

**HearMeOut Limited
And
Controlled Entities**

ABN 54 614 043 177

Annual Report

**For the year ended
31 December 2016**

HearMeOut Limited

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Board of Directors

Managing Director & Chief Executive Officer - Mr Moran Chamsi
Executive Director & VP Business Development - Mr Issy Livian
Non- Executive Chairman – Mr Howard Digby
Non-Executive Director – Dr Anton Uvarov

Company Secretary

Company Secretary - Peter Webse

Principal Place of Business / Registered Office

Level 2, 50 Kings Park Road
West Perth WA 6005

Postal Address

PO Box 271
West Perth WA 6872

Contact Details

Telephone: 08 6377 8043
ABN 54 614 043 177
Website: home.hearmeoutapp.com

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Lawyers

GTP Legal
68 Aberdeen Street
Northbridge WA 6003

Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005

Share Register

Automic Registry Services
Level 2
267 St Georges Terrace
Perth WA 6000

HearMeOut Limited shares are listed on the Australian Securities
Exchange (ASX). ASX Code: HMO

HearMeOut Limited

Chairman's Address

Dear Shareholder,

It is a great pleasure on behalf of the Board to present the 2016 Annual Report for HearMeOut Limited and its consolidated entities.

HearMeOut is a new, listed Company on the Australian Securities exchange. Although it is only four months since listing, and just over one month in existence during the reporting period, the Company has built on the work done by founders in Israel. Since the reporting period, the Group has made solid progress in furthering its business plan.

As outlined in the Prospectus, the Group is investing funds raised to further the development of its technology, to aggressively and cost effectively acquire users, and to pursue beneficial deals in the connected car market - as a strong driver of potentially engaged users for the HMO App.

We have a very experienced management team headed by Moran Chamsi (Managing Director), Issy Livian (Vice President of Business Development) and Lior Menashe (Chief Technology Officer). Together, they lead a team of highly experienced and dedicated staff who are guided by a shared purpose – to drive the commercialisation of research behind the HMO App.

On your behalf, I thank all of our team and thank you for your continued support as investors behind this exciting venture.

Mr Howard Digby
Non-Executive Chairman
Thursday, 30 March 2017

HearMeOut Limited

Corporate Governance Statement

This Corporate Governance Statement is current as at 30 March 2017 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication *Corporate Governance Principles and Recommendations 3rd Edition* (Recommendations). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices and has been following these practices since its listing on 6 December 2016. The Board of the Company has not yet formed an audit committee, nomination committee, risk management committee or remuneration committee.

The Company's Corporate Governance Policies are contained within the Corporate Governance Plan and available on the Company's website at www.hearmeoutapp.com

Principle 1: Lay solid foundations for management and oversight

Roles of the Board & Management

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- overseeing the Company, including its control and accountability systems;
- appointment, evaluation, rewarding and if necessary the removal of the Managing Director (or equivalent), the Company Secretary and senior management personnel;
- ratifying the appointment, and where appropriate, the removal, of senior executives;
- in conjunction with members of the senior management team, developing corporate objectives, strategies and operations plans and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, use of capital, acquisitions, divestitures and major funding activities;
- establishing appropriate levels of delegation to the executive Directors to allow them to manage the business efficiently;
- monitoring actual performance against planned performance expectations and reviewing operating information at a requisite level, to understand at all times the financial and operating conditions of the Company, including the reviewing and approving of annual budgets;
- monitoring the performance of senior management, including the implementation of strategy, and ensuring appropriate resources are available to them;
- identifying areas of significant business risk and ensuring that the Company is appropriately positioned to manage those risks;
- overseeing the management of safety, occupational health and environmental matters;
- satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, and internal control processes are in place and functioning appropriately;
- ensuring that appropriate internal and external audit arrangements are in place and operating effectively;
- reporting accurately to shareholders, on a timely basis; and
- ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:

HearMeOut Limited

Corporate Governance Statement

- Code of Conduct;
- Continuous Disclosure Policy;
- Diversity Policy;
- Performance Evaluation Practices;
- Procedures for Selection and Appointment of Directors;
- Remuneration Policy;
- Risk Management Review Procedure and Internal Compliance and Control;
- Securities Trading Policy; and
- Shareholders Communication Strategy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of HearMeOut. The Managing Director is responsible for the day-to-day operations, financial performance and administration of HearMeOut within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter which is contained within the Corporate Governance Place available on the HearMeOut website.

Board Committees

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit and risk, remuneration or nomination committees, preferring at this stage of the Company's development, to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit and risk, remuneration and nomination Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if considered appropriate.

Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- | | |
|--|-----|
| • Women employees in the Company | 44% |
| • Women in senior management positions | 33% |
| • Women on the Board | 0% |

HearMeOut Limited

Corporate Governance Statement

The Company's Diversity Policy is available on its website.

Board & Management Performance Review

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparison of the performance of the Board against the requirements of the Board charter;
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- review the Board's interaction with management;
- identification of any particular goals and objectives of the Board for the next year;
- review the type and timing of information provided to the directors; and
- identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators.

The Managing Director conducts an annual performance assessment of senior executives against agreed key performance indicators

Given the fact the Company was only listed on 6 December 2016, no formal appraisal of the Board has been conducted.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

Principle 2: Structure the board to add value

Board Composition

The Company listed on 6 December 2016 and as at the date of this report the Board was comprised of the following members:

- Mr Moran Chamsi - Chief Executive Officer and Managing Director (appointed 29 November 2016);
- Mr Yitzchac (Issy) Livian - Executive Director (appointed 29 November 2016);
- Mr Howard Digby - Non-Executive Director and Chairman (appointed 4 August 2016);
- Dr Anton Uvarov - Non-Executive Director (appointed 4 August 2016);

The Board comprises two Non-Executive Directors and two Executive Directors.

HearMeOut has adopted a definition of 'independence' for Directors that is consistent with the Recommendations. Messrs Chamsi and Livian are not considered to be independent as they are both executive directors of the Company and in addition, Moran Chamsi is also a substantial shareholder.

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Corporate Governance Statement

Board Selection Process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern HearMeOut. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

The Board will establish a Board Skills Matrix. The Board Skills Matrix will include the following areas of knowledge and expertise:

- strategic expertise;
- specific industry knowledge;
- accounting and finance;
- risk management;
- experience with financial markets; and
- investor relations.

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Act ethically and responsibly

The Company has implemented a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary, or in their absence, the Chairman. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Principle 4: Safeguard integrity in corporate reporting

The Board as a whole fulfills to the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company throughout the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board. The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

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Corporate Governance Statement

The external auditors attend HearMeOut's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained. There is also a requirement that the lead engagement partner responsible for the audit not perform in that role for more than five years.

CEO and CFO Certifications

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or, if none, the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Principle 5: Make timely and balanced disclosure

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements at the discretion of the Managing Director are to be circulated to and reviewed by all members of the Board.

The Chairman, the Board, Managing Director and the Company Secretary are responsible for ensuring that:

- a) company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- b) company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of security holders

The Company recognises the value of providing current and relevant information to its shareholders. The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information posted or emailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "Corporate Directory" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from HearMeOut and HearMeOut's securities registry electronically. The contact details for the registry are available on the "Corporate Directory" page of the Company's website.

