APPENDIX 4D
HALF-YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A.3

RESULTS FOR ANNOUNCEMENT TO THE MARKET

LIVETILES LIMITED
ABN 95 066 139 991

6 MONTHS ENDED
31 DECEMBER 2018

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

LiveTiles Limited and Controlled Entities

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE 6 MONTHS ENDED 31 DECEMBER 2018

Company details

Name of entity:	LiveTiles Limited
ABN:	95 066 139 991
Reporting period:	6 months ended 31 December 2018
Previous period:	6 months ended 31 December 2017

Results for announcement to the market

Key information	6 months ended 31 December 2018 $	6 months ended 31 December 2017 $	Change %
Revenue from ordinary activities	5,677,075	1,903,249	198%
Loss after tax from ordinary activities attributable to members	(22,769,721)	(5,921,020)	(285%)
Loss attributable to members	(22,769,721)	(5,921,020)	(285%)

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 2018	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 2018 Cents/Share	30 June 2018 Cents/Share
Net tangible assets per share	3.39	2.64

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 2018.

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 2018

Audit qualification or review

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

Attachments

The Interim Report of LiveTiles Limited for the 6 months ended 31 December 2018 is attached.

Signed

Matthew Brown

Executive Director

27 February 2019

Sydney

LiveTiles Limited

ABN 95 066 139 991

Interim Report - 31 December 2018

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 2018 (the 'period').

Directors

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

Cassandra Kelly	Non-executive Chair
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
David Lemphers	Non-executive Director (appointed 1 September 2018)

Principal activities

During the period the principal continuing activities of the consolidated entity consisted of the development and sale of intelligent 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, North Carolina, Rochester, London, Sligo, Amsterdam, Sydney, Melbourne, Brisbane, Geelong and Hobart.

Operating and financial review

For the 6 months to 31 December 2018, total revenue and other income was $7,372,849 (2017: $3,505,874), including subscription revenue of $5,677,075 (2017: $1,903,249) and accrued grant income of $1,499,139 (2017: $1,590,936). In addition, unearned revenue (a balance within the Statement of Financial Position) was $6,274,380 (31 December 2017: $2,057,124).

Annualised Recurring Revenue grew by 232% year-on-year to $22.9m (2017: $6.9m) as at 31 December 2018, comprising 598 paying customers (2017: 445 paying customers). Annualised Recurring Revenue represents committed, recurring revenue on an annualised basis.

DIRECTORS' REPORT

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

	Notes	6 mths ended 31 Dec 18 ($'000)	6 mths ended 31 Dec 17 ($'000)
Subscription revenue		5,677	1,903
Government grant income		1,499	1,591
Other income		197	12
Total revenue and other income		7,373	3,506
Total operating expenses		(25,009)	(8,397)
Amortisation of development costs		(1,081)	(711)
Loss before income tax expense and non-cash items		**(18,717)**	**(5,602)**
Non-cash expenses			
Amortisation of software IP and customer contracts	(a)	(162)	-
Share based payments - post combination services for Hyperfish, Inc	(b)	(3,595)	-
Share based payments - Management Incentive Plan		(213)	(265)
Loss before income tax expense per statutory accounts		**(22,687)**	**(5,867)**
Income tax expense		(83)	(54)
Loss after income tax expense per statutory accounts		**(22,770)**	**(5,921)**

Notes:
(a) Amortisation of intangibles relating to the acquisition of Hyperfish, Inc.
(b) Non cash contingent payment relating to the acquisition of Hyperfish, Inc., deemed to be a share based payment

The Group's cash balance as at 31 December 2018 was $22,412,522 (30 June 2018: $17,848,223).

DIRECTORS' REPORT

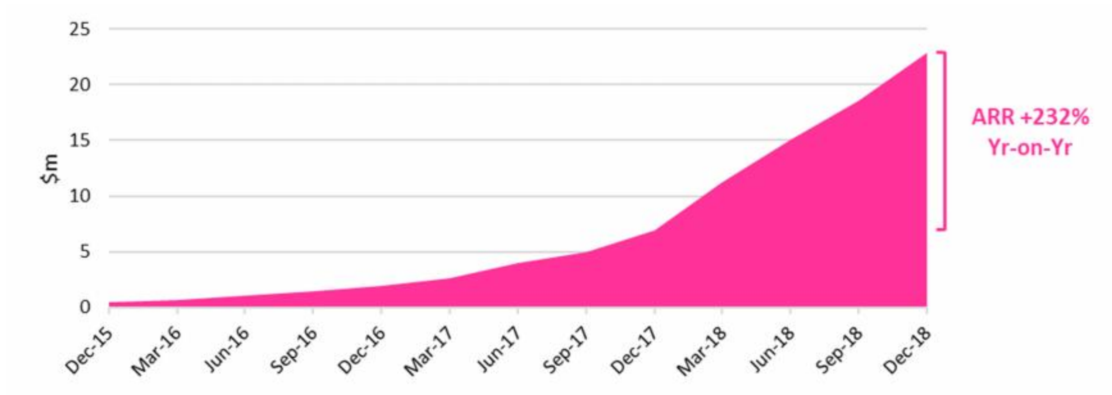
Highlights

Customer and revenue growth

During the period, LiveTiles has continued to invest in growing its sales, marketing and customer success teams. This investment, together with ongoing joint-promotional initiatives with Microsoft, is generating a significant uplift in the Group's sales pipeline.

