Collaborate CORPORATION LIMITED

ASX ANNOUNCEMENT 26 FEBRUARY 2020

APPENDIX 4D AND INTERIM FINANCIAL REPORT

Collaborate Corporation Limited (ASX:CL8) (**Collaborate** or the **Company**) is pleased to present its Appendix 4D and Interim Financial Report for the period ended 31 December 2019.

Collaborate continued to focus its strategy on the mobility and automotive industries, leveraging its capital-light business model and innovation ability to align with opportunities arising as a result of declining car sales and an increasing preference for access to vehicles instead of ownership and long-term financial commitment. The **Carly** vehicle subscription service continued to expand during the first half of the 2020 financial year (**H1FY20**), securing more subscribers and attracting significant partners including Suttons Motors, I-Motor and Hyundai. Additional funding was secured through a partially underwritten non-renounceable entitlement issue and strategic investment from respected fleet management and leasing company SG Fleet (ASX: SGF), following the strategic investment by Turners Automotive Group (ASX: TRA) in June 2019. During H1FY20, the Board welcomed Todd Hunter, CEO of Turners and Robbie Blau, CEO of SG Fleet as non-executive directors.

Key initiatives announced or progressed during the period included:

+ 3% increase in revenue as the business transitions from a reliance on highly seasonal car rental demand to more scalable and larger market potential car subscription model
+ 9.4% increase in gross profit
+ On 2 July 2019, Collaborate announced that it had raised $1 million (funds received in June 2019) through a placement to a strategic investor, Turners Automotive Group Limited (ASX: TRA; NZX: TRA)
+ Turners and Collaborate have agreed terms to launch **Carly** in New Zealand, currently scheduled for late March 2020
+ $1.598 million of funding was raised through a partially underwritten non-renounceable entitlement offer of shares and free-attaching options, which was supported by Collaborate's investors, including Willoughby Capital and Turners Automotive Group.
+ On 18 October 2019, Collaborate announced that an agreement had been signed with Hyundai Motor Company Australia to launch an Australian industry first vehicle subscription proposition that will enable customers to subscribe via **Carly** to vehicles provided by Hyundai dealers in Australia.
+ Collaborate announced on 14 November 2019 that it raised $1.74 million through a placement to a strategic investor, SG Fleet Management Pty Limited, a subsidiary of SG Fleet, with a further $0.46 million invested upon conversion of options received under the Placement. SG Fleet is one of Australia's leading specialist providers of fleet management, vehicle leasing and salary packaging services. Collaborate and SG Fleet will work together to accelerate the growth of **Carly**'s consumer demand channels for car subscription and leverage SG Fleet's significant experience and

relationships in the corporate and government markets. SG Fleet also commenced providing a fleet of vehicles into the **Carly** car subscription marketplace.

Collaborate continues to direct its resources and strategic focus towards its mobility strategy given the large number of opportunities resulting from significant changes in the automotive industry and rapid evolution of the ways that consumers wish to access vehicles. Car subscription, which Frost & Sullivan has forecast to account for 10% of new car sales in USA & Europe in 2025, is an area of significant opportunity for Collaborate. **Carly** has been launched to capitalise on the opportunity in the current $60 billion p.a. car sales market in Australia. **DriveMyCar** continues to pursue opportunities in the car rental market, including private and rideshare rentals, and both **Carly** and **DriveMyCar** leverage the operations expertise, technical platform and industry relationships established by **DriveMyCar**.

Authorised by:

Chris Noone
CEO and Director
Collaborate Corporation Limited

For more information please contact:

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About Collaborate Corporation Limited
Collaborate Corporation Limited is listed on the Australian Securities Exchange (ASX:CL8). It is Australia's leading listed company focused on providing innovative mobility solutions for consumers and the automotive industry. Collaborate operates www.DriveMyCar.com.au Australia's leading peer-to-peer car rental business, complemented by www.Carly.co, Australia's first flexible car subscription service, complemented by our proprietary PeerPass trust and reputation platform.

