREASE) IN CASH HELD		444,923	(2,836,146)
Cash and cash equivalents at the beginning of the financial year		801,667	3,637,813
Cash and cash equivalents at the end of the financial year	**6**	**1,246,590**	**801,667**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

These consolidated financial statements of Collaborate Corporation Limited for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 29 August 2019.

Collaborate Corporation Limited (**Parent Entity**) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company for the year ended 30 June 2019 comprise the Company and its subsidiaries (**Consolidated Entity** or **Group**).

The nature of the operations and principal activities of the Group are described in the Directors' Report.

(b) Basis of preparation

Statement of compliance

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (**AASBs**) and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**). The financial statements of the consolidated entity also comply with International Financial Reporting Standards (**IFRSs**) as issued by the International Accounting Standards Board.

Basis of measurement

The financial statements have been prepared on the accruals and the historical cost bases.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

Going concern

These financial statements have been prepared on a going concern basis which assumes the Group realising its assets and extinguishing its 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 during the financial year of $3,235,752 (2018: $2,991,370).

The Directors believe 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 Group held cash and cash equivalents of $1,246,590 as at 30 June 2019;
- The Directors remain committed to the long-term business plan, including ongoing review of current products and the potential introduction of new products that are anticipated to contribute 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 continue to produce improved results;
- The Group has demonstrated the ability to access various capital raising mechanisms as and when required. These capital funding mechanisms are available via existing shareholders of the Group as well as potential new shareholders. For example, during the year:

  (a) the Group raised $1,160,846 before costs through a non-renounceable entitlement issue, which was partly underwritten by existing shareholders; and officers of the Company;
  (b) the Group secured a controlled placement facility with Acuity Capital for up to $3,000,000 of equity over a 30-month period;
  (c) the Group secured a financing facility of $850,000 and an advance on a proposed future equity raising in the amount of $150,000 for the growth and further development of Carly business;
  (e) the Group raised a further $1,000,000 via a placement from a strategic investor on 28 June 2019; and
  (f) the Group also received an R&D tax incentive rebate of $325,259 for the 2018 financial year in January 2019.

Subsequent to balance date:
(a) On 16 July 2019, the Group successfully renegotiated the extension of repayment term and reduction of interest rate on the $850,000 Financing Facility; and
(b) On 22 July 2019, the Group launched a non-renounceable entitlement issue, which was partially underwritten up to $1,255,000 by existing shareholders and officers of the Company. It successfully raised $1,598,491 before costs (including offset of the $150,000 advance).

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. Should the Group not be successful in generating sufficient funds from the above initiatives, there will exist a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should it not continue as a going concern.

Significant accounting policies

Below are the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Collaborate Corporation Limited and its subsidiaries.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are outlined below:

Estimation of impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value-in-use discounted cash flow methodology, to which the goodwill is allocated. Key assumptions used in the value-in-use calculation are set out in Note 11.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life. Depreciation charges are included in Note 9.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and executives by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 18.

Revenue from contracts with customers

The Group applied the following judgements that affect the determination of the amount and timing of revenue from contracts with customers:

- *Principal versus agent considerations*

The Group acts as agent to administer the rental of cars (www.drivemycar.com.au), caravans, motorhomes, camper trailers (www.mycaravan.com.au) or assets (www.mobilise.com). The Group's car subscription service (www.carly.co) provides subscribers access to the use of cars including a choice of options which may suit them in exchange for a subscription fee. These contracts are enforced for the mutual benefit of owners, renters, subscribers and the Group in creating a safe and trusted peer to peer community. The following factors indicate that the Group does not control the goods before they are transferred to customers and that it acts as agent in these contracts: (i) it does not assume inventory risk before or after the rental/subscription arrangement; (ii) does not have significant latitude in determining price of rental or subscription fees (the consideration to the Group is based on the difference between the quoted rental /subscription fee based on market rates of cars for rent, their model and make and agreed prices negotiated by the Group with the owner of cars, vehicles or assets). All cars offered under the subscription options are based on agreed terms with owners.

- *Identifying performance obligations as a distinct service*

The Group's rendering of services according to terms of rental and subscription contracts form one distinct service. The provision of service arrangements for subscribers with varying options according to subscription tiers together form a distinct service within the terms of subscription agreements because subscribers are not able to benefit from the use of cars separately from these service options on their own.

- *Determining the timing of satisfaction of revenue from rental and car subscription services*

The Group concluded that revenue from arranging rental services and car subscription services is performed over-time because the customer benefits from the service over the period of the rental or subscription arrangement. Performance obligation of the Group is satisfied over-time because renters/subscribers simultaneously receive the benefits from their rental/subscription during the rental/subscription period.

Provision for expected credit losses of trade receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation. The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on a matrix which approximates expected credit loss based on management's assessment of probable default rates based on aging categories. The information about the expected credit loss on the Group's trade receivables is disclosed in note 23(c) (ii).

Leases (renewal of lease term)

The Group entered into a non-cancellable 3-year lease for its office premises, with a 1-year option to renew on 1 November 2017. At initial application of AASB 16, management is not able to be sufficiently certain that the lease will be further renewed at the end of the lease term and accordingly determines the lease term as 3 years. The Group measures the right-of-use asset and lease liability for its office premises lease using a 4% discount rate (based on contractual annual rental rate increase).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the companies in the Group (as outlined in Note 25).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Collaborate are accounted for at cost in the separate financial statements of the Parent Entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss and other comprehensive income of the Parent Entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the Parent Entity will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a bargain purchase.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the Parent Entity’s share of components previously recognised in other comprehensive income to profit or loss.

(e) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board of Directors of Collaborate.

(f) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Collaborate and its Australian subsidiaries is Australian Dollars ($).

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivable are generally on 30-day terms. It represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. The Group's policies on impairment of trade and other receivables can be found in (w) below. Further disclosures relating to credit risk are in Note 23.

(i) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Property and equipment	over 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(j) Impairment of non-financial assets other than goodwill

Non-financial assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(k) Goodwill and intangible assets

<u>Goodwill</u>

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

Collaborate performs annual impairment testing using the value-in-use methodology for the cash generating units to which goodwill has been allocated. Further details on the methodology and assumptions used are outlined in Note 11.

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles – acquired separately or in a business combination

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount recognized for internally intangibles is the sum of the expenses incurred from the date when the intangible first meets the recognition criteria.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets is as follows:

Policy	Domain names and trademarks	Development costs
Useful lives	Indefinite	Finite
Amortisation method used	No amortisation	Amortised over the period of expected future benefit from the related project on a straight-line basis
Internally generated or acquired	Acquired	Internally generated/Acquired
Impairment testing	Annually and more frequently when an indication of impairment exists	Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year end.

Domain names and trademarks can be renewed for nominal value to maintain ownership, therefore domain names and trademarks are assumed to have an indefinite life. Domains acquired for a material sum are capitalised and tested for impairments as part of normal impairment testing. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Expenditures on advertising and promotional expenses are recognised as a component of marketing expense in the statement of profit or loss and other comprehensive income when the Group has either the right to access the goods or has received the services.

(l) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

(m) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Employee leave benefits

- *Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

- *Long service leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(o) Share-based payments

The Company measures the cost of equity-settled transactions with employees or executives by reference to the fair value of the equity instruments at the date at which they were issued.

(p) Revenue from contracts with customers

Revenue from rendering services
The Group's primary source of revenue is derived from providing online peer-to-peer marketplaces which makes it possible for individuals and companies to transact with each other for mutual benefit. Entities in the group operate trusted marketplaces (www.drivemycar.com.au, www.mycaravan.com.au, www.mobilise.com and www.carly.co) which allow customers from the general public to rent vehicles or assets from owners who want to supply them. Based on the substance of the contracts, according to AASB 15, entities in the Group act as agents for owners, to provide customers with choice of cars, motorhomes, campervans, trailers or equipment for rent. Entities in the Group are appointed by owners to arrange and administer the rental of vehicles or assets

over the rental period. The Group recognises revenue from amounts received from renters less amounts paid to owners. The performance obligation of the Group is satisfied over-time over the duration of the agreed rental period as renters receive the benefits from rental of vehicles or assets. Revenue is recognised rateably over rental periods, billed at confirmation and at subsequent intervals for up to 3 to 5 weeks rental each time.

