
GENERAL MEETING OF SHAREHOLDERS

Collaborate Corporation Limited (**Collaborate** or the **Company**) (ASX: **CL8**) presents a notice of meeting and explanatory memorandum (**Notice of Meeting**) as sent to Shareholders today.

As previously announced, the Notice of Meeting includes a resolution seeking shareholder approval for the divestment of the Company's 43.3% interest in Marketboomer Holdings Pty Ltd (**Marketboomer Holdings**), which is currently a subsidiary of the Company and owns the Marketboomer business (**Transaction**). The Transaction involves the selective buyback of 21.78% of the fully paid ordinary shares of Collaborate and the cancellation of 8,033,764 listed CL8O options.

As required by Listing Rule 10.1 and as recommended by ASIC Regulatory Guide 110, the Directors commissioned an independent expert's report on the Transaction (**Independent Expert's Report**). The Independent Expert's Report forms part of the Notice of Meeting.

The Independent Expert has concluded that the Transaction is **fair and reasonable** to Shareholders.

Should shareholders approve the Transaction, the Company will focus 100% of its resources on collaborative consumption opportunities, leveraging its proprietary trust and reputation platform to grow a verified, high value customer base and launch into new product categories. The Directors believe the Marketboomer divestment will enable the Company to reduce corporate overheads and costs associated with operating in foreign countries and devote a higher proportion of funds to the peer-to-peer operating businesses.

The Notice of Meeting also seeks to refresh the Company's 15% capacity and seeks approval for completion of Tranche 2 of the January 2015 placement to raise \$200,000 and issue 31,500,000 free-attaching listed CL8O options on a 1-for-2 basis to investors in the January 2015 placement.

In the Notice of Meeting, the Company also seeks approval of a placement facility to issue up to 25,000,000 fully paid ordinary shares and 12,500,000 free-attaching listed CL8O options (**Placement Facility**). Funds raised from securities issued via the Placement Facility will be used to advance the evolution of the Company's proprietary trust and reputation platform, enabling the Company to launch into new peer-to-peer markets, and support marketing and PR activities for the recently relaunched DriveMyCar website, for general working capital and to cover costs of the placement.

Authorised by:

Chris Noone
CEO and Director
Collaborate Corporation Limited

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Collaborate

Corporation Limited

ABN 60 066 153 982

NOTICE OF EXTRAORDINARY GENERAL MEETING
and
EXPLANATORY MEMORANDUM

Date of Meeting

Friday, 5 June 2015

Time of General Meeting

2.00 pm (EST)

Place of Meeting

Level 5, 181 Miller Street
North Sydney, NSW 2060

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ THIS DOCUMENT IN ITS ENTIRETY AND SEEK INDEPENDENT ADVICE BEFORE DECIDING HOW TO VOTE ON THE RESOLUTIONS.

If you are in doubt as to how to deal with this document or how to vote on the Resolutions, please consult your financial or other professional adviser.

The Independent Expert has concluded that the Transaction is **fair and reasonable** to Shareholders.

Your Directors recommend that, in the absence of a superior proposal, Shareholders vote in favour of the resolution to approve the Transaction.

NOTICE OF GENERAL MEETING

The General Meeting of Collaborate Corporation Limited (**Company** or **Collaborate**) is to be held on Friday, 5 June 2015, at Level 5, 181 Miller Street, North Sydney, NSW 2060, commencing at 2.00 pm (EST).

The Explanatory Memorandum that accompanies and forms part of this Notice describes the matters to be considered at this Meeting.

BUSINESS

Resolution 1 - Approval of Selective Share Buy Back

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

"That, subject to Resolution 2 being passed and for the purposes of section 257D(1)(a) of the Corporations Act and Listing Rule 10.1 and for all other purposes, approval be given for:

- (a) the terms and conditions of the Selective Share Buy Back and Option Cancellation Agreements entered into on 4 May 2015 between the Company and the Reducing Shareholders, details of which are set out in the Explanatory Memorandum accompanying this Notice of General Meeting; and*
- (b) the Company to conduct a selective share buy back of 80,337,670 Shares held by the Reducing Shareholders on the terms and conditions set out in the Selective Share Buy Back and Option Cancellation Agreements.*

The Independent Expert has concluded that the Transaction is **fair and reasonable** to Shareholders.

Voting Exclusion: In accordance with section 257D(1)(a) of the Corporations Act and Listing Rule 14.11 any votes cast in favour of the Resolution by:

- (a) the Reducing Shareholders and any person who will receive consideration as part of the proposed Selective Share Buy Back; and
- (b) any Associate (as defined in the Corporations Act) of the Reducing Shareholders or any such person who will receive consideration as part of the proposed Selective Share Buy Back,

will be disregarded for the purposes of determining whether the Resolution is passed.

As Resolutions 1 and 2 are inter-conditional, a person whose votes are disregarded on Resolution 2 will have their votes on Resolution 1 disregarded.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 2 – Cancellation of Options

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to Resolution 1 being passed and for the purposes of Listing Rule 6.23.2 and for all other purposes, approval is given for the Company to cancel 8,033,764 Options held by the Reducing Shareholders on the terms and conditions set out in the Selective Buy Back and Option Cancellation Agreements."

Voting Exclusion: In accordance with Listing Rule 6.23.2 any votes cast in favour of the Resolution by:

- (a) the Reducing Shareholders and any person who holds an Option that is the subject of the approval; and
 - (b) any Associate (as defined in the Corporations Act) of the Reducing Shareholders or any such a person who holds an Option that is the subject of the approval,
- will be disregarded for the purposes of determining whether the Resolution is passed.

As Resolutions 1 and 2 are inter-conditional, a person whose votes are disregarded on Resolution 1 will have their votes on Resolution 2 disregarded.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 3 – Approval and Ratification of Issue of Options to the Broker of the January 2015 Placement

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 of the Listing Rules, and for all other purposes, Shareholders approve and ratify the issue of 5,000,000 Options to DJ Carmichael Pty Ltd and Foster Stockbroking on the terms specified in the Explanatory Memorandum."

Short Explanation: Under the Listing Rules, the Company may seek shareholder approval to ratify an issue of securities to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12 month period.

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 - Approval and Ratification of the issue of Shares under Tranche 1 of the January 2015 Placement

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 53,000,000 Shares under the Tranche 1 of the January 2015 Placement on the terms and conditions set out in the Explanatory Memorandum."

Short Explanation: Under the Listing Rules, the Company may seek shareholder approval to ratify an issue of securities following a placement to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12 month period.

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5 – Approval of Issue of Shares and Options under Tranche 2 of the January 2015 Placement

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 10,000,000 Shares and 31,500,000 free attaching Options under Tranche 2 of the January 2015 Placement on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will in accordance with the Listing Rules, disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 5 is passed and any associate of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Approval of Director's Participation in Tranche 2 of the January 2015 Placement

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to Resolution 5 being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 2,500,000 Shares and 1,250 000 Options to Mr Domenic Carosa (or his nominee) as part of the Tranche 2 of the January 2015 Placement on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Carosa (or his nominee) and any of their associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7 – Approval and Ratification of the Issue of Options under the October 2014 Placement

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4, and for all other purposes, the Company approves and ratifies the issue of 18,750,000 Options (post-consolidation) (equivalent to 187,500,000 pre-consolidation Options) under the October 2014 Placement on the terms specified in the Explanatory Memorandum."

Short Explanation: Under the Listing Rules, the Company may seek shareholder approval to ratify an issue of securities following a placement to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12 month period.

Voting Exclusion: The Company will disregard any votes cast on Resolution 7 by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8 – Approval of Issue of Placement Facility

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 25,000,000 Shares and 12,500,000 free attaching Options (**Placement Securities**) at an issue price that is at least 80% of the average market price for Shares in the Company over the last five days on which sales of the Company's Shares are recorded before the issue of the Placement Securities and otherwise on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion: The Company will in accordance with the Listing Rules, disregard any votes cast on Resolution 8 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 8 is passed and any associate of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**DATED THIS 6TH OF MAY 2015
BY ORDER OF THE BOARD**



Chris Noone
CEO and Director

EXPLANATORY MEMORANDUM

The Explanatory Memorandum is incorporated in and comprises part of the Notice of General Meeting. Shareholders are referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in the Notice of General Meeting and the Explanatory Memorandum.

PROXIES

Please note that:

- A member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the member.
- A proxy need not be a member of the Company. A proxy may be appointed by reference to an office held by the proxy (e.g. "the Company Secretary").
- Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If no such proportion is specified, each proxy may exercise half of the member's votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

VOTING ENTITLEMENTS

For the purposes of section 1074E(2) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that Shareholders holding Shares as set out in the Company's share register at 7:00 p.m. (EST) on Wednesday, 3 June 2015 will be entitled to attend and vote at the Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with an original (or certified copy) certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company in advance of the Meeting or handed in at the meeting when registering as a corporate representative. The appointment must comply with section 205D of the Corporations Act 2001.

ATTORNEYS

If an attorney is to attend the Meeting on behalf of a Shareholder, a properly executed original (or originally certified copy) of an appropriate power of attorney must be received by the Company by the deadline for the receipt of Proxy Forms, being no later than 7:00 p.m. (EST) on Wednesday, 3 June 2015. Previously lodged powers of attorney will be disregarded by the Company.

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the Notice of Meeting. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Overview of Transaction
Section 3	Resolution 1 – Approval of Selective Share Buy Back and Resolution 2 – Cancellation of Options
Section 4	Overview of January 2015 Placement
Section 5	Resolution 3 – Approval and Ratification of Issue of Options to the Broker of the January 2015 Placement
Section 6	Resolution 4 – Approval and Ratification of the issue of Shares under Tranche 1 of the January 2015 Placement
Section 7	Resolution 5 – Approval of Issue of Shares and Options under Tranche 2 of the January 2015 Placement
Section 8	Resolution 6 – Approval of Director's Participation in Tranche 2 of the January 2015 Placement
Section 9	Resolution 7 – Approval and Ratification of the Issue of Options under the October 2014 Placement
Section 10	Resolution 8 – Approval of the Issue of Placement Facility
Section 11	Glossary
Schedule 1	Reducing Shareholders
Schedule 2	Terms and Conditions of Options
Schedule 3	Independent Expert's Report

2. Transaction – Overview

2.1 Background

Under the Transaction, Collaborate will conduct a selective share buy back (pursuant to section 257 of the Corporations Act) of 80,337,670 Shares (being a 21.78% interest in the Shares of the Company) and cancel 8,033,764 Options held by the Reducing Shareholders in consideration for the transfer to the Reducing Shareholders of 1,017,385 fully paid ordinary shares in Marketboomer held by the Company on the terms and conditions set out in the Selective Share Buy Back and Option Cancellation Agreements.

The Reducing Shareholders and the details of their Shares and Options held are set out in Schedule 1.

(a) Sale of interest in Marketboomer

Collaborate currently has a 43.3% interest in the Marketboomer business, through a 43.3% interest in Marketboomer. The remaining 56.7% interest in Marketboomer is held by:

Marketboomer shareholder	Marketboomer % interest
Dagenham Investments Limited	55.5%
Jayach Holdings Pty Limited	0.7%
Lois Harris	0.5%

The Transaction will result in the sale of Collaborate's entire shareholding interest in Marketboomer.

The Marketboomer business offers an Internet-based procurement and materials management solution, specifically focussed on the hospitality industry. Over the last several years, Marketboomer has not been able to gain substantial traction with its product offering and its financial performance has not substantially improved. Therefore, Marketboomer has looked to new product offerings and these will require considerable investment over the short and medium term.

In considering the planned strategy of Marketboomer, the ongoing investment it requires, the initial offer received from the Reducing Shareholders and the alternatives as to the ongoing ownership interest in Marketboomer, the Directors have unanimously agreed that all resources should be applied to the continuing expansion of the collaborative consumption businesses, which the Directors consider to have greater potential.

The sale of Collaborate's shareholding in Marketboomer means the Company will no longer be required to allocate its resources towards a non-core business. It will also mean that Collaborate will cease to earn revenue from its interest in the Marketboomer business and will no longer incur costs from its interest in the Marketboomer business.

The Transaction will not cancel or otherwise deal with any Shares or Options held by other Shareholders or Option holders.

2.2 Reasons for Transaction

The sale of Collaborate's 43.3% interest in Marketboomer is congruent with Collaborate's strategy to concentrate on the continuing expansion of the collaborative consumption businesses.

The Company has limited alternatives as to its ongoing ownership interest in the Marketboomer business and its future strategy will require considerable investment over the short and medium term. The Marketboomer business has generated losses for a number of years and the ongoing expenditure required to fund this would be considerable and losses would be likely to continue due to this investment.

Collaborate's focus is on the development of the collaborative consumption businesses and Marketboomer is no longer a core asset.

2.3 Advantages of approving the Transaction

- Removes the presence of major shareholders.

At the date of this Notice, the Reducing Shareholders hold approximately 21.8% of the issued capital of Collaborate. This gives them significant influence in the decision making of the Company.

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If the Transaction is approved, these shares will be cancelled, therefore having an anti-dilutive impact on existing Shareholders' interests, whereby Shareholders will go from holding approximately 78.2% of the Company to holding 100%

The removal of major shareholders may also result in the Company being a more attractive takeover target, therefore potentially giving Shareholders an opportunity to receive a takeover premium in the future.

Similarly, without the presence of a significant shareholder, the Company may be more attractive to potential investors and therefore may improve the Company's ability to raise equity funding in the future.

Without the presence of a major shareholder, the shares will also have a materially high free float on a proportional basis. This may improve the liquidity of the Company's shares.

- Allows a more focussed approach from management.

If the Transaction is approved, it will allow management of Collaborate to pursue its strategies in the areas it has identified as having the highest potential return on investment.

- A cleaner corporate structure may improve the attractiveness of the Company to potential investors.

If the Transaction is approved, the Company will have a cleaner corporate structure. This may improve the Company's ability to attract future funding.

- Eliminates the Company's exposure to business risks of Marketboomer.

Marketboomer has employees spread across Singapore, Thailand, China and Australia. Its client base includes major hotels which are spread across Australia, China, Indonesia, Ireland, New Zealand, Singapore, Thailand and the United Kingdom. Therefore the Company is currently exposed to risks including foreign exchange as well as the country risk associated with operating in these foreign countries. If the Transaction is approved, Shareholders will no longer be exposed to these risks.

- Reduces losses and the requirement to fund losses via capital raisings.

Marketboomer is currently making losses. If the Transaction is approved, the Company will not be required to continue funding the Marketboomer business unit.

2.4 Disadvantages of approving the Transaction

- Shareholders forego the opportunity to benefit from any potential upside in Marketboomer.

If the Transaction is approved, the Company will transfer its interest in Marketboomer to the Reducing Shareholders. As such, existing Shareholders will not participate in any potential upside of Marketboomer going forward.

- The Transaction may change the risk profile of Shareholders.

Shareholders may have invested in Collaborate on the basis that it was a Company with diversified business interests. If the Transaction is approved, the Company will no longer operate in the internet based procurement and material management solution space. This change in risk profile of the Company may not be aligned with Shareholders' risk preferences.

2.5 Financial effect of the Transaction on the Company

The key financial effect is that the loss making Marketboomer business will no longer be part of the group and therefore the Company will no longer be required to allocate its resources towards a loss making non-core business.

The sale of shares in Marketboomer also results in the Company no longer being exposed to any potential financial benefit that might be realised from the Marketboomer business.

No cash is being paid by Collaborate for the cancellation of the Reducing Shareholder's shares or options in the Company.

The Directors do not believe that the Transaction will have an adverse effect on the Company's ability to pay its creditors.

Information in relation to the Marketboomer business, including the unaudited financial information of Marketboomer is included in Section 5.5.1 of the Independent Expert's Report.

2.6 Conditions

Completion of the Transaction is dependent upon approval of Resolution 1 and Resolution 2 by the Shareholders (excluding the Reducing Shareholders and any Associates of the Reducing Shareholders).

2.7 Independent Expert's Opinion

As required by Listing Rule 10.10 and as recommended in ASIC Regulatory Guide 110, the Directors commissioned the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to prepare a report on the Transaction to ascertain whether it is fair and reasonable to Shareholders (other than the Reducing Shareholders and their Associates).

The Independent Expert has concluded that the Transaction is fair and reasonable to the Shareholders (other than the Reducing Shareholders and their Associates).

The Independent Expert's Report contains comprehensive information on Marketboomer and the Transaction, including:

Section 4	Outline of the Transaction
Section 5	Profile of Collaborate
Section 6	Economic Analysis
Section 7	Industry Analysis
Section 12.3	Advantages of Approving the Transaction
Section 12.4	Disadvantages of Approving the Transaction

The Independent Expert's Report also included a valuation of the Marketboomer shares being sold by Collaborate to the Reducing Shareholders under the Transaction.