Annualised Recurring Revenue[1] (**ARR**) grew to $22.9m as at 31 December 2018 (2017: $6.9m), representing year-on-year growth of 232%, with $7.9m of ARR added in the December half and $4.3m of ARR added in the December quarter. The Company's ARR growth has been driven by a growing sales and marketing footprint, ongoing product innovation and strengthening brand awareness.

Annualised recurring revenue growth



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

Customer numbers continued to increase strongly, with 598 paying customers as at 31 December 2018, up 34% over the last 12 months.

Year-on-year growth in paying customers

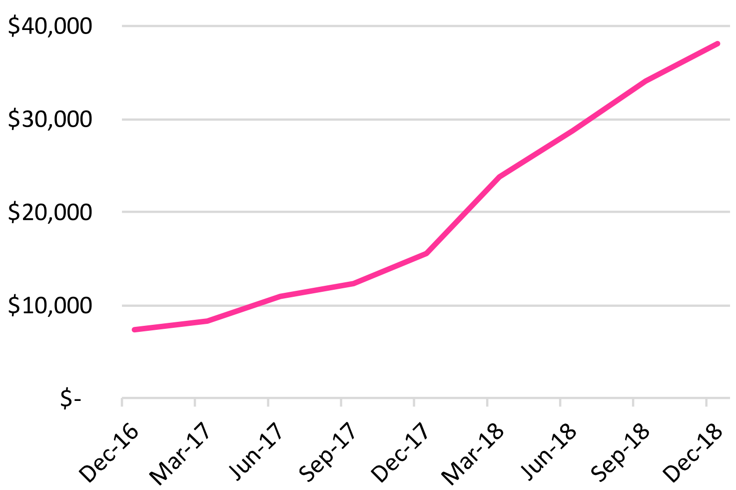
DIRECTORS' REPORT

Customer highlights for the December half included:

- One of the world's largest IT consulting companies, headquartered in the United States
- A top-tier global real estate services company, headquartered in the United States
- A multinational engineering and construction company, headquartered in the United States
- A major university in the United States
- A large agricultural cooperative in the United States
- A multinational media and entertainment conglomerate, headquartered in the United States
- A large clothing and homewares retailer in the United States
- A major banking and payment services company in the United States
- A top-tier online stockbroking business in the United States
- A large logistics group in the United States
- A multinational bank headquartered in Europe
- A global luxury goods conglomerate, headquartered in Europe
- A major food manufacturer in the United Kingdom
- A top-tier professional services firm in Australia
- A global insurance company in the Asia-Pacific region
- Two government departments in Australia
- A major government-owned corporation in Australia

Average ARR per customer continued to trend higher in the December quarter, up 145% over the last 12 months to $38,282, driven by continued strong growth in new enterprise customers and increased penetration of existing customers via the Company's 'land & expand' growth strategy.

Average ARR per customer up 145% in last 12 months



Continued growth in reseller channel

In addition to the Company's direct sales channel, LiveTiles sells its software through resellers and other partners to help scale and broaden the Company's reach. The number of transacting partners grew to 111 as at 31 December 2018 (up 37% since 31 December 2017).

Strategic relationship with Microsoft

LiveTiles' strategic relationship with Microsoft continues to strengthen, with multiple high-impact campaigns and other joint-marketing initiatives with Microsoft generating strong awareness and demand for LiveTiles' intelligent workplace offering.

DIRECTORS' REPORT

In July 2018, LiveTiles was awarded the 2018 Microsoft US Partner Award for Modern Workplace Transformation at Microsoft Inspire (a major global conference for Microsoft partners). The award recognises LiveTiles for its leadership in customer impact, solution innovation, deployment and the exceptional use of advanced Microsoft features, highlighting the value placed on the Company's digital workplace and AI solutions, which are simple to build and deploy.

In August 2018, LiveTiles and Microsoft jointly launched the AI Spark Partner Program which is designed to help lift the artificial intelligence (AI) capabilities of participating Microsoft partners, thereby accelerating the pace at which AI solutions can be deployed by enterprises across all sectors. The program was initially launched in Australia before expanding to the United States in October 2018.

LiveTiles was named as the first software partner accepted into Microsoft's AI Inner Circle Partner Program in October 2018. The exclusive program is designed for partners who provide enhanced AI product solutions utilising Microsoft's AI technology. The invitation recognises the ability for LiveTiles' unique technology to drive business transformation using the power of AI.