Similarly, the Groups' car subscription service (www.carly.co) provides customers with access to cars with varying options which could suit them. The subscription service includes varying free km allowance options, damage liability and eligible car 'switch' options packaged into a single monthly recurring payment. Subscribers may start and stop their subscription as their needs change. The Group concludes that it is acting as agent in these arrangements, because it administers the cars under subscription and provides service options according to pre-determined price and conditions negotiated with owners involved in these arrangements. The Group recognises revenue from amounts received from subscribers less amounts paid to owners. The performance obligation of the Group is satisfied over-time over the duration of the subscription period as subscribers receive the benefits from use of cars. Revenue is recognised rateably over subscription periods, billed at inception of subscription and subsequently thereafter every 15 days for 2 weeks subscription each time.

The accounting treatment described above is not materially impacted under the provisions of AASB 15. For disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers see Note 1 (c).

Deposits from customers
Renters are required to pay a deposit upon confirmation of rental. These deposits are refunded to renters at the end of the rental period when cars and assets are returned in accordance with rental agreements. No deposits are collected for car subscription services. 'Deposits held' are reflected in trade and other payables on the statement of financial position (see Note 12).

Deferred revenue
Deferred revenue consists of rental fees received in advance at confirmation which relate to future rental periods. The Group recognises these amounts as other liabilities on the statement of financial position (see Note 13).

(q) Other revenue

Interest income is recognised using the effective interest method.

(r) Income tax

Income tax benefit comprises current and deferred tax. Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Current income tax expense charged to profit or loss is the tax payable on the taxable income for the year, calculated using applicable income tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable/(receivable) in respect of previous years.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year.

Deferred income tax assets and liabilities are recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences in the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset and unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Tax Consolidation

The Parent Entity and its wholly-owned Australian resident entities have formed a tax-consolidated Group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is Collaborate Corporation Limited.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the 'separate taxpayer within Group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated Group and are recognised by the Parent Entity as amounts payable (receivable) to/(from) other entities in the tax-consolidated Group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Parent Entity as an equity contribution or distribution.

The Parent Entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated Group to the extent that it is probable that future taxable profits of the tax-consolidated Group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(s) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(t) Earnings per share

The consolidated Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Entity by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributed to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(u) Leases – right of use asset and lease liability

A lease arrangement established by a contract conveys to the user (lessee) the right to control the use of the underlying asset for a period of time in exchange for consideration. For leases with terms not exceeding twelve months the Group has exercised the optional application exemptions. The lease payments under these contracts are recognised on a straight-line basis over the lease term as other operating expenses. The lessee is required to apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit. In all other leases which the Group acts as lessee, the present value of future lease payments is recognised as a lease liability. Lease payments are segregated into principal and interest portions, using the effective interest method. Correspondingly, the right-to-use asset is recognised at the present value of liability including any directly attributable costs at the commencement date of the lease. Payments made before commencement date and incentives received from lessor are included in the carrying amount of the right-of-use asset. The right-of-use asset is depreciated on a straight-line basis over the lease term, or if shorter, over the useful life of the leased asset.

A lessee shall remeasure lease liability to reflect any reassessment or lease modifications. Reassessment of lease liability is required to reflect any changes to lease payments. A lessee recognises the amount of the remeasurement as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and a further reduction in the measurement of lease liability, a lessee recognises any remaining amount of the remeasurement in profit and loss. For lease modifications, a lessee shall account for it as a separate lease if the modification increases both the scope of the lease (by adding the right to use) and the consideration increase commensurate with the stand-alone price for the scope increase. If lease modification is not accounted for as a separate lease, remeasurement of lease liability is done at the effective date of the lease modification.

(v) Borrowing costs

Borrowing costs are expensed in the period they occur and consist of interest and other costs that the entity incurs in connection with the borrowing of funds

(w) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognises financial assets or liabilities when it becomes party to the contractual provisions of the financial instrument.

Financial assets

Financial assets of the Group are classified according to the Group's business model for managing financial assets and their contractual cash flow characteristics. Financial assets are measured at amortised costs if the business holds assets to collect contractual cash flows and contractual terms represent cash flows which are payments of principal and interest and not designated as fair value through profit and loss.

The Group initially recognises financial assets at its fair value plus, transaction cost (where applicable). For the purpose of subsequent measurement (other than those designated and effective as hedging instruments) financial assets are subsequently measured at amortised cost, fair value through profit or loss (FVPL), or fair value through other comprehensive income (FVOCI).

The new classification and measurement of the Group's financial assets which are held within a business model of 'hold to collect' contractual cash flows relate to the Group's trade and other receivables. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its right to receive cash flows from the asset. The Group considers if transfer of substantially all the risks and rewards of the asset has occurred or if transfer of control of the asset has occurred. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

- *Impairment of financial asset*

The Group applied AASB 9 Financial Instruments' impairment model in its assessment of allowance for impairment loss on trade receivables. The Group applies an expected credit loss methodology (instead of the incurred loss prescribed in AASB 139) and uses a provisions matrix to estimate expected credit loss. The provision matrix is based on management's assessment of probable default rates based on ageing categories.

Financial liability

The Group's financial liabilities include trade and other payables. All financial liabilities are initially recognised at fair value less any transaction costs directly attributable to its issue. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when liabilities are derecognised.

(x) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year and impact, due to adoption of accounting standards described in (y) below

(y) Changes in accounting policies on initial application of Accounting Standards

Standards and Interpretations applicable to 30 June 2019

In the year ended 30 June 2019, the Group has applied AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* for the first time from 1 July 2018.

Directors have reviewed and determined that there is no material impact of other new and revised Standards and Interpretations that apply for the first time for financial year ended 30 June 2019 on the consolidated financial statements of the Group.

The Group has also early adopted AASB 16 *Leases* for the first time, from 1 July 2018. The nature and effect of the changes as a result of adoption are described below.

- AABS 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 15 establishes a comprehensive framework for determining how much and when revenue is recognised, to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group has adopted AASB 15 using the modified retrospective method of adoption, with the effect of initially applying this standard recognised at the initial application date being 1 July 2018, where prior period has not been restated. The effect of the application of AASB 15 has been applied to all contracts at the date of initial application. There is no material impact to profit and loss, net assets or opening accumulated losses on the adoption of AASB 15 in the current or comparative years.

- AABS 9 *Financial Instruments*

The Group has adopted AASB 9 with a date of initial application of 1 July 2018 and has elected not to restate its comparatives. As a result, the Group has updated its accounting policies for financial instruments as detailed in (w) above. AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model. The Group's financial assets are classified as 'amortised cost' under the new classification and there is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

- Early adoption of AABS 16 *Leases*

AASB 16 *Leases* requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases.* AASB 16 is effective from 1 July 2019 and the Group has chosen to early adopt the standard. In applying the transitional provisions of AASB 16, the Group has used a modified retrospective approach with the cumulative effect of initial application of the standard recognised in retained earnings and has not restated comparative information. The impact on the Groups statement of financial position is a recognition of a liability to make lease payments (Lease liability) and an asset representing the right to use the underlying asset during the lease term (Right-of-use asset). The Group separately recognises interest expense on the liability and depreciation on the right-of-use asset in its profit or loss statement.

The revised definition of a lease found in AASB 16 impacts the Group's rental agreements for office premises and warehouse. The Group recognised a Right-of-use asset for its office lease of $366,670 and corresponding lease liability of $373,743 as at 1 July 2018. The Group has exercised the option not to apply the new recognition requirements to short-term leases, whose term will end within 12 months of the date of initial application. In such cases, the lease will be accounted for as a short-term lease and lease payments associated with them will be recognised as an expense. The Group applies this practical expedient in AASB 16 Appendix C, C10 to the warehouse rental agreement which commenced on 8 May 2017. On its recent expiry on 7 May 2019, the Group has renewed the lease for a further 12-month period. The quantitative effect as a result of adopting AASB 16 are detailed in Notes 3, 10 and 17.

