Appendix 4D – Half Year Report

(ASX Listing rule 4.2A)

Company Name:	Carly Holdings Limited (the **Company**)
ABN:	60 066 153 982
Reporting Period:	Half year ended 31 December 2020
Previous Reporting Period:	Half year ended 31 December 2019

Result for Announcement to the Market

The results of Carly Holdings Limited for the half year ended 31 December 2020 are as follows:

Revenue	Down	13.5%	to	$493,782
Loss from continuing operations	Up	3.8%	to	($1,762,478)
Net loss for the period attributable to members	Up	3.8%	to	($1,762,478)

Dividends

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

Net Tangible Assets per Share

	31 December 2020*	31 December 2019
Net Tangible Assets per Share (cents)	0.03	0.11

*The Company completed a 25-for-1 consolidation of capital on 2 December 2020.

Explanation of results

Carly Holdings Limited recorded operating revenue of $493,782 for the half year ended 31 December 2020 (2019: $570,563), being a decrease of 13.5% compared to the prior year period. Loss from continuing operations for the half year was $1,762,478 (2019: $1,698,528) and net loss for the period attributable to members was $1,762,478 (2019: $1,698,528).

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

Interim review of accounts

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

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

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

Carly Holdings Limited

ACN 066 153 982

(formerly Collaborate Corporation Limited)

INTERIM FINANCIAL REPORT
31 DECEMBER 2020

CONTENTS

CORPORATE DIRECTORY

Directors

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

Company Secretary

Ms Karen Logan

Registered Office and Principal Place of Business

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

Share Registry

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

Securities Exchange

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

Auditor

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

Bankers

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

The Directors present the interim financial report of the consolidated entity consisting of Carly Holdings Limited (formerly Collaborate Corporation Limited) (the **Company** or **Parent Entity**) and its controlled entities (the **consolidated entity** or **Group**) for the half year ended 31 December 2020 and the independent auditor's review report thereon.

Directors and Company Secretary

The following persons held office as Directors of the Company during or since the end of the half year period ended 31 December 2020 until the date of this report. Directors were in office for the entire period unless stated otherwise.

Name	Position
Mr Chris Noone	Chief Executive Officer and Executive Director
Mr Adrian Bunter	Non-Executive Director
Ms Michelle Vanzella	Non-Executive Director
Mr Stephen Abolakian	Non-Executive Director
Mr Robert (Robbie) Blau	Non-Executive Director
Mr Todd Hunter	Non-Executive Director
Mr Kevin Wundram	Alternate Director to Mr Blau

The following person held office as Company Secretary of the Company during the half year ended 31 December 2020 until the date of this report.

Ms Karen Logan	Company Secretary

Results

The net loss after tax of the Group for the half-year was $1,762,478 (2019: loss of $1,698,528).

The Group's gross revenue from continuing operations decreased by 13.5% to $493,782 in this half year, and gross profit from continuing operations decreased by 21% to $193,688. The net loss from continuing operations increased by 3.8% to $1,762,478. Net assets increased by 471% to $473,123.

Review of Operations

Collaborate Corporation Limited completed the name change to Carly Holdings Limited on 15 December 2020 to better reflect the links between the core operations of the business and the parent company's identity and leverage increasing awareness of the Carly brand. The change of name follows strong growth of the Carly car subscription business in H1 FY21, with subscriptions comprising 59% of total rental & subscription receipts in the December 2020 Quarter vs 23% in the December 2019 Quarter. Notably, Subscription Transaction Value also increased by 76% in H1 FY21 vs the prior 6-month period.

While strong growth was achieved in H1 FY21 Carly Car Subscription, full growth potential was not achieved due to the lack of supply of vehicles in the market generally. The COVID-19 pandemic has caused significant disruption to global automotive supply chains which has resulted in a deficit of new cars in Australia and a substantial increase in the price of used cars. The limited supply of vehicles is being experienced by automotive dealers, corporate fleets and Carly alike. During this challenging period Carly has been successful in retaining its core fleet of vehicles provided by automotive manufacturers, dealers and fleet management organisations, however it has proven difficult to secure significant additional vehicles to keep pace with the level of demand for subscriptions. Given the stronger growth potential for the car subscription revenue stream, especially in times of economic uncertainty, the group will continue to focus resources on car subscription services and decrease exposure to the less predictable car rental and rideshare rental revenue streams, which are more heavily impacted by COVID-19 lockdowns and travel restrictions.