Collaborate
CORPORATION LIMITED

Appendix 4D – Half Year Report

(ASX Listing rule 4.2A)

Company Name:	Collaborate Corporation Limited (the **Company**)
ABN:	60 066 153 982
Reporting Period:	Half year ended 31 December 2019
Previous Reporting Period:	Half year ended 31 December 2018

Result for Announcement to the Market

The results of Collaborate Corporation Limited for the half year ended 31 December 2019 are as follows:

Revenue	Up	3.0%	to	$570,563
Loss from continuing operations	Up	3.7%	To	($1,698,528)
Net loss for the period attributable to members	Up	3.7%	To	($1,698,528)

Dividends

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

Net Tangible Assets per Share

	31 December 2019	31 December 2018
Net Tangible Assets per Share (cents)	0.11	(0.05)

Explanation of results

Collaborate Corporation Limited recorded operating revenue of $570,563 for the half year ended 31 December 2019 (2018: $553,969), being an increase of 3.0%. Loss from continuing operations for the half year was $1,698,528 (2018: $1,638,146) and net loss for the period attributable to members was $1,698,528 (2018: $1,638,146).

For further details on the current half year results, refer to the Review of Operations contained within this document.

Interim review of accounts

The interim financial statements have been reviewed by the Group's independent auditor. The review report is included within the interim financial report which accompanies this Appendix 4D.

The independent auditor's review report contains an emphasis of matter in relation to going concern. The emphasis of matter draws attention to Note 1(b) of the interim financial report and states that the factors described in that going concern note to the interim financial statements, indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In Note 1(b), the Directors confirm their belief that the factors described in that note to the interim financial statements demonstrate that the Group will be able to pay its debts as and when they become due and payable and continue as a going concern.

Collaborate
CORPORATION LIMITED

ACN 066 153 982

INTERIM FINANCIAL REPORT
31 DECEMBER 2019

drivemycar

Carly.co

Collaborate
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CORPORATE DIRECTORY

Directors

Mr Adrian Bunter - Non-Executive Chairman
Mr Chris Noone - Chief Executive Officer and Executive Director
Mr Stephen Abolakian - Non-Executive Director
Mr Robert (Robbie) Blau - Non-Executive Director
Mr Todd Hunter - Non-Executive Director
Mrs Michelle Vanzella - Non-Executive Director
Mr Kevin Wundram - Alternate Director for Mr Blau

Company Secretary

Ms Karen Logan

Registered Office and Principal Place of Business

Suite 3, Level 7
189 Kent Street
Sydney NSW 2000
Telephone: +61 2 8889 3641
Email: shareholder@collaboratecorp.com
Website: www.collaboratecorp.com

Share Registry

Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000
Telephone: 1300 288 664 / +61 2 9698 5414
Email: hello@automic.com.au
Website: www.automic.com.au

Stock Exchange

Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000
ASX Code: CL8

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Bankers

National Australia Bank
Level 14, 100 St George's Terrace
Perth WA 6000

DIRECTORS' REPORT

The Directors present the interim financial report of the consolidated entity consisting of Collaborate Corporation Limited (the **Company** or **Parent Entity**) and its controlled entities (the **consolidated entity** or **Group**) for the half year ended 31 December 2019 and the independent auditor's review report thereon:

Directors and Company Secretary

The following persons held office as Directors of the Company during or since the end of the half year period ended 31 December 2019 until the date of this report. Directors were in office for the entire period unless stated otherwise.

Name	Position	Appointment Date
Mr Chris Noone	CEO/Executive Director	
Mr Adrian Bunter	Non-Executive Director	
Ms Michelle Vanzella	Non-Executive Director	
Mr Stephen Abolakian	Non-Executive Director	
Mr Robert (Robbie) Blau	Non-Executive Director	10 December 2019
Mr Todd Hunter	Non-Executive Director	1 October 2019
Mr Kevin Wundram	Alternate Director to Mr Blau	10 December 2019

The following person held office as Company Secretary of the Company during the half year ended 31 December 2019 until the date of this report.

Ms Karen Logan Company Secretary

Results

The net loss after tax of the Group for the half-year was $1,698,528 (2018: loss of $1,638,146).