Standards and Interpretations issued but not yet adopted

The Directors have also reviewed all Standards and Interpretations, issued and not yet adopted for the year ended 30 June 2019. 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 and therefore no other material change is necessary to the Group's accounting policies.

NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue from the provision of services over time in the following major category. This is consistent with the revenue information that is disclosed for the reportable segment under AASB 8 (see Note 21).

	Consolidated Group	
	2019	**2018**
Over time	**$**	**$**
Revenue from collaborative consumption activities	1,034,212	1,207,134
Total Revenue	**1,034,212**	**1,207,134**

NOTE 3: MATERIAL PROFIT AND LOSS ITEMS

(a) Corporate and administrative expenses		
Depreciation	16,063	18,466
Depreciation (ROU asset)	157,144	-
Provision for expected credit loss	66,008	96,778
Amortisation	7,511	30,042
Short term lease payments [1]	64,489	218,016
Share-based payments	36,753	261,857
Salaries and wages	1,553,226	1,628,166
Superannuation costs	144,290	157,702
Employee leave entitlements	(5,595)	68,855
Audit fees	40,250	36,000
Interest expense (lease liability)	14,830	-
Other corporate and administrative expenses	1,130,095	850,594
	3,225,064	**3,366,476**

1. For the financial year ended 30 June 2019, amounts relate to rental incurred for a short-term warehouse lease, presented in accordance with AASB 16 short-term leases. The comparative figure includes rental expense for both warehouse and office lease, presented in accordance with AASB 17 Leases, which applied during the period.

(b) Finance income and costs		
Interest income	3,280	43,151
Interest expense	(35,540)	-

	Consolidated Group	
	2019	2018
NOTE 4: INCOME TAX	$	$
(a) Income tax benefit		
The major components of income tax benefit are:		
Current income tax		
Current R&D Tax offset	-	341,043
Under/(over) provision in prior year	(15,784)	(7,331)
Income tax benefit/(expense)	**(15,784)**	**333,712**
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting loss before income tax	(3,219,968)	(3,325,082)
Income tax expense calculated at 27.5% (2018: 27.5%)	(885,491)	(914,398)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	147,426	256,117
Share-based payments	10,107	72,011
Other deferred tax assets and tax liabilities not recognised	727,958	586,270
Research and development tax incentive	-	(341,043)
(Under) / over provision in prior year	15,784	7,331
Total Income tax (benefit)/expense for the year	**15,784**	**(333,712)**
(c) Unrecognised deferred tax balances		
The following deferred tax assets have not been brought to account:		
Losses available for offset against future taxable income	2,621,239	1,893,281
Accrued expenses and liabilities	91,830	91,440
Unrecognised deferred tax assets	**2,713,069**	**1,984,721**

Deferred tax assets arising from tax losses are, to the extent noted above, not recognised at reporting date as realisation of the benefit is not regarded as probable. This deferred income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation is complied with, including Continuity of Ownership and/or Same Business Tests; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(d) Tax rates

The potential tax benefit at 30 June 2019 in respect of tax losses not brought to account has been calculated at 27.5% for Australian entities. The rate applied for the year ended 30 June 2018 was 27.5%. There has been no change in this tax rate since the previous reporting period.

NOTE 5: LOSS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2019 was based on the loss attributable to ordinary shareholders of $3,235,752 (2018 loss: $2,991,370) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2019 of 672,132,580 (2018: 619,117,857) calculated as follows:

Loss attributable to ordinary shareholders (basic)	**Consolidated Group 2019 $**	**2018 $**
Loss attributable to the ordinary shareholders	(3,235,752)	(2,991,370)

	2019 Number	**2018 Number**
Weighted average number of ordinary shares for the purpose of basic earnings per share	672,132,580	619,117,857
Weighted average number of ordinary shares for the purpose of diluted earnings per share	-	-

	2019	**2018**
Basic and diluted loss per share from continuing operations (cents per share)	(0.48)	(0.48)

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated Group 2019 $	**2018 $**
Cash at bank and on hand	1,246,590	801,667
	1,246,590	**801,667**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods up to three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23.

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2019	2018
Current	$	$
Trade receivables	32,728	53,860
Other receivables	15,870	32,470
Research and Development Tax Incentive	-	341,043
	48,598	**427,373**

The Group's exposure to credit risk and impairment losses relating to trade and other receivables is disclosed in Note 23.

NOTE 8: OTHER ASSETS

Current		
Prepayments	1,458	1,099
Prepaid insurance	-	5,550
Rental Deposit	50,886	49,693
Other deposits	17,750	17,750
	70,094	**74,092**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group			
	Property Plant & Equipment	Furniture and Fittings	Leasehold Improvements	Total
	$	$	$	$
Cost		55,664	41,874	97,538
Accumulated depreciation	-	(46,876)	(24,532)	(71,408)
Net book value at 30 June 2019	**-**	**8,788**	**17,342**	**26,130**
Cost		55,664	41,874	97,538
Accumulated depreciation	-	(36,594)	(18,751)	(55,345)
Net book value at 30 June 2018	-	**19,070**	**23,123**	**42,193**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

The reconciliation of the carrying amounts of each class of property, plant and equipment and leasehold improvements at the beginning and the end of the reporting period:

	Consolidated Group			
	Property Plant & Equipment $	**Furniture and Fittings $**	**Leasehold Improvements $**	**Total $**
2019				
Opening net book value at 1 July 2018	-	19,070	23,123	42,193
Additions during the year	-			
Disposals during the year	-	-	-	-
Depreciation expense	-	(10,282)	(5,781)	(16,063)
Closing net book value at 30 June 2019	**-**	**8,788**	**17,342**	**26,130**

		Property Plant & Equipment $	**Furniture and Fittings $**	**Leasehold Improvements $**	**Total $**
2018					
Opening net book value at 1 July 2017		-	12,984	9,959	22,943
Additions during the year	-		11,706	26,010	37,717
Disposals during the year	-	-	-	-	-
Depreciation expense	-	-	(5,620)	(12,846)	(18,466)
Closing net book value at 30 June 2018		-	**19,070**	**23,123**	**42,193**

There was no impairment loss relating to property, plant and equipment during the 2019 financial year (2018: nil).

	Consolidated Group	
NOTE 10: LEASES	**2019 $**	**2018 $**
(a) Right of use asset		
		-
Carrying value of ROU (office lease) - at initial application	366,670	-
ROU asset (office lease) - depreciation	(157,144)	-
Carrying value of ROU (office lease) - at end of period	**209,526**	-
(b) Lease liability		
Lease Liability (office lease) – at initial application	373,743	-
Less: Principal repayments during the period	(152,113)	-
Carrying value of Lease Liability at period end	**221,629**	-

(c) Lease Liability (contractual maturity)

	Carrying amount	< 12 months	> 12 months
Lease liability at 30 June 2019	$ 221,629	$165,007	$56,622

NOTE 10: LEASES (continued)

The Group measures the right-of-use asset and lease liability for the lease on office premises using a 4% discount rate (based on contractual rental increase rate) over a 3-year lease term. In the current period, $14,830 of corresponding interest expense on the liability and $157,144 of depreciation on the right-of-use asset has been recognised in the consolidated statement of comprehensive income. The Group applies the practical expedient in AASB 16 Appendix C, C10 which allows the Group to account for the warehouse lease in the same way as short-term leases. The Group recognised $64,489 of leasing expense in the current period in relation to the warehouse premises.

(d) Reconciliation of operating lease commitments to lease liability

	Consolidated Group $
Off balance lease obligation as at 30 June 2018 [1]	419,091
Current lease terms with 12 months or less	(45,348)
Operating lease obligations as of 1 July 2018	**373,743**

1. Operating lease commitments classified under predecessor AASB 17 include commercial leases for its office and warehouse.