Review of Operations (continued)

Despite the very tight supply constraints, Carly signed vehicle supply agreements with leading automotive dealers and manufacturers and continued to progress discussions with a number of other potential suppliers of vehicles. The Alto Group in Sydney has provided new Audi and Skoda vehicles for Carly and Ringwood Mazda is providing Mazda vehicles in Melbourne. Hyundai Motor Company Australia has expanded its offering in Sydney with the addition of Ioniq EV & Ioniq PHEV electric vehicles. Genesis Motors Australia signed an agreement for the addition of Genesis luxury vehicles to both the Carly and DriveMyCar platforms. Carly is exploring a number of alternative vehicle supply opportunities to increase the diversity of supply and to better manage and control the availability of vehicles to help fuel the growth of the subscription business.

On 23 September 2020, Carly Holdings announced that Turners Automotive Group (ASX: TRA; NZX: TRA), Carly's third largest shareholder, launched Turners Subscription in New Zealand. The car subscription proposition is supported by the Carly subscription platform under a licensing agreement and follows Turners' $1 million strategic investment in Collaborate in July 2019. Carly generates income from a platform licensing fee based on subscription revenue, and from custom technology development and the provision of customer service assistance to Turners Subscription. Turners Subscription has also received a New Zealand Government co-funding boost of almost $100,000, which will allow it to add a fleet of ten electric vehicles to its new subscription offer. The subscription proposition is branded 'Turners Subscription' to leverage the strong brand recognition in New Zealand and reflect the increasing importance of flexible mobility solutions to Turners Automotive's revenue streams. Through the licensing agreement with Turners and its own Carly-branded offering in Australia, Carly was the first car subscription service provider operational in Australia and New Zealand. The licensing arrangement and launch in New Zealand enables Collaborate to leverage its existing investment in the technology platform supporting Carly, and access a substantial new market with the support of Turners.

Carly car subscription secured a product ruling from the Australian Taxation Office (ATO) that provides a clear framework for Carly subscribers using cars for business or work purposes to claim tax deductions. The ATO Product Ruling is exclusive to Carly and sets the benchmark for the car subscription category. It does not provide coverage to any other car subscription offering. As a result, Carly is the only car subscription offering that can currently provide certainty of tax deductibility on car subscription payments. Because Carly's subscription model differs from a traditional finance or purchase model, the Company worked with the ATO to obtain a product ruling on its car subscription service. The ATO Product Ruling (PR 2020/11), which applies from 26 August 2020, ensures subscribers can claim the car subscription payments as a tax deduction when the subscription is used for business or work purposes. Importantly, the ruling covers individuals as well as businesses, which will be critical as Carly extends its offering into the significant business market. The ATO Product Ruling is specific to Carly and provides a number of benefits for individuals and businesses.

On 30 October 2020, the Company completed a partially underwritten non-renounceable entitlement offer of shares and free-attaching options pursuant to the prospectus dated 14 September 2020 (Entitlement Issue). 68% of the total Shares offered under the Entitlement Issue were taken up, raising $2,354,725 before costs. The $850,000 Financing Facility provided by Willoughby Capital, together with accrued interest of $125,782 to 30 October 2020 was offset against commitments under the offer. The Entitlement Issue was offered to shareholders registered at the Record Date of 18 September 2020 on the basis of one (1) New Share for every three (3) Shares held, together with one (1) free attaching option for every five (5) New Shares subscribed for and issued. The Entitlement Issue was partially underwritten by existing shareholders of the Company namely SG Fleet Management Pty Limited and Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust, alongside Directors of the Company Adrian Bunter and Chris Noone and Chief Operating Officer, Ben Hershman.