The Group's gross revenue from continuing operations increased by 3.0% to $570,563 in this half year, and gross profit from continuing operations increased by 9.4% to $279,476. The net loss from continuing operations increased by 3.7% to $1,698,528. Net assets increased by 133.6% to $3,511,818.

Review of Operations

Collaborate continued to focus its strategy on the mobility and automotive industries, leveraging its capital-light business model & innovation ability to align with opportunities arising as a result of declining car sales and an increasing preference for access to vehicles instead of ownership and long term financial commitment. The Carly vehicle subscription service continued to expand during the first half of the 2020 financial year (**H1FY20**) securing more subscribers and attracting significant partners including Suttons Motors, I-Motor and Hyundai. Additional funding was secured through a partially underwritten non-renounceable entitlement issue and strategic investment from respected automotive industry firm SG Fleet (ASX:SGF) following the strategic investment by Turners Automotive Group (ASX:TRA) in June 2019. During H1FY20, the Board welcomed Todd Hunter, CEO of Turners and Robert (Robbie) Blau, CEO of SG Fleet as Non-Executive Directors.

H1FY20 revenue increased by 3%, gross profit increased by 9.4% and loss from continuing operations increased by 3.7%. The first half of the 2020 financial year represents a transition period for the business with a stronger focus on mobility opportunities, investment in Carly and a decreased reliance on the cyclical demand for car rentals provided by DriveMyCar. The provision of rental vehicles for rideshare drivers continued to grow during the half and remains a strong opportunity. Revenue from Carly vehicle subscription commenced in late March 2019 and is growing strongly, albeit from a standing start. Despite the significant investment in Carly, costs have been carefully managed in line with revenue.

Review of Operations (continued)

On 2 July 2019 Collaborate announced that it had raised $1 million (funds received in June 2019) through a placement to a strategic investor, Turners Automotive Group Limited (ASX:TRA; NZX:TRA) (**Turners**). Turners is a New Zealand based integrated automotive financial service group, primarily operating in the automotive sector, and provides strength in the three key areas of automotive retail, finance and insurance, and debt management systems. The strategic investment from Turners, a major player in the New Zealand automotive market, comes after the Company's March 2019 launch of Carly, Australia's first flexible vehicle subscription service. Collaborate proposes to leverage Turners' industry experience and accelerate the growth of Carly in the car subscription market in Australia. In addition to the Placement, the parties have agreed to launch Carly in New Zealand, currently scheduled for late March 2020. The launch in New Zealand will enable Collaborate to leverage its existing investment in the technology platform supporting Carly and access a substantial new market with the support of Turners, the largest seller of cars in New Zealand.

In July 2019, the Company negotiated an extension of the repayment date of the financing facility of $850,000 (**Financing Facility**) advanced by Hishenk Pty. Ltd. from 30 September 2019 to 31 March 2020. With effect from 1 October 2019, the parties have also agreed to reduce the simple interest payable on the Financing Facility from 12% to 9% per annum. The Company was also advised that the Abolakian family completed an internal restructure of its assets resulting in a total of 127,455,033 fully paid ordinary shares in Collaborate held by Hishenk being transferred to the Willoughby Capital Trust, a trust controlled by the Abolakian family and associated with Mr Stephen Abolakian, a director of the Company. As part of the restructure, the Financing Facility and Advance were also novated from Hishenk to the Willoughby Capital Trust. The Abolakian family showed their strong ongoing support for the Company by agreeing to underwrite $1.15m of the Entitlement Issue which completed in August 2019.

During H1FY20, a total of $1.598 million was raised through a partially underwritten non-renounceable entitlement offer of shares and free-attaching options (**Entitlement Issue**) which was supported by Collaborate's investors, including Willoughby Capital and Turners Automotive Group. A total of 159,849,080 new Shares and 106,566,006 Unquoted Options were issued on 27 August 2019, representing take up of 78% of the total shares offered under the Entitlement Issue. The Entitlement Issue was offered to eligible shareholders on the basis of one (1) new fully paid ordinary share (**Share**) for every four (4) Shares held, together with two (2) free attaching options for every three (3) new Shares subscribed for and issued. The free attaching options are unquoted, exercisable at $0.015 each and expire on 18 December 2020 (**Unquoted Options**). The Entitlement Issue was partially underwritten up to $1.255 million by existing shareholders of the Company namely Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust and Reefpeak Pty Ltd, alongside officers of the Company namely Adrian Bunter and Karen Logan. The results of the Entitlement Issue include take up of entitlements (15,000,000 Shares and 10,000,000 Unquoted Options) by offset of the advance of $150,000 previously announced on 14 March and 16 July 2019 and provided by the Willoughby Capital Trust.

