



LiveTiles | Your digital workplace

**APPENDIX 4D  
HALF-YEAR INFORMATION GIVEN TO THE ASX  
UNDER LISTING RULE 4.2A**

**LIVETILES LIMITED  
ABN 95 066 139 991**

**HALF-YEAR ENDED  
31 DECEMBER 2015**

**Important Note:**

The Interim Report for the half-year ended 31 December 2015 does not represent the normal trading of LiveTiles Limited due to the reverse acquisition of Modun Resources Limited which was completed on 25 August 2015.

**Please refer to the “Review of operations” section of the attached Interim Report (pages 1-4) and the Investor Presentation released to the ASX on 25 February 2016.**

## 1. Company details

|                   |                                          |
|-------------------|------------------------------------------|
| Name of entity:   | LiveTiles Limited                        |
| ABN:              | 95 066 139 991                           |
| Reporting period: | For the half-year ended 31 December 2015 |
| Previous period:  | For the half-year ended 31 December 2014 |

## 2. Results for announcement to the market

|                                                                                           |      |                                  | \$'000                                   |
|-------------------------------------------------------------------------------------------|------|----------------------------------|------------------------------------------|
| Revenues from ordinary activities                                                         | up   | n/a to                           | 186                                      |
| Profit from ordinary activities after tax attributable to the owners of LiveTiles Limited | down | 665% to                          | (9,849)                                  |
| Profit for the half-year attributable to the owners of LiveTiles Limited                  | down | 665% to                          | (9,849)                                  |
| Dividends                                                                                 |      |                                  |                                          |
|                                                                                           |      | <b>Amount per security Cents</b> | <b>Franked amount per security Cents</b> |
| Final dividend for the period ended 31 December 2015                                      |      | nil                              | nil                                      |

### **Brief explanation of results**

Refer to the Director's Report within the attached Interim Report.

## 3. Net tangible assets

|                                           | <b>Reporting period Cents</b> | <b>Previous period Cents</b> |
|-------------------------------------------|-------------------------------|------------------------------|
| Net tangible assets per ordinary security | <u>3.2</u>                    | <u>0.8</u>                   |

## 4. Control gained over entities

|                                         |                                                            |
|-----------------------------------------|------------------------------------------------------------|
| Name of entities (or group of entities) | LiveTiles Holdings Pty Ltd and its controlled subsidiaries |
| Date control gained                     | 25 August 2015                                             |

|                                                                                                                                                                | \$'000  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)            | (6,397) |
| Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material) | 1,743   |

## 5. Loss of control over entities

Name of entities (or group of entities) Modun Resources LLC

Date control lost 26 August 2015

\$'000

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) nil

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material) nil

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## 6. Details of associates and joint venture entities

Equity accounted associates and joint ventures nil

Aggregate share of profit / (losses) of associates and joint ventures nil

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## 7. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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## 8. Attachments

*Details of attachments (if any):*

The Interim Report of LiveTiles Limited for the half-year ended 31 December 2015 is attached.

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## 9. Signed

Signed 

Date: 25 February 2016

Matthew Brown  
Executive Director  
Sydney

# **LiveTiles Limited**

**ABN 95 066 139 991**

## **Interim Report - 31 December 2015**

**LiveTiles Limited**  
**Directors' report**  
**31 December 2015**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of LiveTiles Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

**Directors**

The following persons were directors of LiveTiles Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

|                    |                                                                              |
|--------------------|------------------------------------------------------------------------------|
| Mike Hill          | Non-executive Chairman                                                       |
| Karl Redenbach     | Executive Director and Chief Executive Officer (appointed on 25 August 2015) |
| Matthew Brown      | Executive Director and Chief Financial Officer (appointed on 25 August 2015) |
| Peter Nguyen-Brown | Non-executive Director (appointed 25 August 2015)                            |
| Andrew Gray        | Non-executive Director                                                       |
| Hugh Warner        | Non-executive director (resigned 26 August 2015)                             |
| Philip Kapp        | Non-executive director (resigned 25 August 2015)                             |

**Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of IT software development and IT software sales.

**Review of operations**

LiveTiles Limited completed the acquisition of LiveTiles Holdings Pty Ltd on 25 August 2015. In parallel with the acquisition, LiveTiles Limited completed a \$12,000,000 equity raising.

The results presented in the financial report for the six months ending 31 December 2015 reflect the operations of:

- LiveTiles Holdings Pty Ltd and its subsidiaries from 1 July 2015 to 25 August 2015; and
- LiveTiles Limited and its subsidiaries for the period from 26 August 2015 to 31 December 2015.

The results for the comparative period reflect the operations of LiveTiles Holdings Pty Ltd and its subsidiaries. Refer to note 13 of the financial statements for further information.

For the six months to 31 December 2015, total revenue and other income was \$918,000, including subscription revenue of \$186,000 and accrued research and development tax concession revenue of \$715,000. In addition, unearned revenue was \$164,000 within the statement of financial position.

Annualised Subscription Revenue grew to \$480,000 as at 31 December 2015, with 44 paying customers added during the period. Annualised Subscription Revenue represents the subscription licence fees committed by our customers on a full year basis (whether or not the customer elects to pay monthly or annually).

LiveTiles recorded a loss after tax of \$9,849,000 for the period. Included within this loss are \$7,632,000 of non-cash and non-recurring expenses, primarily relating to the acquisition of Modun Resources Limited, the associated capital raising and ASX listing and non-cash share based payments expense. Excluding non-cash and non-recurring expenses, the loss before tax was \$2,432,000.

