Collaborate Corporation Limited

ABN 60 066 153 982

Annual report for the year ended 30 June 2017

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Annual report - 30 June 2017

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Collaborate Corporation Limited
Corporate directory

Directors	Mr Chris Noone *Chief Executive Officer and Executive Director* Mr Adrian Bunter *Non-Executive Director* Mr Jim Landau *Non-Executive Director*
Secretary	Ms Karen Logan
Principal place of business and registered office	Level 6, 20 Loftus Street Sydney NSW 2000 Telephone: +61 2 8889 3641 Email: shareholder@collaboratecorp.com
Share registry	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: 1300 737 760 Website: boardroomlimited.com.au
Auditor	HLB Mann Judd Level 4, 130 Stirling Street Perth WA 6000
Bankers	National Australia Bank Level 1, 1238 Hay Street West Perth WA 6005
Website	www.collaboratecorp.com

The Directors present their report together with the financial report of Collaborate Corporation Limited (the "Parent Entity" of the "Company"), being the Company and its controlled entities (the "Group" or "Consolidated Entity"), for the year ended 30 June 2017 and the auditor's report thereon.

Information on Directors and Company Secretary

Directors

Mr Chris Noone

Chief Executive Officer and Executive Director - appointed 8 August 2014

With one eye on the consumer and another on the balance sheet, Chris has led the development, launch and optimisation 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.

Mr Adrian Bunter

Non-Executive Director - 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.

Mr Jim Landau

Non-Executive Director - appointed 18 May 2016

Jim holds Fellowships of the Australian Society of Certified Practicing Accountants, the Financial Services Institute of Australasia, and the Australian Institute of Company Directors. He is also currently a chairman for the international CEO mentoring and coaching group, The Executive Connection Pty Ltd (TEC) and a non-executive director of the Leading Technology Group, Life Research Pty Ltd, elisakit.com Pty Ltd, Cardiobase and AquaConneXions Holdings Pty Ltd. In addition, he is a member of the advisory boards of Adept Turnkey a leading provider of industrial camera systems and services.

Company Secretary

Ms Karen Logan

Appointed 27 October 2009

Ms Logan is a Chartered Secretary with over 10 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 an Associate of the Governance Institute, a Fellow of the Financial Services Institute of Australasia and a Graduate Member of the Australian Institute of Company Directors. Ms Logan 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.

Meetings of Directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

Meetings of Directors (continued)

	Board meetings		Nomination and remuneration committee meetings		Audit and risk committee meetings	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Chris Noone	12	12	N/A	N/A	N/A	N/A
Mr Adrian Bunter	12	12	1	1	2	2
Mr Jim Landau	12	12	1	1	2	2

Committee membership

As at the date of the report, the Parent Entity has 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
Mr Jim Landau (Chairman)	Mr Adrian Bunter (Chairman)
Mr Adrian Bunter	Mr Jim Landau

Interests of directors

The following relevant interests in the shares of the Parent Entity were held by the Directors as at the date of this report.

Director	Shares	Options
Mr Chris Noone[1]	1,350,000	6,300,000
Mr Adrian Bunter[2]	3,913,738	2,500,000
Mr Jim Landau	-	-

1. Mr Noone holds 6,300,000 options with varying exercise prices, vesting conditions and expiry dates pursuant to the terms of the Executive Services Agreement he has with the Company and issues approved by shareholders.

2. Mr Bunter holds 2,500,000 options with varying exercise prices and expiry dates pursuant to issues approved by shareholders.

Principal activity

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

Review of operations

Operating review

The 2017 financial year was one of significant growth and transformation for Collaborate which continued to deliver further evidence of the appeal, scalability and potential of its peer-to-peer business strategy. During the year, material new agreements were signed with major multi-national corporations including Uber, Aon, Subaru and Orix. New revenue streams were created leveraging ridesharing and automotive manufacturers. Revenue increased substantially during FY17 and the year ended with significantly increased cash reserves to fuel further growth in 2018, with funding secured from 100% exercise of the CL8O listed options and via strategic investment from RACV.

Review of operations (continued)

Operating review (continued)

FY17 revenue grew by 50.4% versus FY16, an even stronger performance than the previous financial year which grew by 46.4%, much of which was attributable to the DriveMyCar business unit which saw significantly accelerated growth in the latter part of the financial year and produced a number of consecutive months of record results. The net loss after tax increased by 8.70% compared to FY16 as a result of substantially increased investment in personnel, product development, targeted marketing initiatives, new business development and other growth drivers and the one-off impairment of investments of $150,000 taken up in FY17. Net assets as at 30 June 2017 increased by 131% to $5.42 million compared to 30 June 2016. The Group remains debt-free.

Collaborate continued to deliver on its strategy to develop opportunities in the peer-to-peer industry. DriveMyCar remained a key focus due to its significant traction and appeal to a broad range of private customers and corporate partners. Rentals of vehicles to rideshare drivers commenced on 5 July 2016 in Sydney and expanded to Brisbane and Melbourne in September 2016 and quickly became the fastest growing revenue segment, with Gross Revenue increasing 102% in the June 2017 Quarter versus the previous record March 2017 Quarter.

DriveMyCar leveraged its relationships with Subaru, InterLeasing, corporate fleets and dealer groups to establish itself as a key provider of vehicles for Uber. DriveMyCar demonstrated its ability to pioneer innovative concepts by creating an experiential marketing campaign for the launch of the Subaru Impreza which involved 101 vehicles being added to the DriveMyCar fleet and being made available for ‘try before you buy’ experiences and rental by Uber drivers. All vehicles were 100% utilised within 13 days of campaign launch, allowing thousands of Uber passengers to experience the new Impreza, contributing to consecutive record monthly results for DriveMyCar. Following this success, a similar campaign with 105 Subaru XV vehicles is scheduled to commence in September 2017. During the year new agreements were signed with Trivett Automotive, adding new BMW, Mini, Jaguar and Land Rover vehicles to the DriveMyCar fleet, and ORIX, which is a part of the global ORIX Group which is the largest fleet management group in Asia Pacific.

In October 2016, Collaborate signed a strategic agreement with Aon to support the launch of a new online rental marketplace to monetise idle assets - Mobilise. Under the relationship, Aon will promote Mobilise to its strong network of clients, providing them with an effective platform to monetise idle assets and also gain temporary access to assets to grow their businesses. Furthermore, Aon will source insurance solutions from its panel of insurance providers to provide coverage for assets whilst on rental. To further strengthen the Mobilise proposition, Collaborate has appointed respected rental and equipment industry veteran, John Tolmie, as a strategic advisor to its Board. Mr Tolmie is the former group CEO of Kennards Hire and brings a wealth of logistics, rental industry and business development experience to Collaborate. Mr Tolmie’s expertise, acquired on both sides of the rental sector, and strong network of industry contacts will add significant value to the Mobilise proposition, which will launch in the September 2017 Quarter.