Schedule 3 contains a complete copy of the Independent Expert's Report. Shareholders are urged to read the Independent Expert's Report in full.

2.8 Directors' Recommendation

The Directors have considered the potential advantages and the potential disadvantages of the Transaction and the Independent Expert's conclusions.

The Directors each recommend that, in the absence of a superior proposal, the Shareholders vote in favour of Resolution 1 and Resolution 2 to approve the Transaction.

Each of the Directors intends to vote their Shares or open proxies they hold in favour of the Resolutions.

3. Resolution 1 – Approval of Selective Share Buy Back and Resolution 2 – Cancellation of Options

3.1 Requirements for a selective share buy back

Under section 257A of the Corporations Act, the Company may buy back its own shares if:

- the buy back does not materially prejudice the company's ability to pay its creditors; and
- the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

The Directors consider that the Selective Share Buy Back does not materially prejudice the Company's ability to pay its creditors.

The Directors have formed this view for reasons which include the following:

- No cash is being paid by Collaborate for the cancellation of the Reducing Shareholder's shares in the Company.
- The Company has limited alternatives as to its ongoing ownership interest in the Marketboomer business and its future strategy will require considerable investment over the short and medium term.
- The Company is no longer required to allocate its resources towards the Marketboomer business.

3.2 Shareholder approvals required

(a) Corporations Act

Approval under section 257 of the Corporations Act

Pursuant to section 257D(1) of the Corporations Act, a share buy back must be approved by either:

- a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- a resolution agreed to, at a general meeting by all ordinary shareholders.

Resolution 1 therefore seeks the approval of the Required Majority (other than the Reducing Shareholders and their Associates).

Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Gyaneshwar is a related party of the Company by reason of his position as a former Director and the transfer of Marketboomer shares held by the Company to Mr Gyaneshwar in consideration for his participation under the Selective Share Buy Back constitutes the giving of a financial benefit for the purposes of section 208 of the Corporations Act.

The Board considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 210 of the Corporations Act applies. The shares in Marketboomer will be transferred to Mr Gyaneshwar on the same terms as non-related party participants in the Selective Share Buy Back and as such the giving of the financial benefit to Mr Gyaneshwar will be on arms' length terms.

(b) ASX Listing Rules

Listing Rule 10.1

If viewed together, the Reducing Shareholders hold more than 10% of all Shares on issue, implying that they are a "substantial shareholder" for the purposes of the Listing Rules. Based on the closing prices on 1 April 2015 (being the day prior to announcing the Transaction), the Shares and Options the subject of the Transaction is equivalent to approximately \$1.42 million of consideration. Based on this valuation, Collaborate's 43.3% interest in Marketboomer accounts for more than 5% of the equity interests of Collaborate as set out in its last Interim Financial Report, meaning that it is a "substantial asset" for the purposes of the Listing Rules.

Listing Rule 10.1 requires that any sale of a substantial asset to a substantial shareholder be approved by Shareholders. The Resolution seeks the approval of Shareholders (other than the Reducing Shareholders and their Associates) for the sale of Collaborate's 43.3% interest in Marketboomer to the Reducing Shareholders as required under Listing Rule 10.1.

Notwithstanding that approval of Shareholders (other than the Reducing Shareholders and their Associates) is sought as required under Listing Rule 10.1, the Company is informed by the Reducing Shareholders that, other than each of Reducing Shareholder Group 1, Reducing Shareholder Group 2, Reducing Shareholder Group 3 and Reducing Shareholder Group 4 as individual groups (as previously notified in substantial shareholder notices provided to ASX), the Reducing Shareholders together are not Associates of each other.

Listing Rule 6.23.2

The Company proposes to cancel 8,033,764 Options held by the Reducing Shareholders as part of the consideration under the Transaction.

Listing Rule 6.23.2 requires that a change that has the effect of cancelling an option for consideration can only be made if approved by Shareholders. The Resolution seeks the approval of Shareholders (other than the Reducing Shareholders and their Associates) for the sale of Collaborate's 43.3% interest in Marketboomer to the Reducing Shareholders for consideration of cancellation of Options as required under Listing Rule 6.23.2.

3.3 Reorganisation of capital

As at the date of this Explanatory Memorandum, Collaborate has 368,943,317 Shares and 133,136,850 Options on issue.

If the Transaction is approved, 80,337,670 Shares held by the Reducing Shareholders (representing 21.78% of Shares on issue as at the date of this Explanatory Memorandum) will be cancelled immediately after the registration of the transfer to the Company of those Shares pursuant to section 257H(3) of the Corporations Act. In addition, if the Transaction is approved, 8,033,764 Options held by the Reducing Shareholders will be cancelled. No other Shares or Options will be cancelled, issued, consolidated or divided under the Transaction, including the Selective Share Buy Back.

There will be no fractional entitlements arising from the Selective Share Buy Back. All the remaining Shares and Options will remain fully paid after the Selective Share Buy Back is effected.

Shares	Before Transaction	After Transaction
Number of Shares on issue	368,943,317	288,605,647
Number of Shares held by Reducing Shareholders	80,337,670	Nil
Number of Shares held by Shareholders other than the Reducing Shareholders	288,605,647	288,605,647
The Reducing Shareholders percentage Shareholding	21.78%	Nil

Options	Before Transaction	After Transaction
Number of Options on issue	133,136,850	125,103,086
Number of Options held by Reducing Shareholders	8,033,764	Nil
Number of Options held by Option holders other than the Reducing Shareholders	125,103,086	125,103,086
The Reducing Shareholders percentage Option holding	6.03%	Nil

3.4 Effect of the Transaction on control of the Company

It is not expected that the Transaction will give rise to any change in the control of the Company.

3.5 ASIC and ASX lodgement

In accordance with section 257D(3) of the Corporations Act, a copy of this Notice of Meeting and Explanatory Memorandum (including the Independent Expert's Report) has been lodged with ASIC. A copy has also been provided to ASX.

3.6 Summary of the Selective Share Buy Back and Option Cancellation Agreements

Separate agreements

On 4 May 2015 the Company entered into separate Selective Share Buy Back and Option Cancellation Agreements with each of Reducing Shareholder Group 1, Reducing Shareholder Group 2, Reducing Shareholder Group 3 and Reducing Shareholder Group 4 on the same terms and conditions except for the quantum of:

- Shares held by each Reducing Shareholder Group pursuant to the Transaction;
- Options held by each Reducing Shareholder Group cancelled pursuant to the Transaction; and
- shares in Marketboomer transferred to each Reducing Shareholder Group pursuant to the Transaction,

the proportions of which are set out in Schedule 1 of this Notice of Meeting.

Number of shares and consideration

Under the Selective Share Buy Back and Option Cancellation Agreements, the Company will engage in a Selective Share Buy Back of 80,337,670 Shares and cancel 8,033,764 Options held by the Reducing Shareholders in consideration for the transfer to the Reducing Shareholders of 1,017,385 fully paid ordinary shares in Marketboomer held by the Company.

At the date of this Notice, the Shares proposed to be bought back represent approximately 21.78% of the issued capital in the Company.

Conditions precedent

Completion of the Selective Share Buy Back and Option Cancellation Agreements remain subject to the following conditions precedent:

- the Selective Share Buy Back being approved by a special resolution of the shareholders of the Company (other than the Reducing Shareholders and their Associates), as required under the Corporations Act and the Listing Rules; and
- an independent expert's report provided to the Company concluding that the Selective Share Buy Back is fair and reasonable to shareholders of the Company other than the Reducing Shareholders.

If the conditions precedent are satisfied, completion of the Selective Share Buy Back is expected to occur on or around 30 June 2015. If the conditions precedent are not satisfied by 30 June 2015 then the Selective Share Buy Back and Option Cancellation Agreements may be terminated.

Effect of the Agreement

The Selective Share Buy Back and Option Cancellation Agreements will have the following effect on the Shares and Options held by the Reducing Shareholders on and from the date of completion:

- all rights, liabilities and obligations in relation to the Options held by the Reducing Shareholders will be terminated;
- the Reducing Shareholders will have waived any right to be paid a dividend in respect of the Shares held by them; and
- the Reducing Shareholders must not dispose or purport to dispose of any interest in the Options held by them.

Warranties and indemnities

The Reducing Shareholders have provided representations and warranties including that:

- the Reducing Shareholders are the legal and beneficial owners of the Shares and Options the subject of the Selective Share Buy Back and Option Cancellation Agreements which are free from any encumbrances or third party rights; and
- there is no restriction or rights of pre-emption on the transfer of the Shares or Options which are the subject of the Selective Share Buy Back and Option Cancellation Agreement.

The Company has provided representations and warranties including that:

- the Company is the legal and beneficial owner of the shares in Marketboomer to be transferred to the Reducing Shareholders (**Consideration Shares**) which are free from any encumbrances or third party rights; and
- there is no restriction or rights of pre-emption on the transfer of the Consideration Shares.

Each party indemnifies the other party against all loss suffered or incurred by the other party arising out of or in connection with a breach of the warranties given under the Selective Share Buy Back and Option Cancellation Agreements.

3.7 Other material information

Pursuant to section 257D(2) of the Corporations Act, the Company must include with this Notice of Meeting a statement setting out all information known to the Company that is material to the decision on how to vote on Resolution 1 and Resolution 2, except to the extent that this would be unreasonable because the Company has previously disclosed the information to Shareholders.

There is no other information material to the making of a decision by Shareholders whether or not to vote in favour of the Transaction (being information that is known to the Directors which has not previously been disclosed to Shareholders) other than as set out in this Notice of Meeting and Explanatory Memorandum.

The Company reserves the right to amend or withdraw the Transaction, subject to applicable legal requirements.

You may wish to review information contained in the following other documents in deciding whether or not to attend and vote at the Meeting or to vote in favour of or against the Transaction:

- the Company's interim financial report for the half-year ended 31 December 2014 and Appendix 4D (as lodged with ASX on 23 February 2015);
- the Company's 2014 Annual Report including the Company's audited financial statements for the year ended 30 June 2014 (as lodged with ASX on 29 September 2014); and
- information regarding the Company which is available on the ASX website (www.asx.com.au) and also available at its website (www.collaboratecorp.com).

4. Overview of January 2015 Placement

On 21 January 2015, the Company announced that it had raised \$1.26 million via a placement to institutions and sophisticated investors (**January 2015 Placement**).

The January 2015 Placement is structured as follows:

- Tranche 1: Issue of 53,000,000 Shares at an issue price of \$0.02 per Share to raise \$1,060,000; and
- Tranche 2: Issue of 10,000,000 Shares at an issue price of \$0.02 per Share to raise \$200,000.

The issue of Shares under Tranche 1 occurred on 30 January 2015.

The issue of Shares under Tranche 2 is subject to the passing of Resolution 5 and will be placed with various institutions and sophisticated investors.

The Company also proposes to issue 31,500,000 free-attaching Options on a 1 for 2 basis to investors in the January 2015 Placement. The issue of free-attaching Options is subject to the passing of Resolution 5.

5. Resolution 3 – Approval and Ratification of Issue of Options to the Broker of the January 2015 Placement

5.1 Background

On 30 January 2015, the Company issued 5,000,000 Options to DJ Carmichael Pty Limited and Foster Stockbroking Pty Ltd as a fee upon completion of the issue of the Tranche 1 of the January 2015 Placement.

5.2 Reason approval required

The Company seeks that Shareholders approve and ratify the issue of Options pursuant to Listing Rule 7.4. Listing Rule 7.4 enables shareholders of a company to approve and ratify an issue of securities that was made without shareholder approval under Listing Rule 7.1 or under an exception to Listing Rule 7.1 and which otherwise did not breach Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The issue of Options is placed before Shareholders to allow this number of securities to be excluded from the Company's 15% placement capacity limit under Listing Rule. If the issue of Options is ratified by this resolution then the issue of these securities will not count towards the Company's placement capacity for the purposes of Listing Rule 7.1.

For the purposes of Listing Rule 7.5, the following information is provided:

- (a) A total of 5,000,000 Options were issued.
- (b) The Options were issued for nil consideration
- (c) The Options issued were issued on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum.
- (d) The Options were issued to the nominees of DJ Carmichael Pty Limited and Foster Stockbroking Pty Ltd, who are not related parties of the Company.
- (e) No funds were raised from the issue of the Options. The Options were issued in consideration for services provided as Joint Lead Managers to the January 2015 Placement.
- (f) A voting exclusion statement has been included for the Resolution.

5.3 Board Recommendation

The Board believes that maintaining the Company's ability to issue shares within the 15% limit is in the best interests of the Company, thereby retaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

5.4 Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

6. Resolution 4 – Approval and Ratification of the issue of Shares under the Tranche 1 of the January 2015 Placement

6.1 Background

On 30 January 2015, the Company completed Tranche 1 of the January 2015 Placement issuing 53,000,000 Shares at an issue price of \$0.02 per share, to raise a total of \$1.06 million, before costs.

6.2 Reason approval required

The Company seeks that Shareholders approve and ratify the issue of Shares pursuant to Listing Rule 7.4. Listing Rule 7.4 enables shareholders of a company to approve and ratify an issue of securities that was made without shareholder approval under Listing Rule 7.1 or under an exception to Listing Rule 7.1 and which otherwise did not breach Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is set out under the Explanatory Memorandum for Resolution 3 above.

The issue of shares under the Placement is placed before Shareholders to allow this number of securities to be excluded from the Company's 15% placement capacity limit under Listing Rule 7.1.

For the purposes of Listing Rule 7.5, the following information is provided:

- (a) A total of 53,000,000 Shares were issued.
- (b) The Shares were issued at an issue price of \$0.02 each
- (c) The Shares issued were ordinary fully paid shares and rank equally in all respects with the existing ordinary fully paid shares issued in the capital of the Company.
- (d) The Shares were issued to sophisticated investors, who are not related parties of the Company.
- (e) Funds raised from the January 2015 Placement will be used to advance the evolution of the Company's proprietary trust and reputation platform, enabling the Company to launch into new peer-to-peer markets, and support marketing and PR activities for the recently relaunched DriveMyCar Rentals website, for general working capital and to cover costs of the January 2015 Placement.
- (f) A voting exclusion statement has been included for the Resolution.

6.3 Board Recommendation

The Board believes that refreshing the Company's ability to issue Shares within the 15% limit is in the best interests of the Company, thereby maintaining its flexibility to make placements of securities without seeking shareholder approval if the opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

6.4 Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

7. Resolution 5 – Approval of Issue of Shares and Options under the Tranche 2 of the January 2015 Placement

7.1 Background

The Company is seeking Shareholder approval to proceed with Tranche 2 of the January 2015 Placement and for the issue of 10,000,000 Shares and 31,500,000 free-attaching Options proposed to be issued to the investors who participated in the January 2015 Placement.

7.2 Reason approval required

A summary of ASX Listing Rule 7.1 is set out under the Explanatory Memorandum for Resolution 3 above.

The proposed issue of Shares and Options is placed before Shareholders to allow this number of securities to be excluded from the Company's 15% placement capacity limit under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) A total of 10,000,000 Shares and 31,500,000 Options are to be issued.
- (b) The Company will issue the Shares and Options within 3 months of the date of the Meeting and it is anticipated that all of those Options will be issued on one date.
- (c) Each share will be issued for \$0.02 per Share. The Options will be issued for nil consideration.
- (d) The Shares and Options will be issued to institutions and sophisticated investors who are not related parties or associates of related parties of the Company.
- (e) The Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue. The Options will be issued on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum.
- (f) Funds raised from the January 2015 Placement will be used to advance the evolution of the Company's proprietary trust and reputation platform, enabling the Company to launch into new peer-to-peer markets, and support marketing and PR activities for the recently relaunched DriveMyCar Rentals website, for general working capital and to cover costs of the January 2015 Placement.
- (g) A voting exclusion statement has been included for the Resolution.

7.3 Board Recommendation

The Board believes that maintaining the Company's ability to issue shares within the 15% limit is in the best interests of the Company, thereby retaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends shareholders vote in favour of the resolutions.

7.4 Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

8. Resolution 6 – Director's Participation in Tranche 2 of the January 2015 Placement

8.1 Background

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 10.11 to enable Mr Carosa to participate in Tranche 2 of the January 2015 Placement on the same terms and conditions as other investors pursuant to the January 2015 Placement.

Subject to obtaining approval of the Shareholders, the Company will issue 2,500,000 Shares and 1,250,000 Options to Mr Carosa.

If shareholders do not approve Resolution 6, the Company will not issue any Shares or Options to Mr Carosa pursuant to Tranche 2 of the January 2015 Placement.

Resolution 6 is an ordinary Resolution. Resolution 6 is subject to the approval of Resolution 5.

8.2 Reason approval required

(a) Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Carosa is a related party of the Company by reason of his position as Director and the issue of Shares pursuant to the January 2015 Placement to Mr Carosa constitutes the giving of a financial benefit for the purposes of section 208 of the Corporations Act.