(e) Interest expense on lease liability incurred and paid during the year:

Interest repayments during the year	15,265
Less: interest expense for prior period paid during the year	(1,526)
Add: interest expense accrued	1,091
Interest expense (lease) for the year	**14,830**

NOTE 11: GOODWILL AND INTANGIBLE ASSETS

The reconciliation of the carrying amounts of goodwill and each class of intangibles at the beginning and the end of the reporting period:

	Consolidated Group			
	Software Development and Domain costs $	Trademarks $	Goodwill $	Total $
Cost	728,849	7,259	2,079,699	2,815,807
Accumulated amortisation	(670,859)	-	-	(670,859)
Carrying value at 30 June 2019	**57,990**	**7,259**	**2,079,699**	**2,144,948**
Cost	728,849	5,169	2,079,699	2,813,717
Accumulated amortisation	(663,348)	-	-	(663,348)
Carrying value at 30 June 2018	**65,501**	**5,169**	**2,079,699**	**2,150,369**

NOTE 11: GOODWILL AND INTANGIBLE ASSETS (continued)

	Software Development and Domain costs $	Trademarks $	Goodwill $	Total $
2019				
Carrying value at 1 July 2018	65,501	5,169	2,079,699	2,150,369
Additions	-	2,090	-	2,090
Amortisation charge	(7,511)	-	-	(7,511)
Carrying value at 30 June 2019	**57,990**	**7,259**	**2,079,699**	**2,144,948**
2018				
Carrying value at 1 July 2017	95,041	5,169	2,079,699	2,179,909
Additions	-	-	-	-
Amortisation charge	(29,540)	-	-	(29,540)
Carrying value at 30 June 2018	**65,501**	**5,169**	**2,079,699**	**2,150,369**

(a) Description of the Group's intangible assets and goodwill

(i) Software Development and Domain costs

Software development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The Group's software development costs include DriveMyCar and MyCaravan's software development intangible assets acquired as part of the acquisition of DriveMyCar and MyCaravan in financial years ended 2014 and 2015. DriveMyCar's software development intangible assets were assessed with a fair value of $250,000 with a finite life of 2.5 years and MyCaravan's software development intangible assets with fair value of $120,167 and a finite life of 4 years. These were amortised using the straight-line method over the finite life period. In the current year, MyCaravan's software development intangible assets remaining value of $7,511 was fully amortised (2018: $29,540). The amortisation has been recognised in the statement of profit or loss and other comprehensive income in the line item "corporate and administrative expenses".

Domain costs are assessed as having an indefinite useful life and are not amortised, but are subject to impairment testing. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(ii) Trademarks

Trademarks were acquired through acquisition and are carried at cost less accumulated impairment losses. This intangible asset has been assessed as having an infinite life and therefore is not amortised however is subject to impairment testing on an annual basis or whenever there is an indication of impairment. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

NOTE 11: GOODWILL AND INTANGIBLE ASSETS (continued)

(iii) Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer to section (b) of this note).

(b) Impairment tests for goodwill

No impairment loss was recognised for continuing operations in the 2019 financial year, and no impairment loss was recognised in the 2019 financial year.

Goodwill acquired through business combinations and patents and licences had been allocated to a single cash generating unit (CGU) for impairment testing.

Collaborative Consumption

The recoverable amount of the Collaborative Consumption unit has been determined based on a value-in-use calculation using cash flow projections for five years, based on financial budgets approved by senior management.

The discount rate applied to cash flow projections is 10.3% (2018: 12.7%) and cash flows beyond the 2024 financial year are extrapolated using a 2.5% nominal growth rate (2018: 2.5%) projected to perpetuity.

Carrying amount of goodwill and other identifiable intangibles allocated to the cash generating units are as follows:

	Collaborative Consumption	
	2019	**2018**
	$	**$**
Carrying amount of trademarks	7,259	5,169
Carrying amount of domain names	46,944	46,944
Carrying amount of software development costs	11,046	18,557
Carrying amount of goodwill	2,079,699	2,079,699
Total intangibles	**2,144,948**	**2,150,369**

Key assumptions used in value in use calculations for Collaborative Consumption

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the Collaborative Consumption CGU.

- Revenue – the basis used to determine the value assigned to revenue is based on current levels to which expected values of new business have been added.
- Costs – in deriving the values assigned to costs, management has considered the existing base and future expected costs with the increasing size of the business. The increasing value allows for the additional requirements of the amount of new business forecast.
- Inflation and long-term growth – the current rate of around 2.5% is maintained.

The Directors are of the opinion that there are no reasonably expected changes in key assumptions upon which management have based in its determination of recoverable amounts which would cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

NOTE 12: TRADE AND OTHER PAYABLES	Consolidated Group 2019 $	2018 $
Trade creditors [1]	284,287	159,456
Deposits held [2]	111,386	136,945
Other creditors and accruals [3]	478,271	369,529
Interest payable [4]	16,866	-
	890,810	**665,930**

1. Trade creditors are non-interest bearing and are normally settled on 60-day terms.
2. Deposits held being amounts owing to renters
3. Accruals include amounts owing to directors for fees
4. Interest is payable on Financing Facility to a related party (refer Note 14 and Note 19)

The Company's exposure to liquidity risk relating to trade and other payables are disclosed in Note 23.

NOTE 13: OTHER LIABILITIES

	2019 $	2018 $
Current		
Provision for annual leave	69,402	94,212
Deferred revenue	10,464	18,809
	79,866	**113,021**
Non-Current		
Provision for long service leave [(1)]	50,060	30,845
	50,060	**30,845**

[(1)] A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of the provision, the probability of long service leave being taken is based on managements' expectations of employee retention.

NOTE 14: RELATED PARTY ADVANCE AND BORROWINGS

	2019 $	2018 $
Current		
Advance	150,000	-
Financing Facility	850,000	-
	1,000,000	-

The Advance and Financing Facility have been provided by Hishenk Pty. Ltd. (**Hishenk**). Hishenk is a related party of the Company by virtue of Mr Abolakian's father being sole director and both his parents being shareholders of Hishenk.

Terms of the Advance

The Advance is unsecured and interest free and has been provided to the Company as an advance on equity raising funds. Refer to Note 28 for details of terms renegotiated subsequent to balance date and the offset of the Advance against take up of entitlements under the 2019 Entitlement Issue.

Terms of the Financing Facility

The Financing Facility is unsecured and is provided at a simple commercial interest rate of 12% per annum calculated based on amount drawn.

NOTE 14: RELATED PARTY ADVANCE AND BORROWINGS (continued)

Terms of the Financing Facility (continued)

At the election of Hishenk and subject to the receipt of all necessary regulatory approvals, any amounts drawn down by the Company under the Financing Facility may be converted into equity at the price of a future equity raising by the Company.

If Hishenk does not make a conversion election or shareholder approval is not granted, amounts drawn under the Financing Facility are repayable on the earlier of:

(i) 30 September 2019; or

(ii) ten (10) business days after the Company's shareholders fail to approve any resolution enabling the amounts drawn down by the Company under the Financing Facility to be offset against a subscription for fully paid ordinary shares in Collaborate; or

(iii) ten (10) business days after the Company raises at least $3,000,000 pursuant to an equity raising.

The Financing Facility is not subject to any covenants.

Refer to Note 28 for details of variation of terms negotiated subsequent to balance date, including extension of repayment date and reduction of interest rate.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23. The repayment profile and contractual cashflows of the Financing Facility are disclosed in Note 23 (d).

NOTE 15: ISSUED CAPITAL

	Consolidated Group 2019 $	Consolidated Group 2018 $
824,543,303 (2018: 619,117,857) fully paid ordinary shares	**33,694,524**	**31,669,303**

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Parent Entity in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities presents at a shareholder meeting in person or by proxy is, entitled to one vote, and upon a poll each share is entitled to one vote.