During the year limited resources were allocated to MyCaravan, in favour of more immediate opportunities with DriveMyCar and Mobilise and with a view that additional focus would be provided once key strategic opportunities were identified. Despite the limited focus, Rental Transaction Value grew by 152% in FY17 compared to FY16. Given funds raised through exercise of the CL8O options and strategic opportunities presenting with RACV, Collaborate is now in a position to develop the MyCaravan business in FY18.

Collaborate entered into agreements with existing shareholders to underwrite the exercise of $1.26 million or 63 million CL8O options representing 37% of the total CL8O options on issue. Collaborate was ultimately successful in securing 100% exercise of the CL8O listed options that expired on 30 April 2017 raising a total of $3,500,295 (including $58,504 raised from options exercised in the prior year in September 2015).

In April 2017, Collaborate secured a strategic investment of $1 million from RACV at a 20% premium to the closing price on 21 April 2017. RACV is the largest member organisation in Victoria and one of Australia’s most trusted brands. RACV’s goal of providing industry leading mobility, home and leisure services to its members aligns closely with Collaborate’s experience in operating car, household item and caravan sharing services. In addition to this initial strategic investment, Collaborate and RACV have agreed to jointly explore opportunities to leverage Collaborate’s peer-to-peer marketplace platform to provide RACV’s 2.1 million members and the wider Victorian market with the ability to share items they own or gain access to items they need temporarily.

Review of operations (continued)

Operating review (continued)

Following the exercise of options and strategic investment received in the June 2017 Quarter, the Group enhanced its senior team across the Mobilise business and in technology, and increased its investment in new business in order to incubate a new peer-to-peer business leveraging the significant unique skills and knowledge developed by the Collaborate business. The development of this business is expected to significantly contribute to the growth of the Group and deliver substantial value for shareholders.

With the sustained increases in revenue, recent exercise of 100% of the CL8O options, a highly skilled senior management team and strategic investment from RACV, Collaborate is now entering a new stage of its development in FY18 which includes further scaling its technology platform, leveraging the growing number of strategic partnerships and tactically deploying its significantly increased cash reserves.

Financial review

The Group's net assets increased to $5,417,161 compared with the previous year of $2,341,538. As at 30 June 2017, the Group had cash reserves of $3,637,813 (2016: $116,911).

Significant changes in the state of affairs

Other than as set out in this report, there were no significant changes in the state of affairs of the Group during the year.

Results

The Group recorded a loss of $2,093,175 (2016: loss of $1,925,702) after income tax for the year.

Likely developments and expected results of operations

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.

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 environmental regulations and are not aware of any breach of those environmental requirements 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 to stakeholders and enhances investor confidence.

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

Events subsequent to reporting date

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.

Shares under option

(a) **Share options issued during the year**

Class	Expiry date	Issue price of shares ($)	Number under option
Listed Options	30 April 2017	0.02	6,330,688
Facility Options	31 May 2019	0.03	1,700,000
Employee Options	1 September 2019	0.0225	1,634,797
Employee Options	1 January 2020	0.025	226,904
Employee Options	1 March 2020	0.025	316,622
New A Options	24 April 2020	0.031	8,333,333
New B Options	24 April 2020	0.050	3,333,333
Management Options	1 May 2020	0.036	1,000,000
Employee Options	1 May 2020	0.040	159,272
			23,034,949

(b) **Share options exercised**

Class	Expiry date	Issue price of shares	Number under option
Listed Options	30 April 2017	$0.02	172,089,484
Executive Options	28 November 2018	$0.02	500,000
			172,589,484

Shares under option (continued)

(c) Unissued shares under option

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

Class	Expiry date	Issue price of shares	Number under option
Unlisted Options	1 October 2017	$0.02	5,000,000
Unlisted Options	1 October 2017	$0.03	2,500,000
Executive Options	Various	$0.02	2,150,000
Executive Options	Various	$0.03	2,650,000
Director Options	28 November 2018	$0.03	2,000,000
Facility Options	31 May 2019	$0.03	4,500,000
Officer Options	30 November 2018	$0.035	5,000,000
Employee Options	1 September 2019	$0.0225	1,634,797
Employee Options	1 January 2020	$0.025	226,904
Employee Options	1 March 2020	$0.025	316,622
New A Options	24 April 2020	$0.031	8,333,333
New B Options	24 April 2020	$0.05	3,333,333
Employee Options	1 May 2020	$0.04	159,272
Management Options	1 May 2020	$0.036	1,000,000
			38,804,261

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Indemnification and insurance of Directors

(a) Indemnification

The Parent Entity has agreed to indemnify the Directors and Company Secretary of the Parent Entity 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 Parent Entity and its controlled entities, 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*.

(b) 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 Director’s 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 purpose 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.

Auditor's independence declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. The Independence Declaration is set out on page 18 and forms part of this Directors' Report for the year ended 30 June 2017.

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:

Name	Position held
Mr Chris Noone	Chief Executive Officer/Executive Director
Mr Adrian Bunter	Non-Executive Director
Mr Jim Landau	Non-Executive Director

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 is 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 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.

(i) 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.

Remuneration report (continued)

Remuneration structure (continued)

(i) Non-Executive Director remuneration (continued)

Name	Non-Executive Directors' fees
Mr Adrian Bunter	$30,000 per annum
Mr Jim Landau	$30,000 per annum

(ii) 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.

(iii) 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.

(iv) Other benefits

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

(v) 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 $45,000 for Mr Noone was agreed in 2017 (2016: $35,000) which represented 75% of the maximum amount payable (2016: 58%).

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.

Remuneration report (continued)

Remuneration structure (continued)

(v) Performance linked compensation (continued)

Long-term incentives (continued)

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.

No options were issued to Mr Noone as LTI during the 2017 financial year as part of his employment agreement (2016: 1,500,000).

No shares were issued as LTI during the 2017 financial year (2016: nil)

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.

(vi) Use of remuneration consultants

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

(vii) Voting and comments made at the Company's 2016 Annual General Meeting

The Company received 93.99% of "yes" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

(viii) 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:

	2017	**2016**	**2015**	**2014**	**2013**
Net profit/(loss) for the year	(2,093,175)	(1,925,702)	(2,252,049)	(1,448,293)	533,409
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	1.2 cents	0.1 cents	0.1 cents[1]	Nil	(0.1 cents)
Share price at beginning of the period	2.2 cents	2.1 cents	0.2 cents	0.2 cents	0.3 cents
Share price at end of the period	3.4 cents	2.2 cents	2.1 cents[1]	0.2 cents	0.2 cents
Earnings/(loss) per share for loss from continuing operations					
Basic loss per share	(0.48 cents)	(0.55 cents)	(0.53 cents)[1]	(0.66 cents)[1]	(0.23 cents)
Diluted loss per share	(0.48 cents)	(0.55 cents)	(0.53 cents)[1]	(0.66 cents)[1]	(0.20 cents)

[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.

Remuneration report (continued)

Remuneration structure (continued)

(viii) Consequences of performance on shareholder wealth (continued)

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. During the 2017 financial year Mr Noone was granted a $45,000 performance related payment (2016: $35,000).