Carly Holdings announced the completion of a Small Holdings Sale Facility on 6 July 2020. The Facility was provided to enable shareholders with Small Holdings to sell their shares without having to use a broker or pay brokerage or handling costs. In accordance with the Company's Constitution and the ASX Listing Rules, Small Holdings, with a market value of less than $500, were determined to be any registered shareholding of less than 71,429 shares based on the closing price of CL8 Shares of $0.007 on the Record Date. Existing shareholders of the Company agreed to purchase the Small Holdings from Eligible Shareholders under the Facility, namely SG Fleet, alongside CEO and Director, Chris Noone. Following completion of the Small Holdings Sale Facility, the Company had 769 shareholders and expects a reduction in administrative costs, including printing and mailing costs and share registry expenses.

Review of Operations (continued)

A new investor website was launched in December 2020 to highlight the Carly Holdings investment opportunity www.carly.co/investors. Following receipt of shareholder approval at the Annual General Meeting on 19 November 2020, the Company completed a 25-for-1 consolidation of capital on 2 December 2020. The purpose of the consolidation of capital was to implement a more appropriate capital structure for the Company going forward.

In H2 FY21 Carly Holdings continues to focus on the growth of the car subscription revenue stream, with a major emphasis on vehicle supply from multiple sources to meet the level of demand from consumers and businesses.

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

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' Report for the half-year ended 31 December 2020.

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

Chris Noone
CEO and Executive Director

Dated at Sydney, New South Wales, this 26th day of February 2021.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Carly Holdings Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia	**M R Ohm**
26 February 2021	**Partner**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated 31 Dec 2020 $	31 Dec 2019 $
Revenue from continuing operations	3	493,782	570,563
Cost of sales		(300,094)	(324,365)
Gross profit		**193,688**	**246,198**
Other income		197,015	-
Corporate and administrative expenses		(1,587,383)	(1,408,887)
Research and development expenses		(543,808)	(494,287)
		(1,934,176)	(1,936,452)
Results from continuing activities		**(1,740,488)**	**(1,656,976)**
Finance income		3,789	5,341
Finance costs		(25,779)	(46,893)
Net financing costs		(21,990)	(41,552)
Loss before income tax		**(1,762,478)**	**(1,698,528)**
Income tax benefit/(expense)		-	-
Loss from continuing operations		**(1,762,478)**	**(1,698,528)**
Other comprehensive income		-	-
Total comprehensive result for the period		(1,762,478)	(1,698,528)
Loss per share from continuing operations:			
Basic loss per share (cents per share) (restated)	13	(3.55)	(4.34)
Diluted loss per share (cents per share) (restated)	13	(3.55)	(4.34)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	Consolidated 31 Dec 2020 $	30 Jun 2020 $
CURRENT ASSETS			
Cash and cash equivalents		1,325,278	1,433,953
Trade and other receivables	5	76,825	62,653
Other current assets		87,186	72,305
Total Current Assets		1,489,289	1,568,911
NON-CURRENT ASSETS			
Property, plant and equipment		24,947	21,854
Right of use asset (office lease)	8(a)	446,604	52,382
Intangible assets	4	7,967	13,136
Total Non-Current Assets		479,518	87,372
TOTAL ASSETS		**1,968,807**	**1,656,283**
CURRENT LIABILITIES			
Trade and other payables	6	810,786	702,863
Lease liabilities	8(b)	138,723	56,622
Other current liabilities	7	182,271	132,997
Related party advance and borrowings	9	-	850,000
Total Current Liabilities		1,131,780	1,742,482
NON-CURRENT LIABILITIES			
Lease liabilities	8(b)	311,636	-
Other non-current liabilities	7	52,268	41,231
Total Non-current Liabilities		363,904	41,231
TOTAL LIABILITIES		**1,495,684**	**1,783,713**
NET ASSETS		**473,123**	**(127,430)**
EQUITY			
Issued capital	10	19,058,303	16,751,048
Reserves		772,995	989,426
Accumulated losses	12	(19,358,175)	(17,867,904)
TOTAL EQUITY		**473,123**	**(127,430)**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Notes	Issued Capital	Reserves	Accumulated losses	Total
		$	$	$	$
Balance at 1 July 2019		33,694,524	1,018,029	(33,209,032)	1,503,521
Loss for the period		-	-	(1,698,528)	(1,698,528)
Total comprehensive loss for the period		-	-	(1,698,525)	(1,698,528)
Issue of share capital		3,907,925	-	-	3,907,925
Share issue costs		(269,162)	-	29,645	(239,517)
Share-based payment expense		-	38,417	-	38,417
Expiration of options		-	(45,545)	45,545	-
Balance at 31 December 2019		**37,333,287**	**1,010,901**	**(34,832,370)**	**3,511,818**
Balance at 1 July 2020		16,751,048	989,426	(17,867,904)	(127,430)
Loss for the period		-	-	(1,762,478)	(1,762,478)
Total comprehensive loss for the period		-	-	(1,762,478)	(1,762,478)
Issue of share capital	10	2,354,725	-	-	2,354,725
Share issue costs	10	(47,470)	-		(47,470)
Share-based payment expense	11	-	55,776	-	55,776
Expiration and lapse of options	12	-	(272,207)	272,207	-
Balance at 31 December 2020		19,058,303	772,995	(19,358,175)	473,123