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

The following movements in issued capital occurred during the year:

	Year to 30 June 2019 Number of Shares	Year to 30 June 2019 $	Year to 30 June 2018 Number of Shares	Year to 30 June 2018 $
At beginning of financial period	619,117,857	31,669,303	619,117,857	31,669,303
Issue of shares at $0.015 each: entitlement issue	77,389,732	1,160,846	-	-
Issue of collateral shares pursuant to CPD[1a]	20,000,000	-	-	-
Issue of shares at $0.015 each: set up fee for CPD [1b]	2,500,000	37,500	-	-
Issue of shares at $0.014 each in lieu of cash payment for fees	3,535,714	49,500	-	-
Issue of shares at $0.01 each: placement	100,000,000	1,000,000	-	-
Issue of shares at $0.01 each: corporate adviser fee for placement	2,000,000	20,000	-	-
Less: transaction costs arising from share issues	-	(242,625)	-	-
At end of financial period	**824,543,303**	**33,694,524**	**619,117,857**	**31,669,303**

NOTE 15: ISSUED CAPITAL (continued)

Note:
1a. The 20,000,000 collateral Shares have been issued pursuant to the controlled placement deed (**CPD**) with Acuity Capital, as announced to ASX on 10 January 2019. The CPD provides Collaborate with a placement facility of up to $3 million over a 30-month period. Under the terms of the CPD, Collaborate retains full control of all aspects of initiating the placement process, where Collaborate has sole discretion as to whether or not to utilise the CPD, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no obligations on Collaborate to utilise the CPD and Collaborate may terminate the CPD at any time with 5 Business Days' notice, without cost or penalty. Acuity Capital and the CPD do not place any restrictions at any time on Collaborate raising capital through other methods.
1b. Collaborate and Acuity Capital have agreed to a one-off issue of 2,500,000 Shares in consideration for entering into the CPD. There are no other establishment or placement fees required to be paid to Acuity Capital.

(b) Options

The terms of certain options provide that if the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares, the option exercise price shall be reduced according to the formula specified in the ASX Listing Rules. On 29 October 2018, upon completion of the pro-rata non-renounceable entitlement issue (**2018 Entitlement Issue**), the exercise prices of certain options on issue were adjusted, as set out in the tables below.

Details of options issued during the year:

Class	Expiry Date	Exercise Price	Number of Options
Employee Options	3 September 2021	0.0211[1]	2,264,656
Employee Options	1 October 2021	0.0188	318,272
Employee Options	1 February 2022	0.0163	260,031
Employee Options	7 May 2022	0.0125	1,000,000
Employee Options	7 May 2022	0.0150	1,000,000
Employee Options	1 June 2022	0.0100	140,074

[1] This is the adjusted exercise price following completion of the 2018 Entitlement Issue.

No options were exercised during the year.

The following options expired during the financial year:

Class	Expiry Date	Exercise Price[1]	Number of Options
Executive A Options	28 November 2018	0.0198	383,334
Executive B Options	28 November 2018	0.0298	883,334
Director Options	28 November 2018	0.0298	2,000,000
Officer Options	30 November 2018	0.0348	5,000,000
Facility Options	31 May 2019	0.0298	4,500,000

[1] These are the adjusted exercise prices following completion of the 2018 Entitlement Issue.

NOTE 15: ISSUED CAPITAL (continued)

At 30 June 2019, unissued ordinary shares of the Company under option were:

Class	Expiry Date	Exercise Price $	Number of Options
Executive A Options	28 November 2019	0.0198[1]	883,333
Executive A Options	28 November 2020	0.0198[1]	883,333
Executive B Options	28 November 2019	0.0298[1]	883,333
Executive B Options	28 November 2020	0.0298[1]	883,333
Employee Options	1 September 2019	0.0223[1]	1,634,797
Employee Options	1 March 2020	0.0248[1]	316,622
New A Options	24 April 2020	0.0310	8,333,333
New B Options	24 April 2020	0.0500	3,333,333
Management options	1 May 2020	0.0358[1]	1,000,000
Employee Options	1 September 2020	0.0386[1]	2,408,294
Officer A Options	23 November 2020	0.0494[1]	7,000,000
Officer B Options	23 November 2020	0.0792[1]	10,500,000
Employee Options	3 September 2021	0.0211[1]	2,264,656
Employee Options	1 October 2021	0.0188	318,272
Employee Options	1 February 2022	0.0163	260,031
Employee Options	7 May 2022	0.0125	1,000,000
Employee Options	7 May 2022	0.0150	1,000,000
Employee Options	1 June 2022	0.0100	140,074

[1] This is the adjusted exercise price following completion of the 2018 Entitlement Issue.

None of these options are quoted.

Pursuant to the terms of the placement completed on 28 June 2019, Collaborate agreed to issue 66,666,667 options to Turners Automotive Group (which have an exercise price of $0.015 per option and an expiry date of 18 December 2020), the issue of which is subject to shareholder approval at the 2019 annual general meeting.

(c) Capital management

The Group's objectives when managing capital are disclosed in Note 24.

NOTE 16: SHARE-BASED PAYMENT RESERVES	Consolidated Group 2019 $	Consolidated Group 2018 $
Balance at beginning of the year	1,179,681	945,834
Options issued	36,753	261,857
Transfer to accumulated Losses (options lapsed and expired)	(198,405)	(28,010)
Balance at the end of the year	**1,018,029**	**1,179,681**

Nature and purpose of reserves

Share-based payment reserve

This reserve records the value of options issued including the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to Note 18 for further details on these grants.

NOTE 17: ACCUMULATED LOSSES

	Consolidated Group 2019 $	2018 $
Movement in retained earnings were as follows:		
Accumulated losses at beginning of the year	(30,163,086)	(27,199,726)
Adjustments (adoption of AASB 16) (1)	(8,599)	-
	(30,171,685)	(27,199,726)
Transfer from reserves	198,405	28,010
Loss for the period	(3,235,752)	(2,991,370)
Accumulated losses at end of the period	**(33,209,032)**	(30,163,086)
(1) Impact due to early adoption of standard		
Recognition of ROU asset and lease liability at adoption	97,690	-
Cumulative effect on RE for ROU depreciation from commencement till initial application	(104,763)	-
Recognition of interest expense on lease liability owing at initial application	(1,526)	-
	(8,599)	-

NOTE 18: SHARE-BASED PAYMENTS

During the year, the Company granted a total of 5,437,591 options to employees under the Incentive Option Plan approved by shareholders on 19 November 2018 (**Employee Options**).

Set out below are summaries of options granted to employees and vested during the year:

Grant date	Expiry date	Exercise Price $	Balance at the start of the year	Granted	(Exercised/ Lapsed)	Vested	Balance at the end of the year
3-Sep-18	3-Sep-21	0.0211[1]	-	2,719,214	(454,558)	2,264,656	2,264,656
30-Oct-18	1-Oct-21	0.0188[1]	-	318,272	-	318,272	318,272
01-Feb-19	01-Feb-22	0.0163	-	260,031	-	260,031	260,031
7-May-19	7-May-22	0.0125	-	1,000,000	-	1,000,000	1,000,000
7-May-19	7-May-22	0.0150	-	1,000,000	-	1,000,000	1,000,000
31-May-19	01-Jun-22	0.0100	-	140,074	-	140,074	140,074

[1] On 29 October 2018, upon completion of the 2018 Entitlement Issue, the exercise prices of options granted to employees were adjusted.

NOTE 18: SHARE-BASED PAYMENTS (continued)

The fair value of the equity-settled share options granted under the Employee Incentive Plan are estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. The valuation model inputs used to determine the fair value at grant dates are outlined below:

Grant date	Expiry date	Share price at grant date $	Exercise price $	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date $
3-Sep-18	3-Sep-21	0.0170	0.0211	78.00%	0.00%	1.99%	21,333
30-Oct-18	1-Oct-21	0.0150	0.0188	81.00%	0.00%	2.07%	2,279
01-Feb-19	01-Feb-22	0.0130	0.0163	89.00%	0.00%	1.74%	1,759
7-May-19	7-May-22	0.0100	0.0125	96.00%	0.00%	1.32%	5,565
7-May-19	7-May-22	0.0100	0.0150	96.00%	0.00%	1.32%	5,183
31-May-19	1-Jun-22	0.008	0.0100	98.00%	0.00%	1.10%	634
							36,753

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.