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 2017 financial year are as 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	$200,000 per annum, plus statutory superannuation
Short-term incentive	Up to $60,000 per annum
Long-term incentive	Subject to approval by its shareholders and any other approvals that may be required, for the purposes 5,300,000 options scheduled as follows: (a) 2,650,000 options with an exercise price of $0.02 each to acquire 2,650,000 ordinary shares in the Company (A options); the A options will vest as follows: • 883,334 will vest and be exercisable at any time during a period of three years from the date that is 12 months after the date of issue of the A options; and • 883,333 will vest and be exercisable at any time during a period of three years from the date that is 24 months after the date of issue of the A options; and • 883,333 will vest and be exercisable at any time during a period of three years from the date that is 36 months after the date of issue of the A options. • (b) 2,650,000 options with an exercise price of $0.03 each to acquire 2,650,000 ordinary shares in the Company (B options); the B options will vest as follows: • 883,334 will vest and be exercisable at any time during a period of three years from the date that is 12 months after the date of issue of the B options; and • 883,333 will vest and be exercisable at any time during a period of three years from the date that is 24 months after the date of issue of the B options; and • 883,333 will vest and be exercisable at any time during a period of three years from the date that is 36 months after the date of issue of the B options. Further, during the 2016 year 1,500,000 options with an exercise price of $0.035 each to acquire 1,500,000 ordinary shares in the Company (officer options) were issued with 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 leaves, confidentiality and other general provisions.	

Remuneration report (continued)

Remuneration of key management personnel

Remuneration for the year ended 30 June 2017:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2017	**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	-	-	-	-	-	30,000	N/A
Mr J Landau	30,000	-	-	-	-	-	30,000	N/A
Total Non-Executive directors	60,000	-	-	-	-	-	60,000	N/A
Executive Directors:								
Mr C Noone	200,000	45,000	-	22,325	-	12,653	279,978	20.6%
Total Executive Directors	200,000	45,000	-	22,325	-	12,653	279,978	N/A
Total KMP	**260,000**	**45,000**	**-**	**22,325**	**-**	**12,653**	**339,978**	

Remuneration report (continued)

Remuneration of key management personnel (continued)

Remuneration for the year ended 30 June 2016:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2016	**Cash salary and fees**	**Bonus**	**Other benefits**	**Superannuation**	**Long service leave**	**Options**	**Total**	**Proportion of remuneration performance related**
	$	**$**	**$**	**$**	**$**	**$**	**$**	
Non-Executive Directors:								
Mr D Carosa	25,000	-	-	-	-	25,350	50,350	50.3%
Mr A Bunter	30,000	-	-	-	-	25,350	55,350	45.8%
Mr J Landau	5,000	-	-	-	-	-	5,000	
Total Non-Executive Directors	60,000	-	-	-	-	50,700	110,700	
Executive Directors:								
Mr C Noone	200,000	35,000	-	19,000	-	53,586	307,586	28.8%
Total Executive Directors	200,000	35,000	-	19,000	-	53,586	307,586	
Total KMP	**260,000**	**35,000**	**-**	**19,000**	**-**	**104,286**	**418,286**	

Remuneration report (continued)

Key management personnel equity holdings

(i) Fully paid ordinary shares

Director	Held at 1 July 2016	Held at date of appointment	(Sale)/purchases	Granted as remuneration	Other changes/options conversions	Held at date of resignation	Held at 30 June 2017
Mr Noone	850,000	N/A	-	-	500,000	N/A	1,350,000
Mr Bunter	3,500,000	N/A	-	-	413,738	N/A	3,913,738
Mr Landau	-	N/A	-	-	-	N/A	-
	Held at 1 July 2015	**Held at date of appointment**	**(Sale)/purchases**	**Granted as remuneration**	**Other changes/options conversions**	**Held at date of resignation**	**Held at 30 June 2016**
Mr Noone	600,000	-	250,000	-	-	N/A	850,000
Mr Bunter	3,000,000	-	500,000	-	-	N/A	3,500,000
Mr Landau[1]	N/A	-	-	-	-	N/A	-
Mr Carosa[2]	38,596,546	-	-	-	(22,339,127)	16,257,419	N/A

Remuneration report (continued)

Key management personnel equity holdings (continued)

(ii) Share options

Director	Held at 1 July 2016	Held at date of appointment	(Sale)/purchases	Granted as remuneration	Other changes/options conversions	Held at date of resignation	Held at 30 June 2017
Mr Noone	6,800,000	N/A	-	-	(500,000)	N/A	6,300,000
Mr Bunter	2,913,738	N/A	-	-	(413,738)	N/A	2,500,000
Mr Landau	-	N/A	-	-	-	N/A	-
	Held at 1 July 2015	**Held at date of appointment**	**(Sale)/purchases**	**Granted as remuneration**	**Other changes/options conversions**	**Held at date of resignation**	**Held at 30 June 2016**
Mr Noone	5,300,000	-	-	1,500,000	-	-	6,800,000
Mr Bunter	1,413,739	-	-	1,500,000	-	-	2,913,739
Mr Landau[1]	N/A	-	-	-	-	N/A	-
Mr Carosa[2]	11,714,155	-	-	1,500,000	(2,925,245)	10,288,910	N/A

(iii) Notes in relation to the tables of equity holdings of key management personnel

1. Mr Landau was appointed as a Director 8 May 2016.

2. Mr Carosa resigned as a Director on 18 May 2016.

Remuneration report (continued)

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.

One of those entities transacted with the Company during the year and in the prior 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 amount recognised during the year relating to key management personnel and their related parties were as follows:

		Transactions value for the year ended 30 June	
Director	**Transaction**	**2017**	**2016**
Mr A Bunter[3]	Taxation services	1,760	1,640

[3.] 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.

There were no other key management personnel transactions during the 2017 or 2016 financial years.

Share based compensation

There were no such share-based compensation issues during the year.

Modification of equity-settled share based payment transactions

No 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 issuing entity during the reporting period or the prior period.

This report is made in accordance with a resolution of Directors.

Chris Noone
Chief Executive Officer / Executive Director

Dated at Sydney, New South Wales this 31st day of August 2017.

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in 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**

31 August 2017 **Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Collaborate Corporation Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Notes	Consolidated Entity 30 June 2017 $	30 June 2016 $
Revenue from continuing operations	2	**922,731**	613,588
Cost of providing services		**(342,633)**	(199,041)
Gross profit		**580,098**	414,547
Corporate and administrative expenses	3(a)	**(2,147,752)**	(2,230,472)
Research and development expenses		**(636,851)**	(310,016)
Impairment of other financial assets		**(150,000)**	-
Results from continuing operations		**(2,354,505)**	(2,125,941)
Finance costs			
Finance income		**2,461**	20,509
Finance expenses		**(26,289)**	(11,629)
Net financing costs	3(b)	**(23,828)**	8,880
Loss before income tax		**(2,378,333)**	(2,117,061)
Income tax benefit	4	**285,158**	191,359
Loss for the period		**(2,093,175)**	(1,925,702)
Total comprehensive income for the period		**(2,093,175)**	(1,925,702)
Loss is attributable to:			
Owners of Collaborate Corporation Limited	15	**(2,093,175)**	(1,925,702)
Total comprehensive result for the period is attributable to:			
Owners of Collaborate Corporation Limited	15	**(2,093,175)**	(1,925,702)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic loss per share	20	**(0.48)**	(0.55)
Diluted loss per share	20	**(0.48)**	(0.55)