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Consolidated	
	31 Dec 2020 $	31 Dec 2019 $
Cash flows from operating activities		
Receipts from customers	1,493,705	1,546,382
Payments to suppliers and employees	(3,022,000)	(2,914,045)
Interest received	3,058	4,120
Interest paid on lease liability	(7,579)	(6,073)
Payments for short term leases	(31,052)	(32,888)
Finance costs	-	(1,901)
Government grants received	192,500	-
Net cash used in operating activities	**(1,371,368)**	**(1,404,405)**
Cash flows from investing activities		
Purchase of intangible assets	-	(4,401)
Net cash used in investing activities	**-**	**(4,401)**
Cash flows from financing activities		
Payment of principal amounts on lease liability	(79,138)	(80,074)
Proceeds from issue of shares	1,378,943	3,692,171
Payment of share issue costs	(37,112)	(271,827)
Payment of transaction costs for borrowings	-	(12,611)
Net cash provided by financing activities	1,262,693	**3,327,659**
Net increase/ (decrease) in cash held	(108,675)	**1,918,853**
Cash and cash equivalents at the beginning of the period	1,433,953	1,246,590
Cash and cash equivalents at the end of the period	**1,325,278**	**3,165,443**

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Carly Holdings Limited (formerly Collaborate Corporation Limited) the (**Company** or **Parent Entity**) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company for the half-year ended 31 December 2020 comprise the Company and its subsidiaries (**Consolidated Entity** or **Group**). The Company is domiciled in Australia.

The annual financial report of the consolidated entity for the year ended 30 June 2020 is available upon request from the Company's registered office or may be viewed on the Company's website, www.carly.co/investors.

(b) Basis of Preparation

Statement of Compliance

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

The interim financial statements were authorised for issue by the Board on 26 February 2021.

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

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and considered together with any public announcements made by the Company during the half-year ended 31 December 2020 in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of measurement

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

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

Going concern

These financial statements have been prepared on a going concern basis which assumes the Group realising its assets and extinguishing its liabilities in the normal course of business. The Directors acknowledge that stakeholders may be concerned regarding the ability of the Group to continue as a going concern due to the Group having incurred a net loss of $1,762,478 during the half year (December 2019: loss of $1,698,528).

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

- The Group held cash and cash equivalents of $1,325,278 as at 31 December 2020;
- The Directors remain committed to the long-term business plan, including ongoing review of current products and the potential introduction of new products that are anticipated to contribute to improved results as the business units progress;
- The plans and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce sustained or improved results;

- The Group has a demonstrated ability to access various capital raising mechanisms as and when required. These capital funding mechanisms are available via existing shareholders of the Group as well as potential new shareholders. For example, the Company raised:
  - $2,354,725 before costs (including offset of the $850,000 Financing Facility and accrued interest) through a non-renounceable entitlement issue, which was partly underwritten by existing shareholders and officers of the Company;
  - $2,205,730 via an investment from a strategic investor in November 2019;
  - $507,875 from the exercise of employee and unquoted options in November 2019 and January 2020; and
  - $1,598,491 before costs (including offset of a $150,000 advance) through a non-renounceable entitlement issue in August 2019, which was partly underwritten by existing shareholders and officers of the Company.
- The Group also has access to a controlled placement facility with Acuity Capital for up to $3,000,000 of equity over a 30-month period to 31 July 2021 in accordance with the terms of the facility (as announced to ASX on 10 January 2019).

