
DECEMBER 2014 QUARTERLY REPORT AND BUSINESS UPDATE

Collaborate Corporation Limited (**Collaborate** or the **Company**) (ASX: **CL8**) is pleased to present its consolidated Quarterly Cash Flow Report for the period ended 31 December 2014. Key highlights include:

- + Significant reduction in normal operating cash out flows during the quarter
- + Repayment of \$150,000 of debt during the quarter
- + Commencement of rental of Interleasing vehicles
- + Completion of Caramavan acquisition
- + \$750,000 placement
- + Share Purchase Plan raised \$95,500
- + Commencement of DriveMyCar Rentals website re-development
- + Marketboomer continues to invest in AP Automation.

Commenting on the result, Collaborate Corporation CEO, Chris Noone said 'Collaborate is continuing to make progress towards achieving its goals, whilst managing expenditure and improving the market's awareness and understanding of the Collaborate business.'

Following the signing of the vehicle supply agreement with Interleasing, a McMillan Shakespeare Group (ASX: MMS) company on 23 October 2014, the initial small batch of Interleasing vehicles were added to the fleet and rentals commenced in Sydney in late November 2014. Following the success of the initial small Sydney launch the fleet of available vehicles has been expanded in January 2015 as well as rentals also commencing in Brisbane. Rentals will commence in Melbourne in February 2015 with other cities to follow thereafter.

The acquisition of Caramavan was completed in October 2014. A 'Scout' program was launched to cost-effectively grow the caravan fleet and has showed early signs of traction, with fleet size and rentals improving during the December quarter, albeit from a small base. Search marketing and Facebook advertising also commenced late in the December quarter. We expect the momentum to build over the next several quarters.

A \$750,000 placement to institutional and sophisticated investors was completed on 29 October 2014 followed by a Share Purchase Plan which raised \$95,500 from existing shareholders. The strong support from existing and new shareholders in these capital raisings allowed for the repayment of \$50,000 in debt, \$100,000 of convertible notes and settlement of outstanding

creditors as well as funding the re-development of the DriveMyCar Rentals website.

Approval was received at the 2014 AGM for a 1 for 10 consolidation of capital and change of company name from Qanda Technology to Collaborate Corporation. Both of these corporate actions were completed in December 2014.

Marketboomer has been focussed on demonstrating its electronic invoicing and accounts payable automation capability with successful pilots running in Australia. These pilots will be expanded so that this capability is introduced into the mainstream product offerings in the coming quarters. Purchase Plus continues to be rolled out to existing and new customers in Australia and across South East Asia.

Quarterly cash flow

The operating cash flow for the December quarter has improved compared to the September quarter once the annual benefit of the R&D tax credit received in the September 2014 quarter is taken into account. The operating cash outflow for the December quarter was \$642,000 compared to an outflow of \$877,000 for the September quarter (after adjusting for the R&D tax credit).

The December quarter operating expenditures also included costs associated with the operations of and initial promotion for the caramavan.com business acquired in October 2014 (with no costs incurred for caramavan.com in the September quarter) as well as increased research and development expenditure of \$313,000 compared to \$270,000 in the September quarter.

The Group repaid \$150,000 of borrowings during the December quarter.

Outlook

Subsequent to the end of the December quarter the Company completed a heavily over-subscribed placement to sophisticated and institutional investors raising \$1.26 million before costs. This raising was completed following strong performance in the Company's share price and trading volumes in January 2015 and increasing interest from investors in the Company's strategy to pursue multiple collaborative consumption opportunities supported by its proprietary trust and reputation platform.

Funds from the recent capital raising will support marketing and PR for the soon to be re-launched DriveMyCar website, growth of the Caramavan business and evolution of the Company's trust and reputation platform.

Authorised by:

Chris Noone
CEO and Director
Collaborate Corporation Limited

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

COLLABORATE CORPORATION LTD

ABN

60 066 153 982

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Currentquarter \$A'000	Year to date (6Months) \$A'000
1.1 Receipts from customers	960	1,961
1.2 Payments for (a) staff costs	(502)	(868)
(b) advertising and marketing	(35)	(70)
(c) research and development	(313)	(583)
(d) leased assets	-	-
(e) other working capital	(740)	(1,934)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	4
1.5 Interest and other costs of finance paid	(14)	(29)
1.6 Income tax credit received	-	499
1.7 Other	-	-
Net operating cash flows	(642)	(1,020)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Currentquarter \$A'000	Year to date (6Months) \$A'000
1.8 Net operating cash flows (carried forward)	(642)	(1,020)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-currentassets	(3)	(7)
(e) other non-currentassets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-currentassets	-	-
(e) other non-currentassets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
Net investing cash flows	(3)	(7)
1.14 Total operating and investing cash flows	(645)	(1,027)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	789	1,594
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	10	250
1.18 Repayment of borrowings	(150)	(325)
1.19 Dividends paid	-	-
1.20 Other	-	-
Net financing cash flows	649	1,519
Net increase (decrease) in cash held	4	492
1.21 Cash at beginning of quarter/year to date	710	220
1.22 Exchange rate adjustments to items	50	52
1.23 Cash at end of quarter	764	764

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000						
1.24	Aggregate amount of payments to the parties included in item 1.2	(111)						
1.25	Aggregate amount of loans to the parties included in item 1.11	-						
1.26	Explanation necessary for an understanding of the transactions							
	<table> <tr> <td>Executive directors' remuneration</td><td>-</td><td>(92)</td></tr> <tr> <td>Non-executive directors' remuneration</td><td>-</td><td>(19)</td></tr> </table>	Executive directors' remuneration	-	(92)	Non-executive directors' remuneration	-	(19)	
Executive directors' remuneration	-	(92)						
Non-executive directors' remuneration	-	(19)						

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 2 October 2014 the Group completed the acquisition of a 100% interest in the business and assets of caramavan.com via the issue of securities (on a post-consolidation basis) as follows: 5,000,000 fully paid ordinary shares; 5,000,000 unlisted options exercisable at \$0.02 each and expiring 1 October 2017; and 2,500,000 unlisted options exercisable at \$0.03 each and expiring 1 October 2017.

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	75	75
3.2 Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	764	710
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		764	710

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Business and assets of the business Caramavan.com
5.2	Place of incorporation or registration	Nil
5.3	Consideration for acquisition or disposal	Australia
		Purchase consideration compromised the following securities, which are presented on a post-consolidation basis: 5,000,000 fully paid ordinary shares; 5,000,000 unlisted options exercisable at \$0.02 each and expiring 1 October 2017; and 2,500,000 unlisted options exercisable at \$0.03 each and expiring 1 October 2017.
5.4	Total net assets	Not applicable - acquisition of business and asset only
5.5	Nature of business	Caramavan operates a leading peer to peer online hire and rental marketplace for caravans (www.caramavan.com)

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act(except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: **30 January 2015**
CEO/ Managing 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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