LiveTiles' strategic relationship with Microsoft continues to generate strong customer leads, contributing to the Company's growth in customers and ARR. Importantly, LiveTiles' software solutions help drive the increased consumption of Microsoft's two fastest growing platforms, Azure and Office 365, meaning there is mutual benefit for Microsoft's promotion of LiveTiles' offering.

N3 delivering revenue growth and strong sales pipeline

The Company's engagement with leading software sales and marketing execution firm, N3, continues to perform strongly and is driving strong demand in the United States.

In mid-November 2018, LiveTiles announced that the N3 sales and marketing team had generated a pipeline of sales opportunities for LiveTiles which were in excess of $50 million. The N3-generated sales pipeline continuing to grow rapidly and pipeline conversion is expected to continue to increase throughout the 2019 financial year.

Continued investment in product innovation

The Company's recently released AI products, LiveTiles Bots and LiveTiles Intelligence, are gaining significant market traction, with several major enterprise customers secured during the December half.

In July 2018, LiveTiles announced the launch of its Intelligent Workplace offering, combining LiveTiles Design, LiveTiles Bots, LiveTiles Intelligence, LiveTiles MX and Hyperfish technology. The offering provides new and existing enterprise customers with a comprehensive intelligent workplace solution, underpinned by AI. The Intelligent Workplace offering is successfully contributing to the Company's strong customer and revenue growth.

Hyperfish achieving strong ARR growth

LiveTiles acquired Hyperfish, a leading next generation employee profile and directory management software business, in June 2018. Hyperfish has performed strongly during the December half, with ARR more than tripling since completion of the acquisition. Hyperfish has successfully exceeded the first earn-out target by achieving ARR of more than US$1.0m by 31 December 2018.

In accordance with the key acquisition terms announced on 25 May 2018, 6.77 million LiveTiles shares were issued to the vendors on 29 January 2019 as consideration for achieving the first earn-out. The shares are subject to an escrow period of 12 months.

Several customers have already acquired Hyperfish software as part of the LiveTiles Intelligent Workplace bundle, demonstrating the highly complementary fit between LiveTiles' suite of intelligent workplace software and Hyperfish's artificial intelligence-powered employee profile and directory management software.

The Hyperfish sales pipeline continues to grow rapidly, including via the N3 channel, and is expected to contribute to the Company's strong customer and ARR growth in FY19 and beyond. LiveTiles also expects Hyperfish will be cash flow positive on a run-rate basis by 31 December 2019.

DIRECTORS' REPORT

Significant changes in the state of affairs

There were no significant changes in the state of affairs for the 6 months to 31 December 2018.

Significant events since the end of the financial year

On 29 January 2019, 6.77 million LiveTiles shares were issued to the vendors of Hyperfish as consideration for achieving the first earn-out under the agreed transaction terms.

On 5 February 2019, LiveTiles announced the acquisition of Wizdom, the leading Microsoft-aligned, digital workplace software business in Europe. Wizdom's software provides customers with the tools to drive employee engagement, collaboration and compliance.

Headquartered in Copenhagen, Denmark, Wizdom had annualised recurring revenue (ARR) of $8.0 million as at 31 December 2018, representing a high-quality customer base of 243 customers across Europe and the United Kingdom.

The acquisition of Wizdom will enable LiveTiles to extend its intelligent workplace platform to deliver new capabilities in relation to news and content publishing and provides attractive cross-sell opportunities to LiveTiles and Wizdom customers. The purchase price comprises an upfront purchase price and an earn-out, with an aggregate purchase price cap of EUR 30 million. The upfront purchase price comprised $9.0 million in cash and 49,715,598 LiveTiles shares. The earn-out is capped at EUR 12.4 million and is conditional upon Wizdom achieving ARR of at least EUR 8.0 million as at 31 January 2020 and positive EBITDA for the 12 months to 31 January 2020. Further details of the transaction terms are contained in the Company's announcement to the ASX dated 5 February 2019.

In conjunction with the acquisition, LiveTiles announced a capital raise via a placement of shares to institutional and other sophisticated investors to fund the upfront cash consideration for the acquisition and for working capital purposes. Under the placement, $15,300,000 (before costs) was raised via the issue of 45,000,000 fully paid ordinary shares at $0.34 per share. The net proceeds of the placement were received on 8 February 2019 and the acquisition of Wizdom was completed on 13 February 2019.

No other matters or circumstances have arisen since 31 December 2018 that have 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.

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 2018 is set out on page 8.