The above 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 2017

	Notes	Consolidated Entity 30 June 2017 $	30 June 2016 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**3,637,813**	116,911
Trade and other receivables	6	**351,439**	205,333
Other current assets	7	**45,650**	15,550
Total current assets		**4,034,902**	337,794
Non-current assets			
Other financial assets	8	**-**	150,000
Property, plant and equipment	9	**22,943**	19,087
Goodwill	10	**2,079,699**	2,079,699
Intangible assets	10	**100,210**	138,041
Total non-current assets		**2,202,852**	2,386,827
Total assets		**6,237,754**	2,724,621
LIABILITIES			
Current liabilities			
Trade and other payables	11	**751,681**	321,121
Other current liabilities	12	**68,912**	61,962
Total current liabilities		**820,593**	383,083
Total liabilities		**820,593**	383,083
Net assets		**5,417,161**	2,341,538
EQUITY			
Issued capital	13	**31,671,053**	26,569,770
Unissued capital and reserves	14	**945,834**	878,319
Accumulated losses	15	**(27,199,726)**	(25,106,551)
Total equity		**5,417,161**	2,341,538

The above 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 2017

Consolidated Entity	Issued capital $	Share-based payments reserve & unissued capital $	Accumulated losses $	Total $
Balance at 1 July 2015	25,332,277	765,583	(23,180,849)	2,917,011
Loss for the period	-	-	(1,925,702)	(1,925,702)
Total comprehensive income for the period	**-**	**-**	**(1,925,702)**	**(1,925,702)**
Transactions with owners in their capacity as owners:				
Issue of share capital	1,248,505	-	-	1,248,505
Share issue costs	(11,012)	-	-	(11,012)
Share based payments	-	112,736	-	112,736
	1,237,493	112,736	-	1,350,229
Balance at 30 June 2016	**26,569,770**	**878,319**	**(25,106,551)**	**2,341,538**
Balance at 1 July 2016	26,569,770	878,319	(25,106,551)	2,341,538
Loss for the period	-	-	(2,093,175)	(2,093,175)
Total comprehensive income for the period	**-**	**-**	**(2,093,175)**	**(2,093,175)**
Transactions with owners in their capacity as owners:				
Issue of share capital	5,273,883	(7,000)	-	5,266,883
Share issue costs	(172,600)	-	-	(172,600)
Share based payments	-	74,515	-	74,515
	5,101,283	67,515	-	5,168,798
Balance at 30 June 2017	**31,671,053**	**945,834**	**(27,199,726)**	**5,417,161**

The above 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 2017

	Notes	Consolidated Entity 30 June 2017 $	30 June 2016 $
Cash flows from operating activities			
Receipts from customers		**2,461,388**	1,579,325
Payments to suppliers and employees		**(4,161,691)**	(3,364,743)
Interest received		**2,406**	6,306
Finance costs		**(25,302)**	(36,777)
Research and development income tax incentive		**183,178**	192,934
Net cash (outflow) from operating activities	21	**(1,540,021)**	(1,622,955)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(7,990)**	(6,665)
Payment of software development and domain costs		**(6,047)**	-
Loans repaid by unrelated entities		**-**	300,000
Payments for acquisition of equity investments		**-**	(150,000)
Increase in rental bonds		**(29,071)**	-
Net cash (outflow) / inflow from investing activities		**(43,108)**	143,335
Cash flows from financing activities			
Proceeds from issues of shares		**4,786,769**	1,248,506
Payment of share issue costs		**(137,738)**	(11,012)
Repayment of borrowings		**(45,000)**	(121,694)
Proceeds from borrowings		**500,000**	-
Net cash inflow from financing activities		**5,104,031**	1,115,800
Net increase (decrease) in cash and cash equivalents		**3,520,902**	(363,820)
Cash and cash equivalents at the beginning of the financial year		**116,911**	480,731
Cash and cash equivalents at end of period	5	**3,637,813**	116,911

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

Contents of the notes to the consolidated financial statements

1 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, under the management approach outlined above only one operating segment has been identified and no further disclosure is required in the financial statements.

2 Revenue

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
From continuing operations		
Rendering of services	**922,731**	613,588

3 Material profit or loss items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

(a) Corporate and administrative expenses

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Depreciation	**4,134**	3,067
Amortisation	**43,878**	130,042
Rental expense on operating leases – minimum lease payments	**123,980**	60,853
Share-based payments	**74,515**	112,736
Salaries and wages	**1,175,185**	957,983
Superannuation costs	**110,692**	90,771
(Decrease)/increase in liability for leave	**8,162**	(5,589)
Audit fees	**28,299**	26,000
Other corporate and administrative expenses	**578,907**	854,609
	2,147,752	2,230,472

3 Material profit or loss items (continued)

(b) Finance income and costs

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Finance income		
Interest income	**2,461**	20,509
Finance costs		
Interest expense	**(26,289)**	(11,629)
Net finance costs / (income)	**23,828**	**(8,880)**

4 Income tax expense

(a) Income tax benefit

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
The major components of income tax benefit are:		
Current income tax		
Current R&D tax offset	**274,354**	170,901
Under provision in prior year	**10,804**	20,458
Income tax benefit	**285,158**	**191,359**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Accounting loss before income tax	**(2,378,333)**	(2,117,061)
Tax at the Australian tax rate of 27.5% (2016: 28.5%)	**(654,042)**	(603,362)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	**186,646**	41,568
Share based payments	**20,492**	32,130
Other deferred tax assets and tax liabilities not recognised	**405,654**	529,664
Research and development tax incentive	**(274,354)**	(170,901)
(Under)/over provision in prior year	**(10,804)**	(20,458)
Impairment expenses	**41,250**	-
Income tax (benefit)/expense	**(285,158)**	**(191,359)**

4 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable (continued)

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $

(c) Current tax liabilities

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Income tax payable attributable to:		
Subsidiaries	**-**	-

(d) Unrecognised deferred tax balances

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
The following deferred tax assets have not been brought to account:		
Losses available for offset against future taxable income	**2,241,145**	934,134
Accrued expenses and liabilities	**48,714**	32,689
Unrecognised deferred tax assets	**2,289,859**	**966,823**

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.

(e) Tax rates

The potential tax benefit at 30 June 2017 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 2016 was 28.5%.

5 Cash and cash equivalents

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Current assets		
Cash at bank and in hand	**3,637,813**	116,911

5 Cash and cash equivalents (continued)

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 22.

6 Trade and other receivables

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Current		
Trade receivables	**77,085**	34,432
Research and development tax incentive	**274,354**	170,901
	351,439	**205,333**

The Group's exposure to credit risk and impairment losses relating to trade and other receivables is disclosed in note 22.