The following share options granted to executives and employees expired during the financial year:

Options	Grant date	Expiry date	Exercise [1] price	Number expired	Number lapsed
Executive A Options	28-Nov-14	28-Nov-18	$0.0198	(383,334)	-
Executive B Options	28-Nov-14	28-Nov-18	$0.0298	(883,334)	-
Director Options	28-Nov-14	28-Nov-18	$0.0298	(2,000,000)	-
Officer Options	1-Dec-15	30-Nov-18	$0.0348	(5,000,000)	-
Employee options	1-May-17	1-May-20	$0.0398	-	(159,272)
Employee options	1-Sep-17	1-Sep-20	$0.0386	-	(516,660)
Employee options	3-Sep-18	3-Sep-21	$0.0211	-	(454,558)

[1] On 29 October 2018, upon completion of the 2018 Entitlement Issue, the exercise prices of options granted to employees were adjusted.

NOTE 18: SHARE-BASED PAYMENTS (continued)

Movements during the year

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	2019 Number	2019 WAEP $	2018 Number	2018 WAEP $
Outstanding at the beginning of year	35,335,648		15,137,597	
Options granted				
Employee Options	-	-	3,323,780	0.0388
Executive Options	-	-	7,000,000	0.0496
Executive Options	-	-	10,500,000	0.0794
Employee Options	2,719,214	0.0211	-	-
Employee Options	318,271	0.0188	-	-
Employee Options	260,030	0.0163	-	-
Employee Options	1,000,000	0.0125		
Employee Options	1,000,000	0.0150		
Employee Options	140,074	0.0100		
Forfeited/Lapsed during the year				
Employee Options	(159,272)	0.0398	(398,825)	0.0388
Employee Options	(516,660)	0.0386	(226,904)	0.0250
Employee Options	(454,558)	0.0211		
Expired during the year				
Executive A Options	(383,334)	0.0198	-	-
Executive B Options	(883,334)	0.0298	-	-
Director Options	(2,000,000)	0.0298	-	-
Officer Options	(5,000,000)	0.0348		
Outstanding at the end of year	**31,376,078**		**35,335,648**	
Exercisable at the end of year	31,376,078 [a]		35,335,648[a]	

a. The weighted average exercise price for options outstanding at the end of the year was $0.0100 to $0.0794 (2018: $0.0250 to $0.0794)

Modifications of equity-settled share-based payment transactions

The terms of certain options provide that if the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares, the option exercise price shall be reduced according to the formula specified in the ASX Listing Rules.

On 29 October 2018, upon completion of the 2018 Entitlement Issue, the exercise prices of options granted to employees were adjusted, as set out below.

NOTE 18: SHARE-BASED PAYMENTS (continued)

Class	Expiry Date	Exercise Price $	Adjusted Exercise Price $	Number of Options
Executive A Options	28-Nov-19	0.02	0.0198	883,333
Executive A Options	28-Nov-20	0.02	0.0198	883,333
Executive B Options	28-Nov-19	0.03	0.0298	883,333
Executive B Options	28-Nov-20	0.03	0.0298	883,333
Officer A Options	23-Nov-20	0.0496	0.0494	7,000,000
Officer B Options	23-Nov-20	0.0794	0.0792	10,500,000
Employee Options	1-Sep-19	0.0225	0.0223	1,634,797
Employee Options	1-Mar-20	0.025	0.0248	316,622
Employee Options	1-Sep-20	0.0388	0.0386	2,408,294
Employee Options	3-Sep-21	0.0213	0.0211	2,264,656

No other terms of equity-settled share-based payment transactions have been altered or modified by the Company during the financial year or the prior financial year.

NOTE 19: RELATED PARTY DISCLOSURES

The Group's related parties include key management, associates and other described below:

	Consolidated Group	
	2019 $	2018 $
(a) Key management personnel compensation		
Short-term benefits	316,250	297,000
Post-employment benefits	23,275	22,515
Share-based payment	-	200,245
Total compensation	**339,525**	**519,760**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 17 to 24.

(b) Other key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company during the year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

		Transactions value for the year		Balance outstanding at 30 June	
Director	Transaction	2019 $	2018 $	2019 $	2018 $
Mr A Bunter	Taxation services[1]	1,190	2,635	-	-
Mr S Abolakian	Advance[2]	150,000	-	150,000	-
	Financing facility[3]	850,000	-	850,000	-
	Interest payable[3]	16,866	-	16,866	-

NOTE 19: RELATED PARTY DISCLOSURES (continued)

Notes in relation to the table of other key management personnel transactions

1. A company associated with the spouse of Mr Bunter provided taxation services to the Company. The terms for such services were based on market rates, and amounts were payable on normal commercial terms.
2. An entity associated with Mr Abolakian, agreed to provide the Company an advance of $150,000 on a future equity raising. The Advance is unsecured and interest free. Refer to Note 14 for further details of the Advance. Refer to Note 28 for details of terms renegotiated subsequent to balance date and offset of the Advance against take up of entitlements under the 2019 Entitlement Issue.
3. An entity associated with Mr Abolakian agreed to provide a Financing Facility of up to $850,000 to the Company. The Financing Facility is unsecured, repayable by 30 September 2019 and is provided at a simple commercial interest rate of 12% per annum calculated based on amount drawn. Refer to Note 14 for further details of the Financing Facility. Refer to Note 28 for details of variation of terms negotiated subsequent to balance date, including extension of repayment date and reduction of interest rate.

There are no other key management personnel transactions during the 2019 or 2018 financial years.

(c) Transactions with subsidiaries

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Details of transactions between the Group and other related entities are disclosed below:

Loans to related parties

Loans are made by the Parent Entity, Collaborate Corporation Limited, to its wholly owned subsidiaries for capital purchases and working capital purposes. The loans outstanding between the Parent Entity and its subsidiaries have no fixed date of repayment and are non-interest bearing. Details of the Parent Entity's interest in its subsidiaries are set out in Note 25.

	Parent Entity	
	2019	**2018**
	$	**$**
Non-Current		
Loans to subsidiaries	**8,322,369**	**6,131,199**

No dividends were received from the subsidiaries in the 2019 or 2018 financial years.

NOTE 20: COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group has entered into commercial leases for its office (3-year term) and warehouse (2-year term). These leases each have options to renew for a further one-year term. Due to the adoption of AASB 16, disclosures below do no apply in the current reporting period. Refer Note 3 and Note 10(d) for disclosures for warehouse lease and Note 10 for office lease arrangements.

	Consolidated	
	2019	**2018**
	$	**$**
Within one year	-	202,344
After one year but not more than five years	-	216,747
	-	**419,091**

(b) Contingencies

The Group does not have any contingent liabilities at reporting date.

NOTE 21: SEGMENT INFORMATION

The Group had one reportable segment at the end of the period being the collaborative consumption business segment. The Group has identified its segment based on the internal reports that are reviewed on a monthly basis and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

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

NOTE 22: CASH FLOW STATEMENT RECONCILIATION

	Consolidated Group	
	2019	**2018**
	$	**$**
(a) Reconciliation of net loss after tax to net cash flow from operating activities		
Net loss after income tax	(3,235,752)	(2,991,370)
Adjustments for:		
Depreciation	16,063	18,466
Depreciation (ROU)	157,144	-
Amortisation	7,511	30,042
Provision for expected credit loss	66,008	96,778
Other non-cash items (including share-based payments)	36,753	261,857
Other non-operating items (expenses relating to financing activities)	39,574	16,564
Changes in operating assets and liabilities:		
Change in trade and other receivables	378,777	(75,952)
Change in prepayments and other assets	1,000	(5,624)
Change in trade and other payables	139,488	(90,634)
Change in other liability	(21,230)	(15,996)
Net cash flows from operating activities	**(2,414,664)**	**(2,755,869)**

(b) Non-cash operating, investing and financing activities

During the year, the Company granted 5,437,591 options to employees to assist the recruitment, reward, retention and motivation of employees of the Group (refer Note 18).

On 10 January 2019, the Group announced the execution of a controlled placement deed with Acuity Capital for up to $3,000,000 worth of equity over a 30-month period (**CPD**). Under the terms of the CPD:

- 20,000,000 shares were issued as collateral shares for nil consideration; and
- 2,500,000 shares were issued in lieu of cash payment of a transaction services fee.

On 31 January 2019, 3,535,714 shares were issued to a consultant at a deemed issued price of $0.014 per share in lieu of cash payment for services.