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

Significant accounting judgements, estimates and assumptions

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

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020, except for the change in accounting policy and impact of the new standards and interpretations effective from 1 July 2020 as described below.

Change in accounting policy

Expected credit loss
The Group applies a simplified approach to measuring expected credit losses in accordance with AASB 9. The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on a matrix which approximates expected credit loss based on management's assessment of probable default rates based on ageing categories. However, where there is no reasonable expectation of recovery, trade receivables are written off.

Previously, the Group recognised impairment losses on receivables from customers in corporate and administrative expenses. With effect from 1 July 2020, the Group recognises the impairment losses for the period in cost of sales. Refer to Note 3 for information relating to the impairment loss on trade receivables for the current period. The information presented for 31 December 2019 has been restated. There is no impact to profit and loss or opening accumulated losses on the adoption of this change in accounting policy in the current or comparative years.

Significant accounting policies

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

(i) Adoption of new and revised standards

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

(ii) Standards and interpretations in issue not yet adopted

The Directors have also reviewed new and revised standards and interpretations in issue not yet adopted that are relevant to the Group and effective for the reporting periods beginning on or after 1 January 2021. The Directors have determined that there is no material impact of the new and revised standards and interpretations in issue not yet adopted and therefore no material change is necessary to the Group's accounting policies.

2. SEGMENT INFORMATION

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

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Six months to 31 Dec 2020 $	Six months to 31 Dec 2019 $
Overtime		
Revenues from vehicle subscription and rental services	493,782	570,563
Total Revenue	**493,782**	**570,563**

The Group recognised an impairment loss on receivables from customers in cost of sales in the condensed consolidated statement of profit or loss and other comprehensive income, amounting to $21,630 for the six months ended 31 December 2020 (2019: $33,278).

4. INTANGIBLE ASSETS

	31 Dec 2020 $	30 Jun 2020 $
Carrying value of trademarks	7,967	13,136
	7,967	**13,136**

5. TRADE AND OTHER RECEIVABLES

Trade receivables	76,820	62,646
Other receivables	5	7
	76,825	**62,653**

6. TRADE AND OTHER PAYABLES

Trade payables	225,565	190,620
Deposits held	70,614	69,439
Other payables and accruals	514,607	342,801
Interest payable	-	100,003
	810,786	**702,863**

7. OTHER LIABILITIES	31 Dec 2020 $	30 Jun 2020 $
Current		
Provision for annual leave	149,651	105,263
Provision for long service leave	24,233	21,228
Deferred revenue	8,387	6,506
	182,271	**132,997**
Non-current		
Provision for long service leave	52,268	41,231
	52,268	**41,231**

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

8. LEASES		
(a) Right-of-use assets – office lease		
Balance at beginning of period	52,382	209,526
Additions to right-of-use assets	472,874	-
Depreciation charge for the period	(78,652)	(157,144)
Balance at end of period	**446,604**	**52,382**
(b) Lease liability		
Current	138,723	56,622
Non-Current	311,636	-
	450,359	**56,622**
(c) Amounts recognised in profit or loss – office lease		
Interest on lease liabilities	7,579	6,073
Depreciation on right-of-use assets	78,652	78,572

(d) Lease Liability (contractual maturity)	Carrying amount $	< 12 months $	> 12 months $
Lease liability at 31 December 2020	450,359	138,723	311,636
Lease liability at 30 June 2020	56,622	56,622	-

New Office Lease – from 1 November 2020

The Group measures the right-of-use asset and lease liability for the lease on office premises using a 6.47% discount rate (based on commercial borrowing rate at the time of renewal of the office lease) over a 3-year lease term commencing 1 November 2020.

Previous Office Lease – to 31 October 2020

The Group measured the right-of-use asset and lease liability for the lease on office premises using a 4% discount rate (based on contractual rental increase rate) over a 3-year lease term to 31 October 2020.

Warehouse Lease

The Group applies the practical expedient in AASB 16 Appendix C, C10 which allows the Group to account for the warehouse lease in the same way as short-term leases. The Group recognised $31,052 (2019: $32,888) of leasing expense in the current period in relation to the warehouse premises.

