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## APPENDIX 4D AND INTERIM FINANCIAL REPORT

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Collaborate Corporation Limited (ASX:CL8) (**Collaborate** or the **Company**) is pleased to present its Appendix 4D and Interim Financial Report for the period ending 31 December 2017.

Collaborate Corporation continued to capitalise on its unique strategic advantages in the first half of the 2018 financial year (**H1 FY18**) delivering a 52% increase in revenue for the period to 31 December 2017, a strong improvement on the 34% growth achieved in the prior year period ending 31 December 2016 (**PYP**).

Most of the revenue increase was attributable to the DriveMyCar business unit which benefited from key product launches in the latter part of H1 FY18, including RACV DriveMyCar and Subaru XV vehicles in September 2017 and Flexible Rideshare Rentals for Uber drivers in December 2017. Momentum accelerated in the second quarter of H1 FY18 with cash receipts increasing 42% in the December 2017 Quarter compared to the September 2017 Quarter. The new B2B sharing platform, Mobilise, also launched in late October 2017.

The launch of each of these new initiatives was made possible by funding provided by the \$1 million strategic investment from RACV and 100% exercise of the CL8 listed options in April 2017. Due to the significant investment made in new products, which provide the potential for increased revenue in subsequent periods, the net loss from ordinary activities increased compared to the PYP. Much of the new investment was for the recruitment of management personnel and technology development to support the ongoing extension of the Collaborate Technology platform and the growth of the businesses. In addition, there were share based payment expenses relating to the issue of options, which is an accounting entry only and does not reflect any historic or future cash outflow. Excluding both of these costs, the net loss from ordinary activities would have declined by 6%. During H1 FY18 Collaborate improved the financial performance of its existing businesses and also deployed available funds to invest in and foster future revenue opportunities.

In accordance with Listing Rule 4.2A.3, the Interim Financial Report for the six months ended 31 December 2017 and Appendix 4D – Half Year Report of Collaborate Corporation Ltd (ASX: CL8) follow this announcement. This information is to be read in conjunction with the annual report for the year ended 30 June 2017.

**Authorised by:**

**Chris Noone**  
**CEO and Director**  
**Collaborate Corporation Limited**

**About Collaborate Corporation Limited**

Collaborate Corporation Limited is listed on the Australian Securities Exchange (ASX:CL8). It is Australia's leading listed company focused on 'collaborative consumption', 'peer-to-peer' or 'sharing economy' businesses. Collaborate currently has three core business segments: [www.DriveMyCar.com.au](http://www.DriveMyCar.com.au) Australia's leading peer-to-peer car rental business; [www.MyCaravan.com.au](http://www.MyCaravan.com.au) Australia's leading peer-to-peer caravan rental business; and [www.Mobilise.com](http://www.Mobilise.com) an online hire marketplace to unlock the enormous potential of under-utilised assets. Through our proprietary trust and reputation platform, [www.peerpass.com.au](http://www.peerpass.com.au) we create 'trust' between individuals and make it possible for people and companies to safely transact with each other in the sharing economy.

Collaborate Corporation Limited  
Appendix 4D  
For the half-year ended 31 December 2017

# Collaborate Corporation Limited

## Appendix 4D

### Half-year ended 31 December 2017

Name of entity: Collaborate Corporation Limited  
ABN: 60 066 153 982  
Half-year ended: 31 December 2017  
Previous period: 31 December 2016

#### Results for announcement to the market

				\$
Revenue from ordinary activities	Up	52.4%	to	581,352
Loss from ordinary activities after tax attributable to members	Up	77.4%	to	(1,769,657)
Net loss after tax (from ordinary activities) for the period attributable to members	Up	77.4%	to	(1,769,657)

#### Net tangible assets per security

	<b>31 December 2017 Cents</b>	31 December 2016 Cents
Net tangible asset backing (per share)	<b>0.28</b>	(0.01)

#### Explanation of results

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

#### Distributions

No dividends have been paid or declared by the company for the current financial period. No dividends were paid for the previous financial period.

#### Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2017.

#### Other information required by Listing Rule 4.2A

N/A

#### Interim review

The interim financial statements have been reviewed by the group's independent auditor without any modified opinion, disclaimer or emphasis of matters.



