
SEPTEMBER 2016 QUARTERLY REPORT AND BUSINESS UPDATE

Collaborate Corporation Limited (ASX:CL8) is pleased to present its consolidated quarterly cash flow report and business update for the period ended 30 September 2016.

Key highlights include:

- + 18% increase in receipts from customers vs June 2016 Quarter and 39.0% increase in receipts vs September 2015 Quarter.
- + Highest ever results for Rental Transaction Value, Net Rental Days Booked and Net Rental Days Realised for DriveMyCar.
- + Rentals to UberX drivers accounted for 10% of total Net Rental Days Realised, growing 120% from August to September 2016 and showing very strong ongoing growth
- + 813% increase in MyCaravan revenue vs June 2016 Quarter.
- + \$420,000 placement funds received from existing shareholders
- + Following end of quarter, announcement of strategic agreement to support the launch of new online rental marketplace Mobilise to replace Rentoid.

Receipts from customers increased by 18% compared to the June 2016 Quarter due to growth in rental revenues and a higher than average increase in forward bookings. The increase in revenue was seen across the DriveMyCar and MyCaravan business units and was assisted by strong growth in revenues from rideshare rentals, an increase in the size of the caravan fleet and improved availability of corporate fleet vehicles, particularly at the end of the Quarter.

DriveMyCar

The September 2016 Quarter delivered the highest Rental Transaction Value ever achieved. Record results were also recorded for Net Rental Days Booked, Net Rental Days Realised and Number of Vehicle Rentals. These strong results were driven by improved marketing efficiency, the addition of rideshare rentals for UberX drivers and an increase in the number of corporate fleet vehicles.

Rental of rideshare approved vehicles to UberX drivers commenced in July 2016. Vehicles provided by corporate fleet owners including leasing companies and automotive dealers were progressively added to the fleet during the quarter with demand from rideshare drivers exceeding supply for the entire quarter. Vehicles were initially only available in Sydney, with Brisbane and Melbourne locations launching on 5 September. Net Rental Days Realised for rideshare rentals during the Quarter totalled 1,192 days which is 10% of the total reported for the whole of Australia. Out of the 1,192 days for rideshare, September accounted for 59% of the rideshare Net Rental Days Realised, a total of 702 days, which was an increase of 120% on the previous month. Due to the rapid uptake of rideshare rentals, there was some initial cannibalisation of vehicle supply that would otherwise have been devoted to standard rentals, thus the increase in Total Rental Transaction Value and Total Gross Revenue during the Quarter does not truly represent the full benefit of the additional demand driven by rideshare rentals.

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Month	Net Rental Days Realised	Monthly Growth %
July	171	
August	319	87%
September	702	120%
Total	1,192	

Rideshare rentals were also only available in three cities for one month of the Quarter. Subsequent to the end of the Quarter further vehicles have been secured to satisfy an increased level of rideshare demand, thus the December Quarter is more likely to show stronger growth in total revenue, especially as it will include a full 3 months of revenue from three cities, with improved vehicle supply.

October month to date performance indicates that rideshare Net Rental Days Realised for the December 2016 Quarter will be at least 150% higher than the September 2016 Quarter.

Rental Transaction Value increased by 7% compared to June 2016 Quarter and 15% compared to September 2015 Quarter, however this does not take into account the significant increase in revenue from forward bookings which drove an 18% increase in total receipts from customers (including MyCaravan) compared to the June 2016 Quarter.

Gross Profit and Gross Revenue declined compared to the June 2016 Quarter, however this does not reflect the true growth compared to the June 2016 Quarter which had benefited from the positive once off impact of the payment of the Claims Experience Discount resulting from low insurance claims and software development revenue from licensing of the rental booking platform. Allowing for these once off impacts, on a like-for-like basis, Gross Revenue increased by 6% and Gross Profit increased by 10% compared to June Quarter 2016.

At the end of the September Quarter forward bookings totalling in excess of \$50,000 Gross Revenue were in hand, a significant increase on previous quarters. The higher than average forward booking revenue is the result of higher demand in the lead up to the summer holiday period and the positive impact of the Pricing Engine technology which has enabled granular price increases based on expected demand. Prices for some vehicles in the peak period have been increased by over 50%, with no negative impact on the number of bookings. This is the first year that DriveMyCar has had the capability to increase prices based on demand and a material increase in revenue is expected in the December Quarter.

