LiveTiles | Your digital workplace

APPENDIX 4E
RESULTS FOR ANNOUNCEMENT TO MARKET
UNDER LISTING RULE 4.3A

LIVETILES LIMITED
ABN 95 066 139 991

FINANCIAL YEAR ENDED
30 JUNE 2017

LiveTiles Limited ABN 95 066 139 991 and Controlled Entities

Financial report for the year ended 30 June 2017

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Results for Announcement to the Market

Key Information	2017 $	2016 $	% Change
Revenue from ordinary activities	1,769,399	648,550	+ 173%
Loss after tax from ordinary activities attributable to members	(7,394,511)	(13,219,604)	+ 44%
Net loss attributable to members	(7,394,511)	(13,219,604)	+ 44%

Dividends Paid and Proposed

	Amount per Security	Franked Amount per Security at 30% of Tax
Ordinary shares:		
2017 interim (2016: nil)	Nil	Nil
2017 final (2016: nil)	Nil	Nil

Dividend Reinvestment Plan

There was no dividend reinvestment plan in operation during the financial year.

Commentary on the Results for the Period

Refer to the commentary on the results for the period contained in the "Operating and financial review" included within the Directors' Report.

Net Tangible Assets per Share

	2017 cents/share	2016 cents/share
Net tangible assets per share	0.90	2.42

Control Gained or Lost over Entities in the Year

Not applicable

Details of Associates and Joint Venture Entities

Not applicable

Status of Audit

The 30 June 2017 financial statements and accompanying notes for LiveTiles Limited have been audited and are not subject to any disputes or qualifications. Refer to page 48 of the 30 June 2017 financial report for a copy of the auditor's report.

Attachments

The consolidated financial statements for LiveTiles Limited for the year ended 30 June 2017 are attached.

Signed

Signed ______________________ Date: 24 August 2017

Matthew Brown
Executive Director
Sydney

LiveTiles Limited
ABN 95 066 139 991
Consolidated financial statements for the year ended 30 June 2017

Contents

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the consolidated group (the **Group**), being LiveTiles Limited (the **Company**) and its controlled entities for the year ended 30 June 2017.

Directors

The names of the directors in office at any time during the financial year and up to the date of this report (unless stated otherwise) are:

- Andrew Gray (Chairman)
- Karl Redenbach (Chief Executive Officer)
- Peter Nguyen-Brown (Chief eXperience Officer)
- Michael Hill
- Matthew Brown (Chief Financial Officer)
- Andrew McKeon (appointed 1 April 2017)

Information on directors

Andrew Gray	**Non-Executive Chairman**
Appointed	1 September 2014 and Chairman from 1 July 2016
Experience and qualifications	Andrew Gray is the Managing Director of Potentia, a technology-focused investment firm. Prior to founding Potentia, Andrew was a Managing Director at Archer Capital, an Australian based private equity firm with more than $3 billion in capital under management. While at Archer Capital, Andrew led the firm's largest investment into software business MYOB (its largest ever return to investors). Prior to joining Archer Capital, Andrew was a partner with Francisco Partners, a technology-focused global private equity firm with over US$6 billion in capital under management.
Special responsibilities	Remuneration Committee (Chair) and Audit and Risk Committee

Karl Redenbach	**Executive Director and Chief Executive Officer**
Appointed	25 August 2015
Experience and qualifications	Karl Redenbach co-founded the LiveTiles concept, together with Peter Nguyen-Brown, in 2012. Karl was also a co-founder and the former CEO of the nSynergy Group, a global technology consulting business. Karl was awarded CEO of the year by the Australian Human Resources Institute in December 2014. Karl holds a Bachelor of Laws and a Bachelor of Arts from Monash University and completed the Owner/President Management program at Harvard Business School.
Special responsibilities	Remuneration Committee

Peter Nguyen-Brown	**Executive Director and Chief eXperience Officer**
Appointed	25 August 2015
Experience and qualifications	Peter Nguyen-Brown has 20 years' experience in technology consulting and software development. Peter co-founded the LiveTiles concept, together with Karl Redenbach, in 2012. Peter was formerly Chief Operating Officer and co-founder of the nSynergy Group, a global technology consulting business. Peter holds a Bachelor of Applied Science in Computer Science and Software Engineering from Swinburne University.
Special responsibilities	None

DIRECTORS' REPORT

Michael Hill	**Non-Executive Director**
Appointed	1 September 2014
Experience and qualifications	Mike Hill is a former partner of Ernst & Young and has more than 10 years' experience as a partner of a large domestic private equity fund. Mike has served on boards across numerous industries including retail, healthcare, media, waste services and tourism and hospitality. Mike is chairman of rhipe Limited, AHALife Holdings Limited, HJB Corporation Limited, JustKapital Litigation Partners Limited and NMG Corporation Limited. Mike is a member of the Institute of Chartered Accountants Australia.
Special responsibilities	Audit and Risk Committee (Chair) and Remuneration Committee

Matthew Brown	**Executive Director and Chief Financial Officer**
Appointed	25 August 2015
Experience and qualifications	Matthew Brown joined LiveTiles in January 2015 as the company's Chief Financial Officer and was appointed to the Board of Directors on 25 August 2015. Matthew was previously a Division Director with Macquarie Capital in Sydney and New York. During his 12 years at Macquarie Capital, Matthew advised on over $10 billion of mergers, acquisitions, divestments and capital raising transactions. Matthew holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Sydney.
Special responsibilities	Audit and Risk Committee

Andrew McKeon	**Non-Executive Director**
Appointed	1 April 2017
Experience and qualifications	Andrew McKeon was appointed to the Board of Directors on 1 April 2017. Andrew has over 25 years of global marketing experience and is currently a senior executive at Facebook and Instagram, where he manages Facebook's and Instagram's largest customers including Amazon, Nike and Apple. Previously Andrew was a creative director at Apple where he helped launch a number of Apple's most innovative products. Andrew holds a Bachelor of Economics degree from Monash University.
Special responsibilities	None

Directors interests in shares and options

As at the date of this report, the interest of the directors in the shares and options of the Company were:

	Number of ordinary shares	**Number of options over ordinary shares**
Andrew Gray	6,823,334	1,500,000
Karl Redenbach	109,927,638	-
Peter Nguyen-Brown	97,177,638	-
Michael Hill	3,416,667	3,000,000
Matthew Brown	13,850,000	-
Andrew McKeon	-	-

DIRECTORS' REPORT

Meetings of directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' meetings		Audit and Risk Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Andrew Gray	10	10	2	1	1	1
Karl Redenbach	10	10	-	-	1	1
Peter Nguyen-Brown	10	10	-	-	-	-
Michael Hill	10	8	2	2	1	1
Matthew Brown	10	10	2	2	-	-
Andrew McKeon	3	3	-	-	-	-

Committee membership

As at the date of this report, the Company had the following committees:

- Audit and Risk Committee; and
- Remuneration Committee.

Members acting on the committees of the board during the year were:

Audit and Risk Committee	Remuneration Committee
Michael Hill (Chairman)	Andrew Gray (Chairman)
Andrew Gray	Michael Hill
Matthew Brown	Karl Redenbach

Information on Company Secretary

Andrew Whitten has held the position as Company Secretary of the Company since 28 April 2015.

Andrew is an admitted solicitor with a specialty in Corporate Finance and Securities Law and is a Solicitor Director of Whittens & McKeough. Andrew is currently the company secretary of a number of listed and unlisted companies. He is a responsible officer of a Nominated Adviser to the National Stock Exchange of Australia Limited, and has been involved in a number of corporate and investment transactions including Initial Public Offerings on the ASX and the NSX, corporate reconstructions, reverse mergers and takeovers.

Andrew holds a Bachelor of Arts (Economics - UNSW); Master of Laws and Legal Practice (Corporate Finance and Securities Law - UTS); Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia and is an elected Associate of that institute as well as being a Public Notary.

Principal activities

The Group's principal activity during the year was 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 offices in Tri-Cities (Washington State, USA), Sydney, Hobart and London.

DIRECTORS' REPORT

Operating and financial review

For the 12 months to 30 June 2017, total revenue and other income was $4,836,969 (2016: $2,423,534), including subscription revenue of $1,769,399 (2016: $648,550) and accrued research and development tax concession revenue of $3,058,195 (2016: $1,751,028). In addition, unearned revenue (a balance within the Statement of Financial Position) was $1,907,800 (2016: $557,828).

Annualised Subscription Revenue grew to $4.0m (2016: $1.0m) as at 30 June 2017, comprising 366 paying customers. Annualised Subscription Revenue represents committed, recurring subscription revenue on an annualised basis.

LiveTiles recorded a loss after tax of $7,394,511 (2016: $13,219,604) for the period. Included within this loss is a non-cash share based payments expense of $884,736 (2016: $4,368,260). Excluding non-cash and non-recurring expenses, the loss before tax was $6,199,377 (2016: $4,871,396).