On 18 October 2019 Collaborate announced that an agreement had been signed with Hyundai Motor Company Australia (**Hyundai**) to launch an Australian industry first vehicle subscription proposition that will enable customers to subscribe via Carly to vehicles provided by Hyundai dealers in Australia. Hyundai is the third largest automotive manufacturer by volume in Australia (VFacts Sep 2019 YTD). Hyundai's partnership with Carly marks a significant step forward for the car subscription industry in Australia: Hyundai is the first manufacturer to support a vehicle subscription service in Australia across multiple models in its new vehicle range and the Hyundai dealer network is the first to deliver a subscription service to enable customers to subscribe to use Hyundai vehicles. Carly is the first manufacturer-led subscription service to enable the Hyundai dealer network to earn subscription revenue from vehicles whilst retaining long term ownership and eventual resale opportunities. Carly and Hyundai have jointly initiated a dealer signup and onboarding campaign to engage Hyundai network dealers in the subscription program. Carly has developed a Hyundai mini-site to showcase the Hyundai vehicles available for subscription which utilises geo-location functionality to display the vehicles available at dealers located in closest proximity to the subscriber. Carly will manage a digital marketing campaign, to be funded by Hyundai, to drive subscriber acquisition across various channels including search, web display and retargeting, Facebook and Instagram. Carly has completed development work for the proposition and it is now ready for rollout by Hyundai to their dealer network.

Review of Operations (continued)

Collaborate announced on 14 November 2019 that it raised $1.74 million through a placement to a strategic investor, SG Fleet Management Pty Limited, a subsidiary of SG Fleet (**Placement**), with a further $0.46 million invested upon conversion of options received under the Placement. SG Fleet is one of Australia's leading specialist providers of fleet management, vehicle leasing and salary packaging services. SG Fleet has a presence across Australia, as well as in the United Kingdom and New Zealand. The company employs approximately 700 staff and has approximately 140,000 vehicles under management. In addition to the Placement, SG Fleet committed to provide an initial batch of 100 vehicles to the Carly marketplace, with a significant number of additional vehicles to be supplied subject to demand and economic returns. The initial portion of the first batch of 100 vehicles was provided for Carly in mid-December 2019. The vehicles have been provided on commercial terms similar to those that apply to existing providers to Carly. Collaborate and SG Fleet will work together to accelerate the growth of Carly's consumer demand channels for car subscription and leverage SG Fleet's significant experience and relationships in the business and government markets and realise the substantial opportunity in this area by allowing these customers, their clients and their staff to access car subscription via Carly.

Collaborate continues to direct its resources and strategic focus towards its mobility strategy owing to the large number of opportunities resulting from significant changes in the automotive industry and rapid evolution of the ways that consumers wish to access vehicles. Car subscription, which Frost & Sullivan has forecast to account for 10% of new car sales in USA & Europe in 2025, is an area of significant opportunity for Collaborate. Carly has been launched to capitalise on the opportunity in the current $60 Billion per annum car sales market in Australia. DriveMyCar continues to pursue opportunities in the car rental market including private and rideshare rentals and both Carly and DriveMyCar leverage the operations expertise, technical platform and industry relationships established by DriveMyCar.

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

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' Report for the half-year ended 31 December 2019.