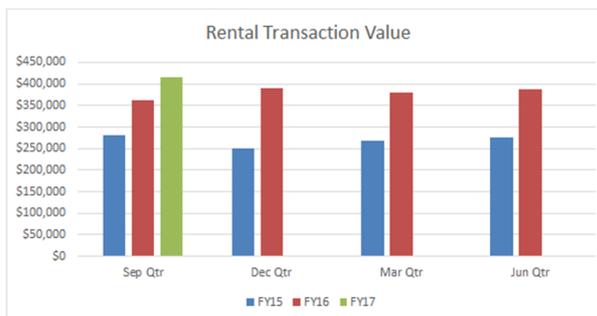
Net Rental Days Realised reached 11,713 days, the highest number achieved to date, an increase of 13.8% from the June 2016 Quarter and 40% from the September 2015 Quarter.

A total of 138 vehicles were activated during the September 2016 Quarter, a reduction from the previous Quarter (which was a record result). However, pleasingly corporate fleet vehicles made up a larger proportion of the number of vehicles activated. Corporate fleet vehicles have a higher level of availability and thus make a larger contribution to revenue and towards profitability. The marketing budget for the acquisition of privately owned vehicles remains at zero given the increasing availability of corporate vehicles. The listing of privately owned vehicles continues, driven by organic internet searches and ongoing PR.

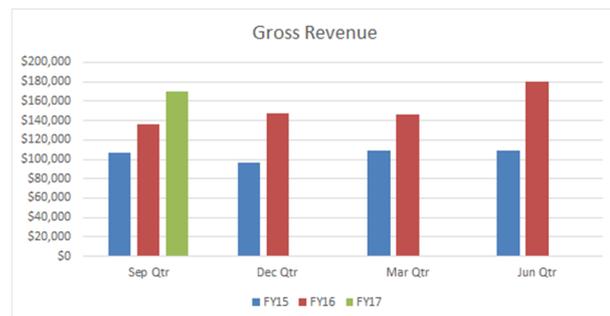
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Period	Rental Transaction Value ¹ '000	Gross Revenue ² '000	Gross Profit '000	Gross Profit %	Net Rental Days Realised ³	Net Rental Days Booked	Total Vehicle Activations	Calculator Enquiries	New Renter Registrations
Sep Qtr 2016	\$415	\$170	\$104	61%	11,713	11,928	138	1,770	1028
Sep Qtr 2015	\$362	\$136	\$86	63%	8,344	9,220	152	3,000	851
Dec Qtr 2015	\$390	\$147	\$98	67%	9,834	8,580	139	2,698	1149
Mar Qtr 2016	\$380	\$147	\$89	61%	9,613	10,633	193	3,041	893
Jun Qtr 2016	\$388	\$180 ⁴	\$138 ⁵	73%	10,289	11,311	201	3,156	830
Sep Qtr 2016 % growth vs Jun Qtr 2016	7.0%	-5.6% ⁴	-24.6% ⁵		13.8%	5.5%	-31.3%	-43.9%	23.9%
Sep Qtr 2016 % growth vs Sep Qtr 2015	15%	25%	21%		40%	29%	-9%	-41%	21%

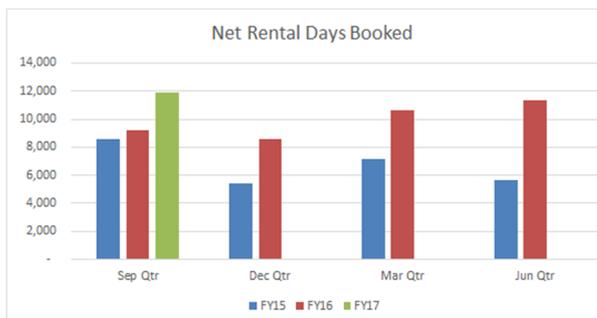
1. Rental Transaction Value is the total amount paid by the customers during the period.
2. Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes plus booking system revenue.
3. Net Rental Days Realised is the sum of rental days billed in the period.
4. Gross Revenue in June Quarter also included software development revenue from booking platform.
5. Gross Profit in June Quarter included software development revenue and payment of Claims Experience Discount as result of low level of insurance claims.