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

	Notes	12 mths ended 30 Jun 17 ($'000)	12 mths ended 30 Jun 16 ($'000)
Subscription revenue		1,769	649
Research and development grant	(a)	3,058	1,751
Other income		10	24
Total revenue and other income		4,837	2,424
Total operating expenses	(b)	(10,173)	(6,578)
Amortisation of development costs		(863)	(717)
Loss before income tax expense and non-recurring/non-cash items		**(6,199)**	**(4,871)**
Non-recurring expenses			
Transaction expenses	(c)	-	(551)
rhipe Shared Services agreement		(11)	(374)
Total non-recurring expenses		(11)	(925)
Non-cash non-recurring expenses			
Reverse listing expense on acquisition of Modun	(d)	-	(2,955)
Share based payments	(e)	-	(3,678)
Total non-cash non-recurring expenses		-	(6,633)
Other non-cash expenses			
Share based payments - Management Incentive Plan		(885)	(690)
Loss before income tax expense tax per statutory accounts		(7,095)	(13,119)
Income tax expense		(299)	(101)
Loss after income tax expense per statutory accounts		**(7,395)**	**(13,220)**

Notes:
(a) Accrual for expected research and development grant
(b) Excludes non-recurring expenses under rhipe Shared Services Agreement (no longer in operation)
(c) ASX listing and Modun Resources Limited acquisition expenses (excluding capitalised items)
(d) Represents the value of post-completion shares held by pre-completion Modun Resources Limited shareholders less the net assets of Modun Resources Limited at completion
(e) Comprises: shares issued by LiveTiles Holdings Pty Ltd (private company) prior to completion of the reverse acquisition and pre-existing Modun Resources Limited options

The Group's cash balance as at 30 June 2017 was $3,500,473 (2016: $8,055,057). In addition to its cash balance as at 30 June 2017, LiveTiles expects to receive a research and development grant of approximately $3,058,195 in relation to the year ended 30 June 2017. As at 30 June 2017, 61% of LiveTiles' cash balance was held in US dollars (2016: 73%) and 39% was held in Australian dollars (2016: 27%).

Significant events since the end of the financial year

On 2 August 2017 LiveTiles Limited announced that it had raised $11,000,000 via a share placement. Under the placement, $11,000,000 will be raised (before costs) via the issue of 61,111,111 fully paid ordinary shares at $0.18 per share. LiveTiles received $10,600,000 (prior to fees) on 7 August 2017. The remaining $400,000 will be invested by four Directors, subject to shareholder approval which is expected to be received in the first half of the 2018 financial year.

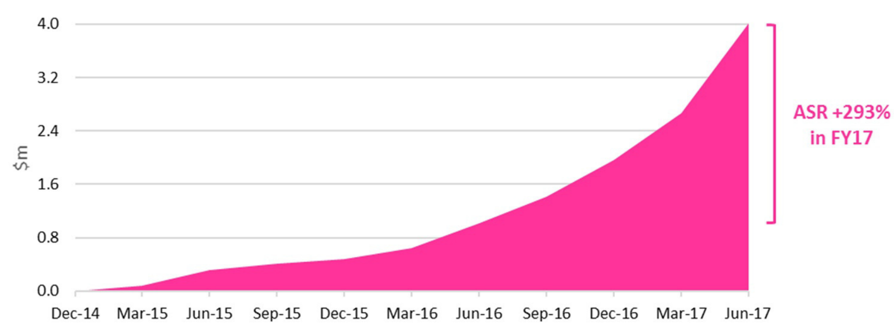
In conjunction with finalising the share placement, LiveTiles launched a share purchase plan, providing existing eligible shareholders an opportunity to increase their holding by up to $15,000. The share purchase plan is capped at $1,000,000 and the offer period closes on 31 August 2017.

There have been no other significant events affecting the Group since the end of the financial year.

Highlights

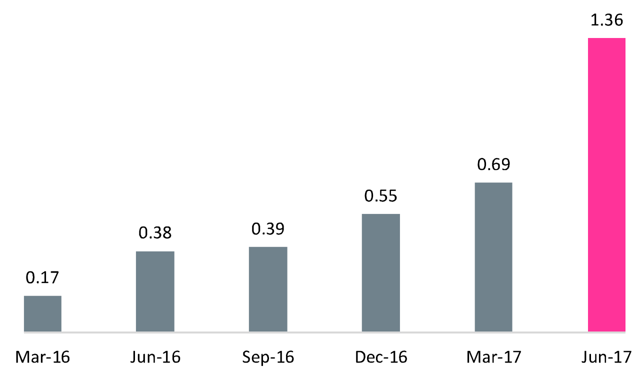
Annualised Subscription Revenue[1] (ASR) grew at an accelerated pace to $4.0m as at 30 June 2017 (2016: $1.0m), with over $2.0m of ASR added since 1 January 2017 and $1.4m of ASR added in the June quarter. ASR grew by 293% in the 2017 financial year (following growth of 229% in the 2016 financial year), driven by a growing sales and marketing footprint, ongoing product innovation and strengthening brand awareness.

Annualised subscription revenue growth accelerated in the 2017 financial year



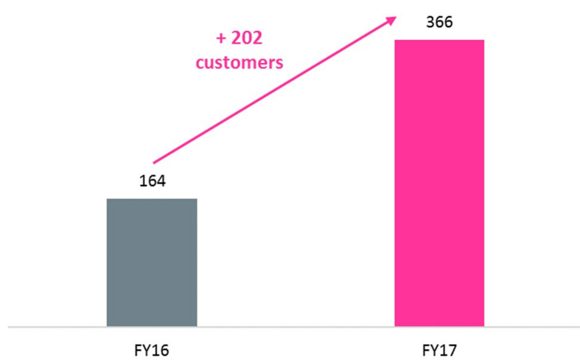
1. Annualised subscription revenue (ASR) represents committed, recurring subscription revenue on an annualised basis

Six consecutive record quarters of annualised subscription revenue generation ($m)



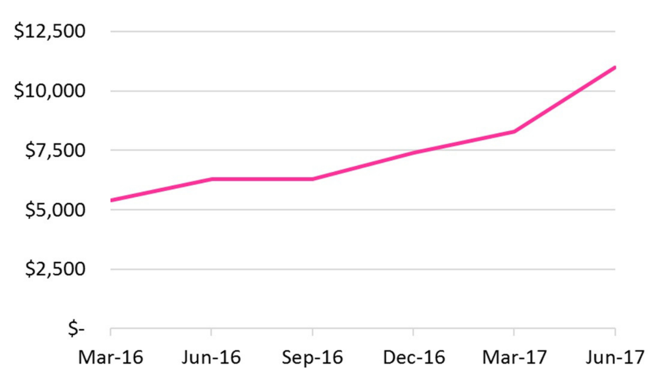
Customer numbers continued to increase strongly, with 366 paying customers as at 30 June 2017 (2016: 164), of which 202 were added in the last 12 months, representing an annual increase of 123%.

From zero to 366 paying customers in 2.5 years



Average ASR per customer grew throughout the 2017 financial year, driven by several larger customer wins and increased penetration of existing customers as part of the Company's 'land & expand' growth strategy. ASR per customer increased by 75% in the 2017 financial year.

Annualised subscription revenue per customer up 75% in the 2017 financial year



Partner ecosystem

The number of transacting partners grew to 67 as at 30 June 2017 (up 139% since 30 June 2016).

LiveTiles Mosaic

LiveTiles Mosaic is now licensed to schools and school districts representing 6.4 million students and teachers, up 56% since 30 June 2016. During the 2017 financial year, LiveTiles successfully broadened its education business to include several paying tertiary customers. ASR from the education section stood at $0.6m as at 30 June 2017 (2016: $0.1m).

Microsoft

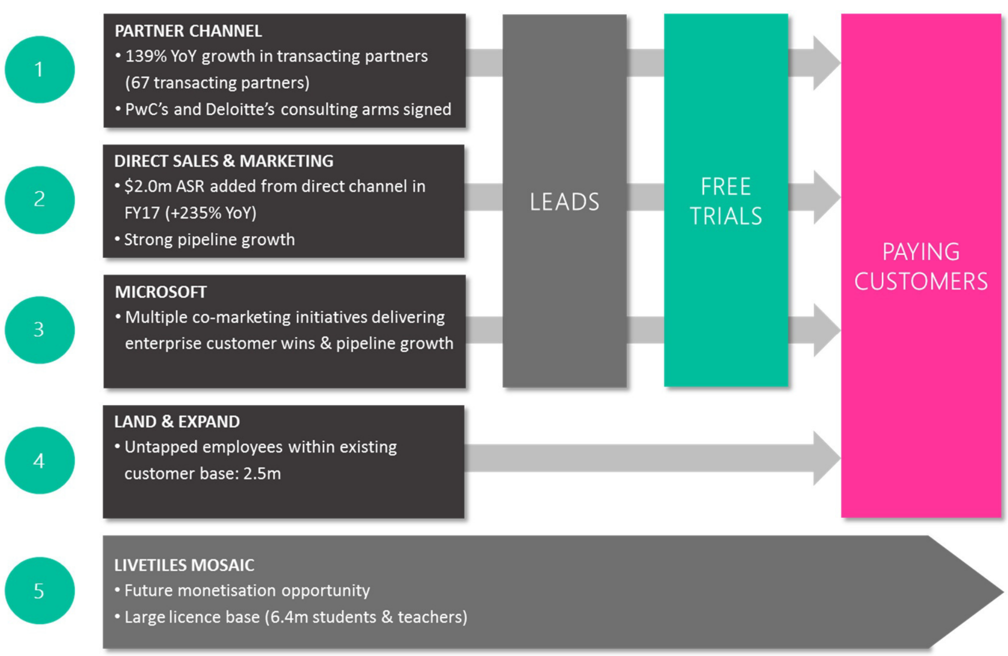
LiveTiles' strategic relationship with Microsoft continues to strengthen, with multiple co-marketing initiatives contributing to ASR and pipeline growth.

