

ASX Announcement

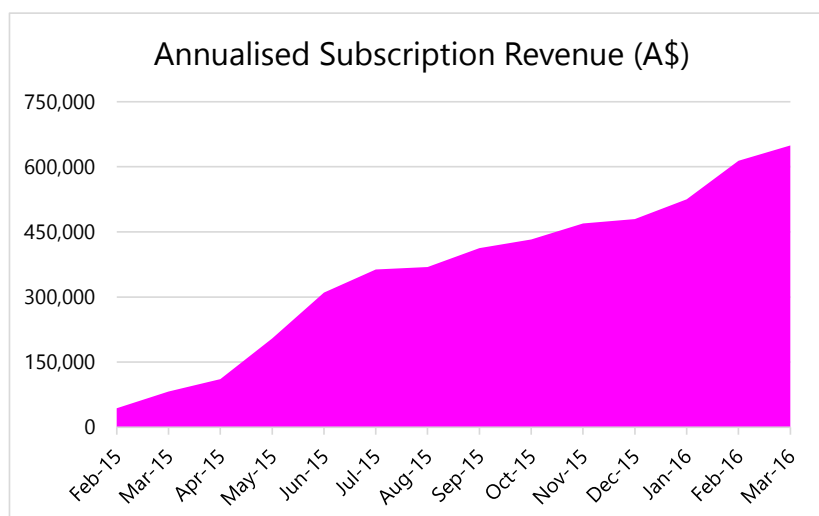
29 April 2016

March 2016 Quarter

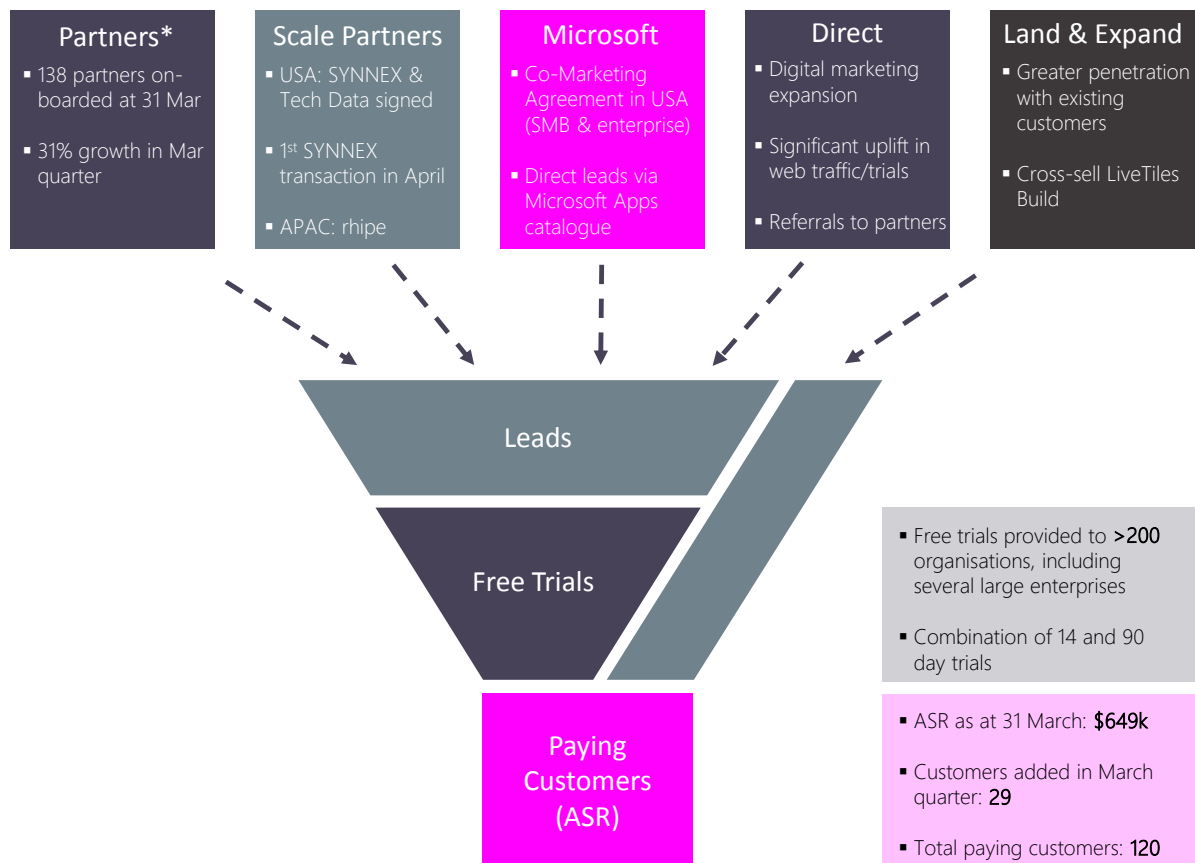
LiveTiles Limited (ASX:LVT) ("LiveTiles") is pleased to provide an update on its activities for the quarter ending 31 March 2016. LiveTiles also today released its Appendix 4C.