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

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Matthew Brown

Executive Director

27 February 2019

Sydney

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Sydney NSW 2000
Australia

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 2018, 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

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 27 February 2019

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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 6 months to 31 December 2018. The financial statements are presented in Australian Dollars, which is LiveTiles' functional and presentation currency.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 31 DECEMBER 2018

	Note	Consolidated Group 31 December 2018	31 December 2017
		$	$
Revenue	2	5,677,075	1,903,249
Other income	3	1,695,774	1,602,625
		7,372,849	3,505,874
Expenses			
Employee benefits expense		(9,597,209)	(4,130,522)
Contractor expense		(9,918,646)	(698,952)
Marketing expense		(1,929,181)	(1,340,304)
Travel and entertainment expense		(2,037,111)	(907,542)
Professional fees		(796,546)	(437,924)
Rent and other office costs		(1,008,524)	(517,295)
Information technology costs		(397,628)	(321,525)
Other expenses	4	(908,278)	(169,748)
Depreciation expense		(50,428)	-
Amortisation charge of intangibles	5	(1,242,942)	(710,837)
Share based payments expense	9	(3,807,839)	(265,498)
Unrealised currency gain / (loss)		1,634,887	127,153
		(30,059,446)	(9,372,994)
Loss before income tax		(22,686,597)	(5,867,120)
Income tax benefit / (expense)		(83,124)	(53,900)
Loss for the period		(22,769,721)	(5,921,020)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax		(1,500,881)	(7,736)
Total comprehensive income for the period		(24,270,602)	(5,928,756)
Earnings per share for loss attributable to the owners of LiveTiles Limited			
– basic earnings per share (cents)	14	(4.49)	(1.49)
– diluted earnings per share (cents)	14	(4.49)	(1.49)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	Consolidated Group	
		31 December 2018	30 June 2018
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		22,412,522	17,848,223
Trade and other receivables	4	5,928,268	4,368,176
Other current assets		181,572	172,138
TOTAL CURRENT ASSETS		28,522,362	22,388,537
NON-CURRENT ASSETS			
Property, plant and equipment		561,044	337,499
Intangible assets	5	4,348,945	4,510,411
Rental deposit		278,905	233,475
TOTAL NON-CURRENT ASSETS		5,188,894	5,081,385
TOTAL ASSETS		33,711,256	27,469,922
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	3,456,072	3,277,970
Income tax payable		335,490	257,999
Employee benefits provision		429,472	325,393
Provisions for contingent consideration		228,520	228,520
Other current liabilities	7	6,249,631	5,334,244
TOTAL CURRENT LIABILITIES		10,699,185	9,424,126
NON-CURRENT LIABILITIES			
Employee benefits provision		88,159	57,442
Deferred tax liability		448,500	448,500
Other non-current liabilities	7	537,461	538,757
TOTAL NON-CURRENT LIABILITIES		1,074,120	1,044,699
TOTAL LIABILITIES		11,773,305	10,468,825
NET ASSETS		21,937,951	17,001,097
EQUITY			
Issued capital	8	87,178,853	61,649,135
Reserves	10	3,966,342	1,659,384
Accumulated losses		(69,207,244)	(46,307,422)
TOTAL EQUITY		21,937,951	17,001,097

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 31 DECEMBER 2018

Consolidated Group	Note	Issued capital	Reserves	Accumulated losses	Total equity
		$	$	$	$
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(a)(b)(f)	11,445,013	-	-	11,445,013
Share based payment expense	9(a)	-	265,498	-	265,498
Exercise of options	8(c)(d)	810,000	(360,000)	-	450,000
Exercise of MIP shares	8(e)	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
Balance at 1 July 2018		61,649,135	1,659,384	(46,307,422)	17,001,097
Loss after income tax for the period		-	-	(22,769,721)	(22,769,721)
Other comprehensive income for the period, net of tax		-	(1,500,881)	-	(1,500,881)
Impact of the application of AASB 9 on retained earnings at 1 July 2018	4	-	-	(130,101)	(130,101)
Total comprehensive income for the period		-	(1,500,881)	(22,899,822)	(24,400,703)
Transactions with owners, in their capacity as owners, and other transfers					
Contributions of equity, net of transaction costs	8(k)(l)	25,529,718	-	-	25,529,718
Share based payment expense	9	-	3,807,839	-	3,807,839
Total transactions with owners and other transfers		25,529,718	3,807,839	-	29,337,557
Balance at 31 December 2018		87,178,853	3,966,342	(69,207,244)	21,937,951

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 31 DECEMBER 2018

	Consolidated Group	
	31 December 2018	31 December 2017
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	6,417,374	1,938,221
Payments to suppliers and employees (inclusive of GST)	(26,355,945)	(9,636,773)
Interest received	113,566	10,931
Research and development grant received	-	-
Income tax paid	-	(48,306)
Net cash used in operating activities	(19,824,995)	(7,735,927)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for development costs	(1,081,476)	(710,837)
Payments for plant and equipment	(252,752)	(46,567)
Net cash (used in)/provided by investing activities	(1,334,228)	(757,404)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	27,000,013	12,000,000
Share issue transaction costs	(1,470,295)	(554,987)
Proceeds from exercise of options	-	787,500
Net cash provided by financing activities	25,529,718	12,232,513
Net increase in cash and cash equivalents	4,370,495	3,739,182
Cash and cash equivalents at the beginning of the financial period	17,848,223	3,500,473
Effects of exchange rate changes on cash and cash equivalents	193,804	(12,686)
Cash and cash equivalents at end of period	22,412,522	7,226,969

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation**

These interim financial statements for 6 months ended 31 December 2018 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 2018, together with any public announcements made during the following 6 months.