Product development

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

- **LiveTiles SharePoint:** during the 2017 financial year, LiveTiles Design, LiveTiles Build and LiveTiles Blueprint were combined into a single product called LiveTiles SharePoint. LiveTiles SharePoint is continuously updated and improved with new features and integrations with a broad range of third party software products.
- **LiveTiles Cloud:** a digital workplace design tool delivered via a Software-as-a-Service (SaaS) model, LiveTiles Cloud gives LiveTiles the ability to deliver digital workplaces outside the Microsoft SharePoint environment. LiveTiles Cloud uses Microsoft Azure as its platform.
- **LiveTiles MX:** launched in April 2017, LiveTiles MX enables customised mobile applications to be built using the LiveTiles responsive page canvas and deployed via iOS and Android applications.
- **LiveTiles for SAP Software:** easily integrates and surfaces content from SAP applications within LiveTiles pages. LiveTiles for SAP Software expands LiveTIles' addressable market to any organisation that uses SAP software.

GROWTH STRATEGY & OUTLOOK



LiveTiles' Board and management team expect significant revenue growth in the 2018 financial year, driven by a larger sales and marketing footprint, an increasingly productive partner channel, growing brand awareness and an expanding pipeline of customer opportunities.

DIRECTORS' REPORT

Environmental regulation and performance

The Directors are not aware of any significant environmental issues affecting the Group or its compliance with relevant environmental agencies or regulatory authorities.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Share options

During the financial year, 800,000 options over ordinary shares were exercised at $0.10 per share.

As at the date of this report and as at the reporting date, there were 4,500,000 options on issue (2016: 5,300,000) as detailed below:

Number of options outstanding	Exercise price	Expiry date
4,500,000	$0.10	28/10/17

Indemnification and insurance of officers and directors

Under the Company's constitution, to the extent permitted by law and subject to the provisions of the Corporations Act 2001, the Company indemnifies every Director, executive officer and secretary of the Company against any liability incurred by that person as an officer of the Company. The Company has insured its Directors, executive officers and the Company Secretary for the 2017 financial year.

Under the Company's directors' and officers' liability insurance policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirements to disclose the nature of the liability insured against and the premium amount of the policy.

Indemnification of auditors

The Company's auditor, BDO East Coast Partnership, has not been indemnified under any circumstance.

Non-audit services

The Company's auditor, BDO East Coast Partnership, has not provided any non-audit services to the Group during the year ended 30 June 2017 (2016: nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

Corporate governance statement

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement current as of 30 June 2017 as located on the Company's website: www.livetiles.nyc/investors/.

1. Introduction

This Remuneration Report for the year ended 30 June 2017 outlines the remuneration arrangements of LiveTiles Limited and its controlled entities in accordance with the requirements of the *Corporations Act 2001 (Cth), as amended* (**the Act**) and its regulations. This information has been audited as required by the Act.

This Remuneration Report details the remunerations arrangements for key management personnel (**KMP**) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

The following individuals were classified as KMP of the Group during the financial year ended 30 June 2017. Unless otherwise indicated, the individuals were KMP for the entire financial year.

Executive Directors	
Karl Redenbach	Chief Executive Officer
Peter Nguyen-Brown	Chief eXperience Officer
Matthew Brown	Chief Financial Officer
Non-Executive Directors	
Andrew Gray	Chairman
Michael Hill	Non-Executive Director
Andrew McKeon	Non-Executive Director (appointed 1 April 2017)

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

2. Remuneration governance

The Remuneration Committee is responsible for reviewing and recommending to the Board remuneration arrangements for the executive directors and executives reporting to the CEO. The Remuneration Committee also reviews and recommends to the Board the remuneration arrangements for the non-executive directors of the Board, including fees, travel and other benefits.

The Remuneration Committee consists of Andrew Gray (Chair), Michael Hill and Karl Redenbach. Non-committee members, including members of management, may attend all or part of the Remuneration Committee meetings by invitation of the chair.

Further information on the Remuneration Committee's role, responsibilities and membership can be seen in the Remuneration Committee's charter (schedule 4 of the Corporate Governance Statement) on the company's website at www.livetiles.nyc/investors/.

3. Executive remuneration arrangements

Remuneration principles

The Group's approach to executive remuneration is based on the following objectives:

- Ensuring the Company's remuneration structures are equitable and aligned with long-term interests of the Company and its shareholders;
- Attracting and retaining skilled executives; and
- Structuring short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns.

Remuneration structure

The following table outlines how the Group's executive remuneration structure aligns remuneration with performance.

Component	Description	Purpose	Link to performance	Who participates?
Fixed remuneration	Base salary package including statutory superannuation contributions where applicable.	To provide competitive fixed remuneration determined with reference to role, experience and market.	Individual performance is considered during the annual remuneration review.	All executives.
Short term incentives (**STI**)	Paid in cash.	Rewards executives for their contribution to achievement of Group outcomes.	Linked to specific financial and non-financial targets.	Executives and other key employees who have an impact on the Group's performance.
Long term incentives (**LTI**)	Shares issued under Management Incentive Plan (**MIP**).	Rewards executives for their contribution to the creation of shareholder value over the longer term.	Shares issued under the MIP to executives who are key management personnel have been issued with vesting prices in excess of market value such that executives are remunerated only when the Company's share price exceeds the vesting price.	Executives and other key employees.

See section 7 of the Remuneration Report for further details of the Management Incentive Plan.

Company performance

A key underlying principle of the Group's executive remuneration framework is that remuneration levels should be linked to Group performance. Due to the early-stage nature of the Group's business, it is not appropriate at this stage to assess the Group's performance on the basis of profitability.

The Group's key financial measures of performance are summarised in the table below:

	30 June 2017	30 June 2016
Annualised Subscription Revenue[1]	$4.0m	$1.0m
Cash balance	$3.5m	$8.1m
Share price	$0.23	$0.22
Loss before income tax expense and non-recurring and non-cash items	$(6.2)m	$(4.9)m
Dividends	nil	nil

1. Annualised Subscription Revenue represents the subscription licence fees committed by LiveTiles customers on a full year basis

The Group's key financial measure of performance over the longer term is share price appreciation. As the Company re-listed on the ASX on 17 September 2015, there has been limited trading history since the change in the Company's operations. The Company's share price has appreciated from the re-listing price of $0.15 to $0.23 as at 30 June 2017. Share price appreciation drives value for executives through the increase in the value of shares issued under the Management Incentive Plan (refer to section 7 of the Remuneration Report).

4. Executive contracts

Remuneration arrangements for executives are formalised in employment agreements. The table below sets out the key terms and conditions of the employment contracts of the CEO and senior executives. All contracts are for unlimited duration.

	Base salary	Superannuation	Bonus	Notice period
Karl Redenbach, CEO and Executive Director	US$250,000 plus $120,000 cost of living adjustment	N/A	Discretionary bonus subject to meeting performance targets. Capped at 67% of base salary.	6 months
Peter Nguyen-Brown, CXO and Executive Director	$250,000	Statutory minimum	Discretionary bonus subject to meeting performance targets. For the period from 1 April 2016 to 31 December 2016, the discretionary bonus is capped at $40,000.	4 weeks
Matthew Brown, CFO and Executive Director	$330,000 (plus $50,000 to be accrued and paid when the Company can afford to pay the salary in full)	Statutory minimum	Discretionary bonus subject to meeting performance targets. Capped at 67% of base salary.	6 months

Deferred salaries have been accrued in the statement of financial position as at 30 June 2017. Any deferred salaries accrued by Directors in the 2017 financial year are included in salaries and fee remuneration where applicable.

In the case of each of the executives above, the Company may terminate the employment agreement without notice for misconduct or material breach of contract.

5. Executive remuneration details

Details of the remuneration paid to the executives for the year are set out below:

	Financial year	Salary and fees	Cash bonus	Non-cash benefits	Post-employment benefits	Share based payments[2]	Total	Performance related
		$	$	$	$	$	$	%
Karl Redenbach	**2017**	**452,407**	**-**	**-**	**-**	**412,500**	**864,907**	**48%**
	2016	286,529	-	-	-	350,342	636,871	55%
Peter Nguyen-Brown	**2017**	**263,096**	**40,000**	**-**	**19,616**	**145,000**	**467,712**	**40%**
	2016	112,372	13,333	-	4,827	123,151	253,683	54%
Matthew Brown[1]	**2017**	**389,660**	**150,000**	**-**	**19,616**	**107,500**	**666,776**	**39%**
	2016	337,115	-	-	16,090	91,301	444,506	21%
Total	**2017**	**1,105,163**	**190,000**	**-**	**39,232**	**665,000**	**1,999,395**	**43%**
	2016	736,016	13,333	-	20,917	564,794	1,335,061	43%

1. Matthew Brown's salary includes a deferred component of $50,000.
2. Represents shares issued under the Management Incentive Plan, as approved by the Company's shareholders on 3 July 2015 (refer to section 7 of the Remuneration Report and note 19 of the financial statements).

6. Non-executive director fee arrangements

The Board seeks to set the fees for non-executive directors at a level which provides the Company with the ability to attract and retain directors of a high calibre, whilst incurring a cost which is acceptable to shareholders.

Under the Company's constitution and the ASX listing rules, the maximum aggregate amount of fees that can be paid to non-executive directors shall be determined from time to time by a general meeting of shareholders. The current aggregate fee pool for the non-executive directors is $340,000.

Each non-executive director receives a fee for being a director of the Company. In addition, a non-executive director may be paid fees or other amounts as the Board determines where a non-executive director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. Non-executive directors are also entitled to be reimbursed for reasonable expenses incurred in performing their duties as directors.

Non-executive letters of appointment are in place with Andrew Gray, Michael Hill and Andrew McKeon.

For the year ended 30 June 2017, Mr Hill was entitled to remuneration of $80,000 per annum (including superannuation). Mr Hill has agreed to receive only 50% of his remuneration in cash (being $40,000) until such time as the Company can afford to pay the remuneration in full.