**LiveTiles Limited**  
**Directors' report**  
**31 December 2015**

The table below summarises the statement of profit or loss and other comprehensive income, including the non-cash and non-recurring expenses:

|                                                                  | <b>6 mths ended<br/>31 Dec 15<br/>(\$'000)</b> | <b>Notes</b> |
|------------------------------------------------------------------|------------------------------------------------|--------------|
| Subscription revenue                                             | 186                                            |              |
| R&D grant                                                        | 715                                            | (a)          |
| Other income                                                     | 17                                             |              |
| Total revenue and other income                                   | <u>918</u>                                     |              |
| Total operating expenses                                         | (3,053)                                        | (b)          |
| Amortisation of development costs                                | (297)                                          |              |
| <b>Loss before income tax and non-recurring/non-cash items</b>   | <b><u>(2,432)</u></b>                          |              |
| <i>Non-recurring expenses</i>                                    |                                                |              |
| Transaction expenses                                             | (502)                                          | (c)          |
| rhipe Shared Services agreement (in process of being terminated) | (215)                                          |              |
| Total non-recurring expenses                                     | <u>(717)</u>                                   |              |
| <i>Non-cash non-recurring expenses</i>                           |                                                |              |
| Reverse listing expense on acquisition of Modun                  | (2,955)                                        | (d)          |
| Share based payments                                             | (3,679)                                        | (e)          |
| Total non-cash non-recurring expenses                            | <u>(6,634)</u>                                 |              |
| <i>Other non-cash expenses</i>                                   |                                                |              |
| Share based payments - Management Incentive Plan                 | (281)                                          |              |
| <b>Loss before income tax per statutory accounts</b>             | <b><u>(10,064)</u></b>                         |              |
| Income tax benefit                                               | 215                                            |              |
| <b>Loss after income tax per statutory accounts</b>              | <b><u>(9,849)</u></b>                          |              |

Notes:

- (a) Six month accrual for the expected research and development grant for the period ended 31 December 2015
- (b) Excludes non-recurring expenses under rhipe Shared Services Agreement
- (c) ASX listing and Modun acquisition expenses (excluding capitalised items)
- (d) Represents the value of post-completion shares held by pre-completion Modun shareholders less the net assets of Modun at completion
- (e) Comprises: shares issued by LiveTiles Holdings Pty Ltd (private company) prior to completion of the reverse acquisition and pre-existing Modun options

The Group's cash balance as at 31 December 2015 was \$10,074,000. In addition to its existing cash balance, LiveTiles expects to receive a research and development grant of approximately \$2,025,000 in relation to the year ended 30 June 2015 and a further \$715,000 for the six months to 31 December 2015. As at 31 December 2015, 78% of LiveTiles' cash balance was held in US dollars and 22% was held in Australian dollars.

### **Partner ecosystem**

During the period, LiveTiles continued to focus on building a large network of partners to broaden the company's reach and achieve scale in a substantial addressable market. LiveTiles' partner network grew to 105 partners as at 31 December 2015, representing growth of 50% during the period. Several partners have now completed repeat LiveTiles deals and management is confident that the company's partner strategy will accelerate growth throughout the course of 2016.

In addition to continuing to recruit and on-board systems integrators and consultants to the company's partner ecosystem, LiveTiles signed a Distribution Agreement with SYNnex Corporation ("SYNNEX") in December 2015, under which SYNnex will distribute LiveTiles' products in North America. SYNnex is a leading technology solutions distributor with more than US\$13 billion in 2014 revenue and operations in 26 countries.

On 15 February 2016, LiveTiles announced the signing of a Distribution Agreement with Tech Data Corporation ("Tech Data"), under which Tech Data will distribute LiveTiles' products in the United States.

Tech Data is one of the world's largest wholesale distributors of technology products, services and solutions. Its network of 115,000 resellers supports end users in more than 100 countries. Tech Data generated US\$27.7 billion in net sales for its fiscal year ended 31 January 2015.

Both SYNnex and Tech Data are authorised Microsoft Cloud Solution Providers (CSPs) in North America, which allows them to provide direct billing, sell combined offers and services, as well as directly provision, manage and support Microsoft cloud offerings.

### **Microsoft Co-Marketing Agreement**

In November 2015, LiveTiles entered into a Co-Marketing Agreement with Microsoft Corporation under which LiveTiles Design is being marketed to United States Office 365 commercial customers with a licensed user base of more than 250 seats. Under the program, LiveTiles Design is being offered to new LiveTiles customers in the United States for a free licence period of three months.

Based on the early success of the program, LiveTiles agreed to extend the offer period under the Co-Marketing Agreement until 31 March 2016 (previously 31 December 2015).

### **LiveTiles Mosaic**

LiveTiles Mosaic has continued to attract new users.

LiveTiles Mosaic enables K-12 teachers to easily create modern, touch-friendly digital classrooms which seamlessly integrate with Office 365. Our key objective with LiveTiles Mosaic is to achieve substantial scale in the global K-12 education market ahead of exploring potential monetisation paths.

LiveTiles Mosaic has now been deployed to schools and school districts with a student and teacher base of over 2.5 million (up from 2.1 million since LiveTiles' ASX listing in September 2015). LiveTiles is engaged with several education departments regarding potential department-wide deployments of LiveTiles Mosaic.

The recent launch of LiveTiles Build also provides an opportunity to begin monetising the LiveTiles Mosaic user base. In February 2016, Catholic Education South Australia ("CESA") agreed to buy LiveTiles Build for its network of over 100 schools. LiveTiles Build will simplify and accelerate CESA's roll-out of Office 365 and give its schools and teachers autonomy to make changes to their school and classroom portals using LiveTiles Mosaic.

### **Product development**

LiveTiles continued to invest heavily in product innovation during the period, including the following:

- **LiveTiles Build:** an industry-first software tool that simplifies the process for quickly generating Microsoft SharePoint site architecture. LiveTiles Build was launched in October 2015 and is focused on the small to mid-sized business (SMB) market.
- **LiveTiles Design version 4.0:** LiveTiles Design v4.0 will deliver a more modular and scalable product and sets LiveTiles up for a number of new product initiatives scheduled for 2016. v4.0 was launched in February 2016.
- **LiveTiles Blueprint:** a major new feature for LiveTiles Build, which provides a visual, drag and drop experience for planning and packaging end-to-end solutions for SharePoint including site architecture and LiveTiles pages. Blueprint will provide the LiveTiles partner channel with a model to deliver packaged solutions to their customers including LiveTiles Design and LiveTiles Build. LiveTiles Blueprint is expected to be launched in the March 2016 quarter.

### **Significant changes in the state of affairs**

On 25 August 2015, LiveTiles Limited (formerly Modun Resources Limited) acquired 100% of LiveTiles Holdings Pty Ltd for total consideration of 225,000,000 shares in LiveTiles Limited ("the Acquisition"). Modun Resources Limited was previously engaged in the coal sector and owned a coal deposit in Mongolia which was disposed of on 26 August 2015. Refer to note 13 for further details of the Acquisition.

