



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

**LIVETILES LIMITED
ABN 95 066 139 991**

**6 MONTHS ENDED
31 DECEMBER 2017**

The information provided in this report should be read in conjunction with the most recent annual financial statements and ASX announcements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

LiveTiles Limited and Controlled Entities

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2017

Company details

Name of entity:	LiveTiles Limited
ABN:	95 066 139 991
Reporting period:	6 months ended 31 December 2017
Previous period:	6 months ended 31 December 2016

Results for announcement to the market

Key information	6 months ended 31 December 2017	6 months ended 31 December 2016	Change
	\$	\$	%
Revenue from ordinary activities	1,903,249	686,666	177%
Loss after tax from ordinary activities attributable to members	(5,921,020)	(2,773,896)	(113)%
Loss attributable to members	(5,921,020)	(2,773,896)	(113)%

Dividends paid and proposed

	Amount per Security (cents)	Franked Amount per Security at 30% of Tax (cents)
Ordinary shares:		
Dividend for the 6 months ended 31 December 2017	Nil	Nil

Explanation of key information and dividends

An explanation of the above figures is contained in the "Operating and financial review" included within the attached directors' report.

Net tangible assets per share

	31 December 2017	30 June 2017
	Cents/Share	Cents/Share
Net tangible assets per share	2.31	0.90

Control gained or lost over entities in the period

The Group did not gain or lose control over any entities during the 6 months ended 31 December 2017.

Investments in associates and joint ventures

Equity accounted associates and joint ventures	Nil
Aggregate share of profit/(losses) of associates and joint ventures	Nil

LiveTiles Limited and Controlled Entities

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2017

Audit qualification or review

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

Attachments

The Interim Report of LiveTiles Limited for the 6 months ended 31 December 2017 is attached.

Signed



Matthew Brown
Executive Director

22 February 2018
Sydney



LiveTiles Limited

ABN 95 066 139 991

Interim Report - 31 December 2017

LiveTiles Limited ABN 95 066 139 991 and Controlled Entities

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity consisting of LiveTiles Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled (the 'consolidated entity' or 'group') at the end of, or during, the 6 months to 31 December 2017 (the 'period').

Directors

The names of directors who held office during or since the end of the period:

Cassandra Kelly	Non-executive Chair (appointed 5 September 2017)
Karl Redenbach	Executive Director and Chief Executive Officer
Peter Nguyen-Brown	Executive Director and Chief eXperience Officer
Matthew Brown	Executive Director and Chief Financial Officer
Andy McKeon	Non-executive Director
Andrew Gray	Non-executive Chair (resigned 22 November 2017)
Michael Hill	Non-executive Director (resigned 5 September 2017)

Principal activities

During the period the principal continuing activities of the consolidated entity consisted of the development and sale of digital workplace software. LiveTiles' customers represent a diverse range of sectors and are spread throughout North America, United Kingdom, Europe, the Middle East and Asia-Pacific.

The Company is headquartered in New York, with operations in Seattle, Tri-Cities (Washington State, USA), San Francisco, Los Angeles, Chicago, Minneapolis, North Carolina, London, Zurich, Netherlands, Sydney, Melbourne and Hobart.

Operating and financial review

For the 6 months to 31 December 2017, total revenue and other income was \$3,505,874 (2016: \$1,946,261), including subscription revenue of \$1,903,249 (2016: \$686,666) and accrued grant income of \$1,590,936 (2016: \$1,253,229). In addition, unearned revenue (a balance within the Statement of Financial Position) was \$2,057,124 (31 December 2016: \$907,800).