HIGHLIGHTS

- **Annualised Subscription Revenue (ASR) grew to \$649,000 as at 31 March 2016**
- **29 paying customers added in the quarter (bringing total paying customers to 120)**
- **Normalised cash operating expenses of \$1.6m in the quarter**
- **\$9.7m cash balance as at 31 March 2016 (R&D grant of \$1.5m (net of withholding tax) received in March 2016)**
- **Ongoing development of LiveTiles' partner ecosystem (31% growth during the quarter)**
- **Distribution Agreement signed with Tech Data Corporation in the United States**
- **Broadening of Microsoft Co-Marketing Agreement in the United States to include the SMB segment**
- **LiveTiles Mosaic now licensed to schools and school districts representing over 3.6 million students and teachers**
- **First major LiveTiles Build sale completed (Catholic Education South Australia)**
- **Launch of LiveTiles Design v4.0 and LiveTiles BluePrint**
- **Free trials provided to more than 200 organisations, including numerous large enterprises**



SALES & MARKETING STRATEGY



* comprises systems integrators and consultants

GROWING PARTNER ECOSYSTEM

LiveTiles continues to focus on building a large network of partners to broaden our reach and achieve scale in a substantial addressable market. LiveTiles' partner network grew to 138 partners as at 31 March 2016, representing growth of 31% during the quarter. Several partners have now closed repeat LiveTiles deals and we are confident that our partner strategy will accelerate our growth throughout the course of 2016.

In addition to continuing to recruit and onboard systems integrators and consultants to our partner ecosystem, in February 2016 LiveTiles signed a Distribution Agreement with Tech Data Corporation 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 January 31, 2015.

Tech Data is an authorised Microsoft Cloud Solution Provider (CSP) in the United States, which allows it to provide direct billing, sell combined offers and services, as well as directly provision, manage and support Microsoft cloud offerings.

LiveTiles has now signed Distribution Agreements with two of the three Microsoft two-tier CSPs in the United States (Tech Data and SYNEX Corporation). SYNEX completed its first LiveTiles transaction in April 2016.

LiveTiles continues to pursue distribution arrangements with other large software distributors in key markets.

STRENGTHENING MICROSOFT ALIGNMENT

In March 2016, the Co-Marketing Agreement between LiveTiles and Microsoft Corporation was broadened to include the United States small to medium-sized (SMB) market, being accounts with a licensed user base of up to 250 seats.

Under the Co-Marketing Agreement, a 90 day free trial is now being marketed to all United States Office 365 commercial customers (SMB and enterprise). The 90 day free trial offer is currently open until 30 June 2016.

In addition to generating customer opportunities, the campaign has significantly enhanced the awareness and understanding of LiveTiles' products throughout Microsoft's direct sales teams and its extensive partner ecosystem in the United States.

LIVETILES MOSAIC GROWTH

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. LiveTiles Mosaic is currently a free product. Our key objective with LiveTiles Mosaic is to achieve substantial scale in the global K-12 education market ahead of exploring potential monetisation paths.

In March 2016, LiveTiles signed an agreement with the Department of Education and Training, Ho Chi Minh City, Vietnam, under which LiveTiles Mosaic will be deployed to 1.1 million students and teachers.

Including the Vietnam transaction, LiveTiles Mosaic has now been licensed to schools and school districts with a student and teacher base of over 3.6 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.

CONTINUOUS PRODUCT INNOVATION

LiveTiles continues to invest heavily in product innovation.

Version 4.0 of LiveTiles Design, LiveTiles' core product, was released in February 2016. LiveTiles Design v4.0 delivers a more modular and scalable product and sets us up for a number of new product initiatives scheduled for 2016.