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Corporate Governance Statement

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

Principle 7: Recognise and manage risk

The Board is committed to the identification, assessment and management of risk throughout HearMeOut's business activities.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. HearMeOut has established policies for the oversight and management of material business risks.

HearMeOut's Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

HearMeOut believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, HearMeOut is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

HearMeOut accepts that risk is a part of doing business. Therefore, the Company's Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather, HearMeOut's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

HearMeOut assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, HearMeOut applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage HearMeOut's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board review's the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of HearMeOut's management of its material business risks at each Board meeting.

Principle 8: Remunerate fairly and responsibly

The Board as a whole fulfills to the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

HearMeOut Limited

Corporate Governance Statement

HearMeOut has implemented a Remuneration Policy which was designed to recognise the competitive environment within which HearMeOut operates and also emphasise the requirement to attract and retain high caliber talent in order to achieve sustained improvement in HearMeOut's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of HearMeOut.

The key principles are to:

- review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensure that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- fairly and responsibly reward executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- review and approve equity based plans and other incentive schemes to foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review.

HearMeOut's executive remuneration policies and structures and details of remuneration paid to directors and key management personnel (where applicable) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is \$300,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

Executive directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

The Company prohibits Directors and employees from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

HearMeOut Limited

Directors' Report

Your Directors present their financial report of the consolidated entity consisting of HearMeOut Limited ("the Company" or "HMO") and its subsidiary HearMeout Ltd ("HMO Israel") (collectively, "the Group") for the year ended 31 December 2016 ("the Period").

➤ INFORMATION ON DIRECTORS

1. BOARD OF DIRECTORS

The names and details of the Company's Directors in office during the Period and until the date of this report are as follows.

Name	Position	Appointed	Resigned
Mr Moran Chamsi	Managing Director & Chief Executive Officer	29/11/2016	-
Mr Yitzchak (Issy) Livian	Executive Director & VP Business Development	29/11/2016	-
Mr Howard Digby	Non-Executive Chairman	4/08/2016	-
Dr Anton Uvarov	Non-Executive Director	4/08/2016	-
Mr Paul Brown	Non-Executive Director	15/09/2016	29/11/2016
Mr Peter Webse	Non-Executive Director	4/08/2016	15/09/2016

Mr Howard Digby

BE (Hons)

Non-Executive Chairman

Appointed: 4 August 2016 to Current

Howard Digby began his career at IBM and has spent over 25 years managing technology related businesses in the Asia Pacific region, of which 12 years were spent in Hong Kong. More recently, he was with The Economist Company as Regional Managing Director. Prior to this he held senior regional management roles at Adobe and Gartner. Upon returning to Perth, Mr Digby served as Executive Editor of WA Business News and now spends his time as an advisor and investor having played key roles in a number of M&A and reverse takeover transactions. Mr Digby is currently an advisor to a number of private and start up technology businesses. Mr Digby holds a Bachelor of Engineering (Mechanical) Honours, from The University of Western Australia

During the past three years, Mr Digby has served as a director of the following ASX-listed companies:

- Non-executive Director of Estrella Resources Limited (ASX: ESR). Appointed: 31 July 2015 – Current.
- Non-executive Director of 4DS Memory Limited (ASX: 4DS) Appointed: 7 December 2015 – Current.
- Non-executive Director of Dimerix Ltd formerly Sun Biomedical Limited (ASX: DXB, formerly SBN). 22 January 2013 – 23 November 2015

Mr Moran Chamsi

Managing Director and Chief Executive Officer

Appointed: 29 November 2016 to Current

Moran Chamsi is an experienced digital entrepreneur with over 12 years' experience in creating digital businesses, marketing and advertising. Mr Chamsi was the head of one of the top 10 digital agencies in Israel and led digital strategies and budgets for clients including brands such as Dell, Dior, Samsung and Orange. Mr. Chamsi has a combination of professionalism in the general marketing world, specialising in digital and mobile, whilst understanding the world of global trade, with proven experience in business development and leading organizations to growth and prosperity. Mr. Chamsi holds a B.A in Political Science and Communications and a M.A in Law from Bar Ilan University in Israel. Mr Chamsi has not served as a director on the board of any ASX-listed companies in the past three years.

HearMeOut Limited

Directors' Report

Mr Yitzchac ("Issy") Livian

Executive Director and Vice President of Business Development

Appointed: 29 November 2016 to Current

Issy Livian has over 10 years of experience in the financial world, including working an Israeli brokerage (Seiler LDT) and was head of business development for a family office, investing in stock market, real estate and precious stones. Born and raised in the U.S, Mr. Livian has great knowledge of the business, social and financial aspects of global finance, as well as in depth analytics of public companies and developing relations with major corporations. Mr. Livian holds a B.Sc in computer science and mathematics from Bar Ilan University in Israel. Mr Livian has not served as a director on the board of any ASX-listed companies in the past three years.

Dr Anton Uvarov

PhD BioChem.Med.Gen, MBA

Non-Executive Director

Appointed: 4 August 2016 to Current

Dr. Uvarov has significant experience as an equity analyst both domestically and internationally. Prior to moving to Australia he was with Citigroup Global Markets where he spent two years as a member of New York based Healthcare team. Dr. Uvarov's technical expertise and company knowledge spreads across variety of industries and spectrum of market capitalizations with his particular interest in early stage startups. Dr. Uvarov holds a PhD degree from the University of Manitoba, Canada and an MBA degree from the University of Calgary, Canada.

During the past three years, Dr Uvarov has served as a director of the following ASX-listed companies:

- Non-executive Director of Actinogen Medical Limited (ASX: ACW). Appointed: 16 December 2013 - Current.
- Non-executive Director of Imugene Limited (ASX: IMU). Appointed: 5 January 2016. Resigned: 31 October 2016.
- Executive Director of Dimerix Ltd formerly Sun Biomedical Limited (ASX: DXB, formerly SBN). Appointed: 10 October 2013. Resigned: 23 November 2015.
- Non-executive Director of Acuvax Limited (ASX: ACU). Appointed: 10 October 2013. Resigned: 14 March 2014.

The following Directors held office and resigned during the year:

Mr Paul Brown

B Eng. GradDipMinExplGeoSci.

Non-Executive Director

Appointed: 15 September 2016; Resigned: 29 November 2016.

Paul is an experienced wealth management advisor with 18 years' experience at Macquarie Bank before becoming an executive director of Prosperion Wealth Management - a boutique, Perth based investment advisory firm which has been involved in a number of highly successful primary and secondary capital raisings. Paul holds a Bachelor of Engineering degree from UWA and a Graduate Diploma in Mineral Exploration Geoscience from Curtin University.

Mr Peter Webse

B.Bus, FGIA, FCPA, MAICD

Appointed: 4 August 2016; Resigned: 15 September 2016

Mr Webse has over 25 years' company secretarial experience and is managing director of Platinum Corporate Secretariat Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. Mr Webse holds a Bachelor of Business with a double major in Accounting and Finance, is a Fellow of the Governance Institute of Australia, a Fellow Certified Practising Accountant and a Member of the Australian Institute of Company Directors.