9. RELATED PARTY ADVANCE AND BORROWINGS

	31 Dec 2020 $	30 Jun 2020 $
Current		
Financing Facility	-	850,000
	-	**850,000**

The Financing Facility was provided by Hishenk Pty. Ltd. (**Hishenk**). Hishenk is a related party of the Company by virtue of Mr Abolakian's father being sole director and both his parents being shareholders of Hishenk.

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

Terms of the Financing Facility

The Financing Facility was unsecured and provided at a simple commercial interest rate of 12% per annum calculated based on amount drawn. With effect from 1 October 2019, the simple interest payable was agreed to be reduced to 9% per annum. The Financing Facility was not subject to any covenants.

During the term of the Financing Facility, the parties agreed to extend the repayment date as follows:

(a) on 16 July 2019, from 30 September 2019 to 31 March 2020;
(b) on 31 March 2020, from 31 March 2020 to 1 July 2020;
(c) on 30 June 2020, from 1 July 2020 to 1 October 2020; and
(d) on 14 September 2020, from 1 October 2020 to 13 November 2020.

On 31 August 2020, the parties agreed the Financing Facility would be used to offset a portion of Willoughby Capital's underwriting commitments of $1,000,000 under the non-renounceable entitlement issue of shares and free-attaching options to raise up to $3,455,257 (**2020 Entitlement Issue**). On 14 September 2020, Willoughby Capital agreed to also offset accrued interest of $125,782 to 30 October 2020 under the 2020 Entitlement Issue. The 2020 Entitlement Issue completed on 30 October 2020 raising $2,354,725 before costs, including offset of a total of $975,782 (comprising the Financing Facility and accrued interest).

10. ISSUED CAPITAL

	31 Dec 2020 $	30 Jun 2020 $
56,535,414 (30 June 2020: 1,151,752,495) fully paid ordinary shares	**19,058,303**	**16,751,048**

(a) Ordinary shares

The following movements in issued capital occurred during the period:

	Six months to 31 December 2020 Number of Shares	Six months to 31 December 2020 $
At beginning of financial period	1,151,752,495	16,751,048
Issue of shares at $0.009 each: 2020 Entitlement Issue, including offset of Financing Facility and accrued interest	261,636,111	2,354,725
Consolidation of capital (25 to 1)	(1,356,853,192)	-
Less: transaction costs arising from share issues	-	(47,470)
At end of financial period	56,535,414	19,058,303

10. ISSUED CAPITAL (continued)

(b) Options

In December 2020, the Company completed a 25 to 1 consolidation of capital. The number and exercise prices of the options set out below are as at the relevant date of issue, expiry or lapse.

The following options were issued during the period:

Class	Expiry Date	Exercise Price	Number of Options
Employee Options[1]	1 September 2023	$0.010	5,437,961
Tranche 2 Unquoted Options [1 3]	31 October 2022	$0.0150	52,327,203
Executive Options[1]	19 November 2025	$0.0150	40,500,000

The following options expired during the period:

Class	Expiry Date	Exercise Price	Number of Options
Employee Options[1]	1 September 2020	$0.0386	2,081,796
Officer A Options[1]	23 November 2020	$0.05	7,000,000
Officer B Options[1]	23 November 2020	$0.08	10,500,000
Executive A Options[1]	28 November 2020	$0.02	883,333
Executive B Options[1]	28 November 2020	$0.03	883,333
Tranche 1 Unquoted Options[2]	18 December 2020	$0.3750	6,928,629

The following options lapsed in accordance with the terms of the Company's Incentive Option Plan during the period:

Class	Expiry Date	Exercise Price	Number of Options
Employee Options[2]	3 September 2021	$0.5275	23,672

There were no options exercised during the period.