For the year ended 30 June 2017, Mr Gray was entitled to remuneration of $100,000 per annum (including superannuation). Mr Gray has agreed to receive only 40% of his remuneration in cash (being $40,000) until such time as the Company can afford to pay the remuneration in full.

For the period from 1 April 2017 to 30 June 2017, Mr McKeon was entitled to remuneration of $80,000 per annum (including superannuation). Mr McKeon has agreed to receive only 50% of his remuneration in cash (being $40,000) until such time as the Company can afford to pay the remuneration in full.

Deferred salaries have been accrued in the statement of financial position as at 30 June 2017. Any deferred salaries accrued by Directors in the 2017 financial year are included as fee remuneration where applicable.

The table below outlines remuneration paid to non-executive directors for the year.

Non-executive director	Financial year	Fees	Cash bonus	Termination benefits[2]	Post-employment benefits	Share based payments - MIP[4]	Share based payments - Options[5]	Total
		$	$	$	$	$	$	$
Andrew Gray[1]	**2017**	**97,397**	**-**	**-**	**2,603**	**67,500**	**-**	**167,500**
	2016	74,277	-	-	2,530	57,329	120,000	254,136
Michael Hill[1,2]	**2017**	**77,397**			**2,603**	**67,500**	**-**	**147,500**
	2016	120,009	-	37,500	14,028	57,329	240,000	468,866
Andrew McKeon[1]	**2017**	**20,000**	**-**	**-**	**-**	**-**	**-**	**20,000**
	2016	-	-	-	-	-	-	-
Hugh Warner[3]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	38,052	-	62,500	12,652	-	136,000	249,204
Philip Kapp[3]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	6,250	-	12,500	-	-	64,000	82,750
Total	**2017**	**194,794**	**-**	**-**	**5,206**	**135,000**	**-**	**335,000**
	2016	238,588	-	112,500	29,210	114,658	560,000	1,054,956

1. The FY2017 non-executive directors' fees for Andrew Gray, Michael Hill and Andrew McKeon include a deferred component of $60,000, $40,000 and $10,000, respectively.
2. Michael Hill's termination payment represents the 3 month notice period under his former Executive Services Agreement which was terminated by the Company on 25 August 2015, when he became a Non-executive Director. The payment was calculated based on the differential between the salary under his former Executive Services Agreement and the fee under his new Engagement Agreement commencing 26 August 2015.
3. Hugh Warner and Philip Kapp's termination payments represent the 3 month notice period under their respective Executive Services Agreements which were terminated by the Company on 25 August 2015.
4. FY2017 share based payments represent shares issued under the Management Incentive Plan, as approved by the Company's shareholders on 3 July 2015 (refer to section 7 of the Remuneration Report).
5. At the date of the reverse acquisition (25 August 2015), 7,000,000 options were outstanding in Modun Resourced Limited. These options were modified to their fair value of $0.08 per option on the date of the reverse acquisition. The vesting terms of these options are unchanged. The expiry date is 21 October 2017 with an exercise price of $0.10.

7. Equity instruments held by key management personnel

Options held by key management personnel during the year

7,000,000 options were issued by the Company on 21 October 2014 (prior to the reverse acquisition). These options were revalued as at the date of the reverse acquisition based on the following inputs and assumptions:

	Group 1
Number of options	7,000,000
Date issued	21/10/2014
Expiry date	21/10/2017
Exercise price	$0.10
Fair value per option at date of reverse acquisition	$0.08

The modified value of the options outstanding at the date of the reverse acquisition was as follows:

	Number of options	Fair value $
Non-executive directors		
Andrew Gray	1,500,000	120,000
Michael Hill	3,000,000	240,000
Hugh Warner[2]	1,700,000	136,000
Philip Kapp[1]	800,000	64,000
Total	**7,000,000**	**560,000**

1. Philip Kapp exercised 800,000 options after the reverse acquisition. Given he was not a member of the key management personnel in the 2017 financial year, he is excluded from all tables below.
2. Hugh Warner exercised 1,700,000 options after the reverse acquisition. Given he was not a member of the key management personnel in the 2017 financial year, he is excluded from all tables below.

The number of options over ordinary shares in the Company held during the financial year by each key management personnel, including their personally-related parties, is set out below:

	Balance at 1 July 2016	Granted during the year	Exercised during the year	Forfeited during the year	Balance at 30 June 2017	Vested and exercisable at 30 June 2017	Unvested and not exercisable at 30 June 2017
Executive directors							
Karl Redenbach	-	-	-	-	-	-	-
Peter Nguyen-Brown	-	-	-	-	-	-	-
Matthew Brown	-	-	-	-	-	-	-
Non-executive directors							
Andrew Gray	1,500,000	-	-	-	1,500,000	1,500,000	-
Michael Hill	3,000,000	-	-	-	3,000,000	3,000,000	-
Andrew McKeon	-	-	-	-	-	-	-

Management Incentive Plan

The purpose of the Management Incentive Plan (**MIP**) is to assist in the reward, retention and motivation of eligible directors and management and to align the interests of these persons more closely with the interests of the Company's shareholders, by providing an opportunity for eligible directors and employees to acquire an ownership interest in the Company.

The issue price of shares issued under the MIP is funded by an interest free loan from the Company. Vesting of shares issued under the MIP is subject to the satisfaction or waiver of vesting conditions determined by the Board. Subject to the MIP rules, any unvested shares lapse immediately and are forfeited if the relevant vesting conditions are not satisfied within the applicable vesting period. Once vested, shares issued under the MIP are treated in the same way as all other ordinary shares, subject to the full repayment of any outstanding loan.

The Board has the sole discretion to determine the directors and employees who are eligible to participate in the MIP and the terms upon which shares are issued under the MIP, including the issue price, loan amount and vesting conditions.

The following tranches of shares have been issued to key management personnel under the MIP:

	Tranche A	Tranche B	Tranche C
Number of shares	15,000,000	10,000,000	10,000,000
Date issued	25/08/2015	25/08/2015	25/08/2015
Vesting date	24/08/2017	24/08/2018	24/08/2019
Vesting price	$0.25	$0.35	$0.45
Fair value per share at grant date	$0.06	$0.06	$0.06

Tranches A, B and C were approved by the Company's shareholders at a general meeting on 3 July 2015.

MIP shares held by key management personnel from the issue date (25 August 2015) until 30 June 2017 are as follows:

	Tranche A		Tranche B		Tranche C		Total	
	Number of shares	Fair value $	Number of shares	Fair value $	Number of shares	Fair value $	Number of shares	Fair value $
Executive directors								
Karl Redenbach	6,000,000	360,000	6,000,000	360,000	7,500,000	450,000	19,500,000	1,170,000
Peter Nguyen-Brown	2,250,000	135,000	2,000,000	120,000	2,500,000	150,000	6,750,000	405,000
Matthew Brown	2,250,000	135,000	2,000,000	120,000	-	-	4,250,000	255,000
Non-executive directors								
Andrew Gray	2,250,000	135,000	-	-	-	-	2,250,000	135,000
Michael Hill	2,250,000	135,000	-	-	-	-	2,250,000	135,000
Andrew McKeon	-	-	-	-	-	-	-	-
Total	**15,000,000**	**900,000**	**10,000,000**	**600,000**	**10,000,000**	**600,000**	**35,000,000**	**2,100,000**

Shareholdings of KMP

The following table outlines the ordinary shares held by key management personnel.

	Balance at 1 July 2016	Granted as remuneration	Options exercised	Net change other	Balance at 30 June 2017
Executive directors					
Karl Redenbach	90,427,638	-	-	-	90,427,638
Peter Nguyen-Brown	90,427,638	-	-	-	90,427,638
Matthew Brown	9,600,000	-	-	-	9,600,000
Non-executive directors		-			
Andrew Gray	4,573,334	-	-	-	4,573,334
Michael Hill	1,166,667	-	-	-	1,166,667
Andrew McKeon	-	-	-	-	-

The following table represents shares issued to key management personnel under the Management Incentive Plan, as approved by the Company's shareholders on 3 July 2015 (as described in section 7 above).

	Balance at 1 July 2016	Issued during the year	Balance at 30 June 2017
Executive directors			
Karl Redenbach	19,500,000	-	19,500,000
Peter Nguyen-Brown	6,750,000	-	6,750,000
Matthew Brown	4,250,000	-	4,250,000
Non-executive directors			
Andrew Gray	2,250,000	-	2,250,000
Michael Hill	2,250,000	-	2,250,000
Andrew McKeon	-	-	-

Loans to KMP

The following non-recourse loans have been provided by the Company to key management personnel under the MIP (as approved by shareholders at a general meeting on 3 July 2015). The non-recourse loans are interest-free and the proceeds were used to subscribe for shares in the Company under the MIP.

	Loan amount ($)
Executive directors	
Karl Redenbach	2,925,000
Peter Nguyen-Brown	1,012,500
Matthew Brown	637,500
Non-executive directors	
Andrew Gray	337,500
Michael Hill	337,500
Andrew McKeon	-

8. Other transactions with KMP

There were no other transactions with key management personnel.

End of Remuneration Report which has been audited.