Annualised Subscription Revenue grew to \$6.9m (2016: \$2.0m) as at 31 December 2017, comprising 445 paying customers (2016: 266 paying customers). Annualised Subscription Revenue represents committed, recurring subscription revenue on an annualised basis.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

DIRECTORS' REPORT

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

		6 months ended 31 Dec 17 (\$'000)	6 months ended 31 Dec 16 (\$'000)
	Notes		
Subscription revenue		1,903	687
Government grant income	(a)	1,591	1,253
Other income		12	6
Total revenue and other income		3,506	1,946
 Total operating expenses	(b)	 (8,397)	 (3,948)
Amortisation of development costs		(711)	(434)
Loss before income tax expense and non-recurring/non-cash items		(5,602)	(2,436)
<i>Non-recurring expenses</i>			
rhipe Shared Services agreement		-	(16)
<i>Other non-cash expenses</i>			
Share based payments - Management Incentive Plan		(265)	(440)
Loss before income tax expense tax per statutory accounts		(5,867)	(2,892)
Income tax expense		(54)	118
Loss after income tax expense per statutory accounts		(5,921)	(2,774)

Notes:

(a) Accrual for expected government grants for the respective 6 month period.

(b) Excludes non-recurring expenses under the rhipe Shared Service Agreement (no longer in operation) and amortisation of development costs.

The Group's cash balance as at 31 December 2017 was \$7,226,969 (30 June 2017: \$3,500,473).

DIRECTORS' REPORT

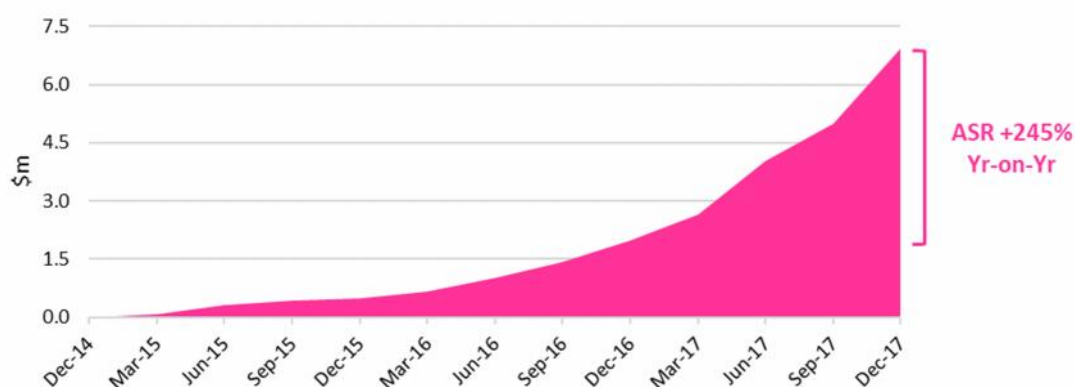
Highlights

Customer and revenue growth

During the period, LiveTiles has continued to invest in growing its sales, marketing and customer success teams. Several experienced sales professionals were added in the December 2017 quarter and the Group also increased its level of investment in marketing events. This investment, together with ongoing joint-promotional initiatives with Microsoft, is generating a significant uplift in the Group's sales pipeline.

Annualised Subscription Revenue¹ (**ASR**) grew to \$6.9m as at 31 December 2017 (2016: \$2.0m), representing year-on-year growth of 245%, with \$2.9m of ASR added in the six months to 31 December 2017. The Company's ASR growth has been driven by a growing sales and marketing footprint, ongoing product innovation and strengthening brand awareness.

Annualised subscription revenue growth



1. Annualised subscription revenue (ASR) represents committed, recurring subscription revenue on an annualised basis

Customer numbers continued to increase strongly, with 445 paying customers as at 31 December 2017, up 67% over the last 12 months.

Year-on-year growth in paying customers



**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

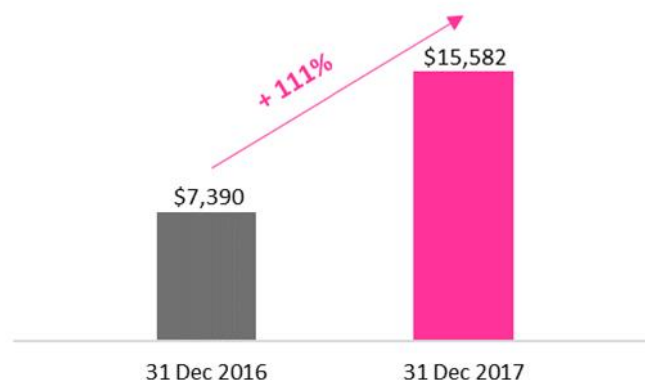
DIRECTORS' REPORT

Customer highlights for the 6 months ended 31 December 2017 included:

- A multinational media conglomerate headquartered in the United States
- One of the world's largest investment managers, headquartered in the United States
- A large transportation authority in the United States
- A leading insurance company headquartered in the United Kingdom
- A large real estate group based in the Middle-East
- A major airline headquartered in the Asia-Pacific region
- An Australian Federal Government agency
- A large Australian university; and
- A major life insurance company based in Asia.

Average ASR per customer has continued to grow, up 111% over the last 12 months, driven by several larger customer wins and increased penetration of existing customers as part of the Group's 'land & expand' growth strategy.

Average ASR per customer up 111% in last 12 months



Partner channel

LiveTiles has continued to focus on building a large network of partners to broaden the Group's reach and achieve scale in a substantial addressable market. The number of transacting partners grew to 81 as at 31 December 2017 (up 76% since 31 December 2016).

LiveTiles Mosaic

LiveTiles Mosaic enables kindergarten to year 12 (K-12) teachers to easily create modern, touch-friendly digital classrooms which seamlessly integrate with Office 365. LiveTiles Mosaic is currently offered to K-12 schools for free. The Company's 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 is now licensed to schools and school districts representing 7.2 million students and teachers, up 26% since 31 December 2016.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

DIRECTORS' REPORT

New Artificial Intelligence products

LiveTiles has continued to innovate and expand its product line. In September 2017, LiveTiles announced two new artificial intelligence products, LiveTiles Bots and LiveTiles Intelligence.

LiveTiles Bots: allows non-programmers to build their own chatbots using a simple, visual process to define a chatbot's functionality and personality to meet a user's specific needs. The chatbots developed are able to perform a wide range of tasks, such as finding people and content, scheduling meetings, logging IT support tickets, reporting an employee's annual leave balance, running and distributing sales reports, and completing expense reports.

LiveTiles Intelligence: provides powerful analytics and highly visual insights on user interactions with an enterprise's digital workplace sites and makes suggestions for improvement. Over time LiveTiles Intelligence will learn what drives higher levels of interaction on a digital workplace page, and will be able to incorporate these learnings to fully automate the re-design of a page.

Strategic partnerships

Microsoft: In December 2017, LiveTiles announced a joint initiative with Microsoft to promote the Company's recently launched artificial intelligence offering to Microsoft customers in the United States. The strategic partnership with Microsoft and ongoing joint promotional activities provide a strong endorsement of LiveTiles and its products.

Clean Energy Smart Manufacturing Innovation Institute (CESMII): In January 2018, LiveTiles secured a strategic partnership with the CESMII to use LiveTiles' recently launched artificial intelligence technology to promote smart manufacturing processes in the United States. LiveTiles will collaborate with leading organisations such as Honeywell, General Mills, Arconics and Johnson & Johnson under the arrangement. Under the partnership, LiveTiles will implement its artificial intelligence-powered bot technology to drive smart manufacturing processes and improve the interactions between the manufacturing workforce, machinery and robotics.

Victorian Government: In November 2017, LiveTiles entered into an agreement with the State Government of Victoria to support the establishment of LiveTiles' Asia-Pacific headquarters and a Global Innovation Centre in the city of Geelong, Victoria. The Geelong team will provide digital marketing, sales, technical and operational support to LiveTiles' global business. As part of the initiative, LiveTiles will partner with local universities, TAFEs and secondary schools on collaborative innovation projects and to facilitate career opportunities for tech graduates.

Significant changes in the state of affairs

There were no significant changes in the state of affairs for the 6 months to 31 December 2017.

Significant events since the end of the financial year

On 15 February 2018 LiveTiles Limited announced that it had raised \$20,000,000 (before costs) via a share placement to professional and sophisticated investors. Under the placement, 44,444,444 fully paid ordinary shares will be issued at \$0.45 per share.