On 25 August 2015 LiveTiles Limited completed a \$12,000,000 capital raising.

On 26 August 2015 the Company completed the sale of 100% of the shares of Modun Resources LLC, the owner of the Nuurst Coal Deposit, in consideration for US\$2,210,000.

Since 26 August 2015, the sole business of LiveTiles Limited is the development and sale of software.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

### **Rounding of amounts**

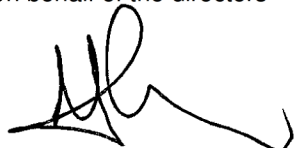
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

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

On behalf of the directors



Matthew Brown  
Executive Director

25 February 2016  
Sydney

## DECLARATION OF INDEPENDENCE BY CRAIG MAXWELL TO THE DIRECTORS OF LIVETILES LIMITED

As lead auditor for the review of LiveTiles Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of LiveTiles Limited and the entities it controlled during the period.



**Craig Maxwell**  
Partner

**BDO East Coast Partnership**

Sydney, 25 February 2016

**LiveTiles Limited**  
**Contents**  
**31 December 2015**

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**General information**

The financial statements cover LiveTiles Limited as a consolidated entity consisting of LiveTiles Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is LiveTiles Limited's functional and presentation currency.

**LiveTiles Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2015**

|                                                                                               |             | <b>Consolidated</b>   |                     |
|-----------------------------------------------------------------------------------------------|-------------|-----------------------|---------------------|
|                                                                                               | <b>Note</b> | <b>31 Dec 2015</b>    | <b>31 Dec 2014</b>  |
|                                                                                               |             | <b>\$'000</b>         | <b>\$'000</b>       |
| Revenue                                                                                       | 3           | 186                   | -                   |
| Other income                                                                                  | 4           | 732                   | 1,502               |
|                                                                                               |             | <u>918</u>            | <u>1,502</u>        |
| Write back of related party loan                                                              |             | -                     | 2,524               |
| <b>Expenses</b>                                                                               |             |                       |                     |
| Employee benefits expense                                                                     |             | (1,671)               | (1,140)             |
| Marketing expense                                                                             |             | (201)                 | (86)                |
| Travel and entertainment expense                                                              |             | (486)                 | (207)               |
| Professional fees                                                                             |             | (178)                 | (45)                |
| Administration expenses                                                                       |             | (732)                 | (694)               |
| Depreciation and amortisation                                                                 |             | (297)                 | (111)               |
| Transaction expenses for ASX listing and acquisition                                          |             | (502)                 | -                   |
| Listing expense on acquisition                                                                | 13          | (2,955)               | -                   |
| Share based payments expense                                                                  | 11          | <u>(3,960)</u>        | <u>-</u>            |
| <b>(Loss) / profit before income tax</b>                                                      |             | <b>(10,064)</b>       | <b>1,743</b>        |
| Income tax benefit                                                                            |             |                       |                     |
| <b>(Loss) / profit after income tax for the half-year</b>                                     |             | <b>(9,849)</b>        | <b>1,743</b>        |
| <b>Other comprehensive income, net of tax</b>                                                 |             |                       |                     |
| <i>Items that may be reclassified subsequently to profit or loss</i>                          |             |                       |                     |
| Foreign currency translation                                                                  |             | <u>(119)</u>          | <u>1</u>            |
| <b>Total comprehensive income for the half-year</b>                                           |             | <u><b>(9,968)</b></u> | <u><b>1,744</b></u> |
|                                                                                               |             | <b>Cents</b>          | <b>Cents</b>        |
| <b>Earnings per share for (loss) / profit attributable to the owners of LiveTiles Limited</b> |             |                       |                     |
| Basic earnings per share                                                                      | 19          | (3.07)                | 1.01                |
| Diluted earnings per share                                                                    | 19          | (3.07)                | 1.01                |

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

**LiveTiles Limited**  
**Statement of financial position**  
**As at 31 December 2015**

|                                   |             | <b>Consolidated</b> |                    |
|-----------------------------------|-------------|---------------------|--------------------|
|                                   | <b>Note</b> | <b>31 Dec 2015</b>  | <b>30 Jun 2015</b> |
|                                   |             | <b>\$'000</b>       | <b>\$'000</b>      |
| <b>Assets</b>                     |             |                     |                    |
| <b>Current assets</b>             |             |                     |                    |
| Cash and cash equivalents         |             | 10,074              | 2,497              |
| Trade and other receivables       | 5           | 2,876               | 2,347              |
| Other current assets              |             | 38                  | 44                 |
| Total current assets              |             | <u>12,988</u>       | <u>4,888</u>       |
| <b>Non-current assets</b>         |             |                     |                    |
| Plant and equipment               |             | 15                  | 11                 |
| Intangibles                       | 6           | -                   | -                  |
| Deferred tax assets               |             | 392                 | 86                 |
| Total non-current assets          |             | <u>407</u>          | <u>97</u>          |
| <b>Total assets</b>               |             | <u>13,395</u>       | <u>4,985</u>       |
| <b>Liabilities</b>                |             |                     |                    |
| <b>Current liabilities</b>        |             |                     |                    |
| Trade and other payables          | 7           | 939                 | 4,573              |
| Income tax payable                |             | 87                  | -                  |
| Employee benefits provision       |             | 86                  | 62                 |
| Other current liabilities         | 8           | 164                 | 180                |
| Total current liabilities         |             | <u>1,276</u>        | <u>4,815</u>       |
| <b>Non-current liabilities</b>    |             |                     |                    |
| Employee benefits provision       |             | 12                  | 9                  |
| Make good provision               |             | 40                  | -                  |
| Other non-current liabilities     | 9           | -                   | 1,650              |
| Total non-current liabilities     |             | <u>52</u>           | <u>1,659</u>       |
| <b>Total liabilities</b>          |             | <u>1,328</u>        | <u>6,474</u>       |
| <b>Net assets / (liabilities)</b> |             | <u>12,067</u>       | <u>(1,489)</u>     |
| <b>Equity</b>                     |             |                     |                    |
| Issued capital                    | 10          | 24,820              | 2,001              |
| Reserves                          | 12          | 730                 | 144                |
| Accumulated losses                |             | <u>(13,483)</u>     | <u>(3,634)</u>     |
| <b>Total equity</b>               |             | <u>12,067</u>       | <u>(1,489)</u>     |