The Board considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 210 of the Corporations Act applies. The Shares will be issued to Mr Carosa on the same terms as non-related party participants in the January 2015 Placement and as such the giving of the financial benefit to Mr Carosa will be on arm's length terms'.

(b) Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval.

Mr Carosa is a related party of the Company by reason of his position as Director.

The effect of passing Resolution 5 will be to allow the Company to issue up to 2,500,000 Shares and 1,250,000 Options to Mr Carosa without using up the Company's 15% placement capacity under Listing Rule 7.1.

As approval of Shareholders is being sought pursuant to Listing Rule 10.11, Shareholder approval under Listing Rule 7.1 is not required, in accordance with exception 14 of Listing Rule 7.2.

(c) Specific information required by Listing Rule 10.13

For the purposes of Shareholder approval of the issue of the Shares to Mr Carosa and the requirements of Listing Rule 10.13, the following information is provided:

- (a) The Shares and Options will be issued to Mr Carosa (or his nominee).
- (b) A maximum of 2,500,000 Shares and 1,250,000 Options will be issued to Mr Carosa (or his nominee).

- (c) The Shares and Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Shares will be issued at a price of \$0.02 each. The Options will be issued for nil consideration.
- (e) The Shares will be fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue. The Options will be issued on the on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum.
- (f) Funds raised from the January 2015 Placement will be used to advance the evolution of the Company's proprietary trust and reputation platform, enabling the Company to launch into new peer-to-peer markets, and support marketing and PR activities for the recently relaunched DriveMyCar Rentals website, for general working capital and to cover costs of the January 2015 Placement.
- (g) A voting exclusion statement is included in the Notice.

8.3 Board Recommendation

The Directors other than Mr Carosa recommend that Shareholders vote in favour of the Resolution.

8.4 Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

9. Resolution 7 – Approval and Ratification of the Issue of Options under the October 2014 Placement

9.1 Background

On 30 October 2014, the Company announced that it had completed a placement of \$750,000 raising via a placement to institutions and sophisticated investors (**October 2014 Placement**). A total of 375,000,000 pre-consolidation Shares together with 187,500,000 free-attaching pre-consolidation Options (on a post-consolidation basis, 37,500,000 Shares and 18,750,000 Options) were issued on 30 October 2014.

Shareholder approval for the issue of the Shares was obtained at the Company's Extraordinary General Meeting, held on 30 July 2014.

The Options were issued utilising the Company's 15% placement capacity.

The Company completed a consolidation of capital in December 2014 such that every 10 Shares were consolidated into 1 Share and every 10 Options were consolidated into 1 Option.

9.2 Reason approval required

The Company seeks that Shareholders approve and ratify the issue of Options pursuant to Listing Rule 7.4. Listing Rule 7.4 enables shareholders of a company to approve and ratify an issue of securities that was made without shareholder approval under Listing Rule 7.1 or under an exception to Listing Rule 7.1 and which otherwise did not breach Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is set out under the Explanatory Memorandum for Resolution 3 above.

The issue of Options is placed before Shareholders to allow this number of securities to be excluded from the Company's 15% placement capacity limit under Listing Rule 7.1.

For the purposes of Listing Rule 7.5, the following information is provided:

- (a) A total of 187,500,000 pre-consolidation Options were issued (18,750,000 on a post-consolidation basis).
- (b) The Options were issued for nil consideration
- (c) The Options issued were issued on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum.
- (d) The Options were issued to institutions and sophisticated investors, who are not related parties of the Company.
- (e) The funds raised from the October 2014 Placement will be used to underpin the development and marketing of the Drive My Car Rentals Pty Ltd business and Caramavan businesses as well as towards general working capital for the Company.
- (f) A voting exclusion statement has been included for the Resolution.

9.3 Board Recommendation

The Board believes that maintaining the Company's ability to issue shares within the 15% limit is in the best interests of the Company, thereby retaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

9.4 Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

10. Resolution 8 – Approval of Issue of Placement Facility

10.1 Background

Resolution 8 seeks Shareholder approval for the issue of up to 25,000,000 Shares and 12,500,000 free-attaching Options (**Placement Securities**) at an issue price that is at least 80% of the average market price of the Company's Shares over the last five days on which sales of the Company's Shares are recorded before the date of issue of the Placement Securities (or, if a prospectus or offer information statement is issued in relation to the placement, before the date of signing of that document). "Market price" means the closing price for the Company's Shares on ASX (excluding special crossings and overnight sales) on the relevant five days.

10.2 Reason approval required

A summary of ASX Listing Rule 7.1 is set out under the Explanatory Memorandum for Resolution 3 above.

The proposed issue of the Placement Securities is placed before Shareholders to allow this number of securities to be excluded from the Company's 15% placement capacity limit under Listing Rule 7.1.

ASX Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (a) The maximum number of securities to be issued by the Company is 25,000,000 Shares and 12,500,000 Options.

- (b) As at the date of this Notice the identity of the investors was not known. However, all the investors of the Placement Securities will be international and domestic institutional and sophisticated investors, none of whom will be related parties of the Company.
- (c) The Shares will be issued at a price per Share calculated in accordance with Listing Rule 7.3.3 of at least 80% of the average market price of the Company's Shares over the last five days on which sales of the Company's Shares are recorded before the day of issue of the Placement Securities (or, if a prospectus or offer information statement is issued in relation to the issue, before the date of signing of that document) The Options will be issued for nil consideration.
- (d) The Placement Securities will be issued no later than 3 months after the date of this Meeting (or such later date as is permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that issue will occur on the same date.
- (e) The Shares will be issued on the same terms as, and rank equally in all respects with the existing Shares issued in the capital of the Company. The Options will be issued on the on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum.
- (f) The funds raised from the issue of the Placement Securities will be used to advance the evolution of the Company's proprietary trust and reputation platform, enabling the Company to launch into new peer-to-peer markets, and support marketing and PR activities for the recently relaunched DriveMyCar Rentals website, for general working capital and to cover costs of the placement.

10.3 Board Recommendation

The Board recommends Shareholders vote in favour of the Resolution.

10.4 Voting Intention

The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

11. GLOSSARY

\$ means an Australian dollar.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in Division 2 of Part 1.2 of the Corporations Act, as the context requires.

ASX means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules and **Listing Rules** mean the official listing rules of ASX.

Board means the board of directors of the Company.

Company or Collaborate means Collaborate Corporation Limited (ACN 066 153 982).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a Director of the Company and **Directors** means the directors of the Company.

EST means Eastern Standard Time.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Independent Expert or BDO means BDO Corporate Finance (WA) Pty Ltd.

January 2015 Placement means the \$1.26 million raised via a placement to institutions and sophisticated investors in January 2015.

Marketboomer means Marketboomer Holdings Pty Ltd ACN 168 742 523.

Meeting means the meeting of Shareholders convened by the Notice of Meeting.

Notice or **Notice of Meeting** means the notice of extraordinary general meeting accompanying this Explanatory Memorandum.

October 2014 Placement means the \$750,000 raised via a placement to institutions and sophisticated investors in October 2014.

Option means an option to acquire a Share exercisable at \$0.02 each with an expiry date of 30 April 2017, on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum.

Resolution means a resolution as set out in this Notice of Meeting.

Reducing Shareholders means, together, those Shareholders set out in Schedule 1 to this Explanatory Memorandum.

Reducing Shareholder Group 1 means those Shareholders set out in Section 12.1 of Schedule 1 to this Explanatory Memorandum.

Reducing Shareholder Group 2 means those Shareholders set out in Section 12.2 of Schedule 1 to this Explanatory Memorandum.

Reducing Shareholder Group 3 means those Shareholders set out in Section 12.3 of Schedule 1 to this Explanatory Memorandum.

Reducing Shareholder Group 4 means those Shareholders set out in Section 12.4 of Schedule 1 to this Explanatory Memorandum.

Required Majority means the Resolution is approved by greater than 75% if votes cast by eligible Shareholders.

Section means a section of this document.

Selective Share Buy Back the buy back by the Company from the Reducing Shareholders of 1,017,385 Shares on the terms and conditions set out in the Selective Share Buy Back and Option Cancellation Agreements.

Selective Share Buy Back and Option Cancellation Agreements mean the agreements between Collaborate and the Reducing Shareholders outlining the terms and conditions of the Selective Share Buy Back and the cancellation of Options held by the Reducing Shareholders.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Transaction means the proposed transaction under which the Company will conduct a Selective Share Buy Back and effect the cancellation of 8,033,764 Options held by the Reducing Shareholders in consideration for 1,017,385 fully paid ordinary shares in Marketboomer held by the Company.

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12. SCHEDULE 1

Reducing Shareholders

Reducing Shareholder	Sale Shares held by Reducing Shareholder	Options held by Reducing Shareholder	Consideration Shares transferred to Reducing Shareholder or nominee
12.1 Reducing Shareholder Group 1			
Colada Investments Limited	30,000,000	3,000,000	379,916
12.2 Reducing Shareholder Group 2			
Nobium Investments Limited	13,635,872	1,363,587	172,683
Kerkow Investments Limited	8,987,915	898,791	113,821
Remello Investments Limited	6,821,051	682,105	86,381
12.3 Reducing Shareholder Group 3			
Astromeseogios Overseas Ltd <The Tamburlaine A/C>	2,500,000	250,000	31,660
12.4 Reducing Shareholder Group 4			
Mr Peter George Vickers <Kimbalan Super Fund A/C>	6,780,358	678,036	85,866
Four Green Houses Pty Ltd	3,459,920	345,992	43,816
Lloyds & Casanove Investment Partners Limited	2,500,000	250,000	31,660
Mr Nathan Gyaneshwar and Mrs Paula Gyaneshwar <Gyaneshwar Super Fund A/C>	2,000,027	200,002	25,328
Mr Simon Alexander Cameron	1,788,917	178,891	22,655
Mr Daniel Ian Vickers <Sappana P/L Super Fund A/C>	1,431,983	143,198	18,134
Sarcam Pty Ltd	421,627	42,162	5,339
Mr Nathan Sharad Gyaneshwar	10,000	1,000	126
	80,337,670	8,033,764	1,017,385

13. SCHEDULE 2

Terms and Conditions of Options

a) *Exercise Price*

The exercise price of each Option is \$0.02.

b) *Entitlement*

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

c) *Option Period*

The Options will expire at 5.00pm WST on 30 April 2017 (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the expiry date and Options not exercised shall automatically expire on the Expiry Date.

d) *Ranking of Share Allotted on Exercise of Option*

Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

e) *Voting*

A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

f) *Transfer of an Option*

Options are transferrable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.

g) *Method of Exercise of an Option*

- (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the Expiry Date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
- (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of \$0.002 per Share.
- (iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of

the balance of the Option Holder's entitlement under the Option Holder's remaining Options.

- (iv) Within 14 days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (v) The Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
- (vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.

h) ASX Quotation

The Company will apply for quotation of the Options on the ASX.

i) Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

j) Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least seven (7) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

k) No Change of Options' Exercise Price or Number of Underlying Shares

There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option exercise price shall be reduced according to the formula specified in the Listing Rules.

14. SCHEDULE 3

Independent Expert's Report

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For personal use only

COLLABORATE CORPORATION LIMITED
Independent Expert's Report

OPINION: FAIR AND REASONABLE

1 May 2015



Financial Services Guide

1 May 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Collaborate Corporation Limited ('Collaborate') to provide an independent expert's report on the proposal to dispose of its interest in Marketboomer Holdings Pty Ltd ('Marketboomer') in exchange for a proposed selective capital reduction. You will be provided with a copy of our report as a retail client because you are a shareholder of Collaborate.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

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Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments

BDO Corporate Finance (WA) Pty Ltd provided an Independent Expert's Report to Qanda Technology Ltd in December 2013. Qanda Technology Ltd later changed its name to Collaborate Corporation Limited. Our fees for this assignment were \$23,000.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Collaborate for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

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1 May 2015

The Directors
Collaborate Corporation Limited
Level 5, 181 Miller St
North Sydney NSW 2060
Australia

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 2 April 2015, Collaborate Corporation Limited ('Collaborate' or 'the Company') announced its proposal to dispose of its remaining 43.3% interest in Marketboomer Holdings Pty Ltd ('Marketboomer') to Colada Investments Limited ('Colada') and a group of Collaborate shareholders (collectively 'the Reducing Shareholders'). The Company will also forfeit the option it holds to increase its interest in Marketboomer from 43.3% to 50.5%. The Reducing Shareholders propose consideration of 80,337,670 fully paid ordinary shares in Collaborate ('Consideration Shares') as well as 8,033,764 listed options ('Consideration Options') (collectively 'the Consideration') to acquire the 1,017,385 fully paid ordinary shares held by Collaborate in Marketboomer.

We have referred to the above proposal as 'the Transaction'.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Collaborate have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Transaction is fair and reasonable to the non associated shareholders of Collaborate ('Shareholders').

The Transaction is considered a selective buy-back and is therefore governed by Section 257D of the Corporations Act 2001 (Cth) ('the Act') which requires a special or unanimous resolution by shareholders. There is no specific requirement for an Independent Expert's Report under section 257D of the Act. Notwithstanding the fact that there is no legal requirement to engage an Independent Expert, the Directors of Collaborate have requested that BDO prepare this report and provide an opinion as to whether the Transaction is fair and reasonable to Shareholders.

We understand that the Transaction is also subject to the Shareholders' approval which is to be sought under Australian Securities Exchange ('ASX') Listing Rule 10.1. We consider the total value of the shares to be cancelled in the Company to be greater than 5% of the equity interest of the Company. One of the

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Reducing Shareholders, Mr Nathan Gyaneshwar, is considered a related party of the Company as he was a Director of Collaborate up until 28 November 2014.

Therefore, our Report is prepared pursuant to ASX Listing Rule 10.1 and is to be included in the Notice of Meeting for Collaborate in order to assist the Shareholders in their decision whether to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of the Company's interest in Marketboomer, proposed to be transferred to the Reducing Shareholders, compares to the value of the Consideration to be received from the Reducing Shareholders;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is fair and reasonable to Shareholders.

2.4 Fairness

In section 11 we determined that the value of the shares in Marketboomer being disposed, compares to the Consideration to be received from the Reducing Shareholders, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of shares in Marketboomer being disposed	9.4	66,987	66,987	66,987
Value of Consideration	10.3	305,283	964,052	1,622,821

Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, the Transaction is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 12 of this Report, in terms of both:

- advantages and disadvantages of the Transaction; and

- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information, we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
12.3	The Transaction is fair	12.4	Shareholders forego the opportunity to benefit from any potential upside in Marketboomer
12.3	Removes the presence of major shareholders	12.4	The Transaction may change the risk profile of Shareholders
12.3	Allows a more focused approach from Management		
12.3	A cleaner corporate structure may improve the attractiveness of the Company to potential investors		
12.3	Eliminates the Company's exposure to business specific risks of Marketboomer		
12.3	Reduces losses and the requirement to fund losses via capital raisings		

Other key matters we have considered include:

Section	Description
12.1	Alternative proposal
12.2	Potential decline in share price

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the last audited accounts. Based on the most recent accounts announced on the ASX, the potential value of the shares and options in Collaborate is greater than 5% of the equity interest of Collaborate.

Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party of the listed entity. One of the Reducing Shareholders, Mr Nathan Gyaneshwar, is considered a related party of the Company as he was a Director of Collaborate up until 28 November 2014.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction non-associated shareholders.

Accordingly, an Independent Expert's Report is required for the Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Collaborate.

3.2 Regulatory guidance

Neither the ASX Listing Rules nor the Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Transaction as if it were not a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. In the case of Collaborate, the shares in Marketboomer are the subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in section 3.2 we do not consider that the Transaction is a control transaction.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the shares in Marketboomer being transferred to the Reducing Shareholders and the value of the Consideration to be received from the Reducing Shareholders (fairness - see Section 11 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 12 'Is the Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

On 2 April 2015, the Company announced its proposal to dispose of its remaining 43.3% interest in Marketboomer to the Reducing Shareholders. The Company will also dispose of its option to increase its holding in Marketboomer from 43.3% to 50.5%. This option was exercisable at a cost of \$280,500, is convertible into 169,565 shares in Marketboomer and can be exercised on or before 30 April 2015.

As consideration for the disposal of the Company's interest in Marketboomer, the Reducing Shareholders will forfeit the following:

- 80,337,670 fully paid ordinary shares in Collaborate ('Consideration Shares'); and
- 8,033,764 listed options in Collaborate which are exercisable at \$0.02 per share on or before 30 April 2017 ('Consideration Options').

If the Transaction is approved, the Consideration Shares and Consideration Options will be cancelled.