This report is made in accordance with the resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Matthew Brown
Executive Director

24 August 2017
Sydney

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Australia

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

As lead auditor of LiveTiles Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 24 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue	3	1,769,399	648,550
Other income	3	3,067,570	1,774,984
		4,836,969	2,423,534
Expenses			
Employee benefits expense	5	(6,189,097)	(3,732,607)
Marketing expense		(581,545)	(593,734)
Travel and entertainment expense		(990,749)	(761,094)
Professional fees		(355,809)	(451,991)
Rent and other office costs		(732,585)	(321,861)
Information technology costs		(242,189)	(188,512)
Other expenses		(1,092,468)	(901,914)
Amortisation of development costs	11	(862,905)	(717,218)
Transaction expenses for ASX listing and acquisition		-	(550,596)
Listing expense on acquisition	1(g)	-	(2,954,760)
Share based payments expense	19	(884,736)	(4,368,260)
		(11,932,083)	(15,542,547)
Loss before income tax		(7,095,114)	(13,119,013)
Income tax expense	4	(299,397)	(100,591)
Net loss for the year		(7,394,511)	(13,219,604)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		347,820	(73,070)
Other comprehensive income for the year		347,820	(73,070)
Total comprehensive income for the year		(7,046,691)	(13,292,674)
Earnings per share for loss attributable to the owners of LiveTiles Limited			
Basic earnings per share (cents)	8	(2.16)	(4.14)
Diluted earnings per share (cents)	8	(2.16)	(4.14)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents		3,500,473	8,055,057
Trade and other receivables	9	3,981,404	2,233,467
Other current assets		3,905	25,264
TOTAL CURRENT ASSETS		7,485,782	10,313,788
NON-CURRENT ASSETS			
Property, plant and equipment		15,977	19,368
Deferred tax assets	4	-	251,397
Intangible assets	11	-	-
Rental deposit		101,502	107,056
TOTAL NON-CURRENT ASSETS		117,479	377,821
TOTAL ASSETS		7,603,261	10,691,609
CURRENT LIABILITIES			
Trade and other payables	12	2,366,089	779,949
Income tax payable	4	48,000	39,052
Employee benefits provision	14	186,358	112,081
Other current liabilities	13	1,727,736	557,828
TOTAL CURRENT LIABILITIES		4,328,183	1,488,910
NON-CURRENT LIABILITIES			
Employee benefits provision	14	26,596	12,326
Make good provision		-	40,000
Other non-current liabilities	13	180,064	-
TOTAL NON-CURRENT LIABILITIES		206,660	52,326
TOTAL LIABILITIES		4,534,843	1,541,236
NET ASSETS		3,068,418	9,150,373
EQUITY			
Issued capital	15	24,963,714	24,819,714
Reserves	16	2,353,142	1,184,586
Accumulated losses		(24,248,438)	(16,853,927)
TOTAL EQUITY		3,068,418	9,150,373

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Note	Issued capital	Reserves	Accumulated losses	Total equity
		$	$	$	$
Balance at 1 July 2015		2,001,000	143,957	(3,634,323)	(1,489,366)
Loss for the year		-	-	(13,219,604)	(13,219,604)
Other comprehensive income for the year, net of tax	16	-	(73,070)	-	(73,070)
Total comprehensive income for the year		-	(73,070)	(13,219,604)	(13,292,674)
Transactions with owners, in their capacity as owners					
Contributions of equity, net of transaction costs	15(e)(f)(g)(i)(k)	19,394,153	-	-	19,394,153
Share based payment expense	19(a)(c)	3,118,561	689,699	-	3,808,260
Share based payment expense for modified option value	19(b)	-	560,000	-	560,000
Options exercised	15(j)	306,000	(136,000)	-	170,000
Total transactions with owners		22,818,714	1,113,699	-	23,932,413
Balance at 30 June 2016		24,819,714	1,184,586	(16,853,927)	9,150,373
Balance at 1 July 2016		24,819,714	1,184,586	(16,853,927)	9,150,373
Loss for the year		-	-	(7,394,511)	(7,394,511)
Other comprehensive income for the year, net of tax	16	-	347,820	-	347,820
Total comprehensive income for the year		-	347,820	(7,394,511)	(7,046,691)
Transactions with owners, in their capacity as owners					
Share based payment expense		-	884,736	-	884,736
Options exercised	15(l)	144,000	(64,000)	-	80,000
Total transactions with owners		144,000	820,736	-	964,736
Balance at 30 June 2017		24,963,714	2,353,142	(24,248,438)	3,068,418

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		2,717,292	904,587
Payments to suppliers and employees (inclusive of GST)		(8,928,850)	(10,597,049)
		(6,211,558)	(9,692,462)
Interest received		11,033	23,956
Interest and other finance costs paid		(483)	(87,467)
Research and development grant received		1,743,690	2,024,562
Income tax paid		(38,956)	(493,792)
Net cash used in operating activities	20	(4,496,274)	(8,225,203)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired on acquisition	1(g)	-	2,318,441
Payments for plant and equipment		-	(8,560)
Net cash from investing activities		-	2,309,881
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	12,000,000
Share issue transaction costs		-	(666,766)
Proceeds from exercise of options		80,000	170,000
Net cash from financing activities		80,000	11,503,234
Net (decrease) / increase in cash held		(4,416,274)	5,587,912
Cash and cash equivalents at beginning of financial year		8,055,057	2,497,398
Effects of exchange rate changes on cash and cash equivalents		(138,310)	(30,253)
Cash and cash equivalents at end of financial year		3,500,473	8,055,057

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent LiveTiles Limited and its Controlled Entities (the "Consolidated Group" or "Group").

The financial statements were authorised for issue on 24 August 2017 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a **Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent entity (LiveTiles Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 10.

The assets, liabilities and results of all subsidiaries are consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

b. **Fair value of assets and liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. **Finance costs**

Finance costs are expensed in the period in which they are incurred except if they relate to a qualifying asset.

d. **Leases**

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

e. **Impairment of assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use.

f. **Income tax**

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

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

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

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

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

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

f. **Income tax (continued)**

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. **Reverse acquisition**

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

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

Accordingly, the consolidated financial report of LiveTiles Limited has been prepared as a continuation of the business and operations of LiveTiles Holdings Pty Ltd. As the deemed accounting acquirer LiveTiles Holdings Pty Ltd has accounted for the acquisition from 25 August 2015. The comparative information for the 12 months ended 30 June 2015 presented in the financial report is that of LiveTiles Holdings Pty Ltd.

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

	Fair value at acquisition date $
Cash and equivalents	2,318,441
Other assets	509,984
Trade and other payables	(461,340)
Net identifiable assets acquired	2,367,085
Representing:	
Fair value of Modun Resources Limited shares on issue prior to completion of the acquisition	5,321,845
Listing expense on acquisition of Modun Resources Limited	2,954,760

h. **Research and development**

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

Development costs are only capitalised when it is probable that the project will be a success, the Group will use or sell the asset, the Group has sufficient resources and intent to complete the asset and the development costs can be measured reliably. If one or more of these criteria are not met, development costs are expensed in the period in which they are incurred. Capitalised development costs are amortised on a straight line basis over the period of their expected pattern of consumption, up to 5 years.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. **Foreign currency transactions and balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

– assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

– income and expenses are translated at average exchange rates for the period; and

– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

j. **Employee benefits**

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation benefits

All employees of the Group who are based in Australia receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense in the period in which they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. **Share-based payments**

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

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

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

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

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

l. **Provisions**

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

m. **Cash and cash equivalents**

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

n. **Revenue and other income**

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

Software subscription revenue

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

Research and development grant income

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

Interest income

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

o. **Trade and other receivables**

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

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

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

p. **Trade and other payables**

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

q. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

r. **Current and non-current classification**

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

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

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

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

s. **Earnings per share**

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

t. **Critical accounting estimates and judgements**

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

u. **Key estimates**

(i) *Share-based payment transactions*

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

(ii) *Recovery of deferred tax assets*

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

(iii) *Research and development grant receivable*

The Group measures the research and development grant income and receivable taking into account the time spend by employees on eligible research and development activities. The research and development grant receivable is recognised as the Group considers it probable that the amount will be recovered in full through a future claim.

v. **New Accounting Standards not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. The standard introduces additional new disclosures.

The directors anticipate that the adoption of AASB 9 will not significantly impact the Group's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

v. **New Accounting Standards not yet mandatory or early adopted (continued)**

AASB 15 Revenue from Contracts with Customers

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
- Fees for implementation services

The Group has performed an initial review of each revenue category, including a combination of revenue categories, and, based on the preliminary assessment performed, the Directors anticipate that the adoption of AASB 15 will not significantly impact the Group's financial statements.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The directors anticipate that the adoption of AASB 16 will not significantly impact the Group's financial statements.

w. **Going concern**

For the year ended 30 June 2017, the Group made a loss of $7,394,511 (2016: $13,219,604) and had net cash flows used in operating activities of $4,497,533 (2016: $8,225,203). At 30 June 2017, the Group had a cash balance of $3,500,473.

The Directors are of the opinion that the Group will be able to continue as a going concern and also note the $11,000,000 equity raising announced by the Group on 2 August 2017, of which $10,600,000 (before costs) was received on 7 August 2017.

NOTE 2: PARENT INFORMATION

The following information has been extracted from the records of the parent, LiveTiles Limited.

	Parent entity	
Statement of Financial Position	**2017**	**2016**
	$	**$**
ASSETS		
Current assets	1,802,689	4,726,360
Non-current assets	1,311,554	43,400,765
TOTAL ASSETS	3,114,243	48,127,125
LIABILITIES		
Current liabilities	45,825	43,586
Non-current liabilities	-	534,571
TOTAL LIABILITIES	45,825	578,157
EQUITY		
Issued capital	350,278,937	350,134,937
Accumulated losses	(347,210,519)	(302,585,969)
TOTAL EQUITY	3,068,418	47,548,968
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(44,624,550)	(2,590,588)
Total comprehensive income	(44,650,550)	(2,590,588)

Included within the parent entity loss of $44,624,550 is a provision against intercompany receivables from and investments in other entities within the Group of $44,353,069. All intercompany balances within the Group are eliminated upon consolidation.