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

**LiveTiles Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2015**

| <b>Consolidated</b>                                          | <b>Note</b> | <b>Issued capital<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Accumulated losses<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--------------------------------------------------------------|-------------|----------------------------------|----------------------------|--------------------------------------|--------------------------------|
| Balance at 30 June 2015                                      |             | 2,001                            | 144                        | (3,634)                              | (1,489)                        |
| Loss after income tax for the half-year                      |             | -                                | -                          | (9,849)                              | (9,849)                        |
| Other comprehensive income for the half-year, net of tax     |             | -                                | (119)                      | -                                    | (119)                          |
| Total comprehensive income for the half-year                 |             | -                                | (119)                      | (9,849)                              | (9,968)                        |
| <i>Transactions with owners in their capacity as owners:</i> |             |                                  |                            |                                      |                                |
| Contributions of equity, net of transaction costs            | 10          | 19,394                           | -                          | -                                    | 19,394                         |
| Share based payment expense                                  | 10, 11      | 3,119                            | 281                        | -                                    | 3,400                          |
| Share based payment expense for modified option value        | 10, 11      | -                                | 560                        | -                                    | 560                            |
| Options exercised                                            | 10          | 306                              | (136)                      | -                                    | 170                            |
| Balance at 31 December 2015                                  |             | <u>24,820</u>                    | <u>730</u>                 | <u>(13,483)</u>                      | <u>12,067</u>                  |

| <b>Consolidated</b>                                          | <b>Note</b> | <b>Issued capital<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Accumulated losses<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--------------------------------------------------------------|-------------|----------------------------------|----------------------------|--------------------------------------|--------------------------------|
| Balance at 30 June 2014                                      |             | 1                                | -                          | (1,817)                              | (1,816)                        |
| Profit after income tax for the half-year                    |             | -                                | -                          | 1,743                                | 1,743                          |
| Other comprehensive income for the half-year, net of tax     |             | -                                | 1                          | -                                    | 1                              |
|                                                              |             | -                                | 1                          | 1,743                                | 1,744                          |
| <i>Transactions with owners in their capacity as owners:</i> |             |                                  |                            |                                      |                                |
| Contributions of equity, net of transaction costs            | 10          | 2,000                            | -                          | -                                    | 2,000                          |
| Balance at 31 December 2014                                  |             | <u>2,001</u>                     | <u>1</u>                   | <u>(74)</u>                          | <u>1,928</u>                   |

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

**LiveTiles Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2015**

|                                                                       |             | <b>Consolidated</b>  |                     |
|-----------------------------------------------------------------------|-------------|----------------------|---------------------|
|                                                                       | <b>Note</b> | <b>31 Dec 2015</b>   | <b>31 Dec 2014</b>  |
|                                                                       |             | <b>\$'000</b>        | <b>\$'000</b>       |
| <b>Cash flows from operating activities</b>                           |             |                      |                     |
| Receipts from customers (inclusive of GST)                            |             | 459                  | -                   |
| Payments to suppliers and employees (inclusive of GST)                |             | (5,831)              | (3,857)             |
|                                                                       |             | <u>(5,372)</u>       | <u>(3,857)</u>      |
| Interest received                                                     |             | 14                   | -                   |
| Interest and other finance costs paid                                 |             | (4)                  | -                   |
|                                                                       |             | <u>(5,362)</u>       | <u>(3,857)</u>      |
| Net cash used in operating activities                                 |             |                      |                     |
|                                                                       |             | <u>(5,362)</u>       | <u>(3,857)</u>      |
| <b>Cash flows from investing activities</b>                           |             |                      |                     |
| Cash acquired on acquisition                                          | 13          | 2,318                | -                   |
| Payments for development costs                                        |             | (297)                | -                   |
|                                                                       |             | <u>(297)</u>         | <u>-</u>            |
| Net cash from investing activities                                    |             | <u>2,021</u>         | <u>-</u>            |
| <b>Cash flows from financing activities</b>                           |             |                      |                     |
| Proceeds from issue of shares                                         |             | 12,000               | 2,000               |
| Share issue transaction costs                                         |             | (667)                | -                   |
| Transaction expenses for ASX listing and acquisition                  |             | (502)                | -                   |
| Proceeds from exercise of options                                     |             | 170                  | -                   |
| Loans from related parties                                            |             | -                    | 3,302               |
|                                                                       |             | <u>-</u>             | <u>3,302</u>        |
| Net cash from financing activities                                    |             | <u>11,001</u>        | <u>5,302</u>        |
| Net increase in cash and cash equivalents                             |             | 7,660                | 1,445               |
| Cash and cash equivalents at the beginning of the financial half-year |             | 2,497                | 96                  |
| Effects of exchange rate changes on cash and cash equivalents         |             | (83)                 | (10)                |
|                                                                       |             | <u>(83)</u>          | <u>(10)</u>         |
| Cash and cash equivalents at the end of the financial half-year       |             | <u><u>10,074</u></u> | <u><u>1,531</u></u> |

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

**LiveTiles Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2015**

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

*AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

*AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

**Basis of preparation**

These general purpose financial statements for the interim half year reporting period have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 24.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention.

**LiveTiles Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2015**

**Note 1. Significant accounting policies (continued)**

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of LiveTiles Limited ('company' or 'parent entity') as at 31 December 2015 and the results of all subsidiaries for the period then ended. LiveTiles Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Foreign currency translation**

The financial statements are presented in Australian dollars, which is LiveTiles Limited's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**Note 1. Significant accounting policies (continued)**

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Software subscription revenue*

Software is sold on a subscription basis and revenue is recognised over the term of the subscription once the users can use the system on a fully functional basis.

*Research and development grant*

Research and development grant income is recognised when the consolidated entity is entitled to the research and development grant. The amount is treated as other income in the period in which the research and development costs were incurred.