5. Profile of Collaborate

5.1 History

Collaborate was incorporated in September 1994 as Livingstone Group Limited and listed on the ASX in September 1996. At that time the Company focused its attention on the resources sector. In May 2000, the Company changed its name to WebSpy Limited to reflect its change in focus from the resources industry to the development of software products. At this time the Company had two business units that included Webspy and an Inspection Manager business.

In 2008, the Company received an offer from Wood Group Holdings (International) Limited to acquire the Company's Inspection Manager business unit and in May 2008 the transaction was completed.

In November 2009, the Company completed the acquisition of a 100% interest in Marketboomer through the issue of 476.56 million of the Company's shares. At the time, Marketboomer was an Internet-based procurement and materials management solution with a specific focus on the hospitality industry. The primary reason for the Company's acquisition of Marketboomer was that it would complement the existing WebSpy business unit and would add to the size and scale of the Company's activities.

The Company changed its name to Qanda Technology Ltd in November 2010 and sold its WebSpy business unit to US-based Fastvue Inc in November 2012. During this period, Collaborate's directors believed the sale of the WebSpy business unit would allow the Company to focus on the expansion of the Marketboomer business unit.



In February 2014, Collaborate acquired the DriveMyCar Rentals business following approval by shareholders in January 2014. The Company continued to acquire complementary businesses in 2014 with the purchases of Rentoid in May 2014 and Caramavan in October 2014.

In December 2014, the Company changed its name to Collaborate Corporation Limited as the directors considered this name more accurately reflected the core operations of the Company and the parent entity's identity.

In July 2014, Collaborate completed an entitlement issue which raised approximately \$0.71 million before costs. The Company also raised \$0.095 million via a share purchase plan in November 2014. Collaborate also completed a 10 for 1 share capital consolidation in December 2014.

Collaborate recently announced a \$1.26 million placement to institutional and sophisticated investors on the 21 January 2015. Tranche One of this placement was completed on 30 January 2015 and raised \$1.06 million. Tranche Two of the placement is subject to shareholder approval and will raise an additional \$0.20 million upon completion.

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5.2 Historical Statement of Financial Position

Consolidated Statement of Financial Position	Reviewed as at 31-Dec-14 \$	Audited as at 30-Jun-14 \$	Audited as at 30-Jun-13 \$
CURRENT ASSETS			
Cash and cash equivalents	763,805	220,343	559,179
Trade and other receivables	1,351,318	1,376,871	1,029,441
Other current assets	32,248	24,808	7,971
TOTAL CURRENT ASSETS	2,147,371	1,622,022	1,596,591
NON-CURRENT ASSETS			
Other receivables	309	308	85,308
Property, plant and equipment	42,530	47,888	28,836
Intangible assets	4,417,918	4,421,159	2,417,214
TOTAL NON-CURRENT ASSETS	4,460,757	4,469,355	2,531,358
TOTAL ASSETS	6,608,128	6,091,377	4,127,949
CURRENT LIABILITIES			
Trade and other payables	700,364	1,013,333	382,640
Other current liabilities	881,106	760,783	639,902
Borrowings	-	225,000	127,955
Redeemable convertible notes	75,000	175,000	451,810
Short-term provisions	122,244	124,140	130,860
TOTAL CURRENT LIABILITIES	1,778,714	2,298,256	1,733,167
NON-CURRENT LIABILITIES			
Borrowings	121,694	121,694	1,018,973
Other non-current liabilities	53,927	41,261	39,272
Long-term provisions	43,414	40,970	41,677
TOTAL NON-CURRENT LIABILITIES	219,035	203,925	1,099,922
TOTAL LIABILITIES	1,997,749	2,502,181	2,833,089
NET ASSETS	4,610,379	3,589,196	1,294,860
EQUITY			
Issued capital	25,221,142	23,566,939	21,298,285
Reserves	319,819	170,305	(306,431)
Accumulated losses	(22,168,498)	(21,178,479)	(19,730,833)
Non-controlling interests	1,237,916	1,030,431	33,839
TOTAL EQUITY	4,610,379	3,589,196	1,294,860

Source: Audited financial statements for the year ended 30 June 2014 and reviewed financial statements for the half year ended 31 December 2014

Commentary on Historical Statement of Financial Position

- The audit report included in the financial statements for the year ended 30 June 2014 included an emphasis of matter regarding the Company's ability to continue as a going concern. The auditor noted that the Company had incurred a net loss from continuing operations of \$1.45 million and

had an excess of current liabilities over current assets of \$676,234. These factors indicated that there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Due to the raising of capital during the period and following period end, the Company's auditor has issued a clean review opinion for the half year ending 31 December 2014.

- The trade and other receivables have remained consistent over the period 30 June 2013 to 31 December 2014. Of the \$1.38 million balance as at 30 June 2014 approximately \$0.53 million related to a research and development tax offset amount compared to an amount of \$0.27 million as at 30 June 2013.
- The intangible asset balance increased from \$2.42 million at 30 June 2013 to \$4.42 million at 30 June 2014. The Company's DMCR and Rentoid acquisitions during this period increased intangibles and goodwill by \$2.08 million. The intangible assets balance of \$4.42 million at 31 December 2014 consisted of capitalised development costs, patents and goodwill.
- Other current liabilities of \$0.88 million as at 31 December 2014 relates to employee termination payments payable of \$0.19 million and deferred income which consists of licence fees paid in advance totalling \$0.69 million.
- Current borrowings totalling \$0.23 million at 30 June 2014 were extinguished in the 6 months to 31 December 2014. During this period, the Company repaid two unsecured loans after completing a rights issue in July 2014.
- Non-current borrowings of \$0.12 million at 31 December 2014 relates to a secured loan against the assets of DMCR. This loan is due to be repaid on the 19 February 2016.
- Issued capital increased from \$21.30 million as at 30 June 2013 to \$25.22 million as at 31 December 2014. Collaborate issued shares to acquire DMCR and Caramavan and completed a range of share placements during this period. Most of the funds raised in the placements were used for working capital and to reduce debt levels. Shares were also issued upon the conversion of convertible notes and to a consultant for services rendered during 2014.

5.3 Historical Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income	Reviewed for the six months ended 31-Dec-14 \$	Audited for the year ended 30-Jun-14 \$	Audited for the year ended 30-Jun-13 \$
Revenue from continuing operations	1,941,898	3,398,330	3,313,125
Cost of sales	(217,806)	(404,812)	(375,950)
Gross profit	1,724,092	2,993,518	2,937,175
Other income	1,560	93,357	17,867
Corporate and administrative expenses	(2,092,676)	(3,568,466)	(2,897,477)
Technical expenses	(273,504)	(575,972)	(392,239)
Research and development expenses	(583,280)	(555,709)	(302,403)
Other expenses	-	(24,407)	(2,405)
Impairment losses	-	(170,153)	(1,275,080)
Results from continuing operations	(1,223,808)	(1,807,832)	(1,914,562)
Finance income	4,093	7,861	19,958
Finance costs	(26,135)	(64,770)	(96,120)
Loss before income tax	(1,245,850)	(1,864,741)	(1,990,724)
Income tax benefit	190,815	416,448	279,761
Loss from continuing operations	(1,055,035)	(1,448,293)	(1,710,963)
Profit from discontinued operations	-	-	2,244,372
Profit/(loss) for the period	(1,055,035)	(1,448,293)	533,409
Other comprehensive income/(loss)			
Foreign currency translation differences	43,032	(52,246)	35,981
Exchange differences	-	-	(535,226)
Total comprehensive result for the period	(1,012,003)	(1,500,539)	34,164

Source: Audited financial statements for the year ended 30 June 2014 and reviewed financial statements for the half year ended 31 December 2014

Commentary on Historical Statement of Comprehensive Income

- Collaborate has made losses from continuing operations for the years ended 30 June 2013, 30 June 2014 and for the half year to 31 December 2014.
- The Company's corporate and administration expense has increased from \$2.89 million for the year ended 30 June 2013 to \$3.57 million for the year ended 30 June 2014. Corporate and administration expenses were \$2.09 million for the half year ended 31 December 2014. Collaborate has incurred higher corporate and administration expenses primarily due to the professional and legal fees associated with the group restructure and subsidiary acquisitions during the period.

- The Company recorded an impairment of the carrying value of goodwill of \$1.27 million for the year ended 30 June 2013. This impairment was recorded against the Marketboomer business unit as a result of the current carrying value of goodwill exceeding the value-in-use calculation.
- Technical expenses increased from \$0.39 million at 30 June 2013 to \$0.58 million at 30 June 2014. The primary reasons for the increase can be attributed to a change in Marketboomer's licensing expenses and system hosting provider.
- During the year ended 30 June 2013, the Company entered into a share sale agreement with US-based Fastvue Inc, to divest its 100% interest in the WebSpy business unit. The divestment was settled in November 2012, with the Company receiving the cash consideration of \$800,000 from Fastvue Inc and the divestment contributing a net profit of \$2.24 million to the overall results of the Group. This amount was recorded as a profit from discontinued operations for the year ended 30 June 2013.
- Marketboomer's revenue growth has not gained significant traction over the last few years. As such, Collaborate's focus has shifted towards advancing its proprietary trust and reputation platform. The platform will enable the Company to penetrate new peer-to-peer markets and develop its current operations. Collaborate has relaunched the DMCR website with a host of new features and pursue opportunities that its proprietary trust and reputation platform will compliment.

5.4 Capital Structure

The share structure of Collaborate as at 31 March 2015 is outlined below:

	Number
Total ordinary shares on issue	368,943,317
Top 20 shareholders	207,650,820
Top 20 shareholders - % of shares on issue	56.28%

Source: Share registry information

The range of shares held in Collaborate as at 31 March 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	223	107,331	0.03%
1,001 - 5,000	209	565,785	0.15%
5,001 - 10,000	59	452,277	0.12%
10,001 - 100,000	318	15,556,936	4.22%
100,001 - and over	265	352,260,988	95.48%
TOTAL	1,074	368,943,317	100.00%

Source: Share registry information

The ordinary shares held by the largest shareholders as at 31 March 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Colada Inv Ltd	30,000,000	8.13%
Future Cap Dvlmt Fund PL	29,252,446	7.93%
Simon Philip Wallace + SI	16,839,047	4.56%
Nobium Inv Ltd	13,635,872	3.70%
Subtotal	89,727,365	24.32%
Others	279,215,952	75.68%
Total ordinary shares on Issue	368,943,317	100.00%

Source: Share registry information

As at the date of our Report, the Company has the following Options on issue:

Current Options on Issue	Number
Listed options exercisable at \$0.02 and expire on 30 April 2017	118,336,850

Source: Option registry information

As at the date of our Report, the Company has the following Unlisted Options on issue:

Current Options on Issue	Number
Executive A Options on issue exercisable at \$0.02 each on or before 28 November 2018	883,333
Executive A Options on issue exercisable at \$0.02 each on or before 28 November 2019	883,333
Executive A Options on issue exercisable at \$0.02 each on or before 28 November 2020	883,333
Executive B Options on issue exercisable at \$0.03 each on or before 28 November 2018	883,333
Executive B Options on issue exercisable at \$0.03 each on or before 28 November 2019	883,333
Executive B Options on issue exercisable at \$0.03 each on or before 28 November 2020	883,333
Director Options on issue exercisable at \$0.03 each on or before 28 November 2018	2,000,000
Unlisted Options on issue exercisable at \$0.02 each on or before 2 October 2017	5,000,000
Unlisted Options on issue exercisable at \$0.03 each on or before 2 October 2017	2,500,000
TOTAL	14,800,000

Source: Option registry information

5.5 Collaborate's business segments

5.5.1 Marketboomer

The Marketboomer business unit offers an Internet-based procurement and materials management solution, specifically focussed on the hospitality industry. This solution aims to improve the purchasing process and optimise costs for the user.

The Marketboomer solution is currently used by a number of hotel groups such as the InterContinental Hotels Group, Accor Hotels, Hyatt Hotels and Starwood Hotels and Resorts in Australia, China, Indonesia, Ireland, New Zealand, Singapore, Thailand and the UK.



Marketboomer's revenue is derived through a combination of the licensing of its software and content, as well as fees generated from processing transactions through its software platform.

In June 2014, Collaborate extinguished a \$1 million loan facility to its largest lender, Finecross Securities Limited ('Finecross'), by disposing of 49.5% of the Marketboomer business to Finecross.

In September 2014, Marketboomer completed a \$250,000 round of funding to pursue its growth objectives. Collaborate did not participate in this capital raising due to cash constraints and impending short-term liabilities. Collaborate's ownership in Marketboomer reduced to 43.3% as a result of this capital raising. Collaborate maintained an option to invest further funds to increase its interest in Marketboomer back up to 50.5% for \$280,500.

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Statement of Financial Position

Statement of Financial Position	Unaudited as at 31-Dec-14 \$	Unaudited as at 30-Jun-14 \$	Unaudited as at 30-Jun-13 \$
CURRENT ASSETS			
Cash and cash equivalents	407,878	194,807	280,819
Trade debtors	890,856	617,561	606,575
Other debtors	307,758	558,838	377,495
Deposits and prepayments	33,492	50,856	32,106
TOTAL CURRENT ASSETS	1,639,984	1,422,062	1,296,995
NON-CURRENT ASSETS			
Property, plant and equipment	25,550	31,147	27,643
Intangible assets	28,209	101,616	395,700
Other receivables	309	308	309
TOTAL NON-CURRENT ASSETS	54,068	133,071	423,652
TOTAL ASSETS	1,694,052	1,555,133	1,720,647
CURRENT LIABILITIES			
Trade creditors	140,216	184,265	134,673
Other creditors & accruals	271,100	260,109	182,016
Deferred Income	691,982	564,911	639,902
Loan from Collaborate	72,814	175,000	1,483,058
Borrowings	-	-	127,955
Employee Liability	154,135	169,141	-
Short term provisions	122,244	124,140	130,860
TOTAL CURRENT LIABILITIES	1,452,491	1,477,566	2,698,464
NON-CURRENT LIABILITIES			
Other non-current liabilities	43,391	31,254	-
Long-term provisions	43,414	40,970	80,949
Borrowings	-	-	1,018,973
TOTAL NON-CURRENT LIABILITIES	86,805	72,224	1,099,922
TOTAL LIABILITIES	1,539,296	1,549,790	3,798,386
NET ASSETS	154,756	5,343	(2,077,739)
EQUITY			
Issued capital	9,164,148	8,914,148	6,899,524
Reserves	204,321	190,371	273,209
Accumulated losses	(9,099,175)	(9,250,471)	(9,662,297)
Current Earnings	(114,540)	151,296	411,826
TOTAL EQUITY	154,754	5,344	(2,077,738)

Source: Unaudited management accounts as at 31 December 2014

We have not undertaken a review of Marketboomer's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an

opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Commentary on Statement of Financial Position

- Marketboomer's intangible assets have reduced from \$0.40 million as at 30 June 2013 to \$0.03 million as at 31 December 2014. The primary reason for the declines can be attributed to an impairment loss of \$0.17 million for the year ended 30 June 2014 and amortisation in the normal course of business.
- As at 30 June 2013, Marketboomer had non-current borrowings of \$1.02 million and a current liability loan to Collaborate of \$1.48 million. Marketboomer has since extinguished these borrowings and repaid the majority of its loan to Collaborate by increasing issued capital from \$6.90 million in 30 June 2013 to \$9.16 million at 31 December 2014. The majority of these funds have been used to pay down Marketboomer's debt with the remainder contributed to working capital.
- As at 31 December 2014 Marketboomer had a \$0.07 million loan from Collaborate. The Company has confirmed that following the Transaction this loan will be repaid.
- Other creditors and accruals of \$0.27 million at 31 December 2014 mainly comprise superannuation payable, GST liability and PAYG withholding payable.
- Deferred income of \$0.69 million primarily relates to Marketboomer's prepaid license fees in Australia and Thailand.