On 28 June 2019, 2,000,000 shares were issued to a corporate adviser upon completion of a placement.

These transactions are not reflected in the statement of cash flows.

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE

(a) Overview

The Group's principal financial assets and liabilities include trade and other receivables, cash and short-term deposits and trade payables derived directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. This note presents information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group's risk management framework is supported by the Board, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's and consolidated entity's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by the Company and consolidated entity and considering the effectiveness of its internal control system. Management and the Audit and Risk Committee report to the Board.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

(b) Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents and trade and other receivables. For the Parent Entity it arises from receivables due from subsidiaries.

The Group does not hold any credit derivatives to offset its credit exposure.

(i) Trade and other receivables

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

Purchase limits may be established where appropriate for individual customers in accordance with parameters set by management.

In addition, receivable balances are regularly monitored and acted upon where necessary to ensure the minimisation of bad debts.

The Group trades only with recognised, creditworthy third parties, and as such collateral is generally not requested nor is it the Group's policy to securitise its trade and other receivables. Rental contracts entered into via the DriveMyCar platform result in the renter paying a deposit to provide security towards the vehicle and possible claims and payments.

The Consolidated Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(c) Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated Group Carrying Amount	
	2019 $	2018 $
Cash and cash equivalents	1,246,590	801,667
Trade and other receivables and deposits - current	117,234	494,816
	1,363,824	**1,296,483**

The credit quality is assessed and monitored as follows:

	Equivalent S&P rating[1]	Internally rated[2]			
30 June 2019	**A+ and above $**	**New customers $**	**Closely monitored customers $**	**No default customers**	**Total $**
Cash and cash equivalents	1,246,590	-	-	-	1,246,590
Trade receivables - current	-	1,074	25,756	5,898	32,728
Other receivables and deposits	15,870	68,636	-	-	84,506
	1,262,460	**69,710**	**25,756**	**5,898**	**1,363,824**

	Equivalent S&P rating[1]	Internally rated[2]			
30 June 2018	**A+ and above $**	**New customers $**	**Closely monitored customers $**	**No default customers**	**Total $**
Cash and cash equivalents	801,667	-	-	-	801,667
Trade receivables - current	-	5,297	25,654	22,909	53,860
Other receivables and deposits	373,513	67,443	-	-	440,956
	1,175,180	**72,740**	**24,654**	**22,909**	**1,296,483**

1. The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.
2. New customers are counterparties with whom the Group has traded for less than one year. No default customers are customers with whom the Group has traded for greater than one year and have no history of default, late payments, renegotiated terms or breach of their credit terms within the past two years. Closely monitored customers are customers with whom the Group has traded for greater than one year and do not qualify as no default customers.

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(ii) Allowance for impairment loss

The Group applies AASB 9 simplified approach to measuring expected credit losses. The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on a matrix which approximates expected credit loss based on management's assessment of probable default rates based on aging categories. However, where there is no reasonable expectation of recovery, trade receivables are written off.

In the current period, the Group recognises an impairment loss of $66,008 (2018: 96,778) using the provision matrix and it is set out below:

	Probable default rates	Gross carrying amount $	Impairment loss $
0-30 days (not due)	0-20%	22,490	3,833
31-90 days	60-90%	11,200	8,428
91-180 days	80%	16,845	13,074
More than 180 days	100%	48,200	40,673
		98,735	**66,008**

Previous accounting policy for impairment of trade receivables

In the prior year, impairment of trade receivables was assessed based on incurred loss model. Individual receivables were known to be uncollectible were written off by reducing the carrying value amount. Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering the amounts.

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, redeemable convertible notes and unsecured interest-free loans.

The Group manages liquidity risk by maintaining adequate reserves, monitoring the total expected and actual cash inflows and outflows on a monthly basis and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments. Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

	Carrying amount $	Contractual cash flows $	≤ 6 months $	6-12 months $	Total $
At 30 June 2019					
Trade creditors	890,810	(890,810)	(890,810)	-	(890,810)
Other creditors and accruals	119,462	(119,462)	-	(119,462)	(119,462)
Advance and Financing facility	1,000,000	(1,000,000)	(150,000)	(850,000)	(1,000,000)
	2,015,272	**(2,010,272)**	**(1,040,810)**	**(969,462)**	**(2,010,272)**
At 30 June 2018					
Trade creditors	665,930	(665,930)	(665,930)	-	(665,930)
Other creditors and accruals	125,657	(125,657)	-	(125,657)	(125,657)
	791,587	**(791,587)**	**(665,930)**	**(125,657)**	**(791,587)**

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Exposure to foreign currency risk

The Board does not consider the Group is materially exposed to changes in foreign exchange rates. As a result, the Group does not currently seek to mitigate its foreign currency exposures. The Group had no exposure to foreign currency risk at balance date.

Interest rate risk

The Group's exposure to interest rates primarily relates to the Group's cash holdings. Interest rate risk is minimal. The Group has no debt at year end and is therefore not exposed to risks on interest borrowings.

The Board manages these risks by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates. The Group does not hedge against these risks.

Profile

The Group had the following exposure to interest rate risk at reporting date:

	Consolidated Group	
	2019 $	2018 $
Variable rate instruments		
Financial assets		
Cash and cash equivalents	1,246,590	801,667
Net exposure	**1,246,590**	**801,667**

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The reasonable change has been calculated on the basis of historical changes in interest rates. This analysis assumes that all other variables remain constant.

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

	Profit or loss	
30 June 2019	**100 bp increase**	**100 bp decrease**
Variable rate instruments	12,466	(12,466)
30 June 2018		
Variable rate instruments	8,017	(8,017)

(f) Fair value of financial instruments

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(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).

NOTE 24: CAPITAL MANAGEMENT

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board adjusts the capital structure to take advantage of favourable costs of capital or high return on assets. Capital structure is predominantly driven by the capital requirements of the Group.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

The Group has no formal financing and gearing policy or criteria during the year. This position has not changed from the previous year.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

NOTE 25: INTEREST IN SUBSIDIARIES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Collaborate Corporation Limited and its subsidiaries listed in the following table:

Name	Country of Incorporation	Date of Incorporation	Equity Interest 2019 %	Equity Interest 2018 %
Drive My Car Rentals Pty Ltd	Australia	5 September 2009	100	100
Drive My Fleet Pty Ltd	Australia	15 December 2010	100	100
Mobilise Global Pty Ltd	Australia	28 April 2014	100	100
My Caravan Pty Ltd	Australia	3 September 2014	100	100

(b) Ultimate parent

Collaborate is the ultimate parent entity, incorporated in Australia on 20 September 1994.

NOTE 26: PARENT ENTITY INFORMATION

The following details information related to the Parent Entity at 30 June 2019. The information presented has been prepared using accounting policies disclosed in note 1.

(a) Statement of financial position

	2019 $	2018 $
CURRENT ASSETS		
Cash and cash equivalents	1,063,697	693,676
Trade and other receivables	-	341,043
Other current assets	52,344	50,792
Total Current Assets	1,116,041	1,085,510
NON-CURRENT ASSETS		
Investments in subsidiaries	2,080,001	8,211,200
Intangible Asset	5,169	5.169
Right of Use asset	209,526	-
Total Non-Current Assets	2,294,696	8,216,369
TOTAL ASSETS	**3,410,737**	**9,301,880**
CURRENT LIABILITIES		
Trade and other payables	309,227	70,147
Advance and financing facility	1,000,000	-
Lease liability	165,007	-
Total Current Liabilities	1,474,234	70,147
NON-CURRENT LIABILITIES		
Lease liability	56,622	-
Total Non-Current Liabilities	56,622	-
TOTAL LIABILITIES	1,530,856	70,147
NET ASSETS	**1,879,881**	**9,231,732**
EQUITY		
Issued capital	33,694,523	31,669,302
Reserves	1,018,029	1,179,681
Accumulated losses	(32,832,671)	(23,617,251)
TOTAL EQUITY	**1,879,881**	**9,231,732**

NOTE 26: PARENT ENTITY INFORMATION (continued)

(b) Statement of profit or loss and other comprehensive income

	Parent Entity	
	2019	**2018**
	$	**$**
Net loss for the year [1]	(9,405,226)	(630,260)
Total comprehensive loss for the year	**(9,405,226)**	**(630,260)**

1. An impairment loss of $8,322,369 was made against the balance on loans receivable from subsidiaries as at 30 June 2019 during the year.