These interim financial statements were authorised for issue on 27 February 2019.

b. **Going concern**

For the period ended 31 December 2018, the Group made a loss of $22,769,721 (2017: $5,921,020) and had net cash flows used in operating activities of $19,824,995 (2017: $7,735,927). At 31 December 2019, the Group had a cash balance of $22,412,522.

On 5 February 2019, LiveTiles completed a capital raise of $15,300,000 (before costs) via a placement of shares to institutional and other sophisticated investors to fund the upfront cash consideration for the acquisition of Wizdom and for working capital purposes. After payment of the upfront cash consideration for the acquisition of Wizdom of $9,000,000, the remaining funds raised ($6,300,000 before costs) will be used for general working capital purposes.

The Directors are of the opinion that the Group will be able to continue as a going concern taking into account expected growth in customer receipts, grant funding and the management of operating expenses.

c. **Accounting Policies**

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the International Financial Reporting Interpretations Committee that are relevant to its operations and effective for the year commencing 1 January 2018. The impact on the financial statements of the Group has been discussed below.

The Group has considered the implications of new or amended Accounting Standards. Refer to note 4 for the impact of *AASB 9 Financial Instruments*. The application of other new or amended Accounting Standards has been determined to be either not relevant or not material.

AABS 15 Revenue from contracts with customers

AASB 15 supersedes AASB 118 Revenue and requires that revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for services to a customer.

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. 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. Credit risk will be presented separately as an expense rather than adjusted to revenue. 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.

In assessing the impact of this standard on the Group's financial statements, the following revenue categories have been identified:

- Annual licence fees
- Perpetual licence fees

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group determined there was no material financial effect of adopting AASB 15 and no adjustment has been noted.

AASB 9 Financial instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

AASB 9 sets out requirements for recognising and measuring financial assets and financial liabilities. As of 31 December 2018, the Group's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables.

Cash and cash equivalents and trade and other receivables are now classified as amortised cost under AASB 9. The trade and other payables are designated as other financial liabilities, which are measured at amortised cost. The cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair value due to their short-term nature.

Refer to note 4 for the impact of AASB 9 on trade and other receivables. The Group determined there was no material financial effect on cash and cash equivalents or trade and other payables on the adoption of AASB 9 and no adjustment has been noted.

AASB 16 Leases

AABS 16 Leases removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for lease contracts. The Group expects a material impact on assets and liabilities when the standard is adopted however the assessment is still ongoing at the date of this report. The Group's lease commitments are outlined in note 12.

NOTE 2: REVENUE

	Consolidated Group	
	31 December 2018	**31 December 2017**
	$	**$**
Software subscription revenue	5,677,075	1,903,249

NOTE 3: OTHER INCOME

	Consolidated Group	
	31 December 2018	**31 December 2017**
	$	**$**
Interest income	113,566	4,823
Research and development grant income	1,200,237	840,936
Other grant income	298,902	750,000
Other income	83,069	6,866
	1,695,774	1,602,625

NOTE 4: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	31 December 2018	**30 June 2018**
	$	**$**
Trade receivables	3,270,908	2,928,913
Accrued revenue	458,692	221,864
Provision for doubtful debts	(558,311)	(166,960)
	3,171,289	2,983,817
Research and development grant receivable	2,584,596	1,384,359
Other grant receivable	19,689	-
Other current receivables	152,694	-
	5,928,268	4,368,176

Trade receivables

The Group was required to revise its impairment methodology for trade receivables under *AASB 9 Financial Instruments*. The simplified approach as prescribed by AASB 9 has been used to measure expected credit losses from trade receivables. To measure the expected credit losses, trade receivables have been grouped based days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 30 June 2018 and the corresponding historical credit losses experienced within the current period. The historical loss rates are adjusted to reflect current information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Adjustment to trade receivables as at 1 July 2018

Adjustments arising from the new impairment rules are not reflected in the restated balance sheet as at 30 June 2018 but are recognised in the opening balance sheet on 1 July 2018.

The result is an increase of the loss allowance on 1 July 2018 by $130,101 for trade receivables. The impact of the change in impairment methodology on the Group's balance sheet is disclosed in the table below. Line items that were not affected by the changes have not been included.