NOTE 3: REVENUE AND OTHER INCOME

	2017	**2016**
	$	**$**
Revenue:		
– Software subscription revenue	1,769,399	648,550
Total revenue	1,769,399	648,550
Other income:		
– Interest income	8,957	23,956
– Research and development grant income	3,058,195	1,751,028
– Other revenue	418	-
Total other income	3,067,570	1,774,984
Total revenue and other income	4,836,969	2,423,534

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: INCOME TAX

		2017 $	2016 $
a.	The components of tax expense comprise:		
	Current tax	(48,000)	(43,494)
	Deferred tax	(251,397)	165,781
	Under provision of prior year tax	-	(222,878)
		(299,397)	(100,591)
b.	The prima facie tax expense on loss from ordinary activities before income tax is reconciled to income tax as follows:		
	Net loss before tax	(7,095,114)	(13,119,013)
	Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2015: 30%)	1,951,156	3,935,704
	Adjust for:		
	tax effect of variance in overseas tax rates	279,723	206,300
	withholding tax expense	(48,000)	(39,052)
	tax effect of non-deductible research and development expenditure	(1,933,342)	(1,167,352)
	tax effect of other permanent differences	(243,302)	(2,270,660)
	under-provision of prior year tax	-	(222,878)
	current year losses not recognised	(54,235)	(542,653)
	de-recognition of deferred tax balances	(251,397)	-
	Income tax expense attributable to entity	(299,397)	(100,591)

For the 2017 financial year, the Australian Tax Office change the threshold for companies to quality for the small business company tax rate from a maximum turnover of $2 million to a maximum turnover of $10 million. The Group now qualifies for the small business company tax rate of 27.5%.

		2017 $	2016 $
c.	Deferred tax asset relates to the following:		
	Licence fee revenue	-	53,307
	Business acquisition costs	-	148,613
	Employee entitlements	-	37,535
	Provisions and accruals	-	19,076
	Unrealised FX gains and losses	-	(7,134)
	Closing balance	-	251,397
d.	Carried forward losses not brought to account	4,930,980	3,666,197
e.	Income tax payable	48,000	39,052

The income tax payable reflects withholding tax payable at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5: EMPLOYEE BENEFIT EXPENSE

	2017 $	2016 $
Employee benefit expense		
Wages and salaries - staff	2,519,772	1,642,987
Wages and salaries - Directors	1,283,868	1,083,196
Contractor expenses	759,749	610,867
Commission and bonus expense	780,223	246,563
Payroll tax and other on costs	301,191	12,838
Employee insurance costs	233,712	-
Defined contributions superannuation expense	152,508	86,295
Annual leave and long service leave expense	88,547	49,861
Other employee benefits expense	69,527	-
Total employee benefit expense	6,189,097	3,732,607

NOTE 6: AUDITOR'S REMUNERATION

	2017 $	2016 $
Remuneration of the auditor for:		
– audit and review of the financial statements	75,000	80,024

The auditor, BDO East Coast Partnership, has not provided any non-audit services to the Group during the year ended 30 June 2017 (2016: nil).

NOTE 7: DIVIDENDS

LiveTiles Limited has not paid, or proposed to pay any dividends for the year ended 30 June 2017 (2016: nil).

NOTE 8: EARNINGS PER SHARE

	2017	2016
	$	$
Reconciliation of earnings to loss:		
Earnings used to calculate basic earnings per share	(7,394,511)	(13,219,604)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	342,184,983	319,214,033
	Cents	**Cents**
Basic (loss) / earnings per share	(2.16)	(4.14)
Diluted (loss) / earnings per share	(2.16)	(4.14)

The options on issue have not been considered in the diluted earnings per share as their effect is anti-dilutive.

NOTE 9: TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
CURRENT		
Trade receivables	1,002,469	482,439
Provision for doubtful debts	(79,260)	-
	923,209	-
Research and development grant receivable	3,058,195	1,751,028
Total current trade and other receivables	3,981,404	2,233,467

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has credit risk exposures in Australia, North America, Europe and the Middle East. The Group's exposure to credit risk for trade receivables at the end of the reporting period in those regions is as follows:

AUD	2017 $	2016 $
Asia Pacific	438,768	172,846
North America	327,956	154,267
Europe	163,528	65,146
Middle East & Africa	72,217	90,180
Total receivables exposed to credit risk	1,002,469	482,439

The following table details the Group's trade and other receivables exposed to credit with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

			Past Due but Not Impaired (Days Overdue)				
$	Gross Amount	Past Due and Impaired	< 30	31–60	61–90	> 90	Within Initial Trade Terms
2017							
Trade and term receivables	1,002,469	79,260	29,270	47,854	46,702	15,872	783,511
2016							
Trade and term receivables	482,439	-	4,977	7,812	2,680	11,433	455,537

NOTE 10: INTERESTS IN SUBSIDIARIES

a. **Information about principal subsidiaries**

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

Name of subsidiary	Principal place of business	Ownership interest 2017 %	2016 %
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	USA	100%	100%
Nuurst Mineral Corporation LLC	Mongolia	0%	100%
Modun Resources Pte Ltd	Singapore	100%	100%

b. **Significant restrictions**

There are no restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group

c. **Acquisition of controlled entities**

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

d. **Disposal of controlled entities**

On 15 May 2017, Nuurst Mineral Corporation LLC, a dormant subsidiary previously involved in the Group's Mongolian coal operations (which were sold on 26 August 2015), was wound up. As at 15 May 2017, Nuurst Mineral Corporation LLC had a cash balance of $681 which was written off.

NOTE 11: INTANGIBLE ASSETS

	2017 $	2016 $
Development costs:		
Capitalised development costs	1,580,123	717,218
Accumulated amortisation	(1,580,123)	(717,218)
Total intangible assets	-	-
Balance at the beginning of the year	-	-
Additions during the year	862,905	717,218
Amortisation charge	(862,905)	(717,218)
Balance at the end of the year	-	-

The estimated useful life of intangible assets is determined to be in line with the frequency at which our software is updated and replaced. During the 2017 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: TRADE AND OTHER PAYABLES

	Note	2017 $	2016 $
CURRENT			
Unsecured liabilities:			
Trade payables		544,066	218,632
Employee benefits accruals		1,047,059	114,148
Other payables and accruals		147,459	102,521
Other payables and accruals to related parties	21	627,505	344,648
		2,366,089	779,949

NOTE 13: OTHER LIABILITIES

	2017 $	2016 $
Unearned revenue		
Current	1,727,736	557,828
Non-current	180,064	-
	1,907,800	557,828

Deferred revenue represents the billed but unearned portion of existing contracts for services to be provided subsequent to year end.

NOTE 14: EMPLOYEE BENEFITS

	2017 $	2016 $
Current	186,358	112,081
Non-current	26,596	12,326
	212,954	124,407

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement. It is expected that $72,629 will not be taken in the next 12 months.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1.

NOTE 15: EQUITY – ISSUED CAPITAL

	Consolidated Group			
	2017 No. of shares	**2016 No. of shares**	**2017 $**	**2016 $**
Ordinary shares – fully paid	342,982,791	342,182,791	24,963,714	24,819,714

Movements in ordinary share capital		**Date**	**Shares No.**	**Issue Price $**	**Total $**
Balance		30 June 2015	1,116		2,001,000
Share split (10,000:1)	(a)	24 August 2015	11,160,000	-	2,001,000
Share capital issued	(b)(c)(d)	24 August 2015	1,221,528	$2.55	3,118,561
Share capital issued	(e)(f)	24 August 2015	836,340	$3.27	2,738,500
Reversal of existing shares on acquisition	(g)	25 August 2015	(13,217,868)		-
Issue of LiveTiles Limited shares on acquisition of LiveTiles Holdings Pty Ltd	(g)	25 August 2015	225,000,000	-	5,322,419
Existing shares of Modun Resources Limited on issue	(h)	25 August 2015	35,482,791	-	-
Share capital issued	(i)	25 August 2015	80,000,000	$0.15	12,000,000
Issue of shares upon exercise of options	(j)	1 September 2015	1,700,000	-	306,000
Less: capital raising costs	(k)		-	-	(666,766)
Balance		30 June 2016	342,182,791		24,819,714
Issue of shares upon exercise of options	(l)	29 June 2017	800,000	-	144,000
Balance		30 June 2017	342,982,791		24,963,714
Restricted shares on issue	(m)		36,500,000		-
Total issued capital		30 June 2017	379,482,791		24,963,714

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 15: EQUITY – ISSUED CAPITAL (CONTINUED)

(a) On 24 August 2015, Holdings undertook a share split whereby each Holdings share was divided into 10,000 Holdings shares.

(b) On 24 August 2015, Holdings issued 855,857 shares to certain employees of Holdings. These shares have been valued at $2.55 per share and have been recognised in the share based payment expense in note 19.

(c) On 24 August 2015, Holdings issued 37,471 shares to rhipe LiveTiles Pty Ltd. These shares have been valued at $2.55 per share and have been recognised in the share based payment expense in note 19.

(d) On 24 August 2015, Holdings issued 328,200 shares to nSynergy LiveTiles Employee Share Plan Pty Ltd. These shares have been valued at $2.55 per share and have been recognised in the share based payment expense in note 19.

(e) On 24 August 2015, Holdings issued 588,413 shares to ZTH Tech Pty Ltd and NIA Tech Pty Ltd in discharge of consultancy fees and accrued salaries to the value of $1,925,996.

(f) On 24 August 2015, Holdings issued 247,927 shares to ZTH Tech Pty Ltd and NIA Tech Pty Ltd for consideration of $811,515 representing the repayment of contributions to Holdings.