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

Chris Noone
CEO and Executive Director

Dated at Sydney, New South Wales, this 26th day of February 2020.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Collaborate Corporation Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
26 February 2020

N G Neill
Partner

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Collaborate CORPORATION LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated 31 Dec 2019 $	31 Dec 2018 $
Revenue from continuing operations	3	570,563	553,969
Cost of sales		(291,087)	(298,388)
Gross profit		**279,476**	255,581
Corporate and administrative expenses		(1,442,165)	(1,388,429)
Research and development expenses		(494,287)	(491,211)
		(1,936,452)	(1,879,640)
Results from continuing activities		**(1,656,976)**	(1,624,059)
Finance income		5,341	2,685
Finance costs		(46,893)	(16,772)
Net financing costs		(41,552)	(14,087)
Loss before income tax		**(1,698,528)**	(1,638,146)
Income tax benefit/(expense)		-	-
Loss from continuing operations		**(1,698,528)**	(1,638,146)
Other comprehensive income		-	-
Total comprehensive result for the period		(1,698,528)	(1,638,146)
Loss per share from continuing operations:			
Basic loss per share (cents per share)		(0.17)	(0.25)
Diluted loss per share (cents per share)		(0.17)	(0.25)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	Consolidated 31 Dec 2019 $	30 Jun 2019 $
CURRENT ASSETS			
Cash and cash equivalents		3,165,443	1,246,590
Trade and other receivables	5	60,880	48,598
Other current assets		96,251	70,094
Total Current Assets		3,322,574	1,365,282
NON-CURRENT ASSETS			
Property, plant and equipment		21,009	26,130
Right of use asset (office lease)	8(a)	130,954	209,526
Goodwill		2,079,699	2,079,699
Intangible assets	4	71,127	65,249
Total Non-Current Assets		2,302,789	2,380,604
TOTAL ASSETS		**5,625,363**	**3,745,886**
CURRENT LIABILITIES			
Trade and other payables	6	962,109	890,810
Lease liabilities	8(c)	141,555	165,007
Other current liabilities	7	99,198	79,866
Related party advance and borrowings	9	850,000	1,000,000
Total Current Liabilities		2,052,862	2,135,683
NON-CURRENT LIABILITIES			
Lease liabilities	8(c)	-	56,622
Other non-current liabilities	7	60,683	50,060
Total Non-current Liabilities		60,683	106,682
TOTAL LIABILITIES		**2,113,545**	**2,242,365**
NET ASSETS		**3,511,818**	**1,503,521**
EQUITY			
Issued capital	10	37,333,287	33,694,524
Reserves		1,010,901	1,018,029
Accumulated losses	12	(34,832,370)	(33,209,032)
TOTAL EQUITY		**3,511,818**	**1,503,521**

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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Notes	Issued Capital	Reserves	Accumulated losses	Total
		$	$	$	$
Balance at 1 July 2018		31,669,303	1,179,681	(30,163,086)	2,685,898
Impact of adoption of AASB 16	12	-	-	(8,599)	(8,599)
		31,669,303	1,179,681	(30,171,685)	2,677,299
Loss for the period		-	-	(1,638,146)	(1,638,146)
Total comprehensive loss for the period		**-**	**-**	(1,638,146)	1,039,153
Issue of share capital		1,041,521	-	-	1,041,521
Share issue costs		(88,992)	-	-	(88,992)
Share-based payment expense		-	23,612	-	23,612
Expiration of options		-	(126,396)	126,396	-
Balance at 31 December 2018		**32,621,832**	**1,076,897**	**(31,683,435)**	**2,015,294**
Balance at 1 July 2019		33,694,524	1,018,029	(33,209,032)	1,503,521
Loss for the period		-	-	(1,698,528)	(1,698,528)
Total comprehensive loss for the period		-	-	(1,698,525)	(1,698,528)
Issue of share capital		3,907,925	-	-	3,907,925
Share issue costs		(269,162)	-	29,645	(239,517)
Share-based payment expense		-	38,417	-	38,417
Expiration of options		-	(45,545)	45,545	-
Balance at 31 December 2019		**37,333,287**	**1,010,901**	**(34,832,370)**	**3,511,818**