Balance sheet as at 1 July 2018 (extract)	**30 June 2018 (as originally presented)**	**Impact of AASB 9**	**1 July 2018 (restated)**
Current assets			
Trade receivables	2,928,913	-	2,928,913
Provision for doubtful debts	(166,960)	(130,101)	(297,061)
	2,761,953	(130,101)	2,631,852
Equity			
Retained loss	46,307,422	130,101	46,437,523

NOTE 4: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES (CONTINUED)

Impact of AASB 9 on trade receivables in current period

The loss allowance increased by a further $128,317 to $258,418 for trade receivables during the 6 months ended 31 December 2018.

Doubtful debt expense

During the period, the Group recognised a doubtful debt expense, including the impact of AASB 9, of $261,250 (2017: $(79,260)). This is shown within Other Expenses of $908,278 (2017: $169,748) in the Consolidated statement of profit or loss.

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 2018.

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

	Balance at 1 July 2018	**Additions**	**Disposals**	**Balance at 31 December 2018**
At cost:				
Capitalised development costs	2,952,153	1,081,476	-	4,033,629
Software intellectual property	1,068,000	-	-	1,068,000
Customer contracts and relationships	427,000	-	-	427,000
Goodwill	3,034,717	-	-	3,034,717
Total costs	7,481,870	1,081,476	-	8,563,346

	Balance at 1 July 2018	**Amortisation charge**	**Disposals**	**Balance at 31 December 2018**
Accumulated amortisation:				
Capitalised development costs	(2,952,153)	(1,081,476)	-	(4,033,629)
Software intellectual property	(6,437)	(53,839)	-	(60,276)
Customer contracts and relationships	(12,869)	(107,627)	-	(120,496)
Total accumulated amortisation	(2,971,459)	(1,242,942)	-	(4,214,401)

Summary of net intangible assets

	Balance at 1 July 2018	**Additions**	**Amortisation charge**	**Disposals**	**Balance at 31 December 2018**
Net intangible assets	4,510,411	1,081,476	(1,242,942)	-	4,348,945

NOTE 5: INTANGIBLES (CONTINUED)

The estimated useful life of capitalised development costs is determined to be in line with the frequency at which our software is updated and replaced. During the 2019 financial year, development costs were fully amortised in the same financial year given the iterative nature and frequency of updates in the Group's product life cycle.

Other intangible assets have a finite life and are amortised on a straight line basis over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

The useful life of software intellectual property is 10 years.

The useful life of customer contracts and relationships is 2 years.

Goodwill is carried at cost less any accumulated impairment losses.

NOTE 6: CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated Group	
	31 December 2018	30 June 2018
	$	$
Trade payables	1,805,947	1,387,664
Employee benefits accruals	876,344	1,154,152
Employee benefits accruals to related parties	724,678	679,840
Other payables and accruals	49,103	56,314
	3,456,072	3,277,970

NOTE 7: OTHER LIABILITIES

	Consolidated Group	
	31 December 2018	30 June 2018
	$	$
CURRENT		
Unearned revenue	5,736,919	4,551,582
Lease liability	127,490	121,800
Unearned grant income	384,714	660,355
Other current liabilities	508	507
	6,249,631	5,334,244
NON-CURRENT		
Unearned revenue	537,461	538,757
	537,461	538,757

NOTE 8: EQUITY – ISSUED CAPITAL

	Consolidated Group			
	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Shares	Shares	$	$
Ordinary shares - fully paid	518,972,207	473,209,472	87,178,853	61,649,135

Movements in ordinary share capital		Date	Shares No.	Issue Price $	Total $
Balance		01-Jul-2017	342,982,675		24,963,714
Share capital issued	(a)	8-Aug-2017	58,888,889	$0.18	10,600,000
Share capital issued	(b)	6-Sep-2017	5,226,354	$0.18	940,752
Share capital issued	(b)	7-Sep-2017	329,155	$0.18	59,248
Issue of shares upon exercise of options	(c)	7-Sep-2017	3,000,000		540,000
Issue of shares upon exercise of options	(d)	19-Oct-2017	1,500,000		270,000
Issue of shares upon exercise of Management Incentive Plan shares	(e)	4-Dec-2017	2,250,000		472,500
Share capital issued	(f)	19-Dec-2017	2,222,222	$0.18	400,000
Issue of shares upon exercise of Management Incentive Plan shares	(g)	5-Feb-2018	2,250,000		472,500
Share capital issued	(h)	21-Feb-2018	44,444,444	$0.45	20,000,000
Share capital issued	(i)	22-Mar-2018	1,482,185	$0.45	667,000
Share capital issued	(j)	8-Jun-2018	8,633,548	$0.45	3,859,196
Less: capital raising costs					(1,595,775)
Balance		30-Jun-2018	473,209,472		61,649,135
Share capital issued	(k)	14-Aug-2018	42,372,882	$0.59	25,000,000
Share capital issued	(l)	17-Sep-2018	3,389,853	$0.59	2,000,013
Less: capital raising costs					(1,470,295)
Balance		31-Dec-2018	518,972,207		87,178,853
Restricted shares on issue	(m)		32,600,000		-
Total issued capital		31 Dec 2018	551,572,207		87,178,853

NOTE 8: EQUITY – ISSUED CAPITAL (CONTINUED)

(a) On 8 August 2017, LiveTiles Limited issued 58,888,889 shares at $0.18 per share to raise $10,600,000.