HearMeOut Limited

Directors' Report

Directors' security holdings

As at the date of this report, the interests of the Directors in the shares of the Company are listed in the table below:

Name	Total fully paid ordinary shares	Total shares under option	Shares under option	
			Vendor options	Performance options
Mr Howard Digby (a)	133,333	-	-	-
Mr Moran Chamsi (b)	7,555,710	15,171,581	755,577	14,416,004
Mr Issy Livian (c)	2,641,427	14,680,146	264,148	14,415,998
Dr Anton Uvarov (d)	433,333	-	-	-
Total	10,763,803	29,851,727	1,019,725	28,832,002

- (a) Mr Digby – 33,333 ordinary shares are escrowed for a period of 24 months from listing on the ASX.
- (b) Mr Chamsi: 7,555,710 shares and 15,171,581 options are escrowed for a period of 24 months from listing on the ASX. Of the 15,171,581 options: 755,577 are Vendor options that are exercisable at \$0.20 each and expire on 2 December 2021. 13,000,002 are Performance A, B, and C options that have a \$0.20 exercise price. 1,416,002 are Performance D options that have a \$Nil exercise price. The performance options expire on 1 January 2022.
- (c) Mr Livian: 2,641,427 ordinary shares and 14,680,146 options are escrowed for a period of 24 months from listing on the ASX. Of the 14,680,146 options, 264,148 are Vendor options that are exercisable at \$0.20 each and expire on 2 December 2021. 13,000,002 are Performance A, B, and C options that have a \$0.20 exercise price. 1,415,999 are Performance D options that have a \$Nil exercise price. The performance options expire on 1 January 2022.
- (d) Dr Uvarov – 333,333 ordinary shares are escrowed for a period of 24 months from listing on the ASX.

2. DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's Directors held and the number of meetings attended by each Director during the Period:

Director	Number of meetings available to attend	Number of meetings attended
Mr Moran Chamsi	1	1
Mr Issy Livian	1	1
Mr Howard Digby	7	7
Dr Anton Uvarov	7	7
Mr Paul Brown	1	1
Mr Peter Webse	5	5

3. CORPORATE GOVERNANCE

The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and has disclosed its level of compliance with those guidelines within the Corporate Governance Statement which is included as part of this financial report.

HearMeOut Limited

Directors' Report

4. COMPANY SECRETARY

The following person held the position of Company Secretary during the financial year:

Mr Peter Webse

B.Bus, FGIA, FCPA, MAICD

Appointed: 4 August 2016 to Current

Mr Webse has over 25 years' company secretarial experience and is managing director of Platinum Corporate Secretariat Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. Mr Webse holds a Bachelor of Business with a double major in Accounting and Finance, is a Fellow of the Governance Institute of Australia, a Fellow Certified Practising Accountant and a Member of the Australian Institute of Company Directors.

Mr Webse is a Non-Executive Director of Cynata Therapeutics Limited (ASX: CYP).

➤ **OPERATIONS AND FINANCIAL REVIEW**

5. PRINCIPAL ACTIVITIES

HearMeOut Limited (HMO) was incorporated on 4 August 2016 as an Australian public company for the purpose of being listed on the Australian Securities Exchange ("ASX") and to become the parent company of HearMeOut Ltd, which is located in Israel ("HMO Israel"). Following successful listing on the ASX, HMO acquired 100% of the issued capital of HMO Israel.

The HearMeOut App is a mobile application (iOS, android) that enables users to record 42 seconds of audio, add description, category and speak what's on their minds, share their thoughts and listen to others on the go, hands-free (in drive mode), in a super simple way.

6. REVIEW OF OPERATIONS

Highlights during the Financial Year

- a) Acquisition of Israeli subsidiary: HearMeOut Ltd ("HMO Israel");
- b) Successful listing on the ASX;
- c) HearMeOut App – The Product
- d) Update on Distribution Agreement with Ford Motors
- e) Engagement of specialists - Chief Technology Officer and Marketing Consultant
- f) Investor Relations

a) Acquisition of Israeli subsidiary: HearMeOut Ltd ("HMO Israel")

HearMeOut Israel was founded in 2014 with a vision to become an alternative to the current social networks. On 2 December 2016 HMO acquired 100% of the issued capital of HMO Israel. In exchange the Company issued the shareholders of HMO Israel the following securities within the Company:

- 20,659,990 fully paid ordinary shares ("Vendors Shares"). Of these shares, 12,285,707 are escrowed for a period of 24 months from listing on the ASX. The balance of 8,374,283 shares are escrowed for a period of 12 months from listing on the ASX; and
- 2,000,010 options ("Vendor options") were issued for \$nil consideration and an expiry date of 2 December 2021. Of these options 1,428,582 are escrowed for a period of 24 months from the Company listing on the ASX. The balance of 571,428 options are escrowed for a period of 12 months from the Company listing on the ASX.

The Company also issued to Brokers involved with the transaction:

- 2,500,000 Broker Options with an exercise price of \$0.30 each, an expiry date of 2 December 2019, and an escrow period of 24 months from listing on the ASX.

b) Successful Listing on the ASX

On 6 December 2016, HearMeOut Limited successfully listed on the ASX. The Company successfully raised its maximum subscription of \$6.5 million at \$0.20 a share in a significantly oversubscribed fundraising led by RM Corporate Finance and Prosperion Wealth Management.

HearMeOut Limited

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The fundraising received strong support from leading domestic and international institutional investors. The funds raised will be used to fund media and automotive collaborations for the HearMeOut App, the official launch of the App in the US market, as well as for further R&D, general marketing and business development.

c) HearMeOut App – The Product

HearMeOut is a mobile application (iOS, android) that enables users to record 42 seconds of audio, add description, category and speak what's on their minds, share their thoughts and listen to others on the go, hands-free (in drive mode).

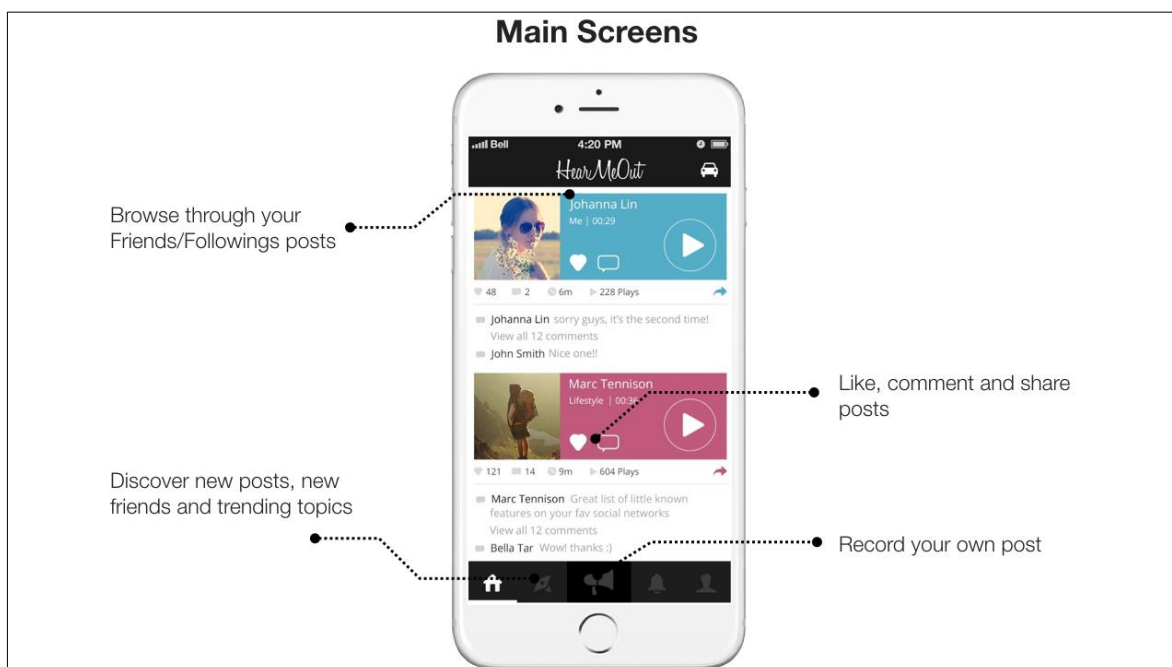


Figure 1: The main feed where Users can listen, like, comment and share posts of the people they follow.