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

Collaborate
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Consolidated	
	31 Dec 2019	**31 Dec 2018**
	$	**$**
Cash flows from operating activities		
Receipts from customers	1,546,382	1,510,554
Payments to suppliers and employees	(2,953,003)	(2,823,588)
Interest received	4,120	1,541
Finance costs	(1,901)	-
Net cash used in operating activities	**(1,404,405)**	**(1,311,493)**
Cash flows from investing activities		
Purchase of intangible assets	(4,401)	-
Increase in rental bonds	-	-
Net cash used in investing activities	**(4,401)**	**-**
Cash flows from financing activities		
Repayment of lease liabilities	(80,074)	(73,763)
Proceeds from issue of shares	3,191,356	1,041,521
Proceeds from issue of share options	500,815	-
Payment of share issue costs	(271,827)	(90,709)
Payment of transaction costs for borrowings	(12,611)	(16,500)
Net cash provided by financing activities	**3,327,659**	**860,549**
Net increase/ (decrease) in cash held	**1,918,853**	**(450,944)**
Cash and cash equivalents at the beginning of the period	1,246,590	801,667
Cash and cash equivalents at the end of the period	**3,165,443**	**350,723**

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Collaborate Corporation Limited the (**Company** or **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 half-year ended 31 December 2019 comprise the Company and its subsidiaries (**Consolidated Entity** or **Group**). The Company is domiciled in Australia.

The annual financial report of the consolidated entity for the year ended 30 June 2019 is available upon request from the Company's registered office or may be viewed on the Company's website, www.collaboratecorp.com.

(b) Basis of Preparation

Statement of Compliance

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

The interim financial statements were authorised for issue by the Board on 26 February 2020.

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

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and considered together with any public announcements made by the Company during the half-year ended 31 December 2019 in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of measurement

The interim financial statements have been prepared on the accruals basis and the historical cost basis. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

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 of $1,698,528 during the half year (Dec 2018: loss of $1,638,146).

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

- The Group held cash and cash equivalents of $3,165,443, as at 31 December 2019;
- The Directors remain committed to the long-term business plan, including ongoing review of current products and the potential introduction of new products that are anticipated to contribute to improved results as the business units progress;
- The plans and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce improved results;

- The Group has a demonstrated ability to access various capital raising mechanisms as and when required. These capital funding mechanisms are available via existing shareholders of the Group as well as potential new shareholders. For example, during the six months to 31 December 2019, the Company raised:
    - $1,598,491 before costs (including offset of a $150,000 advance) through a non-renounceable entitlement issue in August 2019, which was partly underwritten by existing shareholders and officers of the Company;
    - a further $2,205,730 via an investment from a strategic investor in November 2019;
    - $37,716 from the exercise of employee options in November 2019.
- The Group also has access to a controlled placement facility with Acuity Capital for up to $3,000,000 of equity over a 30-month period to 31 July 2021.

The Directors believe that the above indicators demonstrate that the Group will be able to pay its debts as and when they become due and payable and to continue as a going concern. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements. Should the Group not be successful in generating sufficient funds from the above initiatives, there will exist a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should it not continue as a going concern.

Significant accounting judgements, estimates and assumptions

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

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2019, except for the impact of the new standards and interpretations effective from 1 July 2019 as described below.

The Directors have reviewed the ongoing validity of the assumptions made in the last annual impairment assessment of goodwill and, on the basis of trading results against those originally forecast, have concluded that no impairment was considered necessary as at 31 December 2019.

Significant accounting policies

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

(i) Adoption of new and revised standards

The Group has adopted new and revised Accounting Standards that are mandatory for the current reporting period.

(ii) Standards and interpretations in issue not yet adopted

The Directors have also reviewed new and revised standards and interpretations in issue not yet adopted that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 January 2020. The Directors have determined that there is no material impact of the new and revised standards and interpretations in issue not yet adopted and therefore no material change is necessary to the Group's accounting policies.

The Group early adopted AASB 16 in the 2019 financial year.

2. SEGMENT INFORMATION

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

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue from the provision of services over time in the following major category.

	Six Months to 31 Dec 2019 $	Six Months to 31 Dec 2018 $
Overtime		
Revenues from collaborative consumption activities	570,563	553,969
Total Revenue	570,563	553,969

The Group recognised an impairment loss on receivables from customers in the condensed consolidated statement of comprehensive income, amounting to $33,278 for the six months ended 31 December 2019.