(g) On 25 August 2015, Holdings completed the reverse acquisition of Modun Resources Limited (since renamed LiveTiles Limited). The existing shares in Holdings of 13,217,868 were exchanged for 225,000,000 shares in LiveTiles Limited. The fair value of the exchange has been calculated based on the value of the shares that existing Modun Resources Limited shareholders would have in the combined entity, being 35,482,791 shares at a value of $0.15 per share.

(h) Modun Resources Limited shares on issue were consolidated on a basis of 50:1, resulting in a total of 35,482,791 shares (originally 1,774,139,534 shares).

(i) On 25 August 2015, LiveTiles Limited issued 80,000,000 shares at $0.15 per share to raise $12,000,000.

(j) On 1 September 2015, 1,700,000 existing options in Modun Resources Limited were exercised at an exercise price of $0.10 per share. The movement in equity in relation to the options reflects the amount paid to exercise those options, being $170,000, and the modified value of the options at acquisition date, being $136,000.

(k) Costs directly attributable to the raising of addition funds have been offset against equity.

(l) 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.

(m) As at 30 June 2017, LiveTiles Limited had issued 36,500,000 shares under the Management Incentive Plan.

Tranches A, B and C – 35,000,000 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

Refer to note 19(a).

Shares issued under the Management Incentive Plan are not included in the earnings per share calculation in note 8.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 16: RESERVES

	2017 $	2016 $
Share based payments reserve	1,934,435	1,113,699
Foreign currency translation reserve	418,707	70,887
Total	2,353,142	1,184,586

a. **Foreign currency translation reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

b. **Share based payments reserve**

The share based payments reserve records items recognised as expenses on valuation of share based payments, namely the Management Incentive Plan.

Movements in share based payments reserve	2017 $	2016 $
Opening balance	1,113,699	-
Share based payment expense – management incentive plan	884,736	689,699
Share based payment expense – modified option value	-	560,000
Options exercised	(64,000)	(136,000)
Closing balance	1,934,435	1,113,699

NOTE 17: CAPITAL AND LEASING COMMITMENTS

	2017 $	2016 $
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	214,353	531,156
– between 12 months and 5 years	-	373,320
	214,353	904,476

There were no contingent liabilities or assets as at 30 June 2017 (2016: nil).

NOTE 18: OPERATING SEGMENTS

The Group is organised into one segment which consists of the development and sale of digital workplace software. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 19: SHARE BASED PAYMENTS EXPENSE

			2017 $	2016 $
Non-cash share based payment expense				
–	Management Incentive Plan shares	(a)	884,736	689,699
			884,736	689,699
Non-recurring non-cash share based payment expense				
–	Modified value of Modun Resources Limited options on issue at acquisition date	(b)	-	560,000
–	Equity settled share based payments	(c)	-	3,118,561
				3,678,561
Total share based payments expense			884,736	4,368,260

(a) Management Incentive Plan 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 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 a senior employee of the Company via a loan under the Management Incentive Plan. The effect of this arrangement is equivalent to granting the employee an option to purchase the shares at $0.245. These were issued in Tranches G, H and I.

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:

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

NOTE 19: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

The value of the loan shares issued under the Management Incentive Plan have been expensed as a share based payment for the period ended 30 June 2017 as follows:

	Number of shares	Date issued	Vesting date	Vesting price	Expense for 12 months ended 30 June 2017 $
Tranche A	15,000,000	25/8/2015	24/8/2017	$0.25	450,000
Tranche B	10,000,000	25/8/2015	24/8/2018	$0.35	200,000
Tranche C	10,000,000	25/8/2015	24/8/2019	$0.45	150,000
Tranche D	400,000	5/4/2016	6/4/2017	$0.285	30,685
Tranche E	400,000	5/4/2016	6/4/2018	$0.285	20,000
Tranche F	400,000	5/4/2016	6/4/2019	$0.285	13,333
Tranche G	100,000	2/6/2017	2/6/2018	$0.245	690
Tranche H	100,000	2/6/2017	2/6/2019	$0.245	345
Tranche I	100,000	2/6/2017	2/6/2020	$0.245	231
Total					865,284

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

As at the date of the reverse acquisition there were 9,080,000 options outstanding in Modun Resources Limited (renamed LiveTiles Limited). The options were modified to their fair value in the prior period on the date of the reverse acquisition using a Black-Scholes option pricing model:

	Group 1	Group 2	Group 3	Group 4
Share price	$0.15	$0.15	$0.15	$0.15
Exercise price of option	$0.10	$2.00	$3.00	$5.00
Remaining term (years)	2.16	0.35	0.35	0.35
Compounded risk-free interest rate	3.1%	3.1%	3.1%	3.1%
Volatility	75%	75%	75%	75%

The modified value of these options as at the date of the reverse acquisition has been recognised as a share based payment expense in the statement of profit and loss and other comprehensive income and in the share based payment reserve during the period ended 30 June 2017.

	Group 1	Group 2	Group 3	Group 4
Number of shares	7,000,000	720,000	720,000	640,000
Grant date	21/10/14	13/12/12	13/12/12	13/12/12
Vesting date	21/10/17	31/12/15	31/12/15	31/12/15
Exercise price	$0.10	$2.00	$3.00	$5.00
Discounted value per share	$0.08	$0.00	$0.00	$0.00
Share based payment expense for 12 months ended 30 June 2016	560,000	-	-	-
Share based payment expense for 12 months ended 30 June 2017	-	-	-	-

In the prior year, on 1 September 2015, 1,700,000 options with an exercise price of $0.10 were converted into fully paid ordinary shares in LiveTiles Limited.

At 30 June 2017 there were 4,500,000 options with an exercise price of $0.10 outstanding. All other options have expired.

NOTE 19: SHARE BASED PAYMENTS EXPENSE (CONTINUED)

(c) Equity settled share based payments

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

	Note	No of shares	Issue Price	$
Issue of shares to LiveTiles employees	(i)	855,857	$2.55	2,185,003
Issue of shares to rhipe LiveTiles Pty Limited	(ii)	37,471	$2.55	95,663
Issue of shares to nSynergy LiveTiles Employee Share Plan Pty Ltd	(iii)	328,200	$2.55	837,895
		1,221,528		3,118,561

(i) Shares issued to certain LiveTiles employees to align the incentives of those employees with the performance of LiveTiles Holdings Pty Ltd

(ii) Shares issued to rhipe LiveTiles Pty Ltd (a subsidiary of rhipe Limited) to prevent its existing holding being diluted by reason of the shares issued to LiveTiles employees and nSynergy LiveTiles Employee Share Plan Pty Ltd

(iii) Represents shares issued to certain employees of the former nSynergy group. The nSynergy group included the LiveTiles business prior to the sale of the nSynergy group in December 2014

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

NOTE 20: CASH FLOW INFORMATION

		2017 $	2016 $
a.	**Reconciliation of cash flows from operating activities with loss after income tax expense**		
	Loss after income tax expense	(7,394,511)	(13,219,604)
	Cash flows excluded from profit attributable to operating activities:		
	Non-cash flows in loss:		
	– share based payments expense	884,736	4,368,260
	– listing costs	-	2,954,760
	– foreign exchange differences	386,733	-
	Changes in assets and liabilities:		
	– decrease / (increase) in trade and other receivables	(1,747,937)	113,925
	– increase / (decrease) in other non-current assets	26,911	(87,899)
	– increase/(decrease) in trade and other payables	1,688,930	(2,659,224)
	– increase in other liabilities	1,349,972	377,499
	– (increase)/decrease in deferred tax assets	251,397	(165,781)
	increase in provisions	57,495	92,861
	Cash flows used in operating activities	(4,496,274)	(8,225,203)

b. **Acquisition of entities**

During the prior year, LiveTiles acquired Modun Resources Limited (refer to note 1(g)). Net cash acquired as part of this transaction was $2,318,441.

c. **Non-cash financing and investing activities**

A $144,000 non-cash contribution was recognised upon the exercise of 800,000 options during the year.

NOTE 21. RELATED PARTY TRANSACTIONS

The Group's related parties are as follows:

Parent entity

LiveTiles Limited (formerly Modun Resources 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 10.

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 all payments related to their services have been included in the table below.

	Note	30 Jun 2017	30 Jun 2016
		$	$
Payments to key management personnel for services:			
Short term employee benefits		1,489,957	1,352,067
Post-employment benefits		44,438	25,211
Share based payments	(a)	800,000	2,587,675
		2,334,395	3,964,953

(a) Share based payments

Within the share based payments in the year ended 30 June 2016 is an amount of $560,000 for modified options (refer to note 19(b)), $679,452 for the shares issued under the Management Incentive Plan and $1,348,223 for shares issued to key management personnel (refer to note 19(c)(i)). The current year share based payments of $800,000 relates to the shares issued under the Management Incentive Plan (refer to note 19(a)).

Transactions with key management personnel

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

	2017	2016
	$	$
Payables to related parties:		
Current payables:		
Accrued short term benefits to key management personnel	627,505	344,648
	627,505	344,648

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 2017 and 2016 financial years 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.

NOTE 21. RELATED PARTY TRANSACTIONS (CONTINUED)

rhipe is also a reseller and distributor of LiveTiles software. During the 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.

	2017	2016
	$	$
Receipts and payments to rhipe		
Receipts from rhipe for sale of LiveTiles software	127,693	96,273
Payments to rhipe under Shared Service Agreement	(22,416)	(269,045)
Payments to rhipe for consulting services provided to LiveTiles customers	(25,988)	(76,147)
Payments to rhipe for marketing events	(5,500)	-
Net payment to rhipe	73,789	(248,919)
Receivables and payables to rhipe		
Receivable from rhipe	66,289	85,087
Payable to rhipe	-	(37,461)
	66,289	47,626

Terms and conditions

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

NOTE 22: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables and cash.