7 Other assets

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Prepayments	**1,024**	-
Rental Deposit	**44,626**	15,550
	45,650	15,550

8 Other financial assets

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Investment in Global Invoice Exchange Pty Ltd	**-**	150,000

The Group made an investment in Global Invoice Exchange Pty Ltd (which trades as FundX). The investment has been classified as an Available-For-Sale financial asset upon initial recognition. FundX is an early stage business which has recognised losses in its startup period. FundX is in discussions in relation to further capital or corporate transactions however these are not at a definitive stage. Due to the early stage nature of the business, an inability to produce accurate financial forecasts at the level of certainty as required for impairment testing and there being no observable tradeable market value for the investment, the investment has been fully impaired during the current financial period.

9 Property, plant and equipment

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Plant and equipment		
Gross value	**77,333**	92,671
Accumulated depreciation	**(77,333)**	(92,671)
	-	-
Furniture, fittings and equipment		
Gross value	**43,958**	118,962
Accumulated depreciation	**(30,974)**	(110,343)
	12,984	8,619
Leasehold improvements		
Gross value	**15,864**	179,568
Accumulated depreciation	**(5,905)**	(169,100)
	9,959	10,468
	22,943	**19,087**

	Total $
Balance at 30 June 2015	**15,490**
Additions	6,664
Depreciation charge	(3,067)
Balance at 30 June 2016	**19,087**
Additions	7,990
Depreciation charge	(4,134)
Balance at 30 June 2017	**22,943**

Impairment of property, plant and equipment

There was no impairment loss relating to property, plant and equipment during the 2017 financial year (2016: nil).

10 Intangible assets

	Software development and domain costs $	Trademarks $	Goodwill $	Total $
Balance at 30 June 2015	**262,914**	**5,169**	**2,079,699**	**2,347,782**
Amortisation charge	(130,042)	-	-	(130,042)
Balance at 30 June 2016	**132,872**	**5,169**	**2,079,699**	**2,217,740**
Amortisation charge	(43,878)	-	-	(43,878)
Additions	6,047	-	-	6,047
Balance at 30 June 2017	**95,041**	**5,169**	**2,079,699**	**2,179,909**

(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. DriveMyCar's software development intangible assets and MyCaravan's software development intangible assets were assessed as having a finite life of 2.5 years and are amortised using the straight-line method over the finite life period. 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 names 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.

(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 (c) of this note).

(b) Recoverability of development costs

Development costs acquired as part of the acquisition of DriveMyCar and Mobilise Global were assessed as having a fair value of $255,000 upon acquisition in the year ended 30 June 2014. The value remaining to be amortised is $Nil.

Development cost acquired as the acquisition of MyCaravan (formerly caramavan.com) was assessed as having a fair value of $120,167 on 2 October 2014. The value remaining to be amortised is $37,553. The remaining carrying value of $57,488 relate to website costs for the group.

10 Intangible assets (continued)

(c) Impairment tests for goodwill

No impairment loss was recognised for continuing operations in the 2017 financial year, and no impairment loss was recognised in the 2016 financial year.

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

(i) Collaborative Consumption

The recoverable amount of the Collaborative Consumption CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

The discount rate applied to cash flow projections is 13.3% (2016: 13.0%) and cash flows beyond the 2021 financial year are extrapolated using a 2.5% nominal growth rate (2016: 3%) projected to perpetuity.

The carrying amount of goodwill and other identifiable intangibles allocated to the CGU are as follows:

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Collaborative Consumption		
Carrying amount of software development costs	**48,097**	85,928
Carrying amount of domain names	**46,944**	46,944
Carrying amount of other identifiable intangibles	**5,169**	5,169
Carrying amount of goodwill	**2,079,699**	2,079,699
	2,179,909	**2,217,740**

(ii) 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 believe 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.

11 Trade and other payables

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Trade payables[1]	**291,076**	56,155
Other payables and accruals	**460,605**	264,966
	751,681	**321,121**

[1] Trade payables are non-interest bearing and are normally settled on 60 day terms.

The Group's exposure to liquidity risk relating to trade and other payables are disclosed in note 22.

12 Other liabilities

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Current		
Employee entitlement liabilities	**56,202**	48,040
Deferred revenue	**12,710**	13,922
	68,912	**61,962**

13 Issued capital

	30 June 2017 Shares	**30 June 2017 $**	30 June 2016 Shares	30 June 2016 $
Ordinary shares				
Ordinary shares - fully paid	**619,117,857**	**31,671,053**	370,173,748	26,569,770
Total share capital	**619,117,857**	**31,671,053**	**370,173,748**	**26,569,770**

(a) Movements in ordinary shares:

Details	**Number of shares**	**$**
Opening balance 1 July 2015	**308,605,647**	**25,332,277**
Issue of shares at $0.02 each by share placement	25,000,000	500,000
Issue of shares at $0.02 each by exercise of options	2,925,244	58,505
Issue of shares at $0.021 each by share placement	28,142,857	591,000
Issue of shares at $0.018 each by share placement	5,500,000	99,000
Less: Transaction costs arising on share issue	-	(11,012)
Balance 30 June 2016	**370,173,748**	**26,569,770**
Issue of shares at $0.0188 each by share placement	9,042,553	170,000
Issue of shares at $0.021 each by share placement	2,380,952	50,000

13 Issued capital (continued)

(a) Movements in ordinary shares: (continued)

Issue of shares at $0.018 each by share placement	11,111,111	200,000
Issue of shares at $0.02 each in consideration of services rendered	1,250,000	25,000
Issue of shares at $0.0194 each by share placement	13,917,527	270,000
Issue of shares at $0.0188 each by share placement	5,319,149	100,000
Issue of shares at $0.02 each by exercise of options	5,075,221	101,504
Issue of shares at $0.02 each by exercise of options	12,736,488	254,730
Issue of shares at $0.02 each by exercise of options	6,005,790	120,116
Issue of shares at $0.02 each by exercise of options	12,500,700	250,014
Issue of shares at $0.02 each by exercise of options	9,190,323	183,806
Issue of shares at $0.03 each by share placement	33,333,333	1,000,000
Issue of shares at $0.02 each by exercise of options	34,036,058	680,721
Issue of shares at $0.02 each by exercise of options	58,174,139	1,163,483
Issue of shares at $0.02 each by exercise of options	7,456,600	149,132
Issue of shares at $0.02 each by exercise of options	13,735,034	274,701
Issue of shares at $0.02 each by exercise of options	13,679,131	273,676
Transfer from share-based payments reserve upon exercise of options	-	7,000
Less: Transaction costs arising on share issue	-	(172,600)
Balance 30 June 2017	**619,117,857**	**31,671,053**

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 present 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.