*Interest income*

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other income*

Other income is recognised when it is received or when the right to receive payment is established.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

LiveTiles Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

**Note 1. Significant accounting policies (continued)**

**Income tax (continued)**

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Intangible assets**

Intangible assets are initially recognised at cost and are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research costs are expensed in the period in which they are incurred.

Development costs are only capitalised when it is probable that the project will be a success, the consolidated entity will use or sell the asset, the consolidated entity has sufficient resources and intent to complete the asset and the development costs can be measured reliably. If one or more of these criteria are not met, development costs are expensed in the period in which they are incurred. Capitalised development costs are amortised on a straight line basis over the period of their expected pattern of consumption.

**Leases**

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

**LiveTiles Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2015**

**Note 1. Significant accounting policies (continued)**

**Finance costs**

Finance costs are expensed in the period in which they are incurred.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the reporting dates and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Equity – issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Share-based payments**

Equity-settled share-based compensation benefits are provided to employees, related parties and suppliers. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and suppliers in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

**Note 1. Significant accounting policies (continued)**

**Share based payments (continued)**

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners of LiveTiles Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Note 1. Significant accounting policies (continued)**

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the interim reporting period ended 31 December 2015.

The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by management.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

*Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

The useful lives of intangible assets are assessed to be either finite or indefinite. The useful lives of intangible assets with finite useful lives are determined based on management's judgements.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**LiveTiles Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 3. Revenue**

|                               | <b>Consolidated</b> |                    |
|-------------------------------|---------------------|--------------------|
|                               | <b>31 Dec 2015</b>  | <b>31 Dec 2014</b> |
|                               | <b>\$'000</b>       | <b>\$'000</b>      |
| Software subscription revenue | 186                 | -                  |
|                               | <u>186</u>          | <u>-</u>           |
|                               | <b>186</b>          | <b>-</b>           |

**Note 4. Other income**

|                                       | <b>Consolidated</b> |                    |
|---------------------------------------|---------------------|--------------------|
|                                       | <b>31 Dec 2015</b>  | <b>31 Dec 2014</b> |
|                                       | <b>\$'000</b>       | <b>\$'000</b>      |
| Interest income                       | 14                  | 1                  |
| Research and development grant income | 715                 | 1,501              |
| Other income                          | 3                   | -                  |
|                                       | <u>732</u>          | <u>1,502</u>       |
|                                       | <b>732</b>          | <b>1,502</b>       |

**Note 5. Current assets – trade and other receivables**

|                                           | <b>Consolidated</b> |                    |
|-------------------------------------------|---------------------|--------------------|
|                                           | <b>31 Dec 2015</b>  | <b>30 Jun 2015</b> |
|                                           | <b>\$'000</b>       | <b>\$'000</b>      |
| Trade receivables                         | 137                 | 323                |
| Research and development grant receivable | 2,739               | 2,024              |
|                                           | <u>2,876</u>        | <u>2,347</u>       |
|                                           | <b>2,876</b>        | <b>2,347</b>       |

**Note 6. Intangibles**

|                                | <b>Consolidated</b> |                    |
|--------------------------------|---------------------|--------------------|
|                                | <b>31 Dec 2015</b>  | <b>30 Jun 2015</b> |
|                                | <b>\$'000</b>       | <b>\$'000</b>      |
| Capitalised development costs  | 297                 | -                  |
| Less: accumulated amortisation | (297)               | -                  |
|                                | <u>-</u>            | <u>-</u>           |
|                                | <b>-</b>            | <b>-</b>           |

**LiveTiles Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 7. Current liabilities – trade and other payables**

|                                   | <b>Consolidated</b> |                    |
|-----------------------------------|---------------------|--------------------|
|                                   | <b>31 Dec 2015</b>  | <b>30 Jun 2015</b> |
|                                   | <b>\$'000</b>       | <b>\$'000</b>      |
| Trade payable                     | 289                 | 159                |
| Trade payables to related parties | 10                  | 3,644              |
| Withholding tax payable           | 406                 | 271                |
| Other payables and accruals       | 171                 | 198                |
| Other payables to related parties | 63                  | 301                |
|                                   | <u>939</u>          | <u>4,573</u>       |

**Note 8. Current liabilities – other current liabilities**

|                  | <b>Consolidated</b> |                    |
|------------------|---------------------|--------------------|
|                  | <b>31 Dec 2015</b>  | <b>30 Jun 2015</b> |
|                  | <b>\$'000</b>       | <b>\$'000</b>      |
| Unearned revenue | 164                 | 180                |
|                  | <u>164</u>          | <u>180</u>         |

**Note 9. Non current liabilities – other non current liabilities**

|                                                                       | <b>Consolidated</b> |                    |
|-----------------------------------------------------------------------|---------------------|--------------------|
|                                                                       | <b>31 Dec 2015</b>  | <b>30 Jun 2015</b> |
|                                                                       | <b>\$'000</b>       | <b>\$'000</b>      |
| Convertible note payable to Modun Resources Limited (pre acquisition) | -                   | 500                |
| Payables to related parties                                           | -                   | 1,150              |
|                                                                       | <u>-</u>            | <u>1,650</u>       |

**Note 10. Equity - issued capital**

|                              | <b>Consolidated</b> |                    |                    |                    |
|------------------------------|---------------------|--------------------|--------------------|--------------------|
|                              | <b>31 Dec 2015</b>  | <b>30 Jun 2015</b> | <b>31 Dec 2015</b> | <b>30 Jun 2015</b> |
|                              | <b>Shares</b>       | <b>Shares</b>      | <b>\$'000</b>      | <b>\$'000</b>      |
| Ordinary shares - fully paid | <u>377,182,791</u>  | <u>1,116</u>       | <u>24,820</u>      | <u>2,001</u>       |