d) Update on Distribution Agreement with Ford Motors

HMO Israel is working on the IOS version for the AppLinkSync technology, giving nearly all types of mobile devise the option of using the HearMeOut app with Ford's multimedia system. the company is also putting in efforts in expanding the regions in which the app is available in Ford cars.

e) Filing for US Patent Application

The patent application, filed with the US Patent and Trademark Office, covers HearMeOut's core technology. It focuses on further innovation in regards to content enhancement for the App's in-drive feature – Adaptive Driving Feed - specifically automatic playlist generation according to a driver's personal preferences, as well as smart ads.

The patent application filing represents a key milestone in the Group's commercialisation plan, ahead of the official launch of the HearMeOut App in the US market scheduled for early 2017.

HearMeOut Limited

Directors' Report

f) Engagement of specialists - Chief Technology Officer and Marketing Consultant

The following persons are either employed or consult to the Company and have been engaged due to their expertise:

(i) Mr Lior Menashe – employed as the Group's Chief Technology Officer

Mr Menashe is a graduate of Mamram, Israel Defense Forces elite tech unit Mr. Menashe holds over 15 years' experience in programming and managing mobile and digital projects for enterprises (NESS, CELLCOM). Mr. Menashe has led software development teams and is skilled in all phases of the software development lifecycle. Mr. Menashe is an expert in translating business requirements into technical solutions and at ensuring software quality, usability, security and scalability. Mr. Menashe holds a MBA in business management and B.Sc in computer science, Bar-Ilan University.

(ii) Stuff Partners - Marketing Consultant

Stuff Partners is an innovation agency founded by Yaki Gani and Moran Saar Behar which has over 12 years of experience in strategic planning, creative management and business development in the advertising, entertainment and startup industry. Stuff Partners focuses on bringing startups and brands together to innovate helping companies create new business, new products and new opportunities. During his years at THEBOX as a co-founder, advertising manager, V.P of Business Development, Strategy & Creative and Deputy C.E.O Mr. Gani obtained experience in creative, marketing and the production of projects for worldwide brands. Mr. Gani has an extensive experience in partnering with top tier brands, such as Nike, Doritos, Disney, Coca Cola, Orange, Soda Stream, Lays, Converse and various international entertainment companies such as MTV, FOX, HBO, VH1, NBC, Comedy Central and Disney.

g) Investor Relations

The Board intends to deploy Investor Relations initiatives to ensure that HMO achieves appropriate recognition within the ASX market and to appeal to potential investors.

7. FINANCIAL PERFORMANCE

The financial performance of the Group during the year ended 31 December 2016 is as follows:

	Full year ended	Full year ended
	31/12/2016	31/12/2015
	\$	\$
Income (\$)	25,025	-
Net loss after tax (\$)	(1,718,092)	(567,988)
Dividend (\$)	-	-

Income relates to \$22,063 in net foreign exchange gains; as well as \$2,962 in interest revenue earned on funds sitting in the Company's Cash Maximiser Account for the month of December 2016.

Of the (\$1,718,092) net loss total, (\$574,051) relates to a non-cash, share-based payment recognised during the year following the valuation performed on 45,748,000 Vendor and Performance options issued to Brokers and various employees of HMO Israel (see Note 10 below).

HearMeOut Limited

Directors' Report

8. FINANCIAL POSITION

The financial position of the Group as at 31 December 2016 is as follows:

	As at 31/12/2016	As at 31/12/2015
	\$	\$
Cash and cash equivalents	5,968,323	11,102
Trade and other receivables	84,670	4,613
Net assets / Total equity	5,868,561	(491,092)
Contributed equity	8,153,465	685,486
Reserves	609,766	-
Accumulated losses	(2,894,670)	(1,176,578)

The Group's financial position, is largely the result of the following transactions that occurred during the year:

- \$750 raised through the issue of 7.5 million seed shares at \$0.0001 per share;
- \$750,000 in convertible loans that converted in to equity on 2 December 2016;
- The issue of 20,659,990 fully paid ordinary shares ("Vendors Shares") to the shareholders of HMO Israel for \$nil consideration in order to acquire 100% of the issued capital in HMO Israel.
- \$574,501 in share-based payments reserve relating to the issue of 45,748,000 options to Brokers and various employees of HMO Israel (see Note 10 below); and
- \$6.5 million through the issue of 32.5 million fully paid ordinary shares at \$0.20 per share under an Initial Public Offering. The Company subsequently listed on the ASX on 6 December 2016.

9. DIVIDENDS

No amounts have been paid or declared by way of dividend since the date of incorporation.

10. OPTIONS

As at the date of this report, there were 47,748,010 unissued ordinary shares under option:

- (i) 2,000,010 Vendor Options were issued for \$nil consideration and an expiry date of 2 December 2021. Of these options 1,428,582 are escrowed for a period of 24 months from the Company listing on the ASX. The balance of 571,428 options are escrowed for a period of 12 months from the Company listing on the ASX;
- (ii) 2,500,000 Broker Options with an exercise price of \$0.30 each and an expiry date of 2 December 2019, and an escrow period of 24 months from listing on the ASX;
- (iii) 13,000,000 Class A Performance Options with an exercise price of \$0.20 each and an expiry date of 1 January 2022. Subject to vesting conditions. Refer to Table 7(c) within the Remuneration Report;
- (iv) 13,000,000 Class B Performance Options with an exercise price of \$0.20 each and an expiry date of 1 January 2022. Subject to vesting conditions. Refer to Table 7(c) within the Remuneration Report;

- (v) 13,000,000 Class C Performance Options with an exercise price of \$0.20 each and an expiry date of 1 January 2022. Subject to vesting conditions. Refer to Table 7(c) within the Remuneration Report;
- (vi) 4,248,000 Class D Performance Options with an exercise price of \$nil each and an expiry date of 1 January 2022. Subject to vesting conditions. Refer to Table 7(c) within the Remuneration Report.

No options expired, lapsed or were exercised during the Period. No option holder has any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

For further details please refer to the Remuneration Report which is included as part of this financial report.

11. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than what is noted above, there were no significant changes in the state of affairs of the Group during the year.

12. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than what has been mentioned above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the Group in subsequent financial years.