13 Issued capital (continued)

(b) Options

The following options were issued during the period:

Class	Expiry date	Expiry price ($)	Number of options
Listed options	30-Apr-17	0.02	6,330,688
Facility options	31-May-2019	0.03	1,700,000
Employee options	1-Sep-2019	0.0225	1,634,797
Employee options	1-Jan-2020	0.025	226,904
Employee options	1-Mar-2020	0.025	316,622
New A options	24-Apr-2020	0.031	8,333,333
New B options	24-Apr-2020	0.050	3,333,333
Management options	1-May-2020	0.036	1,000,000
Employee options	1-May-2020	0.040	159,272
			23,034,949

At 30 June 2017 unissued ordinary shares of the Company under options were:

Class	Expiry date	Expiry price ($)	Number of options
Unlisted options[1]	01-Oct-17	0.02	5,000,000
Unlisted options[1]	01-Oct-17	0.03	2,500,000
Executive options[1]	Various	0.02	2,150,000
Executive options[1]	Various	0.03	2,650,000
Director options[1]	28-Nov-2018	0.03	2,000,000
Facility options[1]	31-May-2019	0.03	4,500,000
Officer options[1]	30-Nov-2018	0.035	5,000,000
Employee options[1]	01-Sep-2019	0.0225	1,634,797
Employee options[1]	01-Jan-2020	0.025	226,904
Employee options[1]	01-Mar-2020	0.025	316,622
New A options[1]	24-Apr-2020	0.031	8,333,333
New B options[1]	24-Apr-2020	0.05	3,333,333
Employee options[1]	01-May-2020	0.04	159,272
Management options[1]	01-May-2020	0.036	1,000,000
			38,804,261

1. Unlisted options, executive options, director options, facility options, officer options, employee options, new A options, new B options and management options are not quoted. Executive options are subject to vesting obligations. Vendor options are subject to performance criteria.

(c) Capital management

The Group’s objectives when managing capital are disclosed in note 22.

14 Reserves

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Share-based payments reserve		
Opening balance	**878,319**	765,583
Options issued	**74,515**	112,736
Transfer to issued capital upon exercise of options	**(7,000)**	-
	945,834	878,319

Share-based payment reserve

This reserve is used to record the value of equities that will be issued at a future date.

(1) Opening balance: the value of options previously issued.

(2) Non-listed options were valued using the Black-Scholes option pricing model with the assumptions as outlined in note 16.

15 Accumulated losses

Movements in retained earnings were as follows:

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Accumulated losses at beginning of year	**(25,106,551)**	(23,180,849)
Loss for the period	**(2,093,175)**	(1,925,702)
Accumulated losses at end of year	**(27,199,726)**	(25,106,551)

16 Share-based payments

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

Grant date	Expiry date	Balance at start of year	Exercise price ($)	Granted	Exercised	Vested	Balance at end of year
12-Aug-2016	31-May-2019	-	0.030	1,700,000	-	1,700,000	1,700,000
01-Sep-2016	01-Sep-2019	-	0.0225	1,634,797	-	1,634,797	1,634,797
06-Jan-2017	01-Jan-2020	-	0.025	226,904	-	226,904	226,904
01-Mar-2017	01-Mar-2020	-	0.025	316,622	-	316,622	316,622
01-May-2017	01-May-2020	-	0.036	1,000,000	-	1,000,000	1,000,000
01-May-2017	01-May-2020	-	0.040	159,272	-	159,272	159,272

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are outlined below.

16 Share-based payments (continued)

Grant date	Expiry date	Share price at grant date ($)	Exercise price ($)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date ($)
12-Aug-2016	31-May-2019	0.020	0.030	132%	0.00%	1.42%	$23,085.00
01-Sep-2016	01-Sep-2019	0.018	0.0225	132%	0.00%	1.43%	$21,295.00
06-Jan-2017	01-Jan-2020	0.021	0.025	80%	0.00%	1.93%	$2,302.00
01-Mar-2017	01-Mar-2020	0.020	0.025	80%	0.00%	1.99%	$3,356.00
01-May-2017	01-May-2020	0.020	0.036	80%	0.00%	1.81%	$10,200.00
01-May-2017	01-May-2020	0.032	0.040	80%	0.00%	1.81%	$1,625.00
						Total	**$61,863.00**

17 Key management personnel

	Consolidated Entity	
Key management personnel compensation	**30 June 2017 $**	30 June 2016 $
Short-term employee benefits	**305,000**	295,000
Post-employment benefits	**22,325**	19,000
Share-based payments	**12,653**	104,286
	339,978	**418,286**

Detailed remuneration disclosures are provided in the remuneration report on pages 9 to 17.

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.

One of those entities transacted with the Company during the year and in the prior 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 ended 30 June	
		2017	**2016**
Director	**Transaction**	**$**	**$**
Mr A Bunter[1]	Taxation services	1,760	1,640

[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.

There were no other key management personnel transactions during the 2017 or 2016 financial years.

18 Related party transactions

(a) Parent entity

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

(b) 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	Ownership interest 2017	Ownership interest 2016
Drive My Car Rentals Pty Ltd	Australia	5 September 2009	100.0%	100.0%
Drive My Fleet Pty Ltd	Australia	15 December 2010	100.0%	100.0%
Mobilise Global Pty Ltd[1]	Australia	28 April 2014	100.0%	100.0%
My Caravan Pty Ltd	Australia	3 September 2014	100.0%	100.0%

[1.] Mobilise Global Pty Ltd was formerly known as Rentoid Group Pty Ltd.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 17.

(d) 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 (b).

	Parent entity 30 June 2017 $	Parent entity 30 June 2016 $
Non-current		
Loans to subsidiaries	**3,759,895**	2,673,726

No dividends were received from the subsidiaries in the 2017 or 2016 financial years.

19 Commitments and contingencies

(a) Operating lease commitments

The Group has a commercial lease for its office and warehouse. In 2016, the commercial lease for its office was on a month by month basis.

	Consolidated Entity 30 June 2017 $	Consolidated Entity 30 June 2016 $
Within one year	**80,083**	-
Later than one year but not later than five years	**39,783**	-
Later than five years	**-**	-
	119,866	**-**

19 Commitments and contingencies (continued)

(b) Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts (longer than month to month) in existence at the reporting date but not recognised as liabilities, payable amounted to $175,000 (2016: $100,000) within one year.

(c) Contingencies

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

20 Loss per share

Basic earnings per share

	Consolidated Entity	
Loss attributable to ordinary shareholders (basic)	**30 June 2017 $**	30 June 2016 $
From continuing operations	**(2,093,175)**	(1,925,702)

	Consolidated Entity	
Weighted average number of ordinary shares	**30 June 2017 $**	30 June 2016 $
For the purpose of basic earnings per share	**439,744,456**	347,602,111
For the purpose of diluted earnings per share	**-**	-
	439,744,456	**347,602,111**

	Consolidated Entity	
Loss per share (cents per share)	**30 June 2017 Cents**	30 June 2016 Cents
From continuing operations	**(0.48)**	(0.55)

21 Cash flow information

(a) Reconciliation of net loss after income tax to net cash inflow from operating activities

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Net loss after income tax	**(2,093,175)**	(1,925,702)

21 Cash flow information (continued)

(a) Reconciliation of net loss after income tax to net cash inflow from operating activities (continued)

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Adjustment for		
Depreciation	**4,134**	3,067
Amortisation	**43,878**	130,042
Other non-cash items (including share based payments, discontinued operations adjustments and exchange reserves reclassified to profit and loss on disposal of foreign entities)	**74,515**	112,736
Impairment of Investment in FundX	**150,000**	-
Change in operating assets and liabilities:		
Change in trade and other receivables	**(146,106)**	55,715
Change in prepayments and other assets	**(30,100)**	1,248
Change in trade and other payables	**449,883**	(8,393)
Change in other liability	**6,950**	8,332
Net cash inflow (outflow) from operating activities	**(1,540,021)**	**(1,622,955)**

(b) Non-cash investing and financing activities

On 21 November 2016, the Group issued 1,250,000 fully paid ordinary shares to a consultant of the Group in consideration of services rendered.