(b) On 6 and 7 September 2017, LiveTiles Limited issued 5,555,509 shares at $0.18 per share to raise $1,000,000

(c) 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.

(d) 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.

(e) 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.

(f) On 19 December 2017, LiveTiles Limited issued 2,222,222 shares at $0.18 per share to raise $400,000.

(g) On 5 February 2018, 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.

(h) On 21 February 2018, LiveTiles Limited issued 44,444,444 shares at $0.45 per share to raise $20,000,000.

(i) On 22 March 2018, LiveTiles Limited issued 1,482,185 shares at $0.45 per share to raise $667,000.

(j) On 8 June 2018, LiveTiles Limited issued 8,633,548 shares to Orange Fish Holdings LLC as consideration for 100% of the shares in Hyperfish, Inc. The fair value of the shares issued is based on the share price of LiveTiles Limited at the date of the acquisition.

(k) On 14 August 2018, LiveTiles Limited issued 42,372,882 shares at $0.59 per share to raise $25,000,000.

(l) On 17 September 2018, LiveTiles Limited issued 3,389,853 shares at $0.59 per share to raise $2,000,013.

(m) As at 31 December 2018, LiveTiles Limited had issued 32,600,000 shares under the Management Incentive Plan.

Tranches A, B and C - 30,500,000 shares were issued under the Management Incentive Plan on 25 August 2015

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 1.

NOTE 9: SHARE BASED PAYMENTS EXPENSE

		Consolidated Group	
		31 December 2018	**31 December 2017**
		$	**$**
Share based payment expense			
Non-cash share based payment expense			
Management Incentive Plan shares	(a)	130,756	265,498
Long Term Incentive Plan shares	(b)	82,120	-
Post combination services on the acquisition of Hyperfish	(c)	3,594,963	-
		3,807,839	265,498

(a) Management Incentive Plan (MIP) shares

On 25 August 2015, LiveTiles Limited issued 35,000,000 shares to the then directors of the Company 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 and C	D, E and F	G, H and 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	$0.06	$0.10	$0.09	$0.11

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 2017	Expense for 6 months ended 31 December 2018
Tranche A	15,000,000	25/8/2015	24/8/2017	$0.25	67,809	-
Tranche B	10,000,000	25/8/2015	24/8/2018	$0.35	100,822	30,137
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	-	-
Tranche E	400,000	5/4/2016	6/4/2018	$0.285	5,042	-
Tranche F	400,000	5/4/2016	6/4/2019	$0.285	3,361	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	2,268
Tranche I	100,000	2/6/2017	2/6/20	$0.245	1,512	1,512
Tranche J	200,000	20/11/2017	20/11/18	$0.25	2,471	8,619
Tranche K	200,000	20/11/2017	20/11/19	$0.25	1,236	5,545
Tranche L	200,000	20/11/2017	20/11/20	$0.25	824	3,698
Total	37,100,000				265,498	130,756

4,500,0000 Tranche A Management Incentive Plan shares were exercised in the 2018 financial year at an exercise price of $0.15 per share.

At 31 December 2018 there were 32,600,000 Management Incentive Plan shares outstanding.

(b) Long Term Incentive Plan (LTIP) shares

On 16 November 2018, LiveTiles issued 4,056,200 unlisted options to employees under the Company's Long Term Incentive Plan (LTIP).

Fair value is independently determined using a Black-Scholes option pricing model that takes into account the effective exercise price, 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 LTIP shares are set out below:

Tranche	Number of options	Share price	Effective exercise price	Expiry date	Risk-free interest rate	Volatility	Discounted value per share
Tranche 1	2,280,000	$0.41	$0.41	15/11/22	2.18%	50%	$0.17
Tranche 2	1,776,200	$0.41	$0.57	15/11/22	2.18%	50%	$0.12

NOTE 9: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

(c) Post combination services on the acquisition of Hyperfish

On 8 June 2018, LiveTiles acquired 100% of the shares on issue in Hyperfish, Inc (Hyperfish) from Orange Fish Holdings LLC. Under the Share Purchase Agreement, the total amount payable for the acquisition comprises the following three components:

- Base consideration of 8,633,548 shares in LiveTiles Limited;
- An earn-out payment contingent upon performance hurdles being met as at 31 December 2018 and the continued employment of key Hyperfish staff; and
- An earn-out payment contingent upon performance hurdles being met as at 30 June 2019 and the continued employment of key Hyperfish staff.