13. OUTLOOK & BUSINESS STRATEGY

The year ahead for HMO is focussed on:

- The progression of cooperation with strategic partners in the tech and media space.
- Developing API for integration with relevant wearable devices.
- Working to add worldwide content providers to share content in HearMeOut's platform.
- Aiming for organic and viral growth via influencers and celebrities.
- Marketing and media for official US launch.
- Progressing partnerships with other car manufacturers for connected cars.

14. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Should any likely developments of the Company eventuate, this information will be made available to the market in accordance with its continuous disclosure obligations under the ASX Listing Rules.

HearMeOut Limited

Directors' Report

➤ REMUNERATION REPORT (AUDITED)

The information contained in the remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*. The Remuneration Report is set out under the following main headings:

1. Introduction
2. Remuneration Governance
3. Executive remuneration arrangements
 - A. Remuneration principles and strategy
 - B. Approach to setting remuneration
 - C. Detail of incentive plans
4. Executive remuneration outcomes (including link to performance)
5. Executive contracts
6. Non-executive director fee arrangements
7. Additional disclosures relating to options and shares
8. Loans to key management personnel (KMP) and their related parties
9. Other transactions and balances with KMP and their related parties

1. Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those 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). Key management personnel of HearMeOut comprise the Board of Directors and the Chief Technology Officer.

The performance of the Group depends upon the quality of its key management personnel. To prosper the Group must attract, motivate and retain appropriately skilled Directors and Executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The remuneration arrangements detailed in this report are for the Directors of the Board and the Chief Technology Officer during the financial year and are as follows:

Name	Position	Appointed	Resigned
Mr Moran Chamsi	Managing Director & Chief Executive Officer	29/11/2016	-
Mr Yitzchak (Issy) Livian	Executive Director & VP Business Development	29/11/2016	-
Mr Howard Digby	Non-Executive Chairman	4/08/2016	-
Dr Anton Uvarov	Non-Executive Director	4/08/2016	-
Mr Paul Brown	Non-Executive Director	15/09/2016	29/11/2016
Mr Peter Webse	Non-Executive Director	4/08/2016	15/09/2016
Mr Lior Menashe	Chief Technology Officer	1/12/2016	-

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

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2. Remuneration Governance

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development nor has the Board engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by Directors.

It is considered that the size of the Board along with the level of activity of the Group renders this impractical and the full Board considers in detail all of the matters for which the Directors are responsible.

All matters of remuneration will be done in accordance with Corporations Act requirements, especially in respect of related party transactions. Refer to the Corporate Governance Statement for further information.

This is the first Remuneration Report issued by the Group. The Company listed on the ASX on 6 December 2016, therefore, when the Company holds its inaugural Annual General Meeting, the Remuneration Report will be put to shareholders then.

3. Executive Remuneration Arrangements

(A) Remuneration principles and strategy

The Group aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and aligned with market practice.

Executive remuneration must be:

- aligned with the Group's vision, values and overall business objectives; and
- must be designed to motivate management to pursue the Group's long term growth and success.

The nature and amount of remuneration of Executives are to be assessed on a periodic basis by the Board (in the absence of a Remuneration Committee) for their approval, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Executives.

The main objectives sought when reviewing executive remuneration is that the Group has:

- coherent remuneration policies and practices to attract and retain executives;
- Executives who will create value for shareholders;
- competitive remuneration offered benchmarked against the external market; and
- fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

(B) Approach to setting remuneration

The Group aims to reward executives with a level and mix of remuneration appropriate to their position and responsibilities, while being market competitive. The Group's remuneration structure for Executives can include a mix of fixed remuneration, and long term incentive (LTI), as outlined below.

Fixed remuneration component:

Fixed Remuneration is represented by total employment cost and comprises base salary, statutory superannuation and pension contributions (where applicable) and other benefits. It is paid by the Group to compensate fully for all requirements of the Executives employment with reference to the market and the individual's role and experience. It is subject to annual review considering market data and the performance of the Group and individual.

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LTI component:

The LTI component is in the form of Performance Options. The Board feels that the options currently on issue provide a sufficient long term incentive to align the goals of the KMP with those of the shareholders to maximise shareholder wealth. The Board will continue to monitor this policy to ensure that it is appropriate for the Group in future years.

(C) Details of incentive plans

Long term incentive

1. Performance Options

On 2 December 2016, pursuant to the Share Swap Agreement and as detailed in the Prospectus, the Group agreed to issue remuneration in the form of Performance Options. The recipients of these options and the terms and conditions attached to these options are outlined below:

Employee	Class A Performance Options	Class B Performance Options	Class C Performance Options	Class D Performance Options
Mr Moran Chamsi	4,333,334	4,333,334	4,333,334	1,416,002
Mr Yitzchak (Issy) Livian	4,333,333	4,333,333	4,333,333	1,415,999
Mr Lior Menashe	4,333,333	4,333,333	4,333,333	1,415,999
Total	13,000,000	13,000,000	13,000,000	4,248,000

Terms and conditions of Performance Options

(a) Entitlement

Each Performance Option entitled the holder to be issued one Share upon satisfaction of certain milestones.

(b) Performance Conditions, Exercise Price, Milestone Date and Expiry Date

The Performance Options will be granted in four tranches with the performance conditions, exercise price and milestone dates set out below.

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Tranche	Exercise Price	Performance Conditions	Milestone Date	Expiry Date
Class A Performance Options	A\$0.20	Upon the HearMeOut App being available for download in at least 3,000,000 cars not including Ford cars worldwide.	On or before the date that is 60 months after Completion (Class A Milestone Date).	5.00pm on the date which is 30 days after the Class A Milestone Date
Class B Performance Options	A\$0.20	Upon the HearMeOut App acquiring at least 150,000 registered users in any continuous six month period with an overall 19% or more 90 day Retention of all users acquired in the relevant six month period with an Average User Acquisition Cost of USD\$3 or less for American and Australian users, USD\$2 or less for European users and USD\$1 or less for users in the rest of the world.	On or before the date that is 60 months after Completion (Class B Milestone Date).	5.00pm on the date which is 30 days after the Class B Milestone Date
Class C Performance Options	A\$0.20	Upon the Company's Shares achieving a volume weighted average price of \$0.80 or more over a period of 20 consecutive trading days.	On or before the date that is 60 months after Completion (Class C Milestone Date).	5.00pm on the date which is 30 days after the Class C Milestone Date
Class D Performance Options	Nil	Upon the achievement of the first of the above performance conditions to be achieved.	On or before the date that is 60 months after Completion (Class D Milestone Date).	5.00pm on the date which is 30 days after the Class D Milestone Date

If a performance condition of a Performance Option is not achieved by the milestone date then the Performance Option will lapse.

The Milestone Date is the date by which the applicable Performance Condition must be satisfied. The Expiry Date is the date on which the applicable Performance Option expires should it not have been validly exercised (in accordance with these terms) prior to the Expiry Date.

The Performance Options will lapse on that date which is the earlier of:

- (i) the Expiry Date referred to in the above table; or
- (ii) if a Performance Condition is not achieved by the Milestone Date;
- (iii) the Board making a determination that the Holder has acted fraudulently or is in breach of his or her obligations to the Company; and
- (iv) as determined in accordance with item (c) below;

and thereafter no party has any claim against any other party arising under or in respect of the Performance Options.