**LiveTiles Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 10. Equity – issued capital (continued)**

*Movements in ordinary share capital*

|                                                                                |             | <b>Date</b>      | <b>Shares</b>      | <b>Issue price</b> | <b>\$'000</b> |
|--------------------------------------------------------------------------------|-------------|------------------|--------------------|--------------------|---------------|
| Balance                                                                        |             | 1 July 2014      | 1,000              |                    | 1             |
| Share capital issued                                                           | (a)         | 15 December 2014 | 116                | \$17,241.38        | 2,000         |
| Balance                                                                        |             | 31 December 2014 | <u>1,116</u>       |                    | <u>2,001</u>  |
| Share split (10,000:1)                                                         | (b)         | 24 August 2015   | 11,160,000         | -                  | 2,001         |
| Share capital issued                                                           | (c) (d) (e) | 24 August 2015   | 1,221,528          | \$2.55             | 3,119         |
| Share capital issued                                                           | (f) (g)     | 24 August 2015   | 836,340            | \$3.27             | 2,739         |
| Reversal of existing shares on acquisition                                     | (h)         | 25 August 2015   | (13,217,868)       |                    | -             |
| Issue of LiveTiles Limited shares on acquisition of LiveTiles Holdings Pty Ltd | (h)         | 25 August 2015   | 225,000,000        | -                  | 5,322         |
| Existing shares of Modun Resources Limited on issue                            | (i)         | 25 August 2015   | 35,482,791         | -                  | -             |
| Share capital issued                                                           | (j)         | 25 August 2015   | 80,000,000         | \$0.15             | 12,000        |
| Issue of shares upon exercise of options                                       | (k)         | 1 September 2015 | 1,700,000          | -                  | 306           |
| Less: capital raising costs                                                    | (l)         |                  | -                  | -                  | (667)         |
| Balance                                                                        |             | 31 December 2015 | <u>342,182,791</u> |                    | <u>24,820</u> |
| Restricted shares on issue                                                     | (m)         | 31 December 2015 | 35,000,000         | -                  | -             |
| Total issued capital                                                           |             |                  | <u>377,182,791</u> |                    | <u>24,820</u> |

- (a) LiveTiles Holdings Pty Ltd ("Holdings") issued 116 ordinary shares to rhipe LiveTiles Pty Ltd on 15 December 2014, raising \$2,000,000.
- (b) On 24 August 2015, Holdings undertook a share split whereby each Holdings share was divided into 10,000 Holdings shares.
- (c) On 24 August 2015, Holdings issued 855,857 shares to certain employees of Holdings. These shares have been valued at \$2.55 per share and have been recognised in the share based payment expense in note 11.
- (d) On 24 August 2015, Holdings issued 37,471 shares to rhipe LiveTiles Pty Ltd. These shares have been valued at \$2.55 per share and have been recognised in the share based payment expense in note 11.
- (e) On 24 August 2015, Holdings issued 328,200 shares to nSynergy LiveTiles Employee Share Plan Pty Ltd. These shares have been valued at \$2.55 per share and have been recognised in the share based payment expense in note 11.
- (f) On 24 August 2015, Holdings issued 588,413 shares to ZTH Tech Pty Ltd and NIA Tech Pty Ltd in discharge of consultancy fees and accrued salaries to the value of \$1,925,996.
- (g) On 24 August 2015, Holdings issued 247,927 shares to ZTH Tech Pty Ltd and NIA Tech Pty Ltd for consideration of \$811,515 representing the repayment of previous capital contributions to Holdings.
- (h) On 25 August 2015, Holdings completed the reverse acquisition of Modun Resources Limited (since renamed LiveTiles Limited). The existing shares in Holdings of 13,217,868 were exchanged for 225,000,000 shares in LiveTiles Limited. The fair value of the exchange has been calculated based on the value of the shares that existing Modun Resources Limited shareholders would have in the combined entity, being 35,482,791 shares at a value of \$0.15 per share.

**LiveTiles Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 10. Equity – issued capital (continued)**

- (i) Modun Resources Limited shares on issue were consolidated on a basis of 50:1, resulting in a total of 35,482,791 shares (originally 1,774,139,534 shares).
- (j) On 25 August 2015, LiveTiles Limited issued 80,000,000 shares at \$0.15 per share to raise \$12,000,000.
- (k) On 1 September 2015, 1,700,000 existing options in Modun Resources Limited were exercised at an exercise price of \$0.10 per share. The movement in equity in relation to the options reflects the amount paid to exercise those options, being \$170,000, and the modified value of the options at acquisition date, being \$136,000.
- (l) Costs directly attributable to the raising of addition funds have been offset against equity.
- (m) On 25 August 2015, LiveTiles Limited issued 35,000,000 shares under the Management Incentive Plan. Refer to note 11(a)

**Note 11. Share based payments expense**

|                                                                                | <b>Consolidated</b> |                    |
|--------------------------------------------------------------------------------|---------------------|--------------------|
|                                                                                | <b>31 Dec 2015</b>  | <b>31 Dec 2014</b> |
|                                                                                | <b>\$'000</b>       | <b>\$'000</b>      |
| <b>Share based payment expense</b>                                             |                     |                    |
| <i>Non-cash share based payment expense</i>                                    |                     |                    |
| Management Incentive Plan shares                                               | (a) <u>281</u>      | -                  |
|                                                                                | 281                 | -                  |
| <i>Non-recurring non-cash share based payment expense</i>                      |                     |                    |
| Modified value of Modun Resources Limited options on issue at acquisition date | (b) 560             | -                  |
| Equity settled share based payments                                            | (c) <u>3,119</u>    | -                  |
|                                                                                | 3,679               | -                  |
|                                                                                | <u>3,960</u>        | -                  |
|                                                                                | <u><u>3,960</u></u> | <u><u>-</u></u>    |

**Note 11. Share based payments expense (continued)**

*(a) Management Incentive Plan shares*

LiveTiles Limited issued 35,000,000 shares under the Management Incentive Plan. The equity-settled transactions are measured at their fair value on grant date, 25 August 2015. Fair value is independently determined using a Black-Scholes option pricing model that takes into account the effective exercise price, the term of the non-recourse loans, the share price at grant date and expected price volatility of the underlying share. An adjustment has also been made to the valuation to reflect the time and price based vesting conditions. The assumptions used to value the Management Incentive Plan shares are set out below:

|                                                    |               |
|----------------------------------------------------|---------------|
| Share price                                        | \$0.15        |
| Effective exercise price                           | \$0.15        |
| Term of loan to fund acquisition of shares (years) | 6             |
| Compounded risk-free interest rate                 | 3.1%          |
| Volatility                                         | 75%           |
| Discount to reflect vesting conditions             | 40%           |
| Discounted value per share                         | <u>\$0.06</u> |