Consideration contingent on the employment of key Hyperfish staff is deemed to be a share based payment for post combination services. The fair value of the share based payment has been determined using the market price of LiveTiles shares at the date of the acquisition, probability of contingencies being met and an appropriate discount rate to reflect payment periods. The share based payment is expensed evenly over the period in which the post combination services relate to (the earn out period).

NOTE 10: EQUITY – RESERVES

	Consolidated Group	
	31 December 2018	**30 June 2018**
	$	**$**
Share based payments reserve	6,084,976	2,277,138
Foreign currency translation reserve	(2,118,634)	(617,754)
	3,966,342	1,659,384

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.

		Ownership interest held by group	
Name of subsidiary	**Principal place of business**	**31 December 2018**	**30 June 2018**
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%
Hyperfish, Inc	USA	100%	100%

NOTE 12: COMMITMENTS

	Consolidated Group	
	31 December 2018	30 June 2018
	$	$
Operating lease commitments:		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
- Not later than 12 months	1,019,654	1,005,309
- Between 12 months and 5 years	3,035,454	3,548,088
	4,055,108	4,553,397
Capital commitments		
Capital commitments contracted for but not recognised in the financial statements		
Payable – minimum capital commitments:		
- Not later than 12 months	64,911	63,140
- Between 12 months and 5 years	466,009	473,553
	530,920	536,693

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 December 2018	31 December 2017
	$	$
Payments for services to key management personnel:		
Short term employee benefits	1,521,347	989,189
Post-employment benefits	19,616	51,314
Share based payments	105,753	244,247
	1,646,716	1,284,750

	Consolidated Group	
	31 December 2018	30 June 2018
	$	$
Receivables from and payables to related parties:		
Current payables:		
Accrued short term benefits to key management personnel	724,678	679,840
	724,678	679,840

NOTE 13: RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with other related parties

rhipe Limited and its subsidiaries (rhipe) are considered to be related parties for the period from 1 July 2017 to 5 September 2017 due to Michael Hill being an executive director of rhipe and a director of the Company until 5 September 2017. rhipe Limited is no longer a related party.

	Consolidated Group	
	31 December 2018	**31 December 2017**
Receipts and payments to rhipe	**$**	**$**
Receipts from rhipe for sale of LiveTiles software	-	70,890
Payments to rhipe under Shared Service Agreement	-	-
Net payment to rhipe	-	70,890

	Consolidated Group	
	31 December 2018	**30 June 2018**
Receivables and payables to rhipe	**$**	**$**
Receivable from rhipe	-	-
Payable to rhipe	-	-
	-	-

Terms and conditions

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

NOTE 14: EARNINGS PER SHARE

	Consolidated Group	
	31 December 2018	31 December 2017
	$	$
Loss after income tax expense for the period	(22,769,721)	(5,921,020)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	507,402,674	396,234,596
	Cents	**Cents**
Basic (loss) / earnings per share	(4.49)	(1.49)
Diluted (loss) / earnings per share	(4.49)	(1.49)

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 29 January 2019, 6.77 million LiveTiles shares were issued to the vendors of Hyperfish as consideration for achieving the first earn-out under the agreed transaction terms.

On 5 February 2019, LiveTiles announced the acquisition of Wizdom, the leading Microsoft-aligned, digital workplace software business in Europe. Wizdom's software provides customers with the tools to drive employee engagement, collaboration and compliance.

Headquartered in Copenhagen, Denmark, Wizdom had annualised recurring revenue (ARR) of $8.0 million as at 31 December 2018, representing a high-quality customer base of 243 customers across Europe and the United Kingdom.

The acquisition of Wizdom will enable LiveTiles to extend its intelligent workplace platform to deliver new capabilities in relation to news and content publishing and provides attractive cross-sell opportunities to LiveTiles and Wizdom customers. The purchase price comprises an upfront purchase price and an earn-out, with an aggregate purchase price cap of EUR30 million. The upfront purchase price comprised $9.0 million in cash and 49,715,598 LiveTiles shares. The earn-out is capped at EUR 12.4 million and is conditional upon Wizdom achieving ARR of at least EUR 8.0 million as at 31 January 2020 and positive EBITDA for the 12 months to 31 January 2020. Further details of the transaction terms are contained in the Company's announcement to the ASX dated 5 February 2019.

In conjunction with the acquisition, LiveTiles announced a capital raise via a placement of shares to institutional and other sophisticated investors to fund the upfront cash consideration for the acquisition and for working capital purposes. Under the placement, $15,300,000 (before costs) was raised via the issue of 45,000,000 fully paid ordinary shares at $0.34 per share. The net proceeds of the placement were received on 8 February 2019 and the acquisition of Wizdom was completed on 13 February 2019.

No other matters or circumstances have arisen since 31 December 2018 that have 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.

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 26, 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 2018 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

Matthew Brown

Director

27 February 2019

Sydney

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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 2018, 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 2018 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 2018 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

BDO

Gareth Few

Gareth Few
Partner

Sydney, 27 February 2019