A major new feature for LiveTiles Build, called “Blueprint”, was launched in March 2016. Building on the simplicity delivered by LiveTiles Build, Blueprint 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.

DIGITAL MARKETING

During the quarter, LiveTiles launched a free 14 day trial of LiveTiles Design via our website (www.livetiles.nyc) to help accelerate lead generation. To date, free trials have been provided to more than 200 organisations including several large enterprises (including free trials under the Microsoft Co-Marketing Agreement in the United States).

In addition to the free trial initiative, management is in the process of expanding our digital marketing activities to drive more lead generation and subscription revenue. Management believes this initiative will accelerate customer and partner opportunities throughout the course of 2016 and beyond.

APPENDIX 4C

LiveTiles’ cash flows for the March 2016 quarter can be summarised as follows:

Cash Flow Summary	March 2016 quarter		Year-to-date (9 months)	
	A\$'000	A\$'000	A\$'000	A\$'000
Opening cash		10,074		11,114
Add:				
Receipts from LiveTiles customers*	317		748	
FY15 research and development grant received (net of withholding tax)	1,502		1,502	
Convertible note proceeds (extinguished on completion)	-		840	
Net proceeds from sale of Nuurst coal deposit	-		2,908	
FY14 R&D grant held on trust at 1 July 2015	-		2,254	
Pass-through of FY14 R&D grant held 1 July (pre-completion agreement)	-	1,819	(2,254)	5,998
Less:				
LiveTiles operating expenses	(1,596)		(5,274)	
Transaction / capital raising costs (non-recurring)	(34)		(1,005)	
Costs in relation to the sale of Nuurst coal deposit	(5)		(568)	
Payments under rhipe Shared Services agreement (in process of being terminated)	(153)		(274)	
Other items (FX adjustments; net interest)	(388)	(2,175)	(275)	(7,395)
Cash balance as at 31 March 2016		9,717		9,717

* includes a \$59k receipt in the March quarter for the second year of a two year licence

For further information, please contact:

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About LiveTiles:

LiveTiles is a global software company headquartered in New York, with offices in Sydney, Melbourne, London and Richland, Washington State. LiveTiles offers digital workplace solutions for the commercial and education markets, and is an award-winning Microsoft Partner. LiveTiles’ products comprise LiveTiles Design, LiveTiles Build and LiveTiles Mosaic (for the K-12 Education market). LiveTiles’ customers represent a diverse range of sectors and are spread throughout the United States, United Kingdom, Europe and Asia-Pacific.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

LiveTiles Limited

ABN

95 066 139 991

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers	317	748
1.2	Payments for		
	(a) staff costs	(750)	(2,818)
	(b) advertising and marketing	(276)	(755)
	(c) research and development	(220)	(614)
	(d) leased assets	-	-
	(e) other working capital	(350)	(1,087)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	22
1.5	Interest and other costs of finance paid	-	(10)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	FY15 R&D grant received (net of withholding tax)	1,502	1,502
	Pass-through of FY14 R&D grant (pre-completion agreement)	-	(2,254)
	Payments under rhipe Shared Services Agreement (in process of being terminated)	(153)	(274)
Net operating cash flows		75	(5,540)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	75	(5,540)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	2,908
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)		
Opening cash balance on acquisition of Modun Resources Ltd and its subsidiaries	-	10,871
Costs in relation to the sale of Modun Resources LLC (Nuurst coal deposit)	(5)	(568)
Net investing cash flows	(5)	13,212
1.14 Total operating and investing cash flows	70	7,672
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	188
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	840
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)		
Capital raising costs	(34)	(1,005)
Net financing cash flows	(34)	23
Net increase (decrease) in cash held	35	7,695
1.21 Cash at beginning of quarter/year to date	10,074	2,497
1.22 Exchange rate adjustments	(392)	(475)
1.23 Cash at end of quarter	9,717	9,717

+ See chapter 19 for defined terms.

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

		Current quarter \$A'ooo
1.24	Aggregate amount of payments to the parties included in item 1.2	213
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Payments of salaries and directors' fees to directors	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- N/A
- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest
- N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

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

+ See chapter 19 for defined terms.

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	9,717	10,074
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		9,717	10,074

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

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

Sign here: 

Chief Financial Officer and Director

Date: 29 April 2016

Print name: Matthew Brown

+ See chapter 19 for defined terms.