In conjunction with finalising the share placement, LiveTiles launched a share purchase plan, providing existing eligible shareholders an opportunity to increase their holding by up to \$15,000. The share purchase plan is capped at \$3,000,000 and the offer period closes on 15 March 2018.

There have been no other significant events affecting the Group since 31 December 2017.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* for the 6 months ended 31 December 2017 is set out on page 7.

This directors' report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'MB', is written over a horizontal dotted line.

Matthew Brown
Executive Director
22 February 2018
Sydney

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF LIVETILES LIMITED

As lead auditor for the review of LiveTiles Limited for the half-year ended 31 December 2017, 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.



Gareth Few
Partner

BDO East Coast Partnership

Sydney, 22 February 2018

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

Table of Contents

Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13
Directors' declaration	24
Independent auditor's review report to the members of LiveTiles Limited	25

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 6 months to 31 December 2017. The financial statements are presented in Australian Dollars, which is LiveTiles' functional and presentation currency.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

Consolidated Group			
	Note	31 December 2017	31 December 2016
		\$	\$
Revenue	2	1,903,249	686,666
Other income	3	1,602,625	1,259,595
		3,505,874	1,946,261
Expenses			
Employee benefits expense		(4,829,474)	(2,675,185)
Marketing expense		(1,340,304)	(231,874)
Travel and entertainment expense		(907,542)	(273,389)
Professional fees		(437,924)	(235,613)
Rent and other office costs		(517,295)	(322,884)
Information technology costs		(321,525)	(94,583)
Other costs		(42,595)	(130,522)
Amortisation of development costs		(710,837)	(433,564)
Share based payments expense	9	(265,498)	(440,256)
		(9,372,994)	(4,837,870)
Loss before income tax		(5,867,120)	(2,891,609)
Income tax benefit / (expense)		(53,900)	117,713
Loss for the period		(5,921,020)	(2,773,896)
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations, net of tax		(7,736)	(81,127)
Total comprehensive income for the period		(5,928,756)	(2,855,023)
Earnings per share for loss attributable to the owners of LiveTiles Limited			
– basic earnings per share (cents)	14	(1.49)	(0.81)
– diluted earnings per share (cents)	14	(1.49)	(0.81)

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	Consolidated Group 31 December 2017 \$	30 June 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		7,226,969	3,500,473
Trade and other receivables	4	5,894,745	3,981,404
Other current assets		97,565	3,905
TOTAL CURRENT ASSETS		13,219,279	7,485,782
NON-CURRENT ASSETS			
Property, plant and equipment		62,377	15,977
Intangible assets	5	-	-
Rental deposit		269,351	101,502
TOTAL NON-CURRENT ASSETS		331,728	117,479
TOTAL ASSETS		13,551,007	7,603,261
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	1,550,834	2,366,089
Income tax payable		48,000	48,000
Employee benefits provision		230,780	186,358
Other current liabilities	7	1,795,213	1,727,736
TOTAL CURRENT LIABILITIES		3,624,827	4,328,183
NON-CURRENT LIABILITIES			
Employee benefits provision		26,596	26,596
Other non-current liabilities	7	261,911	180,064
TOTAL NON-CURRENT LIABILITIES		288,507	206,660
TOTAL LIABILITIES		3,913,334	4,534,843
NET ASSETS		9,637,673	3,068,418
EQUITY			
Issued capital	8	37,691,227	24,963,714
Reserves	10	2,115,904	2,353,142
Accumulated losses		(30,169,458)	(24,248,438)
TOTAL EQUITY		9,637,673	3,068,418