As at the end of the period, options on issue were as follows (on a post-consolidation basis)[2]:

Class	Expiry Date	Exercise Price	Number of Options
Employee Options	3 September 2021	$0.5275	53,931
Employee Options	1 February 2022	$0.4075	10,401
Employee Options	7 May 2022	$0.3125	40,000
Employee Options	7 May 2022	$0.3750	40,000
Employee Options	2 September 2022	$0.2500	70,021
Employee Options	1 January 2023	$0.5000	13,980
Employee Options	16 March 2023	$0.2500	60,000
Employee Options	11 May 2023	$0.2500	120,000
Employee Options	1 September 2023	$0.2500	217,516
Tranche 2 Unquoted Options	31 October 2022	$0.3750	2,093,063
Executive Options	19 November 2025	$0.3750	1,620,000
Total number of options			**4,338,912**

Notes to the tables of options:

1. These details are on a pre-consolidation basis.
2. These details are on a post-consolidation basis.
3. Subscribers under the 2020 Entitlement Issue received free-attaching Tranche 2 Unquoted Options on a 1-for-5 basis.

None of these options are quoted.

11. SHARE BASED PAYMENTS

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

Class of Option	Grant date	Expiry date	Exercise Price[1]	Balance at the start of the year	Granted[1]	Exercised/ Lapsed/ Consolidation[2]	Vested during the period[3]	Balance at the end of the period[3]
Employee	4 Sep 2020	1 Sep 2023	$0.0100	-	5,437,961	(5,220,445)	217,516	217,516
Executive	19 Nov 2020	19 Nov 2025	$0.0150	-	40,500,000	(38,880,000)	405,000	1,620,000

The inputs used to determine the fair value of options at the date of grant are outlined below:

Item	Employee Options	Executive Options – Tranche 1	Executive Options – Tranche 2	Executive Options – Tranche 3
Grant date	4 September 2020	19 November 2020	19 November 2020	19 November 2020
Share price at grant date[1]	$0.0080	$0.0080	$0.0080	$0.0080
Expiry date	1 September 2023	19 November 2025	19 November 2025	19 November 2025
Exercise price[1]	$0.0100	$0.0150	$0.0150	$0.0150
Valuation methodology	Black Scholes option pricing model (internal)	Black Scholes option pricing model	Hybrid barrier up and in trinomial option pricing model	Hybrid barrier up and in trinomial option pricing model
VWAP Barrier	Nil	Nil	$0.025	$0.030
Performance period (years)	Not applicable	5	5	5
Expected volatility[4]	70%	70%	70%	70%
Risk-free rate	0.27%	0.355%	0.355%	0.355%
Dividend yield	Nil	Nil	Nil	Nil
Number of options[1]	5,437,961	13,500,000	13,500,000	13,500,000
Valuation per option[1]	$0.00317	$0.0034	$0.0033	$0.0032
Valuation of options	$17,259	$45,900	$44,500	$43,200

Notes to the share-based payments tables:

1. These details are on a pre-consolidation basis.
2. This shows the impact of the consolidation of capital.
3. These details are on a post-consolidation basis.
4. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Employee Options

The fair value of the Employee Options was calculated internally using a Black-Scholes valuation model and fully expensed in the reporting period. Total expense recognised in corporate and administrative expenses during the period was $17,259 (2019: $38,417) in respect of Employee Options granted and vested.

11. SHARE BASED PAYMENTS (continued)

Executive Options

Following receipt of shareholder approval at the annual general meeting held on 19 November 2020, the Company issued to Mr Chris Noone, CEO and Executive Director, 40,500,000 Executive Options (1,620,000 on a post-consolidation basis) as set out in the tables above.

Each Executive Option entitles the holder to subscribe for one share as follows (on a post-consolidation basis):

Executive Options Tranche	Exercise Price	Vesting Date	Expiry Date	Number of Executive Options
Tranche 1	$0.3750	19 November 2020	19 November 2025	135,000
Tranche 1	$0.3750	19 November 2021	19 November 2025	135,000
Tranche 1	$0.3750	19 November 2022	19 November 2025	135,000
Tranche 1	$0.3750	19 November 2023	19 November 2025	135,000
Tranche 2	$0.3750	19 November 2020	19 November 2025	135,000
Tranche 2	$0.3750	19 November 2021	19 November 2025	135,000
Tranche 2	$0.3750	19 November 2022	19 November 2025	135,000
Tranche 2	$0.3750	19 November 2023	19 November 2025	135,000
Tranche 3	$0.3750	19 November 2020	19 November 2025	135,000
Tranche 3	$0.3750	19 November 2021	19 November 2025	135,000
Tranche 3	$0.3750	19 November 2022	19 November 2025	135,000
Tranche 3	$0.3750	19 November 2023	19 November 2025	135,000