## **Collaborate Corporation Limited**

ABN 60 066 153 982

### **Interim report for the half-year 31 December 2017**

**Collaborate Corporation Limited** ABN 60 066 153 982  
**Interim report - 31 December 2017**

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**Collaborate Corporation Limited**  
**Directors' report**  
**For the half-year ended 31 December 2017**

## **Directors' report**

The directors present their report together with the financial statements of Collaborate Corporation Limited (the "parent entity" of the "company"), being the company and its controlled entities (the "group" or "consolidated entity"), for the half-year ended 31 December 2017 and the auditor's report thereon.

### **Directors and company secretary**

The following persons held office as directors of Collaborate Corporation Limited during the financial period:

Mr Chris Noone, Chief Executive Officer and Executive Director  
Mr Adrian Bunter, Non-Executive Director  
Mr Jim Landau, Non-Executive Director

The following person held office as company secretary of Collaborate Corporation Limited during the financial period:

Ms Karen Logan

### **Results**

The net loss after tax of the group for the half-year ended 31 December 2017 was \$1,769,657 (2016: loss of \$997,733).

The group's gross revenue from continuing operations increased by 52% to \$581,352 during the half-year, and gross profit from continuing operations increased by 66% to \$385,101. The net result from continuing operations decreased by 77% to a loss of \$1,769,657. Net assets decreased by 28% to \$3,907,611 during the half-year.

### **Review of operations**

Collaborate Corporation continued to capitalise on its unique strategic advantages in the first half of the 2018 financial year (H1 FY18) delivering a 52% increase in revenue for the period to 31 December 2017, a strong improvement on the 34% growth achieved in the prior year period ended 31 December 2016 (PYP).

Most of the revenue increase was attributable to the DriveMyCar business unit which benefited from key product launches in the latter part of H1 FY18, including RACV DriveMyCar and Subaru XV vehicles in September 2017 and Flexible Rideshare Rentals for Uber drivers in December 2017. Momentum accelerated in the second quarter of H1 FY18 with cash receipts increasing 42% in the December 2017 quarter compared to the September 2017 quarter. Additionally, the new B2B sharing platform, Mobilise launched in late October 2017.

The launch of each of these new initiatives was made possible by funding provided by the \$1 million strategic investment from RACV and 100% exercise of the CL8 listed options in April 2017. Due to the significant investment made in new products, which provide the potential for increased revenue in subsequent periods, the net loss from ordinary activities increased by 77% compared to the PYP. Much of the new investment was for the recruitment of management personnel and technology development to support the ongoing extension of the Collaborate Technology platform and the growth of the businesses. These technology development and personnel costs equated to \$573,678. In addition, share based payment expenses relating to the issue of options, which is an accounting entry only and does not reflect any historic or future cash outflow, equated to \$261,857. Excluding both of these costs, the net loss from ordinary activities would have declined by 6%. During H1 FY18 Collaborate improved the financial performance of its existing businesses and also deployed available funds to invest in and foster future revenue opportunities.

The launch of RACV DriveMyCar in September 2017 was a major achievement in the period and provides a solid foundation for future revenue growth by leveraging access to RACV's 2.1 million members. Under the relationship, RACV promotes DriveMyCar to its members and new customers in Victoria and there are further opportunities to collaborate on similar initiatives for MyCaravan and Mobilise.

**Collaborate Corporation Limited**  
**Directors' report**  
**For the half-year ended 31 December 2017**  
(continued)

**Review of operations (continued)**

Following the successful launch of the experiential marketing campaign for the Subaru Impreza in March 2017, which was recognised by Mumbrella as one of the top five launch campaigns of 2017, Subaru reconfirmed its commitment to DriveMyCar with the addition of 105 Subaru XV vehicles to the fleet commencing in September 2017. The addition of these new vehicles as well as Holden Astra, Toyota Camry Hybrid and Audi A3 vehicles from various corporate fleet providers helped DriveMyCar achieve record rental transaction value and gross profit results in the December 2017 quarter.