(c) Commitments and contingencies

Commitments

The Parent Entity does not have any commitments at reporting date.

Contingencies

The Parent Entity does not have any contingent liabilities at reporting date.

	Consolidated Group	
	2019	**2018**
NOTE 27: AUDITORS' REMUNERATION	**$**	**$**
Audit and half year review of financial reports (HLB Mann Judd (WA) Partnership)	**40,250**	**36,000**

NOTE 28: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to balance date:

1. On 16 July 2019, Hishenk agreed to the variation of terms of the Financing Facility of $850,000 as follows:
   - the repayment date was extended from 30 September 2019 to 31 March 2020; and
   - with effect from 1 October 2019, the simple interest payable will be reduced to 9% from 12% per annum.
2. On 16 July 2019, the Financing Facility and Advance were novated from Hishenk to Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust (**Willoughby Capital**) following an internal restructure of the Abolakian family assets. Willoughby Capital is also a related party of the Company by virtue of Mr Abolakian being a potential beneficiary of the trust.
3. On 22 July 2019, Willoughby Capital agreed to underwrite up to $1,150,000 of the non-renounceable entitlement issue of shares and free-attaching options to raise up to $2,061,358 (**2019 Entitlement Issue**), including take up of $150,000 of entitlements by offset of the Advance.
4. On 27 August 2019, the Company completed the 2019 Entitlement Issue on a 1-for-4 basis to shareholders of the Company at an offer price of $0.01 per Share raising $1,598,491 before costs, including a total of $1,255,000 underwritten by existing shareholders and officers of Collaborate (this includes offset of the $150,000 Advance by Willoughby Capital). Subscribers under the 2019 Entitlement Issue received free-attaching unquoted options on a 2-for-3 basis which have an exercise price of $0.015 per option and an expiry date of 18 December 2020.

Other than the matters described above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature 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 future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Collaborate Corporation Limited:

   (a) the accompanying financial statements and Notes are in accordance with the *Corporations Act 2001* including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   (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.

   (c) the financial statements and Notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declaration required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

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

Chris Noone
Chief Executive Officer/ Executive Director

Dated at Sydney, New South Wales this 29 August 2019.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Collaborate Corporation Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition Refer to note 1 (p) - Revenue from contracts with customers	
Revenue is comprised of fees received from rendering of services within the peer-to-peer sharing industry. We determined this to be a key area of focus for the audit due to: (i) the high volume of transactions; and (ii) the inherent risk involved in the manual calculation of the service revenues.	Our procedures included, but were not limited to: - evaluating management's processes and key controls regarding accounting for sales revenues; - testing a sample of fee calculations, including re-performance; - conducting analytical review procedures over revenue; - testing the completeness of revenue; and - ensuring that revenue was recognised in accordance with the Group's accounting policies.
Goodwill Refer to note 11 - Goodwill and Intangible Assets	
As outlined in Note 11, the balance of goodwill is $2,079,699. We determined this to be a key area of focus of the audit due to: (i) the material balance of the goodwill; and (ii) the high level of judgement required in assessing the significant assumptions and judgements used in management's assessment of impairment. The impairment assessment includes significant assumptions relating to growth rates and discount rates applied to forecasted future cash flows.	Our procedures included, but were not limited to: - considering the methodology and principles applied to the value in use impairment model; - considering the determination of the cash generating unit; - considering the basis for management's cash flow forecasts including consideration of the historical accuracy of previous estimates; - comparing the discount rate, growth rates and other economic assumptions to available internal and external data; and - performing sensitivity analysis, to ensure compliance with Australian Accounting Standard AASB 136 *Impairment of Assets*. Additionally, we considered the adequacy of the financial report disclosures.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Collaborate Corporation Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 August 2019

Norman Glad

N G Neill
Partner

Details of securities as at 27 August 2019:

Top holders

The 20 largest registered holders of each class of quoted security as at 27 August 2019 were:

Fully paid ordinary shares

	Name	No. of Shares	%
1.	Willoughby Capital Pty Ltd <Willoughby Capital A/C>	241,142,533	24.42
2.	Turners Automotive Group Limited	125,000,000	12.66
3.	RACV Investment Holdings Pty Ltd	37,499,999	3.80
4.	Mr Bradley Partridge	27,359,037	2.77
5.	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	23,184,747	2.35
6.	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C>	22,500,000	2.28
7.	Lunair Pty Ltd	20,022,074	2.03
8.	Myola (WA) Pty Ltd <Brent Mezger Family A/C>	17,961,971	1.82
9.	JMT Investment Group VIC Pty Ltd <John Turner Super Fund A/C>	17,577,320	1.78
10.	Szekely SMSF Pty Ltd <Szekely Super Fund A/C>	17,500,000	1.77
11.	Mr Craig Graeme Chapman <Nampac Discretionary A/C>	15,812,500	1.60
12.	JMT Investment Group VIC Pty Ltd	13,000,000	1.32
13.	Mr Teddy Tjandramulia	12,727,812	1.29
14.	Mrs Sharon Tracy Jeffries	11,500,000	1.16
15.	KR Capital Investments Pty Ltd <KJ & RA Chambers Family A/C>	8,501,476	0.86
16.	AJ Holidays Pty Ltd <Owen AR & JSY S/F A/C>	8,183,989	0.83
17.	D S A H Holdings Pty Ltd	7,777,485	0.79
18.	Radiata Investments Pty Ltd <Rudie Sypkes Family A/C>	7,442,921	0.75
19.	MNA Family Holdings Pty Ltd <Hishenk Pty Ltd Super A/C>	6,562,500	0.66
20.	Mr Declan Monahan & Mrs Orla Monahan	6,005,612	0.60
		647,261,976	**65.54**

Distribution schedule

A distribution schedule of each class of equity security as at 27 August 2019:

Fully paid ordinary shares

Range		Holders	Units	%
1	- 1,000	239	101,544	0.01
1,001	- 5,000	211	562,091	0.06
5,001	- 10,000	56	434,903	0.04
10,001	- 100,000	603	27,340,339	2.77
100,001	- Over	490	959,150,488	97.12
Total		**1,599**	**987,589,365**	**100.00**

Unquoted securities

Class	Expiry Date	Exercise Price	Number of Options	Number of holders
T1 Employee Options	1 September 2019	$0.0223	1,634,797	4
Executive A Options	28 November 2019	$0.0198	883,333	1
Executive B Options	28 November 2019	$0.0298	883,333	1
T3 Employee Options	1 March 2020	$0.0248	316,622	1
New A Options	24 April 2020	$0.0310	8,333,333	1
New B Options	24 April 2020	$0.0500	3,333,333	1
Management Options	1 May 2020	$0.0358	1,000,000	1
T5 Employee Options	1 September 2020	$0.0386	2,408,294	5
Executive A Options	28 November 2020	$0.0198	883,333	1
Executive B Options	28 November 2020	$0.0298	883,333	1
Officer A Options	23 November 2020	$0.0494	7,000,000	4
Officer B Options	23 November 2020	$0.0792	10,500,000	4
Unquoted Options	18 December 2020	$0.0150	106,566,006	117
T6 Employee Options	3 September 2021	$0.0211	2,264,656	5
T7 Employee Options	1 October 2021	$0.0188	318,272	1
T8 Employee Options	1 February 2022	$0.0163	260,031	1
T9a Employee Options	7 May 2022	$0.0125	1,000,000	1
T9b Employee Options	7 May 2022	$0.0150	1,000,000	1
T10 Employee Options	1 June 2022	$0.0100	140,074	1

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
Willoughby Capital Pty Ltd ATF Willoughby Capital Trust	247,705,033
Turners Automotive Group Limited	125,000,000

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 62,500 as at 27 August 2019):

Holders	Units
959	15,419,027

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.