During the year, the Group issued options to employees to assist the recruitment, reward, retention and motivation of employees of the Group.

During the year, $455,000 of advances on underwriting agreements were utilised by the underwriters to exercise 22,750,000 options which extinguished the liability to repay those advances.

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

22 Financial risk management

(a) Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above 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 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 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.

(ii) 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:

22 Financial risk management (continued)

(c) Credit risk (continued)

(ii) Exposure to credit risk (continued)

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
Cash and cash equivalents	**3,637,813**	116,861
Trade and other receivables - current	**360,900**	205,333
Trade and other receivables - non-current	**-**	-
	3,998,713	**322,194**

The credit quality is assessed and monitored as follows:

	Equivalent S&P rating[1]	Internally rated[2]			
	A+ and above $	**New customers $**	**Closely monitored customers $**	**No default customers $**	**Total $**
30 June 2017					
Cash and cash equivalents	3,637,813	-	-	-	3,637,813
Trade receivables - current	249,426	24,583	31,154	55,737	360,900
	3,887,239	**24,583**	**31,154**	**55,737**	**3,998,713**
30 June 2016					
Cash and cash equivalents	116,861	-	-	-	116,861
Trade receivables - current	170,901	-	-	34,432	205,333
	287,762	**-**	**-**	**34,432**	**322,194**

(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.

(iii) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised by the Group in the current year (2016: $nil). No individual amount within the impairment allowance is material.

There were no movements or provisions for impairment loss for trade receivables.

The ageing analysis of trade receivables at reporting date was:

22 Financial risk management (continued)

(c) Credit risk (continued)

(iii) Allowance for impairment loss (continued)

	Consolidated Entity	
	30 June 2017 $	30 June 2016 $
0-30 days	**17,672**	9,663
31-60 days	**4,894**	-
61-120 days	**2,957**	4,196
More than 121 days	**30,214**	20,573
	55,737	**34,432**

Receivables past due but not considered impaired are $30,214 (2016: $20,573). Payment terms on these amounts have been renegotiated.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(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.

	Carrying amount $	**Contractual cash flows $**	**< 6 months $**	**6 - 12 months $**	**Total $**
30 June 2017					
Trade creditors	**751,681**	**(751,681)**	**(751,681)**	**-**	**(751,681)**
Other creditors and accruals	**56,202**	**(56,202)**	**-**	**(56,202)**	**(56,202)**
Total	**807,883**	**(807,883)**	**(751,681)**	**(56,202)**	**(807,883)**

22 Financial risk management (continued)

(d) Liquidity risk (continued)

Consolidated Entity	Carrying amount $	Contractual cash flows $	<6 months $	6 - 12 months $	Total $
30 June 2016					
Trade creditors	**321,121**	**(321,121)**	**(321,121)**	**-**	**(321,121)**
Other creditors and accruals	**48,040**	**(48,040)**	**-**	**(48,040)**	**(48,040)**
Total	**369,161**	**(369,161)**	**(321,121)**	**(48,040)**	**(369,161)**

(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.

Foreign exchange 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.

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 Entity	
	30 June 2017 $	30 June 2016 $
Variable rate instruments		
Financial assets		
Cash and cash equivalents	**3,637,813**	116,911
Net exposure	**3,637,813**	116,911

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

Assuming the cash balance had been held for the entire financial year, 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.

22 Financial risk management (continued)

(e) Market risk (continued)

Interest rate risk (continued)

Profile (continued)

Sensitivity analysis for variable rate instruments (continued)

	Profit or loss	
	100 bp increase ($)	**100 bp decrease ($)**
30 June 2017	36,378	(36,378)
30 June 2016	1,169	(1,169)

(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 Director consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

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

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

All of the Group's assets and liabilities measured and recognised at fair value at 30 June 2017 and 30 June 2016 are classified as level 3.

23 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 had no outstanding borrowings at 30 June 2017 (2016: nil).

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.

24 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Parent Entity, its related practices and non-related audit firms:

	Consolidated Entity	
	2017	2016
	$	$
Audit and half-year review services		
Audit and half-year review of financial statements (HLB Mann Judd (WA) Partnership)	**34,500**	41,500
	34,500	**41,500**

25 Parent entity financial information

The following details information related to the parent entity, Collaborate Corporation Limited, at 30 June 2017. The information presented has been prepared using accounting policies as disclosed in note 27.

(a) Statement of financial position

	30 June 2017 $	30 June 2016 $
Current assets		
Cash and cash equivalents	**3,574,477**	78,117
Trade and other receivables	**274,354**	1,833
Other current assets	**27,900**	-
Total current assets	**3,876,731**	79,950
Non-current assets		
Investment in other financial assets	**-**	150,000
Investments in subsidiaries	**5,845,065**	4,758,896
Total non-current assets	**5,845,065**	4,908,896
Total assets	**9,721,796**	**4,988,846**
Current liabilities		
Trade and other payables	**119,924**	76,415
Total current liabilities	**119,924**	76,415
Net assets	**9,601,872**	**4,912,431**
Equity		
Contributed equity	**31,671,052**	26,569,769
Reserves	**945,834**	878,319
Accumulated losses	**(23,015,014)**	(22,535,657)
Total equity	**9,601,872**	**4,912,431**

25 Parent entity financial information (continued)

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

	30 June 2017 $	30 June 2016 $
Net loss for the year	**(479,357)**	(721,659)
Total comprehensive loss for the year	**(479,357)**	**(721,659)**

(c) Commitments and contingencies

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

Contingencies

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

26 Events occurring after the reporting period

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

27 Accounting policies

(a) Reporting entity

These consolidated financial statements of Collaborate Corporation Limited for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 31 August 2017.

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 2017 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

(i) 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.

(ii) 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.

(iii) 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 $2,093,175 (2016: $1,925,702).

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 $3,637,813 as at 30 June 2017 and the Group has access to the equity facility with $1,760,000 in available funds if required.
- The Group secured a strategic investment of $1,000,000 received from RACV at an issue price of $0.03 per share, a 20% premium to the last closing price prior to issue. This strategic alliance provides the Group with access to 2.1 million RACV members and the wider Victorian market.
- The Directors remain committed to the long-term business plan that is contributing to improved results as the business units progress; and
- The budgets and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce improved results.

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.

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.

27 Accounting policies (continued)

(c) Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the consolidated entity.

(d) 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:

(i) 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 10.

(ii) 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.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Collaborate Corporation Limited and its subsidiaries (as outlined in note 18) as at and for the year ended 30 June 2017 each year (the Group).

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 Corporation Limited 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.

27 Accounting policies (continued)

(e) Basis of consolidation (continued)

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.