The Executive Options have a cashless exercise mechanism and will vest upon achievement of performance conditions linked to growth in the market price of CL8 shares as follows (on a post-consolidation basis):

Executive Options Tranche	Number of Executive Options	Performance condition
Tranche 1	540,000	None
Tranche 2	540,000	Volume weighted average market price (**VWAP**) of $0.625 for CL8 Shares as traded on ASX for a continuous 20-day period
Tranche 3	540,000	VWAP of $0.75 for CL8 Shares as traded on ASX for a continuous 20-day period

The fair value of the Executive Options was calculated by an independent expert using the valuation methodologies and inputs described above. The vested portions of the Executive Options were fully expensed in the reporting period. Total expense recognised in corporate and administrative expenses during the period was $38,517 (2019: nil) in respect of Executive Options granted and vested.

	Consolidated Group	
12. ACCUMULATED LOSSES	**Six months to 31 Dec 2020 $**	**Year to 30 June 2020**
Movement in accumulated losses were as follows:		
Accumulated losses at beginning of the year	(17,867,904)	(33,209,032)
Capital reduction under s258F[1]	-	20,612,672
	(17,867,904)	(12,596,360)
Transfer from reserves	272,207	69,097
Transfer to share issue costs	-	29,644
Loss for the period	(1,762,478)	(5,370,285)
Accumulated losses at end of the period	**(19,358,175)**	**(17,867,904)**

Notes:

1. The balance of accumulated losses as at 30 June 2020 included issued capital that had been lost or was not represented by available assets. In accordance with section 258F of the Corporations Act, the Company reduced its paid up issued capital balance by $20,612,672 with an equal reduction of the accumulated losses balance. There was no impact on shareholders from the capital reduction as no shares were cancelled or rights varied. Similarly, creditors were not affected as there was no change in available assets. There was also no impact on the availability of the Company's tax losses from this capital reduction.

13. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share at 31 December 2020 was based on the loss attributable to ordinary shareholders of $1,762,478 (2019: $1,698,528) and a weighted average number of ordinary shares have been retrospectively adjusted as if the consolidation of capital took place at the earliest period presented of 49,615,768 (2019: 39,143,680) calculated as follows:

	Consolidated Group	
	Six months to 31 Dec 2020 $	**Six months to 31 Dec 2019 $**
Loss attributable to ordinary shareholders (basic)		
Loss attributable to the ordinary shareholders	(1,762,478)	(1,698,528)
	2020 Number	**2019 Number**
Weighted average number of ordinary shares for the purpose of basic earnings per share	49,615,768	39,143,680
Weighted average number of ordinary shares for the purpose of diluted earnings per share	49,615,768	39,143,680
	2020	**2019**
Basic and diluted loss per share from continuing operations (cents per share)	(3.55)	(4.34)

14. FINANCIAL INSTRUMENTS

The Group has a number of financial instruments which are not measured at fair value on a recurring basis. The carrying amounts of these financial instruments approximate their fair value.

15. EVENTS SUBSEQUENT TO REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and has caused significant disruption to global automotive supply chains which has resulted in a deficit of new cars in Australia and a substantial increase in the demand for and prices of used cars. The limited supply of vehicles is being experienced by automotive dealers, corporate fleets and Carly alike. It is not practicable to estimate the potential impact of the COVID-19 pandemic, positive or negative, on the consolidated entity after the reporting date. The situation is ongoing and is also dependent on the efficacy and long term performance of COVID-19 vaccines and measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the matters described above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Carly Holdings Limited:

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

      (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year then ended; and

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

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

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

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

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

Chris Noone
CEO and Executive Director

Dated at Sydney, New South Wales this 26th day of February 2021.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Carly Holdings Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Carly Holdings Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

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

Basis for conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - material uncertainty related to going concern

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

Responsibility of the directors for the financial report

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

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
26 February 2021

M R Ohm
Partner