4. INTANGIBLE ASSETS	31 Dec 2019 $	30 Jun 2019 $
Carrying value of trademarks	13,136	7,259
Carrying value of domain names and software development costs	57,991	57,990
	71,127	65,249

5. TRADE AND OTHER RECEIVABLES

Trade receivables	46,084	32,728
Other receivables	14,796	15,870
	60,880	48,598

6. TRADE AND OTHER PAYABLES

Trade payables	348,880	284,287
Deposits held	160,895	111,386
Other payables and accruals	390,476	478,271
Interest payable	61,858	16,866
	962,109	890,810

7. OTHER LIABILITIES

Current		
Provision for annual leave	92,128	69,402
Deferred revenue	7,070	10,464
	99,198	79,866
Non-current		
Provision for long service leave	60,683	50,060
	60,683	50,060

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

8. RIGHT OF USE ASSET AND LEASE LIABILITIES

	31 Dec 2019 $	30 June 2019
(a) Right of Use Asset (ROU)		
Carrying value of ROU (office lease)	471,432	366,670
ROU asset (office lease) - accumulated depreciation	(340,478)	(157,144)
Carrying value of ROU (office lease) at period end	130,954	209,526
(b) Lease Liability		
Lease Liability (office lease)	221,629	373,743
Less: Principal repayments during the period	(80,074)	(152,113)
Carrying value of Lease Liability at period end	141,555	221,629

(c) Lease Liability (contractual maturity)	Carrying amount	< 12 months	> 12 months
Lease liability at 31 Dec 2019	$141,555	$141,555	-
Lease liability at 30 June 2019	$221,629	$165,007	$56,622

The Group measures the right-of-use asset and lease liability for the lease on office premises using a 4% discount rate (based on contractual rental increase rate) over a 3-year lease term. In the current period, $6,073 (2018: $8,722) of corresponding interest expense on the liability and $78,572 (2018: $78,572) of depreciation on the right-of-use asset has been recognised in the condensed consolidated statement of comprehensive income. The Group applies the practical expedient in AASB 16 Appendix C, C10 which allows the Group to account for the warehouse lease in the same way as short-term leases. The Group recognised $32,888 (2018: $34,100) of leasing expense in the current period in relation to the warehouse premises.

9. RELATED PARTY ADVANCE AND BORROWINGS

	31 Dec 2019 $	30 Jun 2019 $
Current		
Advance	-	150,000
Financing Facility	850,000	850,000
	850,000	1,000,000

The Advance and Financing Facility were provided by Hishenk Pty. Ltd. (**Hishenk**). On 16 July 2019, the Financing Facility and Advance were novated from Hishenk to Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust (**Willoughby Capital**) following an internal restructure of the Abolakian family assets. Willoughby Capital is a related party of the Company by virtue of Mr Abolakian being a potential beneficiary of the trust.

Terms of the Advance

The Advance was unsecured and interest free and was provided to the Company as an advance on equity raising funds. On 22 July 2019, Willoughby Capital agreed to underwrite up to $1,150,000 of the non-renounceable entitlement issue of shares and free-attaching options to raise up to $2,061,358 (**2019 Entitlement Issue**), including take up $150,000 of entitlements by offset of the Advance. The 2019 Entitlement Issue completed on 27 August 2019 raising $1,598,491 before costs, including offset of the $150,000 Advance.

Terms of the Financing Facility

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

9. RELATED PARTY ADVANCE AND BORROWINGS (continued)

Terms of the Financing Facility (continued)

On 16 July 2019, Willoughby Capital agreed to the variation of terms of the Financing Facility of $850,000 as follows:

- the repayment date was extended from 30 September 2019 to 31 March 2020; and
- with effect from 1 October 2019, the simple interest payable will be reduced to 9% from 12% per annum.

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

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

(i) 31 March 2020; or

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

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

The Financing Facility is not subject to any covenants.