Rentals to Uber drivers continued to perform well and the strategic relationship with Uber was expanded by the launch of Flexible Rideshare Rentals, which provides temporary access to vehicles for Uber owner-drivers while their vehicles are being serviced or repaired. This new product launched on 20 December 2017 in Sydney and quickly gained traction with customers and corporate fleet providers. As these rentals are typically for shorter periods, they achieve a premium price and deliver a higher gross margin for DriveMyCar. DriveMyCar's Flexible Rideshare Rentals product is the first solution to be promoted directly by Uber to driver-partners.

Mobilise launched on 24 October 2017 and by the end of the December 2017 quarter over 3,700 assets had been listed, a strong increase from the 3,000 assets at time of launch. A marketing partnership was secured with Housing Industry Association Insurance Services and an email campaign to over 15,000 builders and construction related companies commenced in December 2017 and continues into the March 2018 quarter. The aim of the campaign is to secure listing of assets on the Mobilise platform and establish a critical mass whilst gradually transitioning marketing focus to rental demand. Facebook and Search Marketing campaigns also commenced during the December 2017 quarter with a primary focus on the listing of new assets. The number of unique users increased over 200% per month and over 2,000 searches were performed on the Mobilise platform in December 2017.

A new version of the MyCaravan website launched in the December 2017 quarter with improved functionality and customer messaging. Facebook and Search marketing campaigns commenced later in the December 2017 quarter. Following the launch of the RACV DriveMyCar platform, MyCaravan is looking to build on the Collaborate relationship with RACV to explore opportunities to grow the supply and demand sides of the online marketplace.

The company is currently well funded and has no debt. It also has capacity of \$1.76 million remaining under the Flexible Equity Facility, which expires in June 2018. The company retains discretion as to the quantum and timing of each drawdown and may also raise funds from alternative sources. However, the company has announced that it has paused drawdowns from this facility as the company is now very well funded from the exercise of options and \$1 million strategic investment from RACV, and the Board can confirm that there is no current foreseeable need for additional capital to be raised at this time, unless the Board decides to pursue significant additional investment opportunities.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

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



Mr Chris Noone  
Chief Executive Officer and Executive Director

Sydney  
27 February 2018

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

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia  
27 February 2018

**N G Neill**  
Partner

**Collaborate Corporation Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year ended 31 December 2017**

	<b>Consolidated entity</b>	
	<b>31 December</b>	31 December
	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
Revenue from continuing operations	<b>581,352</b>	381,459
Cost of providing services	<b>(196,251)</b>	(149,846)
<b>Gross profit</b>	<b>385,101</b>	231,613
Finance income	<b>30,866</b>	335
Corporate and administrative expenses	<b>(1,604,495)</b>	(1,040,823)
Research and development expenses	<b>(581,129)</b>	(201,312)
<b>Results from continuing operations</b>	<b>(1,769,657)</b>	(1,010,187)
<b>Loss before income tax</b>	<b>(1,769,657)</b>	(1,010,187)
Income tax benefit	-	12,454
<b>Loss for the period after tax</b>	<b>(1,769,657)</b>	(997,733)
<b>Total comprehensive income for the period</b>	<b>(1,769,657)</b>	(997,733)
	<b>Cents</b>	Cents
<b>Loss per share for profit attributable to the ordinary equity holders of the company:</b>		
Basic loss per share	(0.29)	(0.26)
Diluted loss per share	(0.29)	(0.26)

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

**Collaborate Corporation Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2017**

	<b>Consolidated entity</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2017</b>	<b>2017</b>
Notes	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,215,872	3,637,813
Trade and other receivables	360,338	351,439
Other current assets	141,904	45,650
<b>Total current assets</b>	<b>2,718,114</b>	<b>4,034,902</b>
<b>Non-current assets</b>		
Property, plant and equipment	27,382	22,943
Goodwill	2,079,699	2,079,699
Intangible assets	85,189	100,210
<b>Total non-current assets</b>	<b>2,192,270</b>	<b>2,202,852</b>
<b>Total assets</b>	<b>4,910,384</b>	<b>6,237,754</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	873,906	751,681
Provisions	86,240	56,202
Other current liabilities	19,946	12,710
<b>Total current liabilities</b>	<b>980,092</b>	<b>820,593</b>
<b>Non-current liabilities</b>		
Provisions	22,681	-
<b>Total non-current liabilities</b>	<b>22,681</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,002,773</b>	<b>820,593</b>
<b>Net assets</b>	<b>3,907,611</b>	<b>5,417,161</b>
<b>EQUITY</b>		
Issued capital	31,669,303	31,671,053
Reserves	1,187,524	945,834
Accumulated losses	(28,949,216)	(27,199,726)
<b>Total equity</b>	<b>3,907,611</b>	<b>5,417,161</b>