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

Consolidated Group	Note	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016		24,819,714	1,184,586	(16,853,927)	9,150,373
Loss after income tax for the period		-	-	(2,773,896)	(2,773,896)
Other comprehensive income for the period, net of tax		-	(81,127)	-	(81,127)
Total comprehensive income for the period		-	(81,127)	(2,773,896)	(2,855,023)
Transactions with owners, in their capacity as owners, and other transfers					
Share based payment expense	9(a)	-	440,256	-	440,256
Total transactions with owners and other transfers		-	440,256	-	440,256
Balance at 31 December 2016		24,819,714	1,543,715	(19,627,823)	6,735,606
Balance at 1 July 2017		24,963,714	2,353,142	(24,248,438)	3,068,418
Loss after income tax for the period		-	-	(5,921,020)	(5,921,020)
Other comprehensive income for the period, net of tax		-	(7,736)	-	(7,736)
Total comprehensive income for the period		-	(7,736)	(5,921,020)	(5,928,756)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	8(b)(c) (g)(h)	11,445,013	-	-	11,445,013
Share based payment expense	9(a)	-	265,498	-	265,498
Exercise of options	8(d)(e)	810,000	(360,000)	-	450,000
Exercise of MIP shares	8(f)	472,500	(135,000)	-	337,500
Total transactions with owners and other transfers		12,727,513	(229,502)	-	12,498,011
Balance at 31 December 2017		37,691,227	2,115,904	(30,169,458)	9,637,673

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

	Consolidated Group	
	31 December 2017	31 December 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	1,938,221	1,043,492
Payments to suppliers and employees (inclusive of GST)	(9,636,773)	(3,346,456)
Interest received	10,931	8,034
Research and development grant received	-	1,743,690
Income tax paid	(48,306)	(38,956)
Net cash used in operating activities	(7,735,927)	(590,196)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for development costs	(710,837)	(433,674)
Payments for plant and equipment	(46,567)	(2,832)
Net cash (used in)/provided by investing activities	(757,404)	(436,506)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	12,000,000	-
Share issue transaction costs	(554,987)	-
Proceeds from exercise of options	787,500	-
Net cash provided by financing activities	12,232,513	-
Net increase in cash and cash equivalents	3,739,182	(1,026,702)
Cash and cash equivalents at the beginning of the financial period	3,500,473	8,055,057
Effects of exchange rate changes on cash and cash equivalents	(12,686)	(63,149)
Cash and cash equivalents at end of period	7,226,969	6,965,206

The accompanying notes form part of these financial statements.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These interim financial statements for 6 months ended 31 December 2017 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of LiveTiles Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the period within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following 6 months.

These interim financial statements were authorised for issue on 22 February 2017.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

NOTE 2: REVENUE

	Consolidated Group	
	31 December 2017	31 December 2016
	\$	\$
Software subscription revenue	1,903,249	686,666

NOTE 3: OTHER INCOME

	Consolidated Group	
	31 December 2017	31 December 2016
	\$	\$
Interest income	4,823	5,958
Research and development grant income	840,936	1,253,229
Other grant income	750,000	-
Other income	6,866	408
	1,602,625	1,259,595

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 4: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	31 December 2017	30 June 2017
	\$	\$
Trade receivables	1,245,615	1,002,469
Provision for doubtful debts	-	(79,260)
	1,245,615	923,209
Research and development grant receivable	3,899,130	3,058,195
Other grant receivable	750,000	-
	5,894,745	3,981,404

Research and development grant receivable

In determining the value of research and development grant receivable, the consolidated entity has made estimates in respect of the costs that are eligible to be claimed under the legislation based on historical grants claimed and research and development costs incurred during the period to 31 December 2017.

Other grant receivable

Government grants, other than the research and development grant, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the consolidated entity will comply with all attached conditions.

NOTE 5: INTANGIBLES

	Consolidated Group	
	31 December 2017	30 June 2017
	\$	\$
Development costs:		
Capitalised development costs	2,290,960	1,580,123
Less: accumulated amortisation	(2,290,960)	(1,580,123)
	-	-
Balance at the beginning of the year	-	-
Additions during the year	710,837	862,905
Amortisation charge	(710,837)	(862,905)
Balance at the end of the year	-	-

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 6: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated Group	
	31 December 2017	30 June 2017
	\$	\$
Trade payables	553,410	544,066
Employee benefits accruals	616,045	1,047,059
Other payables and accruals	78,046	147,459
Other payables to related parties	303,333	627,505
	1,550,834	2,366,089