(f) Segment reporting

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 Corporation Limited.

(g) Foreign currency translation

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

(h) 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.

(i) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

27 Accounting policies (continued)

(j) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the categories of financial assets at fair value through profit or loss, held-to-maturity investments, or loans and receivables. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(k) 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:

Plant 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.

(l) 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.

27 Accounting policies (continued)

(m) Goodwill and intangible assets

Goodwill

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 Corporation Limited 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 10.

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

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.

27 Accounting policies (continued)

(m) Goodwill and intangible assets (continued)

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. 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.

(n) 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.

(o) Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

27 Accounting policies (continued)

(o) Loans and borrowings (continued)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(p) 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.

(i) 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.

(ii) 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.

(q) 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.

(r) Share-based payments

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

(s) Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, discounts and goods and services tax payable to the relevant taxation authority.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the following specific recognition criteria have been met:

(i) Sale of goods

Revenue from the sale of goods is recognised in the statement of profit or loss and other comprehensive income when there has been a transfer of risks and rewards to the customer and generally title has passed.

(ii) Rendering of services

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the contract.

27 Accounting policies (continued)

(s) Revenue recognition (continued)

(ii) Rendering of services (continued)

Revenue are the amounts received or receivable by the Group for services rendered and do not include the amount paid to owners of assets used in the marketplace 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 service revenue of the Group.

(iii) Interest income

Interest income is recognised using the effective interest method.

(t) 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.

(i) 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.

27 Accounting policies (continued)

(t) Income tax (continued)

(i) Tax consolidation (continued)

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.

(u) 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.

(v) 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.

(w) Comparative figures

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

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

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

27 Accounting policies (continued)

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017 and therefore have not been adopted by the Group for the 2016 annual report.

Title	Nature of change	Impact	Application date
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	The Group already recognises revenue on the basis of service being delivered to customers in accordance with rental contracts, thus the impact is expected to be nil.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the Group: 1 July 2018.
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The Group is still determining if there will be any potential impact, however given the current nature of business and assets and liabilities, impact is expected to be minimal.	Must be applied for financial years commencing on or after 1 January 2018. Expected date of adoption by the group: 1 July 2018.
AASB 16 *Leases*	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $119,866, see note 19. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

Collaborate Corporation Limited
Directors' declaration
30 June 2017

In the Directors' opinion:

(a) the financial statements and notes set out on pages 19 to 55 are in accordance with the *Corporations Act 2001*, including:

 (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

 (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date, and

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

Note 27(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

Chris Noone
Chief Executive Officer / Executive Director

Dated at Sydney, New South Wales this 31st day of August 2017.

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2017, 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 2017 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.

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. 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
Valuation of goodwill Refer to note 10 - Intangible assets.	
As outlined in Note 10, 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.
Revenue Recognition Refer to note 27 (s) - Revenue Recognition	
Revenue is comprised of fees received from rendering of services within the peer-to-peer sharing industry. We determined this to be a key are 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 revenue procedures over revenue; - testing the completeness of revenue; and - ensuring that revenue was recognised in accordance with the Group's accounting policies.

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 2017, 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 in pages 9 to 17 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Collaborate Corporation Limited for the year ended 30 June 2017 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

Norman Glasel

N G Neill
Partner

Perth, Western Australia
31 August 2017

The Shareholder information set out below was applicable as at 23 August 2017.

A. Equity security holders

20 largest quoted equity security holders

The names of the 20 largest holders of quoted equity securities are listed below:

Fully paid ordinary shares

Name	Number held	% of issued shares
Hishenk Pty Ltd	98,000,000	15.83
RACV Investment Holdings Pty Ltd	33,333,333	5.38
Mr Bradley Partridge	22,059,037	3.56
Scintilla Strategic Investments Limited	13,956,063	2.25
Bellite Pty Ltd <Meyer Family BTML A/c>	13,359,147	2.16
JMT Investment Group Vic Pty Ltd	13,000,000	2.10
Mr Ayngaran Kailainathan	8,534,439	1.38
Myola (WA) Pty Ltd <Brent Mezger Family A/c>	8,250,000	1.33
AJ Holidays Pty Ltd <Owen AR & JSY S/F A/c>	8,183,989	1.32
JMT Investment Group Vic Pty Ltd <John Turner Super Fund A/c>	7,577,320	1.22
Mrs Sharon Tracy Jeffries	7,500,000	1.21
Mr Andrew Rudolph Sypkes & Mrs Elizabeth Anne Petrusma <R & E Sypkes Family SF A/c>	7,442,921	1.20
Dsah Holdings Pty Ltd	6,913,320	1.12
David Thomas Superannuation Fund Pty Limited <David Thomas Super Fund A/c>	6,000,000	0.97
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	5,506,669	0.89
Astromeseogios Overseas Ltd <The Tamburlaine A/c>	5,155,201	0.83
Mr Craig Graeme Chapman <Nampac Discretionary A/c>	5,000,000	0.81
Mr Robert Andrew Chambers	4,952,988	0.80
K & C Holloway Pty Ltd	4,500,000	0.73
Mr Ayngaran Kailainathan	4,200,000	0.68
	283,424,427	**45.77**

B. Distribution of equity securities

Range	Holders	Units	%
1 - 1000	240	106,255	0.02
1,001 - 5,000	215	573,028	0.09
5,001 - 10,000	55	419,528	0.07
10,001 - 100,000	647	31,069,134	5.02
100,001 and over	519	586,949,912	94.80
	1,676	**619,117,857**	**100.00**

C. Unquoted equity securities

Class	Expiry date	Exercise price	Number of options	Number of holders
Vendor Options	1 October 2017	$0.02	5,000,000	1
Vendor Options	1 October 2017	$0.03	2,500,000	1
Executive A Options	28 November 2018	$0.02	383,334	1
Executive A Options	28 November 2019	$0.02	883,333	1
Executive A Options	28 November 2020	$0.02	883,333	1
Executive B Options	28 November 2018	$0.03	883,334	1
Executive B Options	28 November 2019	$0.03	883,333	1
Executive B Options	28 November 2020	$0.03	883,333	1
Director Options	28 November 2018	$0.03	2,000,000	2
Officer Options	30 November 2018	$0.035	5,000,000	4
Facility Options	31 May 2019	$0.03	4,500,000	4
New A Options	24 April 2020	$0.031	8,333,333	1
New B Options	24 April 2020	$0.05	3,333,333	1
Management Options	1 May 2020	$0.036	1,000,000	1
Employee Options	1 September 2019	$0.0225	1,634,797	4
Employee Options	1 January 2020	$0.025	226,904	1
Employee Options	1 March 2020	$0.025	316,622	1
Employee Options	1 May 2020	$0.040	159,272	1

D. Substantial holders

Substantial holders in the company are set out below:

	Number held
Hishenk Pty Ltd and associated entities	75,900,000
RACV Investment Holdings Pty Ltd	33,333,333

E. Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 15,625 as at 23 August 2017):

Holders	Units
569	1,894,755

F. 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.

(a) 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.
(b) Options do not carry any voting rights.

G. On-market buy back

There is no current on-market buy-back.