The Group manages its exposure to key financial risks, including interest rate, foreign currency, credit risk and liquidity risk, with the objective of providing support to the delivery of the Group's financial target while protecting financial security.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include analysis of aging reports to monitor and manage credit risk, analysis of future rolling cash flow forecasts to monitor and manage liquidity risk, monitoring levels of exposure to interest rate and foreign currency risk, and assessments of market forecasts for interest rate and foreign currency exchange rate movement.

The Board reviews and agrees risk management strategies for managing each of the risk identified above.

Primary responsibility for identification and control of financial risks rests with Management under authority of the Board.

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

Risks exposures and responses

(i) Interest rate risk

The Group's exposure to interest rate risk is minimal given the Group has no borrowings.

The Group does not enter into any interest rate swaps, interest rate options or similar derivatives.

At the balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2017	2016
	$	$
Financial assets		
Cash and cash equivalents	3,500,473	8,055,057
Net exposure	3,500,473	8,055,057

	(Loss) / profit		Equity	
	Higher / (lower)		Higher / (lower)	
Judgements of reasonable possible movements	2017	2016	2017	2016
	$	$	$	$
+0.50%	17,502	40,275	17,502	40,275
-0.50%	(17,502)	(40,275)	(17,502)	(40,275)

(ii) Foreign currency risk

The Group's functional currency is Australian dollars (AUD) and the Group is exposed to transactional currency exposures. Such exposures arise primarily as a result of sales and expenses of LiveTiles Corporation being made in USD in addition to bank accounts being held in US dollars (USD). Foreign currency risk is managed by holding the Group's cash in a combination of USD and AUD. Management also reviews the USD denominated product pricing structure on a quarterly basis.

At balance date, the Group had the following exposure to USD foreign currency that is not designated in cash flow hedges:

AUD	2017	2016
Financial assets	$	$
Cash and cash equivalents	2,149,020	5,899,201
Net exposure	2,149,020	5,899,201

The following sensitivity analysis is based on the foreign exchange rate exposures in existence at the balance sheet date:

At 30 June 2017, had the Australian dollar moved, with all other variables held constant, the loss for the year and equity would have been affected as follows:

	Post tax profit		Equity	
	Higher / (lower)		Higher / (lower)	
Judgements of reasonable possible movements	2017	2016	2017	2016
	$	$	$	$
AUD/USD +10%	214,902	589,920	214,902	589,920
AUD/USD -10%	(214,902)	(589,920)	(214,902)	(589,920)

The judgement of reasonable possible rate movement is based upon management's current assessment of the possible change in foreign currency exchange rates. This is based on regular review of current trends and forecasts. There has been no change in assumptions and sensitivities from the previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 22: FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

	Less than 6 months	6 to 12 months	1 to 5 years	Total
2017				
Trade and other payables	2,414,089	-	-	2,414,089
	2,414,089	-	-	2,414,089
2016				
Trade and other payables	819,001	-	-	819,001
	819,001	-	-	819,001

(iv) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group assesses the credit worthiness of the counterparty before entering into a sales contract. Further mitigating this risk is the ability to turn off the customer's software if a customer begins to default on their contractual obligations. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment to those assets, as disclosed in the statement of financial position and notes to the financial statements.

(v) Fair value of financial instruments

Unless otherwise stated, the carrying value of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at their current market interest rate that is available for similar financial instruments.

NOTE 23: EVENTS AFTER THE REPORTING PERIOD

On 2 August 2017 LiveTiles Limited announced that it had raised $11,000,000 via a share placement. Under the placement, $11,000,000 will be raised (before costs) via the issue of 61,111,111 fully paid ordinary shares at $0.18 per share. LiveTiles received $10,600,00(before costs) on 7 August 2017. The remaining $400,000 will be invested by four Directors, subject to shareholder approval, which is expected to be received in the first half of the 2018 financial year.

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 $1,000,000 and the offer period closes on 31 August 2017.

No other matter or circumstance has arisen since 30 June 2017 that has significantly, or may significantly affect, the Group's operations, results or state of affairs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 24: COMPANY DETAILS

The registered office of the company is:

LiveTiles Limited
Level 29
201 Elizabeth Street
Sydney NSW 2000

The principal places of business are:

- Australia:
  Suite 101
  6-8 Clarke Street
  Crows Nest NSW 2065
- USA:
  Suite 801
  60 Madison Avenue
  New York NY 10010

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 18 to 46, are in accordance with the *Corporations Act 2001* and:
    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
    b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Director ………………………………………………

Matthew Brown

Dated this 24 day of August 2017

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of LiveTiles Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of LiveTiles Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 3, the Group recognised software subscription revenue of $1,769,399 for the year ended 30 June 2017. Revenue was identified as a key audit matter as it is a key performance indicator to the users of the financials and because of the extent of judgement involved in the recognition of revenue over the period the services were provided.	Our procedures, amongst others, included: • Considering whether the revenue recognition policies are in accordance with Australian Accounting Standards and the Group's accounting policies described in Note 1; • analysing the revenue trends for the year ended 30 June 2017 against our expectations; • selecting a sample of revenue transactions throughout the financial year and traced to supporting documentation, cash receipts and considered the deferral of revenues for the year ended 30 June 2017; and • obtaining and inspecting the deferred revenue schedules in order to ensure that correct adjustments were recorded to recognise the revenue in the appropriate reporting period.

Research and development (R&D) tax incentive

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 9, the Group recognised an R&D grant receivable of $3,058,195. The R&D grant receivable was identified as a key audit matter because of the extent of judgement involved in considering the recoverability of the receivable as at the reporting date and the complexities involved in the computation.	Our procedures, amongst others included: • obtaining and analysing the evidence provided by the Group to support the carrying value of the R&D tax incentive receivable; • evaluating the competence and objectivity of the independent expert used by management. This included understanding the independent expert's calculations, reviewing their correspondence with management and evaluating the accuracy of the underlying information used. • evaluating the underlying assumptions applied; and

	• discussing and analysing management's assessment of the recoverability of the R&D tax incentive receivable with reference to the tax legislation, discussions with internal tax specialists, management's historical accuracy in estimating these claims in prior periods and historical findings obtained.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report (excluding the audited Remuneration Report) for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report to Shareholders (including the Letter from the Chairman and CEO and FY17 Financial and Business Highlights), which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Letter from the Chairman and CEO, FY17 Financial and Business Highlights, Shareholder Information and Company Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of LiveTiles Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 24 August 2017

The following information is current as at 18 August 2017:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	**Ordinary shares**	**% of shares listed**
1 – 1,000	126,274	0.03
1,001 – 5,000	945,651	0.22
5,001 – 10,000	1,172,362	0.27
10,001 – 100,000	14,867,404	3.39
100,001 and over	421,259,873	96.10
	438,371,564	100.0

b. The number of shareholdings held in less than marketable parcels is 1,115.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder:	**Ordinary shares**	**% of shares listed**
Karl Redenbach	109,927,638	25.08
Peter Nguyen-Brown	97,177,638	22.17
Regal Funds Management Pty Limited	38,244,213	8.72

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders – Ordinary Shares**

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	ZTH TECH PTY LTD <TRITON DISCRETIONARY A/C>	90,427,638	20.63
2	NIA TECH PTY LTD <ODEON DISCRETIONARY A/C>	90,427,638	20.63
3	UBS NOMINEES PTY LTD	29,436,436	6.71
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,248,155	5.08
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	21,624,225	4.93
6	MR KARL REDENBACH	19,500,000	4.45
7	MR MATTHEW GRAHAME BROWN <ALLUVION DISCRETIONARY>	13,850,000	3.16
8	CITICORP NOMINEES PTY LIMITED	12,366,933	2.82
9	ONE MANAGED INVESTMENT FUNDS LIMITED <LAKEHOUSE SMALL COMPANIES A/C>	9,066,665	2.07
10	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	7,948,279	1.81
11	MR PETER NGUYEN-BROWN	6,750,000	1.54
12	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	6,061,605	1.38
13	MR ANTHONY SHANE KITTEL & MRS MICHELE THERESE KITTEL <KITTEL FAMILY SUPER FUND A/C>	5,555,555	1.27
14	RHIPE LIVETILES PTY LIMITED	4,085,380	0.93
15	ONMELL PTY LTD <ONM BPSF A/C>	3,699,734	0.84
16	ARRAKIS NOMINEES PTY LTD <ARRAKIS FAMILY A/C>	3,573,334	0.82
17	MR ANTHONY SHANE KITTEL & MRS MICHELE THERESE KITTEL <KITTEL FAMILY SUPER A/C>	3,348,922	0.76
18	MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	3,341,432	0.76
19	PERSHING AUSTRALIA NOMINEES PTY LTD <BLUE OCEAN EQUITIES A/C>	2,655,429	0.61
20	NATIONAL NOMINEES LIMITED <DB A/C>	2,289,525	0.52
		358,256,885	81.72

2. The name of the company secretary is Andrew Whitten.

3. The address of the principal registered office in Australia is:

   Level 29

   201 Elizabeth Street

   Sydney NSW 2000

   Telephone +61 2 8072 1400

4. Registers of securities are held at the following addresses:

   Link Market Services Limited

   Central Park

   Level 4

   152 St Georges Terrace

   Perth 6000 WA

5. **Stock Exchange Listing**

   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Unquoted Securities**

   Options over Unissued Shares:

   A total of 4,500,000 options are on issue to two current directors. The expiry date of these options is 21 October 2017.