NOTE 7: OTHER LIABILITIES

	Consolidated Group	
	31 December 2017	30 June 2017
	\$	\$
Unearned revenue		
Current	1,795,213	1,727,736
Non-current	261,911	180,064
	2,057,124	1,907,800

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 8: EQUITY – ISSUED CAPITAL

Consolidated Group				
	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	Shares	Shares	\$	\$
Ordinary shares - fully paid	416,399,411	342,982,791	37,691,227	24,963,714
	Date	Shares No.	Issue Price \$	Total \$
Movements in ordinary share capital				
Balance	01 July 2016	342,182,791		24,819,714
Issue of shares upon exercise of options	(a) 29 June 2017	800,000		144,000
Balance	30 June 2017	342,982,791		24,963,714
Share capital issued	(b) 8 August 2017	58,888,889	\$0.18	10,600,000
Share capital issued	(c) 6 September 2017	5,226,354	\$0.18	940,752
Share capital issued	(c) 7 September 2017	329,155	\$0.18	59,248
Issue of shares upon exercise of options	(d) 7 September 2017	3,000,000		540,000
Issue of shares upon exercise of options	(e) 19 October 2017	1,500,000		270,000
Issue of shares upon exercise of Management Incentive Plan shares	(f) 4 December 2017	2,250,000		472,500
Share capital raised	(g) 19 December 2017	2,222,222	\$0.18	400,000
Less capital raising costs	(h)			(554,987)
Balance	31 December 2017	416,399,411		37,691,227
Restricted shares on issue	(i)	34,850,000		-
Total issued capital	31 December 2017	451,249,411		37,691,227

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 8: EQUITY – ISSUED CAPITAL (CONTINUED)

- (a) On 29 June 2017, 800,000 pre-acquisition 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 \$80,000, and the modified value of the options at acquisition date, being \$64,000.
- (b) On 8 August 2017, LiveTiles Limited issued 58,888,889 shares at \$0.18 per share to raise \$10,600,000.
- (c) On 6 and 7 September 2017, LiveTiles Limited issued 5,555,509 shares at \$0.18 per share to raise \$1,000,000
- (d) On 7 September 2017, 3,000,000 pre-acquisition 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 \$300,000, and the modified value of the options at acquisition date, being \$240,000.
- (e) On 19 October 2017, 1,500,000 pre-acquisition 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 \$150,000, and the modified value of the options at acquisition date, being \$120,000.
- (f) On 4 December 2017, 2,250,000 Tranche A Management Incentive Plan shares were exercised at an exercise price of \$0.15 per share. The movement in equity in relation to the options reflects the amount paid to exercise those MIP shares, being \$337,500, and the modified value of the MIP shares at issue date, being \$135,000.
- (g) On 19 December 2017, LiveTiles Limited issued 2,222,222 shares at \$0.18 per share to raise \$400,000.
- (h) Costs directly attributable to the raising of addition funds have been offset against equity.
- (i) As at 31 December 2017, LiveTiles Limited had issued 34,850,000 shares under the Management Incentive Plan.

Tranches A, B and C – 32,750,000 shares were issued under the Management Incentive Plan on 25 August 2015. Of this, 2,250,000 shares were exercised on 4 December 2017.

Tranches D, E and F – 1,200,000 shares were issued under the Management Incentive Plan on 5 April 2016

Tranches G, H and I – 300,000 shares were issued under the Management Incentive Plan on 2 June 2017

Tranches J, K and L – 600,000 shares were issued under the Management Incentive Plan on 20 November 2017

Refer to note 9(a).

Shares issued under the Management Incentive Plan are not included in the earnings per share calculation in note 14.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 9: SHARE BASED PAYMENTS EXPENSE

	Consolidated Group	
	31 December 2017	31 December 2016
	\$	\$
Share based payment expense		
<i>Non-cash share based payment expense</i>		
Management Incentive Plan shares	265,498	440,256
	<u>265,498</u>	<u>440,256</u>

(a) Management Incentive Plan (MIP) shares

On 25 August 2015, LiveTiles Limited issued 35,000,000 shares to the Directors via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the Directors an option to purchase the shares at \$0.15. These shares were issued in Tranches A, B and C.