(c) Ceasing to be an Eligible Employee

- (i) If a Holder ceases to be an Eligible Employee as a Bad Leaver, all Performance Options held by the Holder will lapse, unless the Board determines otherwise.
- (ii) If a Participant ceases to be an Eligible Employee as a Good Leaver, all Performance Options held by the Holder will continue to be held as vested (to the extent the Performance Condition was satisfied prior to ceasing to be an Eligible Employee) or unvested (to the extent the Performance Condition was satisfied prior to ceasing to be an Eligible Employee), as applicable.

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(d) Takeover, Scheme of Arrangement, Change In Control and M&A Event

Performance Options will automatically vest and be deemed to immediately become Vested Performance Options where:

- (i) a Court approval of a merger by way of scheme of arrangement (not including a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company; or
- (ii) a Takeover Bid:
 - (A) is announced;
 - (B) has become unconditional; and
 - (C) the person making the Takeover Bid has a Relevant Interest in 50% or more of the Shares;
- (iii) any person (together with their related entities and associates) acquires a Relevant Interest in 50.1% or more of the Shares by any other means or
- (iv) the sale or other disposal of all or substantially all of the assets of the Company.

(e) Vesting and Exercise of Performance Options

- (i) A Performance Option will only vest where the Board determines that each Performance Condition has been satisfied or waived, or in accordance with item (c). Upon such determination, the Company shall notify the Holder in writing that the Performance Option has vested (such Performance Option being a Vested Performance Option).
- (ii) Upon vesting of the Performance Options, the Vested Performance Options are exercisable at any time on or prior to the Expiry Date.
- (iii) The Vested Performance Options may be exercised by notice in writing to the Company for each Vested Performance Option being exercised together with payment of the Exercise Price (if any) for each Vested Performance Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Shares issued on exercise

Shares issued on exercise of the Vested Performance Options rank equally with the then Shares of the Company except as regards any entitlements attaching to such Shares by reference to a record date that is prior to the date of issue of the Shares on exercise of the Performance Options.

(g) Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Performance Options within the period required by the Listing Rules, if the Shares are then quoted on the ASX.

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(h) Transferability

Performance Options are not transferable.

(i) Participation in new issues

There are no participation rights or entitlements inherent in the Performance Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Options.

(j) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares which must be issued on the exercise of an Performance Option will be increased by the number of Shares which the Holder would have received if the Holder had exercised the Performance Option before the record date for the bonus issue.

(k) Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation provided that such variation will retain as much as practical the economic value of the Performance Options.

(l) Quotation of Performance Options

No application for quotation of the Performance Options will be made by the Company.

2. Adoption of employee incentive option plan (Option Plan)

Pursuant to the Share Swap Agreement, the Company agreed to adopt an Option Plan for future the grant of options to officers, employees, and consultants of the Company. As at the date of this report no options have been issued under this Option Plan. A brief summary of this plan and the terms on which offers of Performance Options may be made are outlined below:

- (a) The Board in its discretion may offer options to full time or part time employees (or directors) of the Company who qualify to participate according to the relevant ASIC relief.
- (b) An option offered under the Plan may be subject to any conditions as determined by the Board in its absolute discretion.
- (c) Each option will be issued for nil consideration.
- (d) Each option can be exercised once all exercise conditions are satisfied and otherwise in accordance with the terms of the Plan and the conditions determined by the Board. Upon exercise, the option will entitle the participant to subscribe for and be allotted one Share.
- (e) Subject to the discretion of the Board, a participant's options will immediately lapse on the earlier of:
 - (i) the participant ceasing to be an employee of the Company (or the Company's group);
 - (ii) the exercise conditions of the options being unable to be met; or
 - (iii) the option expiry date passing.
- (f) A Share issued on the exercise of an option will rank equally with all other Shares and the Company will obtain official quotation of the Share on ASX.

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- (g) The Board may determine that a restriction period will apply to some or all of the Shares issued to the participant.

4. Executive Remuneration Outcomes

During the financial years ended 31 December 2016 and 31 December 2015 the KMP's received either or all of the following benefits:

- Short-term benefits: cash salary, cash fees and cash bonuses;
- Post-employment benefits: retirement benefits; and
- Share-based payments.

Refer to **Table 1** and **Table 2** below. All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

Table 1 - Remuneration of Key Management Personnel for the year ended 31 December 2016:

As at 31/12/2016	Short Term Benefits		Post-employment	Share-based Payments		Total	Value of Share Based payments as a % of total remuneration %
	Cash salary and \$	Cash bonus \$	Super-annuation \$	Options \$	Shares \$		
<u>Directors</u>							
Mr Howard Digby	3,750	-	-	-	-	3,750	-
Mr Moran Chamsi	105,650	-	23,010	100,517	-	229,177	44%
Mr Issy Livian	97,184	-	20,187	100,517	-	217,888	46%
Anton Uvarov	3,750	-	-	-	-	3,750	-
Mr Paul Brown (i)	-	-	-	-	-	-	-
Mr Peter Webse (ii)	-	-	-	-	-	-	-
<u>Executives:</u>							
Lior Menashe (iii)	15,222	-	3,683	100,517	-	119,422	84%
Total	225,556	-	46,880	301,551	-	573,987	

- (i) Paul Brown served as a Director for the period from 15 September 2016 through to 29 November 2016; and did not receive any Directors fees for the period that he served in this capacity.
- (ii) Peter Webse served as a Director for the period from 4 August 2016 (date of incorporation of the Parent entity) through to 15 September 2016; and did not receive any Directors fees for the period that he served in this capacity. He did receive \$18,658 in his capacity as Company Secretary which he has fulfilled since 4 August 2016.
- (iii) Mr Lior Menashe also provided services as a supplier to the subsidiary with fees totaling USD \$33,306 during the year ended 31 December 2016, which equates to approximately AUD \$44,814.

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Table 2 - Remuneration of Key Management Personnel for the year ended 31 December 2015:

As at 31/12/2015	Short Term Benefits		Post-employment	Share-based Payments		Total	Value of Share Based payments as a % of total remuneration
	Cash salary and fees \$	Cash bonus \$	Super-annuation \$	Options \$	Shares \$		
<u>Directors</u>							
Mr Moran Chamsi	63,457	-	16,917	-	-	80,374	-
Mr Issy Livian	42,205	-	10,585	-	-	52,790	-
<u>Executives:</u>							
Lior Menashe (i)	-	-	-	-	-	-	-
Total	105,662	-	27,502	-	-	133,164	

- (i) Mr Lior Menashe also provided services as a supplier to the subsidiary with fees totaling USD \$33,495 during the year ended 31 December 2015, which equates to approximately AUD \$44,590.

5. Executive Contracts

During the financial year, the below mentioned Directors and Executives were remunerated as follows:

- Managing Director (of the Company) & Chief Executive Officer (of the Group): Mr Moran Chamsi received wages totaling USD \$78,519, which equates to approximately AUD \$105,650 plus pension allocations of USD \$17,101, which equates to approximately AUD \$23,010.
- Executive Director (of the Company) & VP Business Development (of the Group): Issy Livian received wages totaling USD \$72,227, which equates to approximately AUD \$97,184 plus pension allocation of USD \$15,003 which equates to approximately AUD \$20,187; and
- Chief Technology Officer (of the Group): Mr Lior Menashe received wages totaling USD \$11,313 which equates to approximately AUD \$15,222 plus pension allocation of USD \$2,737, which equates to approximately AUD \$3,683. Mr Menashe also supplied services to HMO Israel with fees totaling USD \$33,306 which equates to approximately AUD \$44,814.