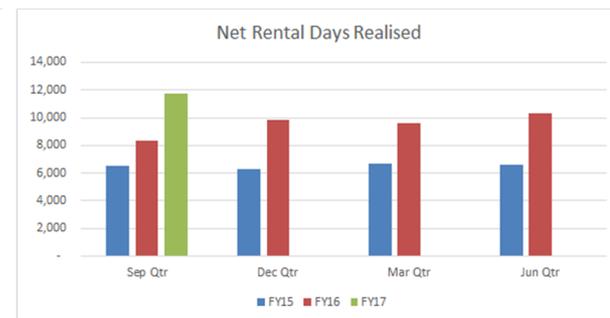
Graph 1: Rental Transaction Value



Graph 2: Gross Revenue



Graph 3: Net Rental Days Booked



Graph 4: Net Rental Days Realised

Subsequent to the end of the Quarter, the DriveMyCar fleet was enhanced by the addition of an initial fleet of Subaru Levorg's in Sydney & Brisbane, the automotive manufacturers

newest sports wagon. DriveMyCar is providing the opportunity for extended 'try before you buy' rentals that assist Subaru in promoting the new model and gaining valuable exposure. The Levorg has been popular with corporate rental and rideshare customers. As of 25 October the initial fleet of ten vehicles are 100% utilised with the potential to add more vehicles to the fleet. Subaru Liberty, Forester and XV models are also now available in Melbourne and rentals of these have commenced and further vehicles are expected to be made available in Perth.

An agreement was signed with Woodleys Motor Group, the leading automotive dealer group in the Tamworth region, for the supply of multiple vehicles in the region. This supply channel will be particularly beneficial for servicing peak demand during the peak tourist season accompanying the Tamworth Country Music Festival in January 2017.

The functionality of the rental booking platform that was delivered to a third party client in the June 2016 Quarter was further developed during the September 2016 Quarter, due to some additional requests from the client. Licensing revenues from transactional use of the platform is expected to be generated in the December 2016 Quarter and some small fees for additional software development will also be received.

MyCaravan

Rental Transaction Value in the September 2016 Quarter increased 813% compared to the June 2016 Quarter. The revenue in the September 2016 Quarter was equal to 79% of the total revenue achieved in the full twelve months of FY16. This significant increase was achieved as a result of increasing caravan activations, website traffic and customer enquiries. The online advertising campaign is responsible for much of the increase in caravan activations, which were 75% higher in the September 2016 Quarter than the FY16 average.

Mobilise

Subsequent to the end of the Quarter, www.Mobilise.com was announced as a replacement for the existing Rentoid website. The new website will launch in 2017. A strategic agreement with Aon Risk Services was also announced. Under the relationship, Aon will promote Mobilise to its strong network of clients, providing them with an effective platform to monetise idle assets and also gain temporary access to assets to grow their businesses. Furthermore, Aon will source insurance solutions from its panel of insurance providers to provide coverage for assets whilst on rental. To further strengthen the Mobilise proposition, Collaborate has appointed respected rental and equipment industry veteran, John Tolmie, as a strategic advisor to its Board. Mr Tolmie is the former Group CEO of Kennards Hire. Collaborate owns 100% of the Mobilise.com platform for coverage of Australian and all international markets.

FundX

Collaborate Corporation currently holds an 8.33% interest in SME cashflow financing provider, FundX. A Business Development Manager commenced in August 2016 to further expand the FundX customer base and significant progress has been made in development of the technology platform to facilitate integrations with accounting platforms. Strategic referral relationships are being developed with networks of referrers and are expected to contribute significant ongoing value to FundX due to the progress that has been made to date, and the increasing opportunities available for FundX, the Board of FundX has received several expressions of interests from parties to make equity investments into FundX and to provide lending funds for the invoice discounting/lending platform. The Board is reviewing these opportunities. Collaborate Corporation has an option to participate in a subsequent capital raising round by investing an amount equivalent of the first round

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investment (\$150,000) at the same price of its original investment, rather than at any increased valuation. Collaborate will advise shareholders of any decision to increase its investment in FundX.

Corporate

During the September Quarter, a total of \$420,000 was received from existing shareholders via equity raisings, of which \$250,000 was received via the Tranche 2 December 2015 Placement and Tranche 2 May 2016 Placement (following shareholder approval obtained at the 10 August 2016 EGM) and \$170,000 was received under the first draw down on the Flexible Equity Facility (the details of which were announced on 28 June 2016). An additional \$100,000 is due to be received under the first draw down however is subject to shareholder approval at the 2016 Annual General Meeting to be held on 22 November 2016.