On 5 April 2016, LiveTiles Limited issued 1,200,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employees an option to purchase the shares at \$0.285. These were issued in Tranches D, E and F.

On 2 June 2017, LiveTiles Limited issued 300,000 shares to senior employees of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employees an option to purchase the shares at \$0.245. These were issued in Tranches G, H and I.

On 20 November 2017, LiveTiles Limited issued 600,000 shares to a senior employee of the Company via a limited recourse loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at \$0.25. These were issued in Tranches J, K and L.

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 volatility is based on the volatility in the Company's share price since the date of the reverse acquisition. The assumptions used to value the Management Incentive Plan shares are set out below:

Tranche	A, B, C	D, E, F	G, H, I	J, K and L
Share price	\$0.15	\$0.25	\$0.235	\$0.27
Effective exercise price	\$0.15	\$0.285	\$0.245	\$0.25
Term of loan to fund acquisition of shares (years)	6	6	6	6
Compounded risk-free interest rate	3.1%	3.1%	3.1%	3.1%
Volatility	75%	75%	75%	75%
Discount to reflect vesting conditions	40%	40%	40%	40%
Discounted value per share	<u>\$0.06</u>	<u>\$0.10</u>	<u>\$0.09</u>	<u>\$0.11</u>

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 9: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

(a) Management Incentive Plan (MIP) shares (continued)

The value of the loan shares issued under the Management Incentive Plan has been expensed as a share based payment as follows:

	Number of shares	Date issued	Vesting date	Vesting price	Expense for 6 months ended 31 December 2016	Expense for 6 months ended 31 December 2017
Tranche A	15,000,000	25/8/2015	24/8/2017	\$0.25	226,850	67,809
Tranche B	10,000,000	25/8/2015	24/8/2018	\$0.35	100,822	100,822
Tranche C	10,000,000	25/8/2015	24/8/2019	\$0.45	75,616	75,616
Tranche D	400,000	5/4/2016	6/4/2017	\$0.285	20,165	-
Tranche E	400,000	5/4/2016	6/4/2018	\$0.285	10,082	5,042
Tranche F	400,000	5/4/2016	6/4/2019	\$0.285	6,721	3,361
Tranche G	100,000	2/6/2017	2/6/18	\$0.245	-	4,537
Tranche H	100,000	2/6/2017	2/6/19	\$0.245	-	2,268
Tranche I	100,000	2/6/2017	2/6/20	\$0.245	-	1,512
Tranche J	200,000	20/11/2017	20/11/18	\$0.25	-	2,471
Tranche K	200,000	20/11/2017	20/11/19	\$0.25	-	1,236
Tranche L	200,000	20/11/2017	20/11/20	\$0.25	-	824
Total	37,100,000				440,256	265,498

On 4 December 2017, 2,250,000 Tranche A Management Incentive Plan shares were exercised at an exercise price of \$0.15 per share.

At 31 December 2017 there were 34,850,000 Management Incentive Plan shares outstanding.

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

On 29 June 2017, 800,000 pre-acquisition options in Modun Resources Limited were exercised at an exercise price of \$0.10 per share.

On 7 September 2017, 3,000,000 pre-acquisition options in Modun Resources Limited were exercised at an exercise price of \$0.10 per share.

On 19 October 2017, 1,500,000 pre-acquisition options in Modun Resources Limited were exercised at an exercise price of \$0.10 per share.

At 31 December 2017 there were no options outstanding.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 10: EQUITY – RESERVES

	Consolidated Group	
	31 December 2017	30 June 2017
	\$	\$
Share based payments reserve	1,704,933	1,934,435
Foreign currency translation reserve	410,971	418,707
	2,115,904	2,353,142

NOTE 11: 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.