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

**Collaborate Corporation Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2017**

Consolidated entity	Notes	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2016</b>		26,569,770	878,319	(25,106,551)	2,341,538
Loss for the period		-	-	(997,733)	(997,733)
Other comprehensive income for the period, net of income tax		-	-	-	-
<b>Total comprehensive loss for the period</b>		-	-	<b>(997,733)</b>	<b>(997,733)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of share capital (net of transaction costs)		737,210	-	-	737,210
Share-based payment expense		25,000	52,727	-	77,727
		762,210	52,727	-	814,937
<b>Balance at 31 December 2016</b>		<b>27,331,980</b>	<b>931,046</b>	<b>(26,104,284)</b>	<b>2,158,742</b>
<b>Balance at 1 July 2017</b>		31,671,053	945,834	(27,199,726)	5,417,161
Loss for the period		-	-	(1,769,657)	(1,769,657)
Other comprehensive income for the period, net of income tax		-	-	-	-
<b>Total comprehensive loss for the period</b>		-	-	<b>(1,769,657)</b>	<b>(1,769,657)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share issue costs	6	(1,750)	-	-	(1,750)
Expiration of options	6	-	(20,167)	20,167	-
Share-based payment expense	6	-	261,857	-	261,857
		(1,750)	241,690	20,167	260,107
<b>Balance at 31 December 2017</b>		<b>31,669,303</b>	<b>1,187,524</b>	<b>(28,949,216)</b>	<b>3,907,611</b>

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

**Collaborate Corporation Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2017**

	<b>Consolidated entity</b>	
	<b>31 December</b>	31 December
	<b>2017</b>	2016
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	1,531,200	1,069,283
Payments to suppliers and employees	(2,894,245)	(1,849,505)
Interest received	30,866	280
<b>Net cash outflow from operating activities</b>	<u>(1,332,179)</u>	<u>(779,942)</u>
<b>Cash flows from investing activities</b>		
Increase in rental bonds	(66,257)	(12,021)
<b>Net cash outflow from investing activities</b>	<u>(66,257)</u>	<u>(12,021)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	790,000
Payment of share issue costs	(23,505)	-
<b>Net cash (outflow)/inflow from financing activities</b>	<u>(23,505)</u>	<u>790,000</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,421,941)</b>	<b>(1,963)</b>
Cash and cash equivalents at the beginning of the period	<u>3,637,813</u>	<u>116,911</u>
<b>Cash and cash equivalents at end of period</b>	<u>2,215,872</u>	<u>114,948</u>

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

## **1 Accounting policies**

### **(a) Reporting entity**

Collaborate Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated interim financial statements as at and for the half-year ended 31 December 2017 comprise the company and its subsidiaries (together referred to as the consolidated entity or group).

### **(b) Basis of preparation**

#### *(i) Statement of compliance*

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

This condensed consolidated interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Collaborate Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The annual financial report of the group for the year ended 30 June 2017 is available upon request from the company's registered office or may be viewed on the company's website, [www.collaboratecorp.com](http://www.collaboratecorp.com).

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

#### *(ii) Going concern*

These interim 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 half-year of \$1,769,657 (2016: \$997,733).

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 \$2,215,872 as at 31 December 2017 and the group has access to an equity facility with \$1,760,000 in available funds if required.
- 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 consider it reasonable that the group will be able to raise further funding as and when required.

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 interim financial statements.

### **(c) Significant accounting policies and methods of computation**

The accounting policies adopted have been applied consistently to all periods presented in these interim financial statements and are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

## **1 Accounting policies (continued)**

### **(c) Significant accounting policies and methods of computation (continued)**

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

#### *(i) Standards and interpretations applicable to 31 December 2017*

In the half-year ended 31 December 2017, the directors have reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to the group and effective for the current annual reporting period. As a result of this review, the directors have determined that there is no material impact of the new and revised standards and interpretations on the group and, therefore, no material change is necessary to group accounting policies.