Just prior to the Company listing on the ASX, the Subsidiary: HMO Israel, entered into contractual arrangements with the following Directors and Executives listed below:

- Managing Director & Chief Executive Officer: Mr Moran Chamsi
 - Contract Commencement Date: 1 December 2016.
 - Term: The appointment of the Executive continues indefinitely from the date of commencement until terminated in accordance with the termination conditions set out in the Employment agreement between Executive and the subsidiary: HearMeOut Ltd.
 - Termination: Either party may at any time during the Term, terminate the contract by giving one hundred and eighty (180) days written notice. HMO Israel may immediately cease the Executive's employment and may shorten all or part of the notice period, regardless of

whether notice of termination was given by HMO Israel or by the Executive, and in such event the Executive shall be entitled to receive remuneration as if the Executive were to continue to be employed by HMO Israel for the duration of the notice period. In the event of breach or criminal activity termination is effective immediately without payment other than the fee accrued to the date of termination; and in specific circumstance no severance pay at all.

- Remuneration: The Executives receives a Salary of 40,000 New Israeli Shekels (NIS) per month which equates to approximately AUD \$14,000 per month. In addition, the Executive receives a pension allocation amount based on the Salary as prescribed by the relevant law, and HMO Israel makes statutory deductions from the Salary as required by the relevant tax and insurance authorities in Israel.
- Separation Fee: In the event HMO Israel terminates the Executive's employment and subject to the receipt of a signed waiver of claims against HMO Israel from the Executive, the Executive shall be entitled to receive from HMO Israel upon the lapse of the Notice Period (whether if the Executive have actually worked in HMO Israel or not), a "Separation Fee" equal to the Salary during a period of six (6) consecutive months following termination (the "Separation Fee"), unless, in each case, such termination is due to the cessation of HMO Israel's operations, or in the event of breach or criminal activity by the Executive.
- Executive Director & VP Business Development: Mr Issy Livian
 - Contract Commencement Date: 1 December 2016.
 - Term: The appointment of the Executive continues indefinitely from the date of commencement until terminated in accordance with the termination conditions set out in the Employment agreement between Executive and the subsidiary: HearMeOut Ltd.
 - Termination: Either party may at any time during the Term, terminate the contract by giving one hundred and eighty (180) days written notice. HMO Israel may immediately cease the Executive's employment and may shorten all or part of the notice period, regardless of whether notice of termination was given by HMO Israel or by the Executive, and in such event the Executive shall be entitled to receive remuneration as if the Executive were to continue to be employed by HMO Israel for the duration of the notice period. In the event of breach or criminal activity termination is effective immediately without payment other than the fee accrued to the date of termination; and in specific circumstance no severance pay at all.
 - Remuneration: The Executives receives a Salary of 40,000 New Israeli Shekels (NIS) per month which equates to approximately AUD \$14,000 per month. In addition, the Executive receives a pension allocation amount based on the Salary as prescribed by the relevant law, and HMO Israel makes statutory deductions from the Salary as required by the relevant tax and insurance authorities in Israel.
 - Separation Fee: In the event HMO Israel terminates the Executive's employment and subject to the receipt of a signed waiver of claims against HMO Israel from the Executive, the Executive shall be entitled to receive from HMO Israel upon the lapse of the Notice Period (whether if the Executive have actually worked in HMO Israel or not), a "Separation Fee" equal to the Salary during a period of six (6) consecutive months following termination (the

HearMeOut Limited

Directors' Report

"Separation Fee"), unless, in each case, such termination is due to the cessation of the HMO Israel's operations, or in the event of breach or criminal activity by the Executive.

- Chief Technology Officer: Mr Lior Menashe
 - Contract Commencement Date: 1 December 2016.
 - Term: The appointment of the Executive continues indefinitely from the date of commencement until terminated in accordance with the termination conditions set out in the Employment agreement between Executive and the subsidiary: HearMeOut Ltd.
 - Termination: Either party may at any time during the Term, terminate the contract by giving one hundred and eighty (180) days written notice. HMO Israel may immediately cease the Executive's employment and may shorten all or part of the notice period, regardless of whether notice of termination was given by HMO Israel or by the Executive, and in such event the Executive shall be entitled to receive remuneration as if the Executive were to continue to be employed by HMO Israel for the duration of the notice period. In the event of breach or criminal activity termination is effective immediately without payment other than the fee accrued to the date of termination; and in specific circumstance no severance pay at all.
 - Remuneration: The Executives receives a Salary of 40,000 New Israeli Shekels (NIS) per month which equates to approximately AUD \$14,000 per month. In addition, the Executive receives a pension allocation amount based on the Salary as prescribed by the relevant law, and HMO Israel makes statutory deductions from the Salary as required by the relevant tax and insurance authorities in Israel.
 - Separation Fee: In the event HMO Israel terminates the Executive's employment and subject to the receipt of a signed waiver of claims against HMO Israel from the Executive, the Executive shall be entitled to receive from HMO Israel upon the lapse of the Notice Period (whether if the Executive have actually worked in HMO Israel or not), a "Separation Fee" equal to the Salary during a period of six (6) consecutive months following termination (the "Separation Fee"), unless, in each case, such termination is due to the cessation of the HMO Israel's operations, or in the event of breach or criminal activity by the Executive.

6. Non-Executive Director Fee Arrangements

Non-Executive Directors are remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity and do not normally participate in schemes designed for the remuneration of executives.

As noted above, fees for Non-Executive Directors are generally not directly linked to the performance of the Company, however, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

The maximum aggregate remuneration approved by a resolution of Directors in accordance with the Company's Constitution is \$300,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved. Total fees paid to Non-Executive Directors during the year were \$7,500 for the month of December 2016.

During the financial year the Company remunerated the below mentioned Non-Executives as follows:

HearMeOut Limited

Directors' Report

- Non-Executive Chairman: Mr Howard Digby received fees totaling \$3,750 (plus GST); and
- Non-Executive Director: Dr Anton Uvarov received a salary totaling \$3,750 (plus GST).