Statement of Comprehensive Income

Statement of Comprehensive Income	Management accounts for the half year ended 31-Dec-14	Management accounts for the year ended 30-Jun-14	Management accounts for the year ended 30-Jun-13
	\$	\$	\$
Revenue from continuing operations	1,740,613	3,357,409	3,313,125
Cost of sales	(102,043)	(317,572)	(375,950)
Gross profit	1,638,570	3,039,837	2,937,175
Other income	-	16,622	17,867
Corporate/Administrative expenses	(1,189,557)	(3,124,511)	(2,731,573)
Technical expenses	(273,504)	(575,972)	(392,239)
Research and development	(455,167)	(489,871)	(302,403)
Depreciation and amortisation	(86,331)	(153,187)	(165,904)
Impairment losses	-	(170,153)	(1,275,080)
Other expenses	(21,984)	(48,811)	(2,405)
Results from continuing operations	(387,973)	(1,506,046)	(1,914,562)
Finance income	-	-	19,959
Finance costs	-	(19,144)	(96,120)
Loss before income tax	(387,973)	(1,525,190)	(1,990,723)
Income tax benefit/(expense)	190,815	(82,015)	279,761
Profit/(loss) for the period	(197,158)	(1,607,205)	(1,710,962)
Other comprehensive loss			
Foreign currency translation differences	10,148	(24,407)	35,981
Total comprehensive result for the period	(187,010)	(1,631,612)	(1,674,981)

Source: Unaudited management accounts as at 31 January 2015

We have not undertaken a review of Marketboomer's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Commentary on Statement of Comprehensive Income

- Marketboomer's revenue is growing at a slower pace than anticipated and the business has also incurred losses in every period from 30 June 2013 to 31 December 2014. Marketboomer has impaired goodwill by \$1.28 million as at 30 June 2013 and \$0.17 million at 30 June 2014 as a result of the poor growth and continued losses.
- Research and development has increased from \$0.49 million for the year ended 30 June 2014 to an expected annualised figure of \$0.91 million for the year ending 30 June 2015. Marketboomer's current strategy is to develop and release its electronic invoicing and early payment discount program to existing and new customers. Marketboomer's research and development expense has increased as a result of this strategy.

Capital structure

The share structure of Marketboomer as at 16 March 2015 is outlined below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Collaborate Corporation	1,017,385	43.29%
Dagenham Investments	1,303,630	55.46%
Jayach Holdings	17,628	0.75%
Lois Harris	11,752	0.50%
Total ordinary shares on Issue	2,350,395	100%

Source: Collaborate management

5.5.2 DriveMyCar Rentals

The Company acquired DriveMyCar Rentals ('DMCR') in February 2014. DMCR is an internet based business aimed at providing a marketplace for online private car rentals and is understood to be one of the first of its kind in the world. DMCR provides an avenue for owners of vehicles to rent out those vehicles and provides people wishing to rent a vehicle with an alternative to traditional car rental companies. DMCR commenced operations in 2010 after completing concept testing in 2008 and engaging in significant capital raising activities in 2009 to 2012.

DMCR's initial focus has been on the Sydney market. In October 2014, DMCR signed a vehicle supply agreement with Interleasing, a McMillian Shakespeare Group ('MMS') company, to add more cars to its online fleet in Sydney. Following this success, DMCR has expanded the arrangement with MMS into Brisbane and Melbourne with other cities to follow thereafter. Since DMCR does not own any vehicles in its own right, the usual capital constraints of owning and holding a fleet of vehicles do not apply to it.

DMCR has also been able to secure a tailored insurance policy which ensures the rental vehicle transactions conducted via the DMCR marketplace, are covered by insurance; ordinarily Australian car insurance policies have a specific exclusion which excludes cover for vehicles that are hired out.

DMCR earns its revenue through transaction fees and membership fees, as well as on-charging the fees relating to insurance and roadside assistance. Additionally, DMCR may earn fees through the provision of its 'ManageMyCar' service. DMCR's ManageMyCar service sees DMCR offer full rental management services including organising servicing, maintenance and registration management to vehicle owners who may not be able to manage all of the activities necessary to execute a rental transaction. Through its ManageMyCar service, DMCR earns a fee based on a percentage of the daily rental fee earned by the vehicle owner in rental transactions.

5.5.3 Rentoid

Collaborate acquired Rentoid in May 2014. Rentoid operates one of the largest peer to peer internet based hire and rental markets. Rentoid essentially connects businesses or consumers who own household and commercial items with renters in their local area. Examples of rental items include office equipment, baby equipment through to computer rentals and trade equipment. Rentoid's key assets are the brand, intellectual property, a number of databases and customer and subscriber relationships.

5.5.4 Caramavan

Caramavan was recently acquired by Collaborate in October 2014. Caramavan is a web based technology business which allows users to rent caravans from private owners. Caravans often sit idle in driveways

around Australia. Caramavan allows caravan owners to generate income from their caravan when they are not using it. The primary assets of Caramavan include the brand, domain, software platform and source code and customer and subscriber relationships. The Caramavan business is at an early revenue generation stage and the focus for the business is on growing the supply of caravans.

6. Economic analysis

The global economy

Growth in the global economy continued at a moderate pace in 2014. A similar performance is expected by most observers in 2015, with the US economy continuing to strengthen, even as China's growth slows a little from last year's outcome.

Financial conditions are very accommodative globally, with long-term borrowing rates for several major sovereigns at all-time lows over recent months. Some risk spreads have widened a little but overall financing costs for creditworthy borrowers remain remarkably low.

Commodity prices

Commodity prices have declined over the past year, in some cases sharply. The price of oil in particular has fallen significantly. These trends appear to reflect a combination of lower growth in demand and, more importantly, significant increases in supply. The much lower levels of energy prices will act to strengthen global output and temporarily to lower CPI inflation rates.

Domestic growth

In Australia the available information suggests that growth is continuing at a below-trend pace, with domestic demand growth quite weak overall. As a result, the unemployment rate has gradually increased over the past year. The economy is likely to be operating with a degree of spare capacity for some time yet. With growth in labour costs subdued, it appears likely that inflation will remain consistent with the target over the next one to two years, even with a lower exchange rate. The Reserve Bank of Australia ('RBA') may consider further easing of monetary policy to be appropriate over the period ahead, in order to foster sustainable growth in demand and inflation consistent with the target.

Domestic online retail demand has increased by 0.2% for the three months to January 2015 with consumption in general increasing 0.9% in real terms in the fourth quarter of 2014. Consumer sentiment is currently at long run average levels. Additionally, consumers seem to be focussed on non-discretionary purchases such as utility costs, transport, medical expenses and paying down debt. This reinforces the attractiveness of Collaborate's service offerings which are a means to reduce non-discretionary spending where consumers may choose to rent vehicles and delay purchasing a new vehicle or caravan.

Credit growth

Credit is recording moderate growth overall, with stronger growth in lending to investors in housing assets. Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities over recent months. The RBA is working with other regulators to assess and contain risks that may arise from the housing market. In other asset markets, prices for equities and commercial property have risen, in part as a result of declining long-term interest rates.

The Australian dollar

The Australian dollar has declined noticeably against a rising US dollar, though less so against a basket of currencies. It remains above most estimates of its fundamental value, particularly given the significant declines in key commodity prices. For domestic consumer goods and services providers this signals a potential for growth, with it being cheaper for foreign vacationers to visit Australia and more expensive for Australian's to spend elsewhere. Collaborate may find a higher demand for its rental support services as more tourists come to Australia and as Australian residents opt for a local caravan holiday rather than an international trip. Additionally, due to the majority of automobiles being imports, the devalued Australian currency has increased the relative price of imported vehicles and thus may make a rental service more attractive to those who would otherwise purchase a new vehicle.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 3 March 2015, www.nab.com.au Global & Australian Forecasts - March 2015

7. Industry analysis

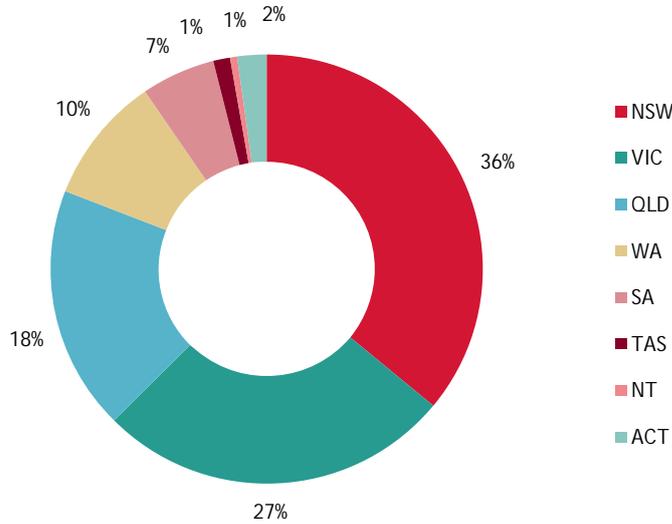
Marketboomer operates in the hotel industry and specifically, the procurement requirements of the hotel industry. In 2014-2015, the Australian Procurement Outsourcing Services industry comprised approximately 52 businesses that collectively generated approximately \$93.1 million of revenue.

The procurement industry has enjoyed an annualised growth rate of 10.2% over the last 5 years. Analysts have estimated that industry revenue will grow by an annualised annual rate of approximately 5.4% over the next 5 years reaching \$121.2 million in 2019-2020. Industry revenue is expected to grow by 7.6% in 2014-2015.

The primary external drivers of the procurement industry include business confidence, the number of businesses and business profits. Companies look to outsource procurement services in an effort to reduce costs and improve margins. Procurement demand increases during periods of low profit growth which, is expected to rise during 2014-2015.

As shown in the chart below, the majority (80%) of the procurement businesses operate in New South Wales, Victoria and Queensland.

Business locations



Source: Ibisworld.com.au

Business confidence has a direct impact on the demand of procurement services. Over the past five years, events such as the global financial crisis ('GFC'), the Eurozone debt crisis, the progressively slowing growth in China and more recently the softening of the mining boom all having a dampening effect on the level of business confidence. Revenue growth did slow during the global downturn however, growth was protected somewhat by the counter-cyclical nature of the industry.

Growth in the Hotel and Resorts industry has struggled to gain traction since the GFC. The Hotel and Resort industry has also faced increasing competition from other varieties of accommodation such as serviced apartments and the collaborative consumption marketplace with companies like Airbnb. Despite this difficult operating environment, occupancy rates have improved and tourism is increasing thanks in part to the falling Australian dollar, more attractive packaged deals on offer and economic recovery in the US and UK. Analysts anticipate that the outlook for the Hotel and Resort industry will grow at an annualised growth rate of 2.3% over the next five years to 2019-2020.

In 2014-2015, the Australian car rental and hiring industry comprised of approximately 1,470 businesses that collectively generated approximately \$3.3 billion of revenue. Analysts have estimated that industry revenue will grow by approximately 4.5% for the current year as a result of the falling Australian dollar and expected increase in international tourism. Cumulative average revenue growth over the period 2010-2011 to 2014-2015 was approximately 3.1%. The majority (78.5%) of these businesses are located in New South Wales, Victoria and Queensland.

The outlook for the car hire industry is for consistent growth over the next five years with analysts estimating that industry revenue will grow 1.6% per year over the five years. This growth is expected to be driven by a number of factors including; an increase in the number of international travellers coming to Australia as the Australia dollar falls, thereby making it more affordable for travellers to visit Australia; and increasing levels of business confidence and consumer sentiment. Competition within the industry is also expected to increase over the next five years which will dampen profitability. Analysts also anticipate that the car sharing trend will significantly change the composition of the industry and will force current hire car providers to lower costs.

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The Caravan and Motorhome rental market turned over \$166.7m of revenue in 2014-2015. There are currently 54 businesses operating in this market. At present, two of 54 companies currently generate 66% of the overall industry revenue. As with the car rental and hiring industry above, 70% of the businesses are located in Victoria, New South Wales and Queensland. Annual industry growth from 2010-2015 was 3.2% and analysts expect future growth to average 2.5%p.a. over the next five years to 2020. Driving this growth will be Australia's aging population, increase in international visitors, falling Australian dollar which discourages international travel for Australian's and rising discretionary spend.

Additionally, trailer and caravan dealers have been beneficiaries of the aging Australian population, rising discretionary income and positive consumer sentiment. This \$2.0 billion industry has experienced 2.2% growth each year from 2010. However the trailer and caravan dealers industry is expected to slow to a growth rate of 1.4%p.a. over the next five years as the sector tackles a decrease in consumer sentiment levels.

8. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

8.1 Valuation of Marketboomer shares being disposed

In our assessment of the value of the Marketboomer shares that are being disposed of by Collaborate, we have taken into consideration the following items when assessing the appropriate valuation methodology:

- Collaborate's ownership interest in Marketboomer is 43.3% of the issued share capital as of the date of this Report. Marketboomer's shares are not separately listed on the ASX and hence, there is no regulated and observable market where Marketboomer's shares are traded. Accordingly, we cannot value the shares of Marketboomer based on the QMP basis.
- The DCF approach is particularly applicable to businesses with limited lives, experiencing growth and that are in the start up phase, with irregular cash flows. Marketboomer is still continuing to grow and expand its clientele both within Australia and overseas and is looking towards new product offerings, including launching an Accounts Payable Automation service and an electronic invoicing product through its Purchase Plus platform. Therefore, the DCF approach would have been a suitable approach for the valuation of Marketboomer as the future growth potential could have been effectively captured based on an appropriate discount rate to factor in the potential risk. However, the DCF approach has not been considered, given that the Company has not provided us with suitable or extended cash flows. We also do not consider that we have

reasonable grounds, under RG 111, based on Marketboomer's historical performance to consider the DCF approach.

- The FME approach is most commonly applicable to profitable businesses with relatively steady growth histories and forecasts. However, we are unable to use this approach with regard to the valuation of Marketboomer, given that it has been operating at a loss during the historical period. This implies that we do not have a reasonable basis to assess future maintainable earnings of Marketboomer.
- The NAV methodology has therefore, been considered as an appropriate valuation approach to undertake. However, we note that asset based methods ignore the possibility that Marketboomer's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as goodwill and intellectual property rights. This is particularly important in the case of Marketboomer given its early stage of operations, and growth potential.

Based on the above, we consider the most appropriate methodology to value Marketboomer is the NAV methodology.

8.2 Valuation of Consideration Shares being cancelled

With regard to the valuation of shares in Collaborate that the Reducing Shareholders will provide as consideration, we have considered the following approaches to be the most relevant:

- NAV; and
- QMP.

Our reasons for considering the above valuation approaches are set out below:

- The FME approach is not considered appropriate as the Company has been operating at a loss from continuing operations in the last three financial years, meaning that we do not have reasonable grounds on which to base a forecast future maintainable earnings figure.
- The DCF approach has not been considered as the Company has not provided us with suitable or extended forecast cash flows, given that it is the most appropriate method to use in valuing technology companies. However, under RG111 and RG170, certain requirements must be met in relation to the inclusion of prospective financial information, and therefore we are unable to value Collaborate using this methodology as we do not have reasonable grounds.
- The QMP basis is a relevant methodology to consider as Collaborate's shares are listed on the ASX. This means there is a regulated and observable market where Collaborate's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the Company's shares should be liquid and the market should be fully informed as to Collaborate's activities. We have considered these factors in section 10.1.4 of our Report.
- We consider the NAV methodology also to be an appropriate valuation approach to undertake. However, we note that asset based methods ignore the possibility that Collaborate's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as goodwill and intellectual property rights. This is particularly important in the case of Collaborate given its early stage of operations, and growth potential of its DMCR, Rentoid and Caramavan business units.

8.3 Valuation of Consideration Options

In our assessment of the value of the Consideration Options in Collaborate that the Reducing Shareholders will provide as consideration, we have considered the following approaches to be the most relevant:

- QMP method; and
- Black Scholes option pricing model.

We have chosen these methodologies for the following reasons:

- The Consideration Options are listed on the ASX and this provides an indication of the market value where an observable market for the securities exists; and
- The Black Scholes option pricing model is used to validate the market prices in the absence of a deep market.

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9. Valuation of shares and options in Marketboomer

9.1 Net asset valuation of Marketboomer

The value of Marketboomer's assets on a going concern basis is reflected in our valuation below:

Net asset valuation	Note	Unaudited as at		Preferred value
		31-Dec-14	Adjustments	
		\$		\$
CURRENT ASSETS				
Cash and cash equivalents	a	407,878	(72,814)	335,064
Trade debtors		890,856	-	890,856
Other debtors		307,758	-	307,758
Deposits & prepayments		33,492	-	33,492
TOTAL CURRENT ASSETS		1,639,984	(72,814)	1,567,170
NON-CURRENT ASSETS				
Property, plant and equipment		25,550	-	25,550
Intangible assets	b	28,209	-	28,209
Other receivables		309	-	309
TOTAL NON-CURRENT ASSETS		54,068	-	54,068
TOTAL ASSETS		1,694,052	-	1,621,238
CURRENT LIABILITIES				
Trade creditors		140,216	-	140,216
Other creditors & accruals	c	271,100	-	271,100
Deferred Income	d	691,982	-	691,982
Loan from Collaborate	a	72,814	(72,814)	-
Employee liability		154,135	-	154,135
Short-term provisions		122,244	-	122,244
TOTAL CURRENT LIABILITIES		1,452,491	(72,814)	1,379,677
NON-CURRENT LIABILITIES				
Other non-current liabilities		43,391	-	43,391
Long-term provisions		43,414	-	43,414
TOTAL NON-CURRENT LIABILITIES		86,805	(72,814)	86,805
TOTAL LIABILITIES		1,539,296	(72,814)	1,466,482
NET ASSETS		154,756	-	154,756
Shares on issue (number)				2,350,395
Value per share (\$)				0.066

Source: Management accounts

We have been advised that there has not been a significant change in the net assets of Marketboomer since 31 December 2014, other than the adjustment set out below. Based on the above, the net asset value of a Marketboomer share is \$0.066.