Name of subsidiary	Principal place of business	Ownership interest held by group	
		31 December 2017	30 June 2017
LiveTiles Limited	Australia		
LiveTiles Holdings Pty Ltd	Australia	100%	100%
LiveTiles APAC Pty Ltd	Australia	100%	100%
LiveTiles R and D Pty Ltd	Australia	100%	100%
LiveTiles Corporation (formerly LiveTiles LLC)	USA	100%	100%
Modun Resources Pty Ltd	Singapore	100%	100%

NOTE 12: COMMITMENTS

Operating lease commitments

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

	Consolidated Group	
	31 December 2017	30 June 2017
	\$	\$
Payable – minimum lease payments:		
- Not later than 12 months	502,704	214,353
- Between 12 months and 5 years	2,240,329	-
	2,743,033	214,353

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 13: RELATED PARTY TRANSACTIONS

The Group's related parties are as follows:

Parent entity

LiveTiles Limited is the legal parent entity. For the purposes of these financial statements, the accounting parent entity is LiveTiles Holdings Pty Ltd.

Subsidiaries

Interests in subsidiaries are set out in note 11.

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.

	Consolidated Group	
	31 Dec 2017	31 Dec 2016
	\$	\$
Payments for services to key management personnel:		
Short term employee benefits	989,189	671,655
Post-employment benefits	51,314	23,664
Share based payments	244,247	403,288
	1,284,750	1,098,607

	Consolidated Group	
	31 Dec 2017	30 June 2017
	\$	\$
<i>Receivables from and payables to related parties:</i>		
Current payables:		
Accrued short term benefits to key management personnel	303,333	627,505
	303,333	627,505

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 13: RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with other related parties

rhipe Limited and its subsidiaries (rhipe) are considered to be related parties due to Michael Hill being an executive director of rhipe and a director of the Company. During the 2016 financial year the Group paid rhipe for the temporary use of shared resources following the sale of the nSynergy Group to rhipe and rhipe was engaged by the Group to provide IT consulting services to LiveTiles customers.

rhipe is also a reseller and distributor of LiveTiles software. During the 2016 and 2017 financial year the Group received revenue from rhipe representing the pass through of subscription licence fees (net of reseller margin) payable by end users of LiveTiles software sold by rhipe.

	Consolidated Group	
	31 Dec 2017	31 Dec 2016
<i>Receipts and payments to rhipe</i>	\$	\$
Receipts from rhipe for sale of LiveTiles software	70,890	143,710
Payments to rhipe under Shared Service Agreement	-	(16,001)
Net payment to rhipe	70,890	127,709

	Consolidated Group	
	31 Dec 2017	30 Jun 2017
<i>Receivables and payables to rhipe</i>	\$	\$
Receivable from rhipe	36,012	66,289
Payable to rhipe	(16,165)	-
	19,847	66,289

Terms and conditions

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

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2017**

NOTE 14: EARNINGS PER SHARE

	Consolidated Group	
	31 December 2017	31 December 2016
	\$	\$
Loss after income tax expense for the period	(5,921,020)	(2,773,896)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	396,234,596	344,733,709
	Cents	Cents
Basic (loss) / earnings per share	(1.49)	(0.81)
Diluted (loss) / earnings per share	(1.49)	(0.81)
The options on issue have not been considered in the diluted earnings per share as their effect is anti-dilutive.		

NOTE 15: 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.

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

On 15 February 2018 LiveTiles Limited announced that it had raised \$20,000,000 via a share placement. Under the placement, 44,444,444 fully paid ordinary shares will be issued at \$0.45 per share.

In conjunction with finalising the share placement, LiveTiles launched a share purchase plan, providing existing eligible shareholders an opportunity to increase their holding by up to \$15,000. The share purchase plan is capped at \$3,000,000 and the offer period closes on 15 March 2018.

No matter or circumstance has arisen since 31 December 2017 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.

**LiveTiles Limited ABN 95 066 139 991
and Controlled Entities**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of LiveTiles Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 23, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the 6 months ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Matthew Brown', with a stylized, flowing script.

Matthew Brown

Director

22 February 2018

Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of LiveTiles Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of LiveTiles Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Gareth Few'. Above the signature, the letters 'BDO' are written in a stylized, cursive script.

Gareth Few
Partner

Sydney, 22 February 2018