#### *(ii) Standards and interpretations in issue not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 half-year reporting period. Those which may have a significant impact to the group are set out below. The group does not plan to adopt these standards early.

#### **AASB 9 Financial Instruments (2014)**

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 *Financial Instruments: Recognition and Measurement* and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The group has assessed these changes and determined that based on the current financial assets and liabilities held at reporting date, the group will need to reconsider its accounting policies surrounding impairment recognition. The new impairment requirements for financial assets are based on a forward looking "expected loss model" (rather than the current "incurred loss model").

The group does not expect a significant effect on the financial statements resulting from the change of this standard however the group is in the process of evaluating the impact of the new financial instrument standard. The changes in the group's accounting policies from the adoption of AASB 9 will be applied from 1 July 2018 onwards.

#### **AASB 15 Revenue from Contracts with Customers**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*. AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The group has commenced the process of evaluating the impact of the new standard on existing revenue streams and will first apply AASB 15 in the financial year beginning 1 July 2018.

#### **AASB 16 Leases**

AASB 16 replaces the current AASB 17 *Leases* standard. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a "right-of-use" asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense.

## 1 Accounting policies (continued)

### (c) Significant accounting policies and methods of computation (continued)

#### (ii) Standards and interpretations in issue not yet adopted (continued)

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

### (d) Significant accounting judgements, estimates and assumptions

The preparation of the interim 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 preparing this consolidated interim report, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual report for the year ended 30 June 2017.

The directors have reviewed the ongoing validity of the assumptions made in the last annual impairment assessment of goodwill and, on the basis of trading results against those originally forecast, have concluded that no impairment indicators are present to necessitate a full impairment review as at 31 December 2017.

## 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 Intangible assets

	Consolidated entity	
	31 December 2017 \$	30 June 2017 \$
Software development and domain costs (less: accumulated amortisation)	80,020	95,041
Trademarks	5,169	5,169
	<u>85,189</u>	<u>100,210</u>

## 4 Provisions

	Consolidated entity					
	31 December 2017			30 June 2017		
	Current \$	Non- current \$	Total \$	Current \$	Non- current \$	Total \$
Annual leave	86,240	-	86,240	56,202	-	56,202
Long service leave	-	22,681	22,681	-	-	-
	<u>86,240</u>	<u>22,681</u>	<u>108,921</u>	<u>56,202</u>	<u>-</u>	<u>56,202</u>

**Collaborate Corporation Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2017**  
(continued)

#### 4 Provisions (continued)

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

#### 5 Other current liabilities

	<b>Consolidated entity</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2017</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Deferred revenue	<b>19,946</b>	12,710

#### 6 Contributed equity

##### (a) Issued capital

	<b>31 December</b>	<b>31 December</b>	<b>30 June</b>	<b>30 June</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>Shares</b>	<b>\$</b>	<b>Shares</b>	<b>\$</b>
Ordinary shares - fully paid	<b>619,117,857</b>	<b>31,669,303</b>	619,117,857	31,671,053

##### (i) Movements in ordinary shares

<b>Details</b>	<b>Number of shares</b>	<b>\$</b>
<b>Balance at 1 July 2016</b>	<b>370,173,748</b>	<b>26,569,770</b>
Issue of shares at \$0.0188 each by share placement	9,042,553	170,000
Issue of shares at \$0.021 each by share placement	2,380,952	50,000
Issue of shares at \$0.018 each by share placement	11,111,111	200,000
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)
<b>Balance at 30 June 2017</b>	<b>619,117,857</b>	<b>31,671,053</b>
Less: Transaction costs arising on share issue	-	(1,750)
<b>Balance at 31 December 2017</b>	<b>619,117,857</b>	<b>31,669,303</b>

**Collaborate Corporation Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2017**  
(continued)

## 6 Contributed equity (continued)

### (b) Reserves (options)

#### (i) Movement in options

Details	Number of options	\$
<b>Balance at 1 July 2017</b>	<b>38,804,261</b>	<b>945,834</b>
Issue of Employee options at \$0.0388 each	3,323,780	46,180
Issue of Officer A options at \$0.0496 each	7,000,000	102,051
Issue of Officer B options at \$0.0794 each	10,500,000	110,756
Expiration of Unlisted options at \$0.02 each	(5,000,000)	(15,777)
Expiration of Unlisted options at \$0.03 each	(2,500,000)	(4,390)
Amortised share-based payments for options issued in prior periods	-	2,870
<b>Balance at 31 December 2017</b>	<b>52,128,041</b>	<b>1,187,524</b>