We note the following in relation to our NAV of Marketboomer:

Note a) Cash and cash equivalents and Loan from Collaborate

Management advise that on completion of the Transaction, the loan from Collaborate will be repaid, therefore we have adjusted cash and cash equivalents accordingly.

We also note that subsequent to 31 December 2014, Marketboomer borrowed an additional \$0.30 million from Collaborate. Management advise this will also be repaid on completion of the Transaction. As this was loan was received subsequent to 31 December 2014, we have not included its repayment as an adjustment.

Note b) Intangible assets

Intangible assets primarily relate to product development costs of Marketboomer. We do not consider the market value of the intangible assets to materially differ from its book value. For a value in excess of book value we would require the normalised earnings to be positive. As shown in Section 9.2 the normalised earnings are loss making.

Note c) Other creditors and accruals

Other creditors and accruals mainly comprise superannuation payable, GST liability and PAYG withholding payable. We consider the book value of these creditors and accruals to represent their market value.

Note d) Deferred income

Deferred income primarily relates to Marketboomer's prepaid license fees in Australia and Thailand. We do not consider the market value of this deferred income to materially differ from its book value.

9.2 Future maintainable earnings valuation of Marketboomer

When performing an FME valuation we must determine what the future maintainable earnings of Marketboomer are and then determine an appropriate capitalisation multiple to apply to these earnings.

In calculating future maintainable earnings, the figure selected should represent what is currently sustainable. Any anticipated growth in earnings is accounted for via the capitalisation rate. We have reviewed the historical accounts of Marketboomer for the financial years ended 30 June 2013 ('FY13'), 30 June 2014 ('FY14') and the half year ended 31 December 2014 ('YTD14') and for each of the periods, made adjustments to the earnings before interest and tax for the following items:

- Non-recurring or one-off items such as profit on sale of assets;
- Non-operating revenues and expenses;
- Discontinued operations;
- Unrecorded items; and
- Abnormal or non-commercial transactions.

Normalised Earnings

The objective of normalising earnings is to determine the underlying profitability expected to be maintained by Marketboomer. Our normalised adjustments are limited to those adjustments obvious from a review of the detailed financial statements and those provided by the management of Marketboomer.

Our normalisation adjustments are shown below:

Normalised earnings	Note	Unaudited for the half year ended 31-Dec-14 \$	Unaudited for the year ended 30-Jun-14 \$	Unaudited for the year ended 30-Jun-13 \$
Loss before income tax		(387,973)	(1,525,191)	(1,990,723)
Normalisation adjustments				
Depreciation and amortisation	1	86,331	153,187	165,904
R&D rebate adjustment	2	-	-	(338,711)
Impairment losses	3	-	170,153	1,275,080
Other income	4	-	(16,622)	(17,867)
Finance income	5	-	-	(19,959)
Finance costs	6	-	19,144	96,120
Expenses incurred on sale of WebSpy	7	-	-	54,844
Normalised earnings/(losses)		(301,642)	(1,199,329)	(775,312)

We note that after annualising the half year ended 31 December 2014 results, Marketboomer is still loss making on a normalised basis.

The following normalisation adjustments were made to the loss before tax for Marketboomer.

Note 1: Depreciation and amortisation

The loss before income tax considered in the above table, is after considering depreciation and amortisation expenses, which has been adjusted to arrive at the normalised earnings before interest, tax, depreciation and amortisation ('EBITDA').

Note 2: R&D rebate

The R&D rebate income of \$338,711 pertained to an amount incorrectly recorded in the Collaborate accounts for the year ended 30 June 2012 which was subsequently adjusted in the Marketboomer accounts during FY13. Given that R&D rebate is a prior period item; we have adjusted it from the reported earnings in FY13.

Note 3: Impairment losses

During FY13, the carrying value of goodwill was \$3.30 million, which exceeded the value in use calculation (recoverable amount) by \$1.275 million and this was accordingly recognised as an impairment expense. However, given that impairment losses are non-recurring in nature, we have normalised this item. Similarly, there was an impairment loss of \$0.17 million recognised in FY14, which has also been adjusted.

Note 4 and Note 5: Finance and Other income

We consider finance income and other income as being unrelated to the operating profits of the business and have therefore adjusted its impact.

Note 6: Finance costs

We consider finance costs as being unrelated to the operating profits of the business and have therefore adjusted its impact.

Note 7: Expenses incurred on sale of WebSpy business

During November 2012, the Company entered into a share sale agreement to divest 100% of its interest in the WebSpy business unit. The expenses incurred towards the sale of WebSpy are in relation to a discontinued business and unrelated to the existing business of Marketboomer. We have therefore, considered a onetime adjustment to the normalised earnings.

Calculating Future Maintainable Earnings

In calculating the future maintainable earnings of Marketboomer, we have considered the historical levels of normalised earnings to determine an estimated future maintainable earnings position for Marketboomer. The purpose of this is to derive a sustainable level of profitability that we consider to be achievable in the future. However, after normalising Marketboomer's history of operating losses, we do not consider there to be a reasonable basis to estimate a positive future maintainable earnings figure. As such the use of the FME valuation methodology is not appropriate.

9.3 Discounted cash flow valuation of Marketboomer

As discussed in section 8, the DCF valuation approach is considered an appropriate valuation methodology for companies which are in their growth phase. Management of Collaborate has provided us with a group cash flow summary (which incorporates Marketboomer) for the period from March 2015 through to June 2016.

As per RG 111 and RG 170, prospective financial information, including forecasts and projections or any other statements or assumptions about future matters should not be included, unless there are reasonable grounds for the forward looking information. Management of Collaborate has prepared a high level forecast of the net cash summary of Marketboomer, without detailed assumptions regarding working capital movements, revenue projections, inflation and cost escalation.

Notwithstanding the above, the cash forecasts for Marketboomer, are negative between March 2015 and September 2015, and then show no discernible trend thereafter up to June 2016. Therefore, we do not consider the DCF methodology to be appropriate in valuing Marketboomer.

9.4 Assessment of the value of the assets being disposed

Based on the NAV of Marketboomer, we consider the value of a Marketboomer share to be \$0.066.

The future earnings potential of Marketboomer is not captured in this valuation however we note the following in relation to our assessed value of Marketboomer:

- As outlined in section 9.2, given Marketboomer's history of normalised operating losses, we do not have a reasonable basis to estimate a positive future maintainable earnings figure. Therefore, we have not relied on the FME approach when valuing the shares in Marketboomer.

- As outlined in section 9.3, we are bound by RG 111 and RG 170 in relation to the inclusion of prospective financial information in our Report. We are unable to include prospective financial information in our valuation unless there are reasonable grounds for reliance on the information. Therefore, we have not relied on the DCF methodology when valuing Marketboomer.
- There is no observable market on which the shares of Marketboomer are traded. We have however considered the following off-market transactions involving Marketboomer shares:
 - On 17 July 2014, the Company negotiated conversion of its \$997,239 debt with Dagenham Investments Limited ('Dagenham') into shares in Marketboomer at the price of \$1 per share. Following the conversion, Dagenham held a 49.5% in Marketboomer; and
 - On 27 October 2014, Marketboomer raised an additional \$250,000 from Dagenham through the issue of 335,690 shares at a deemed issue price of approximately \$0.74 per share. This share issue resulted in Dagenham increasing its interest in Marketboomer to 57.5%.
- We do not consider the above transactions with Marketboomer to represent arm's length transactions between a willing buyer and a willing seller with no compulsion to sell. As such, we have not relied on the above transactions when assessing the value of the Marketboomer shares being disposed.

Based on our assessed value of a Marketboomer share, the total value of the Marketboomer shares being disposed of, is set out in the table below.

	Preferred
Value of Marketboomer shares being disposed	\$
Value of a Marketboomer share	0.066
Number of Marketboomer shares being disposed	1,017,385
Total value of Marketboomer shares being disposed	<u>66,987</u>

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10. Valuation of Consideration

10.1 Consideration Shares

10.1.1 Net asset value of Collaborate

The value of Collaborate's assets on a going concern basis is reflected in our valuation below:

	Note	Reviewed at		Preferred value	High value
		31-Dec-14	Low value		
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	1	763,805	1,823,805	1,823,805	1,823,805
Trade and other receivables		1,351,318	1,351,318	1,351,318	1,351,318
Other current assets		32,248	32,248	32,248	32,248
TOTAL CURRENT ASSETS		2,147,371	3,207,371	3,207,371	3,207,371
NON-CURRENT ASSETS					
Other receivables		309	309	309	309
Property, plant and equipment		42,530	42,530	42,530	42,530
Intangible assets	2	4,417,918	316,706	316,706	316,706
TOTAL NON-CURRENT ASSETS		4,460,757	359,545	359,545	359,545
TOTAL ASSETS		6,608,128	3,566,916	3,566,916	3,566,916
CURRENT LIABILITIES					
Trade and other payables		700,364	700,364	700,364	700,364
Other current liabilities		881,106	881,106	881,106	881,106
Redeemable convertible notes		75,000	75,000	75,000	75,000
Short-term provisions		122,244	122,244	122,244	122,244
TOTAL CURRENT LIABILITIES		1,778,714	1,778,714	1,778,714	1,778,714
NON-CURRENT LIABILITIES					
Borrowings		121,694	121,694	121,694	121,694
Other non-current liabilities		53,927	53,927	53,927	53,927
Long-term provisions		43,414	43,414	43,414	43,414
TOTAL NON-CURRENT LIABILITIES		219,035	219,035	219,035	219,035
TOTAL LIABILITIES		1,997,749	1,997,749	1,997,749	1,997,749
NET ASSETS (control basis)		4,610,379	1,569,167	1,569,167	1,569,167
Minority discount	3		23%	20%	17%
NET ASSETS (minority basis)			1,208,259	1,255,334	1,302,409
Shares on issue (number)			368,943,317	368,943,317	368,943,317
Value per share (\$) (minority basis)			0.0033	0.0034	0.0035

Source: Reviewed financial statements of Collaborate for the half year ended 31 December 2014; BDO analysis

We have been advised that there has not been a significant change in the net assets of Collaborate since 31 December 2014 other than the adjustments set out below. The shares on issue in the table above

include the 63 million shares issued as part of a sophisticated and institutional placement as detailed in Note 1 below. The table above indicates the net asset value of a Collaborate share is between \$0.0033 and \$0.0035 with a preferred value of \$0.0034.

The following adjustments were made to the net assets of Collaborate as at 31 December 2014 in arriving at our valuation.

Note 1: Cash and cash equivalents

The Company announced a \$1.26 million placement to institutional and sophisticated investor clients of DJ Carmichael and Foster Stockbroking on 21 January 2015. As at 30 January 2015, Tranche One of the Placement was completed, with the adjusted cash balance set out below:

Cash and cash equivalents		\$
Balance as at 31 December 2014	763,805	
Add: Proceeds from sophisticated placement (Tranche 1) (before costs)	1,060,000	
Adjusted cash balance	<u>1,823,805</u>	

Note 2: Intangible assets

The intangible assets as at 31 December 2014 include goodwill as follows:

		\$
Patents and software development costs	316,706	
Goodwill pertaining to acquisition of DMCR and Rentoid	2,079,699	
Goodwill pertaining to acquisition of Marketboomer	<u>2,021,513</u>	
	<u>4,417,918</u>	

Our assessed NAV is on a tangible asset basis and therefore excludes any goodwill, we have therefore adjusted intangible assets accordingly.

Note 3: Minority discount

The NAV of Collaborate is reflective of a controlling interest. We have adjusted our valuation of Collaborate, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - (1/1 + \text{control premium})$. We acknowledge that this is not a control transaction and therefore a control premium to be paid by a potential acquirer is not relevant. However, we have also used the QMP approach to value the shares in Collaborate, which represents a minority interest value. Therefore in order to conduct a like for like comparison of the results of the two valuation methodologies we are required to present the net asset value on a minority interest basis.

As such, we have applied a minority discount to the net asset value. We have applied a minority interest discount in the range of 17% to 23%, based on a control premium of between 20% and 30%.

10.1.2 Future maintainable earnings valuation of Collaborate

When performing an FME valuation we must determine what the future maintainable earnings of Collaborate is and then determine an appropriate capitalisation multiple to apply to these earnings.

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In calculating future maintainable earnings, the figure selected should represent what is currently sustainable. Any anticipated growth in earnings is accounted for via the capitalisation rate. We have considered the historical accounts of Collaborate for FY13, FY14 and YTD14 and made adjustments to the earnings before tax for the following items:

- Non-recurring or one-off items such as profit on sale of assets;
- Non-operating revenues and expenses;
- Unrecorded items; and
- Abnormal or non-commercial transactions.

Normalised Earnings

The objective of normalising earnings is to determine the underlying profitability expected to be maintained by Collaborate. Our adjustments are limited to those adjustments obvious from a review of the detailed financial statements and those provided by the management of Collaborate.

Our normalisation adjustments are set out below:

Item	Note	Reviewed for the half year ended 31-Dec-14	Audited for the year ended 30-Jun-14	Audited for the year ended 30-Jun-13
Earnings before tax		(1,245,850)	(1,864,741)	(1,990,724)
Normalisation adjustments				
Depreciation and amortisation	1	137,897	197,424	165,904
Impairment losses	2	-	170,153	1,275,080
Other income	3	(1,560)	(93,357)	(17,867)
Finance income	4	(4,093)	(7,861)	(19,958)
Finance costs	5	26,135	64,770	96,120
Capital raising/transaction costs	6	74,240	284,849	-
Expenses incurred on sale of WebSpy	7	-	-	54,844
Bad debts written off - WebSpy	8	-	106,236	-
Normalised earnings/(losses)		(1,013,231)	(1,142,527)	(436,601)

Source: Management information; BDO analysis

We note that after annualising the half year ended 31 December 2014 results, Collaborate are still loss making on a normalised basis.

The following normalisation adjustments were made to the net profit before tax for Collaborate.

Note 1: Depreciation and amortisation

The loss before income tax considered in the above table, is after considering depreciation and amortisation expenses, which has been adjusted to arrive at the normalised EBITDA.

Note 2: Impairment losses

During FY13, the carrying value of the goodwill was \$3.30 million, which exceeded the value in use calculation (recoverable amount) by \$1.275 million and this was recognised as an impairment expense.

Given that impairment losses are non-recurring in nature, we have normalised the impact of this. Similarly, there was an impairment loss of \$0.17 million recognised in FY14, which has also been adjusted.

Note 3 and Note 4: Other income and Finance Income

We consider finance income and other income as being unrelated to the operating profits of the business and have adjusted its impact above.

Note 5: Finance costs

We consider finance costs to be unrelated to the operating profits of the business and have therefore adjusted its impact.

Note 6: Capital raising costs

We consider capital raising costs/transaction costs to be non-operating and one off in nature. The transaction costs also include expenses incurred towards the acquisition of DMCR during FY14 amounting to approximately \$174,000.

Note 7: Expenses incurred on sale of WebSpy business

During November 2012, the Company entered into a share sale agreement to divest 100% of its interest in the WebSpy business unit. The expenses incurred towards the sale of WebSpy are in relation to a discontinued business and unrelated to the existing business of Collaborate. We have therefore normalised earnings accordingly.

Note 8: Bad debts pertaining to the WebSpy business

As discussed in Note 7 above, the WebSpy business is a discontinued business of Collaborate, and hence, any expenses incurred in relation to WebSpy are unrelated to the ongoing business and have therefore been adjusted.

Calculating Future Maintainable Earnings

In calculating future maintainable earnings, we have considered the historical levels of normalised earnings to determine an estimated future maintainable earnings position for Collaborate. The purpose of this is to derive a sustainable level of profitability that we consider to be achievable in the future.

However, after considering Collaborate's history of operating losses, we do not consider there to be a reasonable basis to estimate a positive future maintainable earnings figure.

10.1.3 Discounted cash flow valuation of Collaborate

The DCF valuation is considered an appropriate valuation methodology for companies which are in their growth phase. Management of Collaborate has provided us with a group cash flow summary (including Marketboomer) for the period March 2015 to June 2016. As such the use of the FME valuation methodology is not appropriate.

As per RG 111 and RG 170, prospective financial information, including forecasts and projections or any other statements or assumptions about future matters should not be included, unless there are reasonable grounds for the forward looking information. In this regard, the Management of Collaborate has prepared a high level forecast of the net cash summary of the group, without detailed assumptions regarding working capital movements, revenue projections, inflation, costs escalation etc.

Notwithstanding the above, on a standalone basis, the cash forecasts for Collaborate (excluding Marketboomer, which would be divested on completion of the Transaction) are negative up to April 2016 however, are expected to become marginally positive during May and June 2016. Further, the Company has not factored in revenue forecasts for Caramavan for the above period.