At the end of the Quarter, the Company also executed an agreement with Dominet Digital Corporation (**Dominet**), an entity associated with former Collaborate Director Mr Domenic Carosa, for an advance of up to \$100,000 (**Advance**) in order to receive the funds previously committed by that entity under the first draw down on the Flexible Equity Facility. The Advance is available on a short-term and interest-free basis and, subject to shareholder approval at the 2016 AGM, will be offset against the amount payable by Dominet for the subscription for shares under the first draw down.

Cash on hand at the end of the September Quarter was \$130,000 however the Company has \$1.98 million capacity remaining under the Flexible Equity Facility. The Company has discretion as to the quantum and timing of each drawdown and may also raise funds from alternative sources.

The receipt of a \$170,000 R&D Tax Incentive Refund is expected in the December 2016 Quarter.

The 2016 AGM will be held at The York Conference & Function Centre in Sydney on Tuesday, 22 November 2016 commencing at 3:00 pm AEDT. The Board encourages shareholders to attend the AGM and meet the directors of Collaborate. An updated presentation will be provided at the meeting and shareholders will have the opportunity to ask questions of the Directors.

Authorised by:

Chris Noone
CEO and Director
Collaborate Corporation Limited

About Collaborate Corporation Limited

Collaborate Corporation Limited is listed on the Australian Securities Exchange (ASX:CL8). It is Australia's leading listed company focused on 'collaborative consumption', 'peer-to-peer' or 'sharing economy' businesses. Collaborate currently has two core business segments: www.DriveMyCar.com.au Australia's leading peer-to-peer car rental business and www.MyCaravan.com.au Australia's leading peer-to-peer caravan rental business and will launch www.Mobilise.com in 2017, a rental marketplace for under-utilised assets. Collaborate has a material investment in FundX, a peer-to-peer invoice discounting and SME lending platform. Through our proprietary trust and reputation platform, www.peerpass.com.au we create 'trust' between individuals and make it possible for people to safely transact with each other in the sharing economy.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Collaborate Corporation Limited (ASX: CL8)

ABN

60 066 153 982

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	503	503
1.2 Payments for		
(a) research and development	(98)	(98)
(b) product manufacturing and operating costs	(433)	(433)
(c) advertising and marketing	(92)	(92)
(d) leased assets	-	-
(e) staff costs	(141)	(141)
(f) administration and corporate costs	(146)	(146)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(407)	(407)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	420	420
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	420	420

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	117	117
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(407)	(407)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	420	420

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	130	130

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	130	117
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	130	117

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	70
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' remuneration for the period.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

-

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	100	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	2,250	270
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 28 June 2016, the Company announced that it had entered into facility agreements to raise up to a total of \$2,250,000 (**Equity Facilities**) from a number of unrelated sophisticated investors in the Company (**Subscribers**) and Dominet Digital Corporation Pty Ltd (**Dominet**), a company controlled by a former director, Mr Domenic Carosa and therefore a related party of Collaborate.

On 18 July 2016, the Company issued notices for the first draw down under the Equity Facilities (**First Draw Down**) for amounts totalling \$270,000, of which the Company has received \$170,000 from the Subscribers and \$100,000 of which relates to Dominet and is subject to shareholder approval at the 2016 AGM.

At 30 September 2016, the amount of the Equity Facilities available to be drawn is \$1.98 million

On 30 September 2016, the Company announced that it had entered into an agreement with Dominet for an advance of up to \$100,000 (**Advance**) in order to receive the funds owed under the First Draw Down. The Advance is available on a short-term and interest-free basis and, subject to shareholder approval at the 2016 AGM, will be offset against the amount payable by Dominet for the subscription for shares under the First Draw Down. The amount drawn on the Advance at quarter end was nil. Subsequent to the end of the quarter, the Company drew down \$20,000.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	120
9.2 Product manufacturing and operating costs	420
9.3 Advertising and marketing	100
9.4 Leased assets	-
9.5 Staff costs	195
9.6 Administration and corporate costs	115
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	950

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10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 27 October 2016

CEO and Director

Print name: Chris Noone

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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