The value of the loan shares issued under the Management Incentive Plan have been expensed as a share based payment for the period ended 31 December 2015 as follows:

|                                                                 | Tranche 1     | Tranche 2     | Tranche 3     |
|-----------------------------------------------------------------|---------------|---------------|---------------|
| Number of shares                                                | 15,000,000    | 10,000,000    | 10,000,000    |
| Date issued                                                     | 25/8/15       | 25/8/15       | 25/8/15       |
| Vesting date                                                    | 24/8/17       | 24/8/18       | 24/8/19       |
| Vesting price                                                   | <u>\$0.25</u> | <u>\$0.35</u> | <u>\$0.45</u> |
| Share based payment expense for 6 months ended 31 December 2015 | 157,808       | 70,137        | 52,603        |

*(b) Modified value of options on issue at acquisition date*

At acquisition date there were 9,080,000 options outstanding in Modun Resources Limited (renamed LiveTiles Limited). The options are modified to their fair value on acquisition date using a Black-Scholes option pricing model:

|                                    |        |
|------------------------------------|--------|
| Share price                        | \$0.15 |
| Exercise price of option           | \$0.10 |
| Remaining term (years)             | 2.16   |
| Compounded risk-free interest rate | 3.1%   |
| Volatility                         | 75%    |

The value of these options as at acquisition date has been recognised as a share based payment expense in the statement of profit and loss and other comprehensive income and in the share based payment reserve during the period ended 31 December 2015.

|                                                                 | Group 1       | Group 2       | Group 3       | Group 4       |
|-----------------------------------------------------------------|---------------|---------------|---------------|---------------|
| Number of shares                                                | 7,000,000     | 720,000       | 720,000       | 640,000       |
| Vesting date                                                    | 21/10/17      | 31/12/15      | 31/12/15      | 31/12/15      |
| Exercise price                                                  | \$0.10        | \$2.00        | \$3.00        | \$5.00        |
| Discounted value per share                                      | <u>\$0.08</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$0.00</u> |
| Share based payment expense for 6 months ended 31 December 2015 | \$560,000     | -             | -             | -             |

On 1 September 2015, 1,700,000 options with an exercise price of \$0.10 were converted into fully paid ordinary shares in LiveTiles Limited.

At 31 December 2015 there were 5,300,000 options with an exercise price of \$0.10 outstanding. All other options have expired.

**LiveTiles Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 11. Share based payments expense (continued)**

*(c) Equity settled share based payments*

On 24 August 2015 (prior to the completion of the acquisition of Modun Resources Limited) LiveTiles Holdings Pty Ltd issued 1,221,528 shares:

|                                                                   | No of shares     | Issue Price | \$'000       |
|-------------------------------------------------------------------|------------------|-------------|--------------|
| Issue of shares to LiveTiles employees                            | 855,857          | \$2.55      | 2,185        |
| Issue of shares to rhipt LiveTiles Pty Limited                    | 37,471           | \$2.55      | 96           |
| Issue of shares to nSynergy LiveTiles Employee Share Plan Pty Ltd | 328,200          | \$2.55      | 838          |
|                                                                   | <u>1,221,528</u> |             | <u>3,119</u> |

The fair value of the shares issued by LiveTiles Holdings Pty Ltd is calculated using the total value of LiveTiles Holdings Pty Ltd shares that were converted to Modun Resources Limited shares, being \$33,750,000. At the time of conversion there were 13,217,868 shares on issue in LiveTiles Holdings Pty Ltd.

**Note 12. Equity - reserves**

|                             | <b>Consolidated</b> |                    |
|-----------------------------|---------------------|--------------------|
|                             | <b>31 Dec 2015</b>  | <b>30 Jun 2015</b> |
|                             | <b>\$'000</b>       | <b>\$'000</b>      |
| Foreign currency reserve    | 25                  | 144                |
| Share based payment reserve | <u>705</u>          | <u>-</u>           |
|                             | <u>730</u>          | <u>144</u>         |

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Share based payment reserve*

The reserve is used to recognise shares granted under the Management Incentive Plan of \$281,000 and the value of the options outstanding at the period end of \$424,000.

**Note 13. Reverse acquisition**

On 26 August 2015, LiveTiles Limited (formerly Modun Resources Limited) acquired 100% of LiveTiles Holdings Pty Ltd for total consideration of 225,000,000 shares in LiveTiles Limited. Modun Resources Limited was previously engaged in the coal sector and owned a coal deposit in Mongolia. The Mongolian coal deposit was sold via the sale of 100% of Modun Resources LLC on 26 August 2015. The sole business of LiveTiles Limited is now the development and sale of software.

The reverse acquisition did not meet the requirements of AASB 3 Business Combinations because Modun Resources Limited was not deemed a business for accounting purposes, instead the reverse acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 2 that any difference in the fair value of the shares issued by the accounting acquirer (LiveTiles) and the fair value of the accounting acquiree's (formerly Modun Resources Limited) identifiable net assets represents a service comprising a listing on the ASX.

Accordingly the consolidated financial report of LiveTiles Limited has been prepared as a continuation of the business and operations of LiveTiles Holdings Pty Ltd. As the deemed accounting acquirer LiveTiles Holdings Pty Ltd has accounted for the acquisition from 25 August 2015. The comparative information for the 6 months ended 31 December 2014 presented in the financial report is that of LiveTiles Holdings Pty Ltd.