Given all of the above, the DCF methodology cannot be considered an appropriate methodology to value the business of Collaborate.

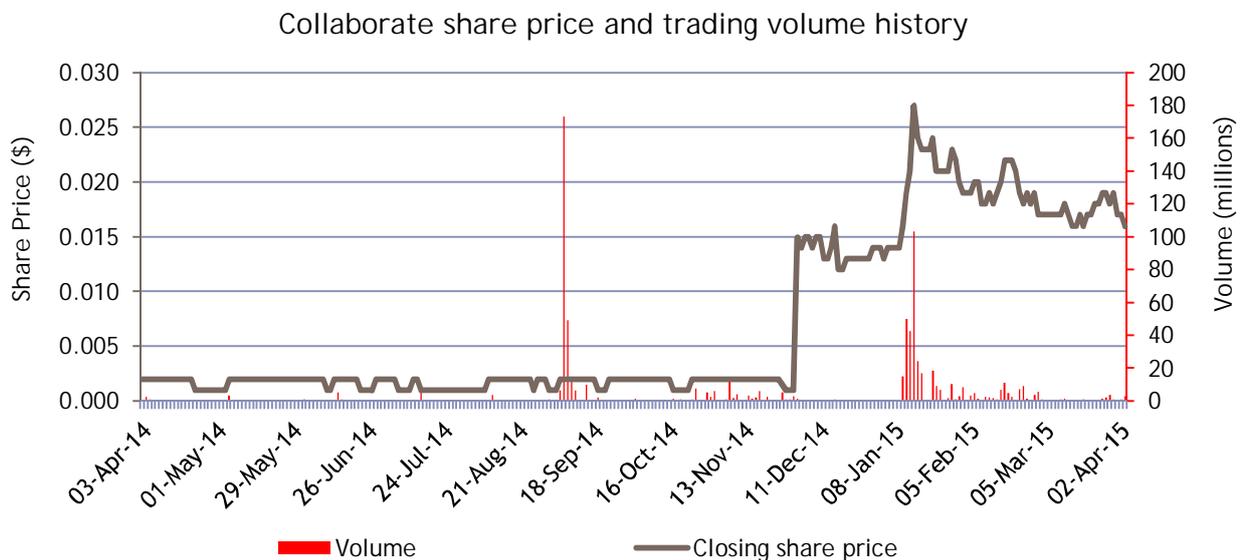
10.1.4 Quoted market prices for Collaborate securities

To provide a comparison to the valuation of Collaborate above, we have also assessed the quoted market price for a Collaborate share. The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

We do not consider the Transaction to be a control transaction, therefore we are not bound by RG 111.11 in applying a control premium when assessing the value of a company's shares.

Our analysis of the quoted market price of a Collaborate share is based on the pricing prior to the announcement of the Transaction. This is because the value of a Collaborate share after the announcement may include the effects of any change in value as a result of the Transaction. However, we have considered the value of a Collaborate share following the announcement when we have considered reasonableness in Section 12.

Information on the Transaction was announced following the close of the market on 2 April 2015. Therefore, the following chart provides a summary of the share price movement over the 12 months to 2 April 2015 which was the last full trading day prior to the announcement.



Source: Bloomberg and BDO analysis

The daily price of Collaborate shares from 2 April 2014 to 2 April 2015 has ranged from a low of \$0.001 on 1 December 2014 to a high of \$0.027 on 14 January 2015. The share price remained stable from 2 April 2014 to 1 December 2014 with the daily price remaining between \$0.001 and \$0.002 over this period.

Collaborate shares were highly illiquid during this period with nominal trading volumes and numerous days with no trading volume at all. There was a spike in trading volume on 5 September 2014, with approximately 173.34 million shares traded on this day. This was due to a publication about the Company that was released on the Next Tech Stock website and published in their newsletter. Despite the spike in trading volume, the share price remained at \$0.002 on 4 September 2014 and 5 September 2014. There was a significant share price spike on 2 December 2014, which was a result of a 10 for 1 share consolidation which was approved at the Company's Annual General Meeting on 28 November 2014. There were also consecutive spikes in the Company's share price between 8 January 2015 and 14 January 2015, where the share price increased from \$0.014 to \$0.027. The Company responded to ASX price queries on 9 January 2015 and 15 January 2015 citing reasons including the share consolidation which took effect in December 2014, positive market updates made previously and that 'peer to peer businesses and the collaborative consumption sector are enjoying increased publicity and interest from both investors and media'.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$	(movement)	%	\$	(movement)	%
27/03/2015	Launch of new DriveMyCar Rentals website	0.018	▼	5.3%	0.017	▼	5.6%
23/02/2015	Half Year Report and Appendix 4D	0.019	▼	9.5%	0.018	▼	5.3%
30/01/2015	December 2014 Quarterly Report and Appendix 4C	0.020	▼	9.1%	0.019	▼	5.0%
21/01/2015	Collaborate raises \$1.26m to grow peer-to-peer businesses	0.024	▲	4.3%	0.021	▼	12.5%
19/01/2015	Trading Halt	0.023	▶	0.0%	0.021	▼	8.7%
15/01/2015	Response to ASX Price Query	0.024	▼	11.1%	0.023	▼	4.2%
09/01/2015	Response to ASX Price Query	0.016	▲	14.3%	0.027	▲	68.8%
23/12/2014	Further extension of Convertible Note Facility	0.013	▶	0.0%	0.013	▶	0.0%
11/12/2014	Completion of Consolidation of Capital	0.013	▼	13.3%	0.016	▲	23.1%
28/11/2014	AGM Investor Presentation	0.001	▶	0.0%	0.014	▲	40.0%
14/11/2014	Key agreements signed with Veda and Edentiti & Market Update	0.002	▶	0.0%	0.002	▶	0.0%
05/11/2014	Share Purchase Plan	0.002	▶	0%	0.002	▶	0%
31/10/2014	September 2014 Quarterly Report and Appendix 4C	0.002	▶	0%	0.002	▶	0%
29/10/2014	Completion of placement	0.002	▶	0%	0.002	▶	0%
28/10/2014	Notice of Annual General Meeting/Proxy Form	0.002	▶	0%	0.002	▶	0%
27/10/2014	Trading Halt	0.002	▶	0%	0.002	▶	0%
23/10/2014	Strategic agreement with McMillan Shakespeare Group signed	0.002	▲	100%	0.002	▶	0%

02/10/2014	Trading update, acquisition completion and capital structure	0.002	▶	0%	0.002	▶	0%
29/09/2014	Annual Report to shareholders	0.002	▶	0%	0.002	▶	0%
05/09/2014	Publication of Article on Qanda on Next Tech Stock Website	0.002	▶	0%	0.002	▶	0%
04/09/2014	QNA acquires Caramavan	0.002	▲	100%	0.002	▶	0%
29/08/2014	Preliminary Final Report	0.002	▶	0%	0.001	▼	50%
08/08/2014	Board and Executive Appointments	0.002	▲	100%	0.002	▶	0%
11/06/2014	Entitlement Issue Prospectus	0.001	▶	0%	0.002	▲	100%
30/05/2014	Bonus Issue Prospectus	0.002	▶	0%	0.002	▶	0%
30/05/2014	Loan restructure and partial disposal of Marketboomer	0.002	▶	0%	0.002	▶	0%
05/05/2014	QNA expands its marketplace with acquisition of Rentoid	0.002	▲	100%	0.002	▶	0%
30/04/2014	March 2014 Quarterly Report and Appendix 4C	0.001	▶	0%	0.002	▲	100%
03/04/2014	Marketboomer signs new strategic partnership	0.002	▶	0%	0.002	▶	0%

On 30 April 2014, the Company released its March quarterly report which outlined a decline in its cash position as a result of the DMCR acquisition which was completed on 19 February 2014. During the quarter the Company also negotiated a six month extension to its convertible loan facilities. The share price remained unchanged on the day of the announcement but increased 100% to \$0.002 in the three days subsequent.

On 5 May 2014, Collaborate announced its acquisition of Rentoid. The market viewed this positively, with the Company's share price increasing to \$0.002 from a close of \$0.001 the previous day.

On 4 September 2014, the Company announced its acquisition of Caramavan. On the day of the announcement, the Company's share price doubled to close at \$0.002.

On 23 October 2014, the Company announced that its subsidiary, DMCR signed an agreement with Interleasing Australia Limited ('Interleasing') for Interleasing vehicles to be rented through the DMCR peer-to-peer marketplace. The agreement related to the renting of Interleasing late model ex-lease vehicles being rented to private drivers via the DMCR platform. The market viewed this news positively with the share price increasing 100% to \$0.002 on the day of the announcement.

Collaborate released its AGM Investor Presentation on 28 November 2014. After normalising for the Company's share consolidation Collaborate's share price increased by 40% in the three days subsequent to the announcement. This presentation detailed the Company's recent acquisitions and highlighted some well-established global peer to peer sharing businesses.

We also note that the Company's shares were extremely illiquid during this period which resulted in large percentage price movements and several non-trading days throughout 2014.

On 9 January 2015, the ASX issued the Company with a price and volume query relating to a change in Collaborate's share price from \$0.013 on 2 January 2015 to a high trade of \$0.019 on 9 January 2015 and increased trading volumes over this period. The Company noted the share consolidation (which took effect in December 2014), positive market updates made previously and increased publicity and interest from both investors and media as being the reasons for the spike in price and volume. We consider this to be a significant and unexplained price and volume movement.

On 15 January 2015, Collaborate received an ASX price query relating to the increase in the price of the Company's shares from \$0.019 on 9 January 2015 to a high of \$0.035 on 14 January 2015. The Company attributed the increase to increased public interest in collaborative consumption companies. An example of this increased public interest as provided by management, was the inclusion of five United States based collaborative consumption companies featuring in the top 15 "Hottest Startups of 2014", as published by Forbes. We also consider this to be a significant and unexplained price movement.

On 21 January 2015, the Company announced the oversubscription of its \$1.26 million placement to private and sophisticated investors at an issue price of \$0.02 per share, with a free attaching option (on a one for two basis) exercisable at \$0.02 per option. Following the announcement, the Company's share price increased 4.3% to \$0.024 but then declined to \$0.021 in the three days subsequent to the announcement.

On 30 January 2015, the Company released its December 2014 quarterly report. The results of the December quarter appear positive, with an improved cash position compared to the September quarter, the completion of a placement to institutional investors as well as a share purchase plan to existing shareholders. However, on the day of the announcement, the Company's share price declined 9.1% to \$0.020 and continued to decline to \$0.019 three days following the announcement. We consider this an unexplained price movement.

On 23 February 2015, Collaborate released its half yearly reviewed financial statements. The market viewed this negatively, with the Company's share price closing 9.5% lower to \$0.019. Collaborate's share price continued to decline to \$0.018 in the three days subsequent to the announcement.

To provide further analysis of the market prices for a Collaborate share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 1 April 2015.

Share Price per unit	2-Apr-15	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.016				
Volume weighted average price (VWAP)		\$0.018	\$0.018	\$0.022	\$0.022

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of Collaborate shares that has occurred since the Transaction was announced.

An analysis of the volume of trading in Collaborate shares for the twelve months to 2 April 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.015	\$0.017	3,197,258	0.87%
10 Days	\$0.015	\$0.020	15,132,530	4.10%
30 Days	\$0.015	\$0.022	52,192,917	14.15%
60 Days	\$0.015	\$0.035	410,338,137	115.36%
90 Days	\$0.010	\$0.035	419,993,036	122.65%
180 Days	\$0.010	\$0.035	454,092,476	146.37%
1 Year	\$0.010	\$0.035	456,630,483	159.04%

Source: Bloomberg, BDO analysis

This table indicates that Collaborate’s shares display a moderate level of liquidity, with 14.15% of the Company’s average issued capital being traded over the past 30 trading days. For the quoted market price methodology to be reliable there needs to be a ‘deep’ market in the shares. RG 111.69 indicates that a ‘deep’ market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company’s securities;
- Approximately 1% of a company’s securities are traded on a weekly basis;
- The spread of a company’s shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company’s shares should meet all of the above criteria to be considered ‘deep’, however, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Collaborate, despite approximately 159.04% of the average issued capital being traded in the past year, we do not consider there to be a deep market for the shares. This is mainly a result of the significant unexplained price movements discussed above. Also, the liquidity analysis above is being skewed by a few large days of trading, for example on 14 January 2015 there was approximately 104 million shares traded, being approximately 33% of the Company’s issued capital. Despite there not being a deep market for the Company’s shares, we still consider the trading price of the Company’s shares to be relevant in our assessment of the value of a Collaborate share.

Our assessment is that a range of values for Collaborate shares based on market pricing, after disregarding post announcement pricing, is between \$0.016 and \$0.022 with a midpoint value of \$0.019.

10.1.5 Assessment of the value of the Consideration Shares

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Net assets value (Section 10.1.1)	0.0033	0.0034	0.0035
Quoted market price value (Section 10.1.4)	0.016	0.019	0.022

We note that the value obtained under the NAV methodology is lower than the values obtained under the QMP methodology. The difference between the valuation obtained under the NAV and QMP approaches can be explained by the following:

- The NAV value is lower than the QMP value range, which is not uncommon for start up companies, which often trade at a premium to their net asset value. This is because investors anticipate some potential upside or ‘bluesky’ prospects for the company which are factored into the share price in advance of being reflected in the NAV.

- The NAV methodology does not recognise the presence of internally generated goodwill or acquired goodwill.
- Collaborate is a service business and is not asset intensive, therefore the NAV method will not capture the full value of the Company.
- The QMP value reflects investors' perception of the future prospects of Collaborate and may have taken into account the future earnings potential of Collaborate incorporating the new businesses recently acquired.
- On 21 January 2015, the Company conducted a capital raising where it raised \$1.26 million at a price of \$0.02 per share. The capital raising was oversubscribed, which supports our QMP value.

We have used our NAV as the low end of our assessed valuation range. We consider this the floor value of a Consideration Share. The top end of our assessed valuation range is based on the midpoint determined under QMP methodology in order to capture the future earnings potential as perceived by the market.

Based on the results above we consider the value of a Consideration Share to be between \$0.003 and \$0.019 with a preferred value of \$0.011. We have assessed our preferred value based on the midpoint between the preferred NAV and QMP values.

10.2 Consideration Options

10.2.1 Assessment of the value of the Consideration Options

In valuing the Consideration Options we have considered the following methodologies:

- The quoted market price for a Consideration Option; and
- The Black Scholes option pricing model to calculate the value of Consideration Options.

10.2.2 Quoted market price for the Consideration Options

To provide a valuation of a Consideration Option, we have assessed the quoted market price for a Consideration Option.

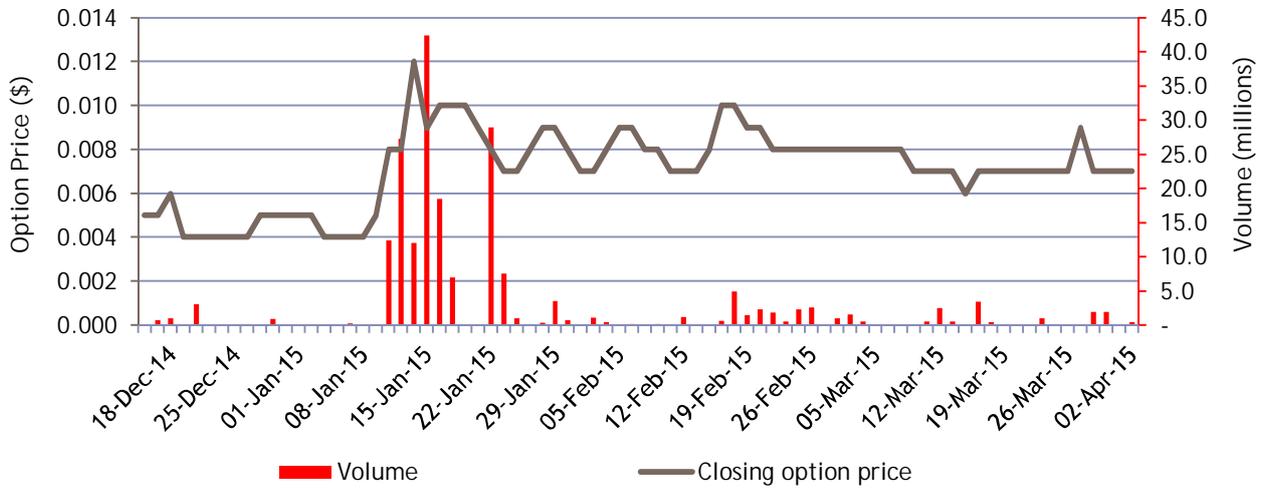
The quoted market value of a company's options is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Our analysis of the quoted market price of a Consideration Option is based on the pricing prior to the announcement of the Transaction. This is because the value of a Consideration Option after the announcement may include the effects of any change in value as a result of the Transaction.