10. ISSUED CAPITAL	**31 Dec 2019 $**	**30 Jun 2019 $**
1,151,030,919 (30 June 2019: 824,543,303) fully paid ordinary shares	37,333,287	33,694,524

(a) Ordinary shares

The following movements in issued capital occurred during the period:

	Six months to 31 December 2019	
	Number of Shares	**$**
At beginning of financial period	824,543,303	33,694,524
Issue of shares at $0.010 each: entitlement issue	159,849,080	1,598,491
Issue of shares at $0.008 each: corporate adviser	3,196,982	25,576
Issue of shares at $0.010 each: entitlement issue	46,286,518	462,865
Issue of shares at $0.016 each: placement	80,000,000	1,280,000
Issue of shares at $0.008 each: corporate adviser	2,525,730	40,412
Issue of shares at $0.015 each: conversion of options under placement	30,857,679	462,865
Issue of shares at $0.010 each: conversion of employee options	3,771,627	37,716
Less: transaction costs arising from share issues	-	(269,162)
At end of financial period	**1,151,030,919**	**37,333,287**

10. ISSUED CAPITAL (continued)

(b) Options

Details of options issued during the period:

Class	Expiry Date	Exercise Price ($)	Number of Options
Unquoted options [1]	18-Dec-20	0.015	106,566,006
Employee Options	02-Sept-22	0.010	7,359,602
Unquoted options [2]	18-Dec-20	0.015	30,857,679
Unquoted options [3]	18-Dec-20	0.015	66,666,667

Details of options exercised during the period:

Class	Date option granted	Issued price ($)	Number of shares issued
Employee Options	02-Sep-19	0.010	3,771,627
Unquoted options [2]	14-Nov-19	0.015	30,857,679

Notes:

1. Subscribers under the 2019 Entitlement Issue received free-attaching unquoted options on a 2-for-3 basis.
2. Pursuant to the terms of the placement completed on 14 November 2019, Collaborate agreed to issue free-attaching unquoted options on a 2-for-3 basis to SG Fleet, which were subsequently exercised by SG Fleet on 15 November 2019.
3. Pursuant to the terms of the placement completed on 28 June 2019, Collaborate agreed to issue free-attaching unquoted options on a 2-for-3 basis to Turners Automotive Group, the issue of which was approved by shareholders at the 2019 annual general meeting.

The following options expired during the period:

Class	Expiry Date	Exercise Price ($)	Number of Options
Employee Options	01-Sept-19	0.0223	1,634,797
Executive A options	28-Nov-19	0.020	833,334
Executive B options	28-Nov-19	0.030	833,333

11. SHARE BASED PAYMENTS

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

Grant date	Expiry date	Exercise Price ($)	Balance at the start of the year	Granted	Exercised/ lapsed	Vested	Balance at the end of the period
2-Sept-19	2-Sept-22	0.0100	-	7,359,602	3,771,627	7,359,602	3,587,975

For the options granted during the half-year ended 31 December 2019, the valuation model inputs used to determine the fair value at the grant date are outlined below:

Grant date	Expiry date	Share price at grant date ($)	Exercise price ($)	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date ($)
2-Sep-19	2-Sep-22	0.008	0.0100	116%	0.00%	0.69%	$38,417

12. ACCUMULATED LOSSES

	Consolidated Group	
	Six months to 31 Dec 2019 $	Year to 30 June 2019
Movement in retained earnings were as follows:		
Accumulated losses at beginning of the year	(33,209,032)	(30,163,086)
Adjustments (adoption of AASB 16) [1]	-	(8,599)
		(30,171,685)
Transfer from reserves	45,545	198,405
Transfer to share issue costs	29,645	-
Loss for the period	(1,698,528)	(3,235,752)
Accumulated losses at end of the period	**(34,832,370)**	**(33,209,032)**
[1] Impact due to early adoption of standard		
Recognition of ROU asset and lease liability at adoption	-	97,690
Cumulative effect on RE for ROU depreciation from commencement till initial application	-	(104,763)
Recognition of interest expense on lease liability owing at initial application	-	(1,526)
	-	**(8,599)**

13. EVENTS SUBSEQUENT TO REPORTING DATE

There has been no transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, 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.

Collaborate
CORPORATION LIMITED

DIRECTORS' DECLARATION

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

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

      (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year then ended; and

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

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

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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001*.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

Chris Noone
CEO and Executive Director

Dated at Sydney, New South Wales this 26th day of February 2020.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Collaborate Corporation Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

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

Material uncertainty related to going concern

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

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
26 February 2020