#### (ii) Options outstanding

At 31 December 2017 unissued ordinary shares of the company under options were:

Class	Expiry date	Exercise price (\$)	Number of options
Executive options <sup>1</sup>	Various	0.02	2,150,000
Executive options <sup>1</sup>	Various	0.03	2,650,000
Director options <sup>1</sup>	28-Nov-2018	0.03	2,000,000
Facility options <sup>1</sup>	31-May-2019	0.03	4,500,000
Officer options <sup>1</sup>	30-Nov-2018	0.035	5,000,000
Employee options <sup>1</sup>	01-Sep-2019	0.0225	1,634,797
Employee options <sup>1</sup>	01-Jan-2020	0.025	226,904
Employee options <sup>1</sup>	01-Mar-2020	0.025	316,622
New A options <sup>1</sup>	24-Apr-2020	0.031	8,333,333
New B options <sup>1</sup>	24-Apr-2020	0.05	3,333,333
Employee options <sup>1</sup>	01-May-2020	0.04	159,272
Management options <sup>1</sup>	01-May-2020	0.036	1,000,000
Employee options <sup>1</sup>	01-Sep-2020	0.0388	3,323,780
Officer A options <sup>1</sup>	23-Nov-2020	0.0496	7,000,000
Officer B options <sup>1</sup>	23-Nov-2020	0.0794	10,500,000
			<b>52,128,041</b>

<sup>1</sup> Options are not quoted. Executive options are subject to vesting conditions.

## 7 Share-based payments

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

Grant date	Expiry date	Balance at start of year	Exercise price (\$)	Granted	Exercised	Vested	Balance at end of year
01-Sep-2017	01-Sep-2020	-	0.0388	3,323,780	-	3,323,780	3,323,780
23-Nov-2017	23-Nov-2020	-	0.0496	7,000,000	-	7,000,000	7,000,000
23-Nov-2017	23-Nov-2020	-	0.0794	10,500,000	-	10,500,000	10,500,000

## 7 Share-based payments (continued)

For the options granted during the half-year ended 31 December 2017, 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 (\$)
01-Sep-2017	01-Sep-2020	0.030	0.0388	76.00%	0.00%	2.15%	46,180
23-Nov-2017	23-Nov-2020	0.040	0.0496	76.00%	0.00%	2.15%	102,051
23-Nov-2017	23-Nov-2020	0.040	0.0794	76.00%	0.00%	2.15%	110,756
							<b>258,987</b>

## 8 Financial instruments

The methods and valuation techniques used for the purposes of measuring fair value are unchanged compared to the previous reporting period. The carrying value of the current receivables and current payables are considered to be a reasonable approximation of their fair value.

## 9 Commitments

### (a) Operating lease commitments

The group has a commercial lease for its office and warehouse. In November 2017, the group entered into a new commercial office lease.

	Consolidated entity	
	31 December 2017	30 June 2017
	\$	\$
Within one year	247,016	80,083
Later than one year but not later than five years	352,837	39,783
	599,853	119,866

### (b) Remuneration commitments

The group has 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.

	Consolidated entity	
	31 December 2017	30 June 2017
	\$	\$
Within one year	215,000	175,000

## 10 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 or economic entity in subsequent financial periods.

**Collaborate Corporation Limited**  
**Directors' declaration**  
**For the half-year ended 31 December 2017**

In the directors' opinion:

- (a) the interim financial statements and notes set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(b)(i) confirms that the interim financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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



Mr Chris Noone  
Chief Executive Officer and Executive Director

Sydney  
27 February 2018

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Collaborate Corporation Limited

### **Report on the Consolidated Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Collaborate Corporation Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 2017 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*.

#### *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 2017 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.

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

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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**  
**Chartered Accountants**

**Perth, Western Australia**  
**27 February 2018**



**N G Neill**  
**Partner**