Information on the Transaction was announced to the market on 2 April 2015. Therefore, the following chart provides a summary of the option price movement over the period from 15 December 2014, being the listing date for the Options and 2 April 2015 which was the last full trading day prior to the announcement.

The daily price of a Consideration Option for this period to 2 April 2015 has ranged from a low of \$0.004 on 19 December 2014 and a high of \$0.012 on 14 January 2015.

Collaborate Options price and trading volume history



Source: Bloomberg and BDO Analysis

Trading in the Consideration Options displayed a similar trend to trading in Collaborate shares, with a spike in volume and price over the period from 9 January 2015 and 16 January 2015. This relates to the period in which there were significant unexplained price movements in the Company's shares.

To provide further analysis of the market prices for a Consideration Option, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 2 April 2015.

Share Price per unit	02-Apr-15	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.007				
Volume weighted average price (VWAP)		\$0.007	\$0.007	\$0.009	\$0.009

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of the Consideration Options that has occurred since the Transaction was announced.

An analysis of the volume of trading in the Consideration Options over the period from listing to 2 April 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.007	\$0.007	-	0.00%
10 Days	\$0.006	\$0.009	5,600,742	4.73%
30 Days	\$0.006	\$0.009	23,775,472	20.09%
60 Days	\$0.005	\$0.015	198,752,506	167.95%
90 Days	\$0.000	\$0.015	204,990,006	173.23%
180 Days	\$0.000	\$0.015	204,990,006	173.23%
1 Year	\$0.000	\$0.015	204,990,006	173.23%

This table indicates that the Consideration Options display a high level of liquidity, with 4.73% and 20.09% of the Company's current issued options being traded over the past 10 and 30 days respectively. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the options. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's securities must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in the price of the security.

A company's options should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its options cannot be considered relevant.

In the case of the Consideration Options, we consider there to be a deep market for the options as 4.73% and 20.09% of the Company's current issued options were traded over the 10 and 30 trading days prior to 2 April 2015. However, we acknowledge that there were significant and unexplained price movements which occurred over the period from 9 January 2015 and 16 January 2015.

Our assessment is that the value of a Consideration Option based on market pricing, after disregarding post announcement pricing, is between \$0.007 and \$0.009, with a midpoint value of \$0.008.

10.2.3 Black Scholes option pricing model

We have used the Black Scholes option pricing model to validate the value of the Consideration Options derived from the quoted market price method. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

In valuing the Consideration Options, we made the following assumptions regarding the inputs required for our option pricing model.

Value of the Underlying Shares

Based on our assessment of the value of a Consideration Share in section 10.1.4, we have input the low, preferred and high values of \$0.016, \$0.019 and \$0.022 respectively, into our option pricing model.

Exercise Price of the Options

The exercise price is the price at which the underlying ordinary shares will be issued. The exercise price of the Consideration Options is \$0.02.

Valuation Date

We have valued the Consideration Options as at 2 April 2015, being the last full trading day prior to the announcement of the Transaction.

Life of the Options

We have estimated the life of the Consideration Options for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is the remaining term of an option from the valuation date of the options to the expiry date. The term of the Consideration Options is approximately 2.08 years.

There are many factors that determine the rationale for exercising options and therefore, the effective life of those options. Some of these factors include:

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- If the options are deep in the money as it is profitable for the holder of the option to exercise the options
- If the stock pays a dividend as the opportunity cost of holding the option is high
- If the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock
- When the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of this valuation, we have estimated an exercise date as the expiry date giving the effective life for the Consideration Options of 2.08 years, which we have input into the Black Scholes option pricing model.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of comparable companies to Collaborate was calculated from the pre-announcement date of the Schemes, using data extracted from Bloomberg. We have considered the

volatility of Collaborate in light of our comparables analysis and on this basis, we used a future estimated volatility level of 100% for Collaborate in our pricing model.

Risk-Free Rate of Interest

We have used the Australian Government two-year bond rate of 1.74% as at the valuation date as inputs to our option pricing model.

Dividends Expected on the Shares

Collaborate is not expected to pay a dividend during the life of the Consideration Options.

Conclusion

We set out below our conclusions as to the value of the Consideration Options:

Consideration Options	Low	Preferred	High
Underlying Security spot price	\$0.016	\$0.019	\$0.022
Exercise price	\$0.02	\$0.02	\$0.02
Valuation Date	2 April 2015		
Expiration date	30 April 2017		
Time to expiry	2.08 years		
Volatility	100% per annum		
Risk free rate	1.74% per annum		
Valuation per Option	0.008	0.010	0.012

10.2.4 Assessment of the value of the Consideration Options

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
QMP value (Section 10.2.2)	0.007	0.008	0.009
Black Scholes option pricing model value (Section 10.2.3)	0.008	0.010	0.012

We consider the quoted market price method to be the most appropriate method to use in valuing the Consideration Options as there is a regulated and observable market on which the options are traded and our analysis in section 10.2.2 indicates that a deep market exists for the Consideration Options. Given there is significant and unexplained movements in the price of the Options observed on the ASX, we have also considered the Black Scholes option pricing model to validate our assessed quoted market price method.

Based on the above, we consider the value of a Consideration Option to be in the range of \$0.008 to \$0.012 with a preferred value of \$0.010.

10.3 Assessment of the total value of the Consideration

Based on our analysis above, the total value of the Consideration is set out below.

	Low	Preferred	High
Value of Consideration	\$	\$	\$
Consideration Shares			
Value per Consideration Share	0.003	0.011	0.019
Number of Consideration Shares	80,337,670	80,337,670	80,337,670
Total value of Consideration Shares	241,013	883,714	1,526,416
Consideration Options			
Value per Consideration Option	0.008	0.010	0.012
Number of Consideration Options	8,033,764	8,033,764	8,033,764
Total value of Consideration Options	64,270	80,338	96,405
Total value of Consideration	305,283	964,052	1,622,821

11. Is the Transaction fair?

The value of the shares in Marketboomer being disposed, and the value of the Consideration to be received by Collaborate is compared below:

	Ref	Low	Preferred	High
		\$	\$	\$
Value of shares in Marketboomer	9.4	66,987	66,987	66,987
Value of Consideration	10.3	305,283	964,052	1,622,821

We note from the table above that the value of the shares in Marketboomer being disposed is less than the value of the Consideration. Therefore, we consider that the Transaction is fair.

12. Is the Transaction reasonable?

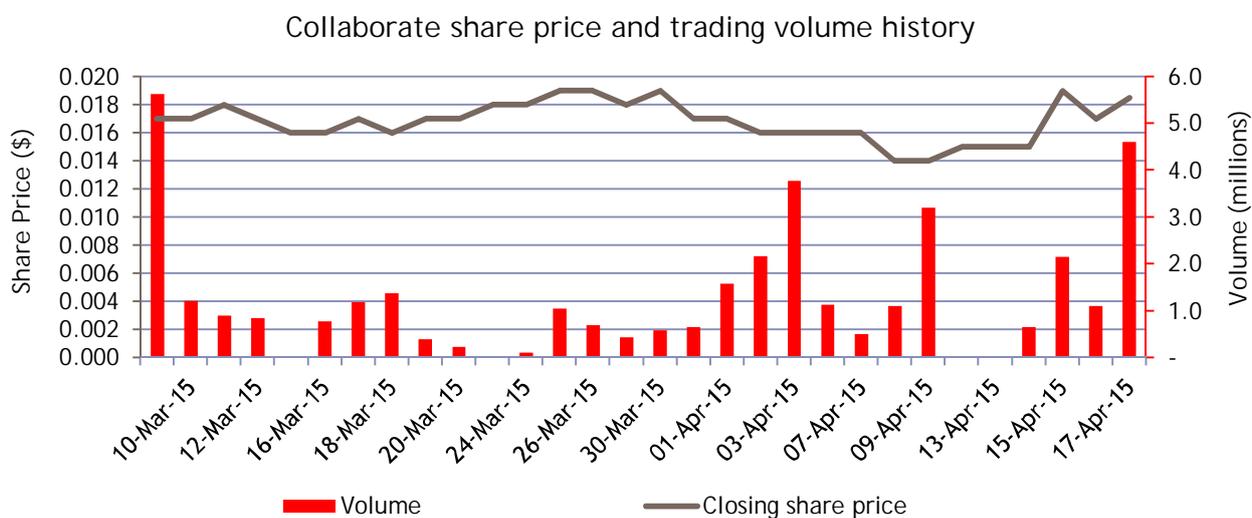
12.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Collaborate a premium over the value ascribed to, resulting from the Transaction.

12.2 Consequences of not Approving the Transaction

Potential decline in share price

We have analysed movements in Collaborate's share price since the Transaction was announced. A graph of Collaborate's share price since the announcement is set out below.



Source: Bloomberg and BDO Analysis

The share price of Collaborate has ranged between \$0.014 and \$0.019 from 2 March 2015 to 17 April 2015. Approximately 3.2 million shares were traded on the day of the announcement with the share price closing down \$0.001 or 5.9% to \$0.016. However, the Transaction was announced following the close of the market on 2 April 2015, therefore in a perfectly informed and efficient market this trading would be considered unrelated to the Transaction. Since 7 April 2015, being the first full trading day following the announcement, the Company's share price has ranged between \$0.014 and \$0.019. Approximately 42.9 million shares have traded since 7 April 2015 suggesting greater liquidity in the Company's shares.

12.3 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

Advantage	Description
The Transaction is fair	As set out in Section 11 the Transaction is fair. RG 111 states that an offer is reasonable if it is fair.
Removes the presence of major shareholders	At the date of this Report the Reducing Shareholders hold

approximately 21.8% of the issued capital of Collaborate. This gives them significant influence in the decision making of the Company.

If the Transaction is approved, these shares will be cancelled, therefore having an anti-dilutive impact on existing Shareholders' interests, whereby Shareholders will go from holding approximately 78.2% of the Company to holding 100%.

The removal of major shareholders may also result in the Company being a more attractive takeover target, therefore potentially giving Shareholders an opportunity to receive a takeover premium in the future.

Similarly, without the presence of a significant shareholder, the Company may be more attractive to potential investors and therefore may improve the Company's ability to raise equity funding in the future.

Without the presence of a major shareholder, the shares will also have a materially higher free float on a proportional basis. This may improve the liquidity of the Company's shares.

<p>Allows a more focused approach from Management</p>	<p>If the Transaction is approved, it will allow management of Collaborate to pursue its strategies in the areas it has identified as having the highest potential return on investment.</p>
<p>A cleaner corporate structure may improve the attractiveness of the Company to potential investors</p>	<p>If the Transaction is approved, the Company will have a cleaner corporate structure. This may improve the Company's ability to attract future funding.</p>
<p>Eliminates the Company's exposure to business specific risks of Marketboomer</p>	<p>Marketboomer has employees spread across Singapore, Thailand, China and Australia. Its client base includes major hotels which are spread across Australia, China, Indonesia, Ireland, New Zealand, Singapore, Thailand and the United Kingdom. Therefore the Company is currently exposed to foreign exchange risk as well as the country risk associated with operating in these foreign countries. If the Transaction is approved, Shareholders will no longer be exposed to these risks.</p>
<p>Reduces losses and the requirement to fund losses via capital raisings</p>	<p>Marketboomer is currently making losses. If the Transaction is approved, the Company will not be required to continue funding the Marketboomer business unit.</p>

12.4 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Shareholders forego the opportunity to benefit from any potential upside in Marketboomer	If the Transaction is approved, the Company will transfer its interest in Marketboomer to the Reducing Shareholders. As such, existing Shareholders will not participate in any potential upside of Marketboomer going forward.
The Transaction may change the risk profile of Shareholders	Shareholders may have invested in Collaborate on the basis that it was a Company with diversified business interests. If the Transaction is approved, the Company will no longer operate in the internet based procurement and material management solution space. This change in risk profile of the Company may not be aligned with Shareholders' risk preferences.

13. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is fair and reasonable to the Shareholders of Collaborate.

14. Sources of information

This report has been based on the following information:

- Notice of Meeting on or about the date of this report;
- Draft Agreements regarding Capital Reduction;
- Audited financial statements of Collaborate for the years ended 30 June 2013 and 30 June 2014;
- Reviewed financial statements of Collaborate for the half year ended 31 December 2014;
- Unaudited management accounts of Marketboomer for the years ended 30 June 2013 and 30 June 2014 and for the half year to 31 December 2014;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Collaborate.

15. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$30,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Collaborate in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Collaborate, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Collaborate and Marketboomer and any of their respective associates with reference to

ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Collaborate and Marketboomer and their respective associates.

A draft of this report was provided to Collaborate and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

16. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

17. Disclaimers and consents

This report has been prepared at the request of Collaborate for inclusion in the Notice of Meeting which will be sent to all Shareholders. Collaborate engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal to dispose of the Company's interest in Marketboomer.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Collaborate and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actual be achieved. BDO Corporate Finance (WA) Pty Ltd disclaims any possible liability in respect of these forecasts. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances.

Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Collaborate, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Adam Myers

Director



Sherif Andrawes

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 (Cth)
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Collaborate Corporation Limited
Collaborate	Collaborate Corporation Limited
Colada	Colada Investments Limited
The Consideration	Up to 80,337,670 fully paid ordinary shares in Collaborate as well as 8,033,764 listed options
Consideration Shares	80,337,670 fully paid ordinary shares in Collaborate
Consideration Options	8,033,764 listed options in Collaborate which are exercisable at \$0.02 per share on or before 30 April 2017
DCF	Discounted Future Cash Flows
DMCR	DriveMyCar Rentals is an internet based business aimed at providing a marketplace for online private car rentals
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FSG	The Financial Services Guide is designed to help retail clients make a decision as to their use of general financial product advice and to ensure that we comply with our obligations as financial services licensees
FOS	The Financial Ombudsman Service is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry

Finecross	Finecross Securities Limited
FYxx	Financial year ended 20xx
GFC	Global Financial Crisis
Interleasing	Interleasing Australia Limited
Marketboomer	Marketboomer Holdings Pty Ltd
MMS	McMillian Shakespeare Group
NAV	Net Asset Value
QMP	Quoted Market Price
Our Report	This Independent Expert's Report prepared by BDO
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
The Reducing Shareholders	A group of Collaborate shareholders involved in acquiring the remaining 43.3% interest in Marketboomer
Our Report	This independent expert's report
RBA	The Reserve Bank of Australia
The Transaction	The proposal to cancel the shares and options in Collaborate held by the Reducing Shareholders as consideration for the disposal of the Company's interest in Marketboomer
Shareholders	Shareholders of Collaborate not associated with Colada and the Reducing Shareholders
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
YTD14	The half year ended 31 December 2014



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The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

SUBIACO, WA 6008

Australia

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Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ('DCF')*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

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PROXY FORM

MR SAM SAMPLE
UNIT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE WA 6060

1. Appointment of Proxy

I/We being a member/s of Collaborate Corporation Limited hereby appoint

	the Chairman of the Meeting	OR	
--	--------------------------------------	-----------	--

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or, failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, or the Chairman's nominee, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and subject to relevant laws, as the proxy sees fit) at the General Meeting of Collaborate Corporation Limited ABN 60 066 153 982 to be held at Level 5, 181 Miller Street, North Sydney, NSW 2060 at 2.00 pm (EST) on Friday, 5 June 2015 and at any adjournment of that meeting.

The Chairman of the Meeting intends to vote undirected proxies **in favour** of each item of business in which the Chairman is entitled to vote.

Note: You can direct the Chairman how to vote by marking the boxes in Section 2 below (for example if you wish to vote against or abstain from voting).

2. Items of Business

Please mark to indicate your voting directions.

	FOR	AGAINST	ABSTAIN
1. Approval of Selective Share Buy Back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of Cancellation of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval and Ratification of Issue of Options to the Broker of the January 2015 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval and Ratification of the issue of Shares under Tranche 1 of the January 2015 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of Issue of Shares and Options under Tranche 2 of the January 2015 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of Director's Participation in Tranche 2 of the January 2015 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval and Ratification of the Issue of Options under the October 2014 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval of Issue of Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority.

3. Signature of Securityholder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/ Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/ Company Secretary

Contact Name

Contact Daytime Telephone

Date

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HOW TO COMPLETE THE PROXY FORM

1. Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. The appointment of a second proxy must be done on a separate copy of the Proxy Form. If a member appoints two proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. .

A duly appointed proxy need not be a securityholder of the company.

2. Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with your directions. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

3. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: If you have not previously lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by post, email or facsimile to Collaborate Corporation Limited:-

PO Box 356
West Perth, WA 6872

Email: shareholder@collaboratecorp.com

Fax: +61 8 9321 0721

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from the Company Secretary.

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