**LiveTiles Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 13. Reverse acquisition (continued)**

The statement of financial position of the accounting acquired entity, Modun Resources Limited, upon completion of the reverse acquisition was as follows:

|                                                                                              | <b>Fair value<br/>\$'000</b> |
|----------------------------------------------------------------------------------------------|------------------------------|
| Cash and cash equivalents                                                                    | 2,318                        |
| Other assets                                                                                 | 510                          |
| Trade and other payables                                                                     | (461)                        |
|                                                                                              | <hr/>                        |
| Net identifiable assets acquired                                                             | 2,367                        |
|                                                                                              | <hr/> <hr/>                  |
| Representing:                                                                                |                              |
| Fair value of Modun Resources Limited shares on issue prior to completion of the acquisition | 5,322                        |
|                                                                                              | <hr/> <hr/>                  |
| Listing expense on acquisition of Modun Resources Limited                                    | 2,955                        |
|                                                                                              | <hr/> <hr/>                  |

**Note 14. Interest in subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interest held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

| <b>Name of subsidiary</b>                               | <b>Principal place of business</b> | <b>Ownership interest held by<br/>the Group</b> |                    |
|---------------------------------------------------------|------------------------------------|-------------------------------------------------|--------------------|
|                                                         |                                    | <b>31 Dec 2015</b>                              | <b>30 Jun 2015</b> |
| LiveTiles Holdings Pty Ltd                              | Australia                          | 100%                                            | 100%               |
| LiveTiles APAC Pty Ltd                                  | Australia                          | 100%                                            | 100%               |
| LiveTiles R and D Pty Ltd                               | Australia                          | 100%                                            | 100%               |
| LiveTiles LLC                                           | USA                                | 100%                                            | 100%               |
| LiveTiles Limited (formerly Modun<br>Resources Limited) | Australia                          | 100%                                            | 0%                 |
| Nuurst Mineral Corporation LLC                          | Mongolia                           | 100%                                            | 0%                 |
| Modun Resources Pte Ltd                                 | Singapore                          | 100%                                            | 0%                 |

**Note 15. Subsequent events**

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 16. Commitments**

*Operating lease commitments*

Non-cancellable operating lease commitments contracted for but not recognised in the financial statements, payable:

|                   | <b>Consolidated</b> |                    |
|-------------------|---------------------|--------------------|
|                   | <b>31 Dec 2015</b>  | <b>30 Jun 2015</b> |
|                   | <b>\$'000</b>       | <b>\$'000</b>      |
| Within one year   | 97                  | 92                 |
| One to five years | 206                 | 350                |
|                   | <hr/>               | <hr/>              |
|                   | 303                 | 442                |

**Note 17. Contingent assets and liabilities**

There were no contingent liabilities or assets at 31 December 2015 (2014: nil).

**LiveTiles Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 18. Related party transactions**

The Group's related parties are as follows:

*Parent entity*

LiveTiles Limited (formerly Modun Resources Limited) is the legal parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 14.

*Key management personnel*

Key management personnel are limited to those named in the Directors' report. Those personnel have been determined to have authority and responsibility for planning, directing and controlling the activities of the entity and includes all payments related to their services.

|                                                    | 31 Dec 2015      | 31 Dec 2014   |
|----------------------------------------------------|------------------|---------------|
| Payments for services to key management personnel: |                  |               |
| Short term employee benefits                       | 502,916          | 10,000        |
| Post employment benefits                           | 11,101           | -             |
| Share based payments                               | 2,188,771        | -             |
| Short term fees paid for other services rendered   | (a) 2,254,115    | -             |
|                                                    | <u>4,956,903</u> | <u>10,000</u> |

*(a) Short term fees paid for other services rendered*

The short term fees paid for other services rendered was funded by the research and development grant received by the consolidated entity for the 12 months ended 30 June 2014.

*Transactions with related parties*

Payments for services to key management personnel also include payments to ZTH LLC, KUR Tech Pty Ltd, NIA Tech Pty Ltd and MPNB Tech Pty Ltd which are controlled by key management personnel. Payments made to these entities were in consideration for services rendered on an arm's length basis and have been included in the above table. No other payments to these entities have been made by the consolidated entity.

|                                                          | 31 Dec 2015   | 30 Jun 2015      |
|----------------------------------------------------------|---------------|------------------|
| <i>Receivables from and payables to related parties:</i> |               |                  |
| Current payables:                                        |               |                  |
| Accounts payable to key management personnel             | 10,000        | 3,643,569        |
| Accrued short term benefits to key management personnel  | 63,333        | 301,156          |
|                                                          | <u>73,333</u> | <u>3,944,725</u> |
| Non-current payables                                     |               |                  |
| Loans payable to key management personnel                | <u>-</u>      | <u>1,150,000</u> |

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**LiveTiles Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 19. Earnings per share**

|                                                                                           | <b>Consolidated</b> |                    |
|-------------------------------------------------------------------------------------------|---------------------|--------------------|
|                                                                                           | <b>31 Dec 2015</b>  | <b>31 Dec 2014</b> |
|                                                                                           | <b>\$'000</b>       | <b>\$'000</b>      |
| (Loss) / profit after income tax                                                          | (9,849)             | 1,743              |
|                                                                                           | <b>Number</b>       | <b>Number</b>      |
|                                                                                           | <b>'000</b>         | <b>'000</b>        |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | 320,852             | 171,951            |
| Adjustments for calculation of diluted earnings per share:                                |                     |                    |
| Options over ordinary shares                                                              | 2,430               | -                  |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>323,282</u>      | <u>171,951</u>     |
|                                                                                           | <b>Cents</b>        | <b>Cents</b>       |
| Basic (loss) / earnings per share                                                         | (3.07)              | 1.01               |
| Diluted (loss) / earnings per share                                                       | (3.07)              | 1.01               |

The weighted average number of ordinary shares for the 6 months ended 31 December 2014 for LiveTiles Holdings Pty Ltd was 1,011 (prior to the acquisition of Modun Resources Limited). In accordance with AASB 3, the historical shares on issue has been multiplied by the exchange ratio to adjust for the reverse acquisition of Modun Resources Limited (being 170,224 for 1).

**Note 20. Operating segments**

The business reports results for the whole operation and does not report operating segments due to the size of the business. The information in this report is presented on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**LiveTiles Limited**  
**Directors' declaration**  
**31 December 2015**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Matthew Brown', written over a horizontal line.

Matthew Brown  
Director

25 February 2016  
Sydney

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of LiveTiles Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of LiveTiles Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of LiveTiles Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of LiveTiles Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## Conclusion

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 LiveTiles Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

**BDO East Coast Partnership**

A handwritten signature in black ink that reads 'BDO'.A handwritten signature in black ink that reads 'Craig Maxwell'.

**Craig Maxwell**  
**Partner**

Sydney, 25 February 2016