Their contractual arrangements are outlined below:

- Non-Executive Chairman - Mr Howard Digby
 - Contract Commencement Date: 4 August 2016 (Date of incorporation of the Company).
 - Term: The Non-Executive shall hold office from Commencement Date until the date of the Company's first annual general meeting. The Non-Executive is eligible and must stand for election as a director at that meeting and, if elected, will thereafter be subject to retirement by rotation under the Company's Constitution.
 - Termination: The individual may terminate the contract immediately or if the Director resigns by rotation and does not seek re-election or is not re-elected as a Director by the shareholders of the Company. Additionally, the other members of the Board may request that the officer resign with effect immediately in the event that the Board deems the individual's performance is unsatisfactory, or the Company's shareholders may resolve to seek the officer's removal by member's resolution. In the event of breach or criminal activity termination is effective immediately.
 - Director's Fee: \$45,000 per annum (plus GST) with effect from 1 December 2016.
 - Subject to periodic reviews.
- Dr Anton Uvarov – Non-Executive Director
 - Contract Commencement Date: 4 August 2016 (Date of incorporation of the Company).
 - Term: The Non-Executive shall hold office from Commencement Date until the date of the Company's first annual general meeting. The Non-Executive is eligible and must stand for election as a director at that meeting and, if elected, will thereafter be subject to retirement by rotation under the Company's Constitution.
 - Termination: The individual may terminate the contract immediately or if the Director resigns by rotation and does not seek re-election or is not re-elected as a Director by the shareholders of the Company. Additionally, the other members of the Board may request that the officer resign with effect immediately in the event that the Board deems the individual's performance is unsatisfactory, or the Company's shareholders may resolve to seek the officer's removal by member's resolution. In the event of breach or criminal activity termination is effective immediately.
 - Director's Fee: \$45,000 per annum (plus GST) with effect from 1 December 2016.
 - Subject to periodic reviews.
- Mr Paul Brown – Non-Executive Director
 - Contract Commencement Date: No contract entered into.
 - Term: Mr Brown fulfilled his directorship from 15 September 2016 through to 29 November 2016.
 - Director's Fees: No fees were paid.
- Mr Peter Webse – Non-Executive Director
 - Contract Commencement Date: No contract entered into.
 - Term: Mr Webse fulfilled his directorship from 4 August 2016 (date of incorporation) through to 15 September 2016.
 - Director's Fees: No fees were paid.

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Directors' Report

7. Additional disclosures relating to options and shares

a) Option holding of KMP granted, vested or lapsed during the year

At the date of this report, the unissued ordinary shares under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Option holding of KMP as at 31 December 2016

	Class	Balance at beginning of year 1/1/2016	Granted as remuneration	Options exercised	Net change other (i)	Balance at end of year 31/12/2016	Vested at 31/12/2016	Not vested at 31/12/2016
Directors								
Howard Digby		-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-
Moran Chamsi	Vendor	-	-	-	755,577	755,577	755,577	-
	A	-	4,333,334	-	-	4,333,334	-	4,333,334
	B	-	4,333,334	-	-	4,333,334	-	4,333,334
	C	-	4,333,334	-	-	4,333,334	-	4,333,334
	D	-	1,416,002	-	-	1,416,002	-	1,416,002
Total		-	14,416,004	-	755,577	15,171,581	755,577	14,416,004
Issy Livian	Vendor	-	-	-	264,148	264,148	264,148	-
	A	-	4,333,333	-	-	4,333,333	-	4,333,333
	B	-	4,333,333	-	-	4,333,333	-	4,333,333
	C	-	4,333,333	-	-	4,333,333	-	4,333,333
	D	-	1,415,999	-	-	1,415,999	-	1,415,999
Total		-	14,415,998	-	264,148	14,680,146	264,148	14,415,998
Anton Uvarov		-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-
Paul Brown (ii)		-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-
Peter Webse (ii)		-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-
Total Directors		-	28,832,002	-	1,019,725	29,851,727	1,019,725	28,832,002
Other KMP								
Lior Menashe	Vendor	-	-	-	322,857	322,857	322,857	-
	A	-	4,333,333	-	-	4,333,333	-	4,333,333
	B	-	4,333,333	-	-	4,333,333	-	4,333,333
	C	-	4,333,333	-	-	4,333,333	-	4,333,333
	D	-	1,415,999	-	-	1,415,999	-	1,415,999
Total		-	14,415,998	-	322,857	14,738,855	322,857	14,415,998
Total Other KMP		-	14,415,998	-	322,857	14,738,855	322,857	14,415,998
Total KMP		-	43,248,000	-	1,342,582	44,590,582	1,342,582	43,248,000

(i) 1,342,582 options were granted as Vendor options on 2 December 2016.

(ii) Paul Brown holds 550,000 Broker options in the Company. These options have an exercise price of \$0.30 each and an expiry date of 2 December 2019. Peter Webse holds no options in the Company. They ceased their directorships on 29 November 2016 and 15 September 2016, respectively.

Option holding of KMP as at 31 December 2015

No options were on issue at the beginning of the prior year, nor were any options granted, exercised or lapsed during the year.

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Directors' Report

b) Value of options awarded, vested and lapsed during the year

The value of the options awarded, vested and lapsed during the year are outlined in the Table below. Included in this Table is a reference to Table 7(c) outlining the performance conditions attached to these options that have to eventuate in order for the option to vest.

Value of option holding of KMP as at 31 December 2016

	Class	# Options	Value of options vested during the year (\$)	Value of options lapsed during the year (\$)	Share-based payment recognised during the year (\$)	Remuneration consisting of option for the year (%)	Vesting Condition
Directors							
Howard Digby	-	-	-	-	-	-	
Total		-	-	-	-	-	
Moran Chamsi							
	A	4,333,334	-	-	47,843	21%	See 7 (c)
	B	4,333,334	-	-	32,783	14%	See 7 (c)
	C	4,333,334	-	-	10,928	5%	See 7 (c)
	D	1,416,002	-	-	8,963	4%	See 7 (c)
Total		14,416,004	-	-	100,517	44%	
Issy Livian							
	A	4,333,333	-	-	47,843	22%	See 7 (c)
	B	4,333,333	-	-	32,783	15%	See 7 (c)
	C	4,333,333	-	-	10,928	5%	See 7 (c)
	D	1,415,999	-	-	8,963	4%	See 7 (c)
Total Issy		14,415,998	-	-	100,517	46%	
Anton Uvarov	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-
Paul Brown (i)	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Peter Webse (i)	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Total Directors		28,832,002	-	-	201,034	-	-
Other KMP							
Lior Menashe							
	A	4,333,333	-	-	47,843	40%	See 7 (c)
	B	4,333,333	-	-	32,783	27%	See 7 (c)
	C	4,333,333	-	-	10,928	9%	See 7 (c)
	D	1,415,999	-	-	8,963	8%	See 7 (c)
Total Lior Menashe		14,415,998	-	-	100,517	84%	
Total Other KMP		14,415,998	-	-	100,517		
Total KMP		43,248,000	-	-	301,551		

- (i) Paul Brown holds 550,000 Broker options in the Company. Peter Webse holds no options in the Company. They ceased their directorships on 29 November 2016 and 15 September 2016, respectively.

HearMeOut Limited

Directors' Report

Value of option holding of KMP as at 31 December 2015

No options were on issue at the beginning of the prior year, nor were any options granted, exercised or lapsed during the year.

c) Vesting conditions attached to options

Note	Class	Vesting Condition
1	Performance A Options	Upon the HearMeOut App being available for download in at least 3,000,000 cars not including Ford cars worldwide.
2	Performance B Options	Upon the HearMeOut App acquiring at least 150,000 registered users in any continuous six month period with an overall 19% or more 90 day Retention of all users acquired in the relevant six month period with an Average User Acquisition Cost of USD\$3 or less for American users, USD\$2 or less for European users and USD\$1 or less for users in the rest of the world.
3	Performance C Options	Upon the Company's Shares achieving a volume weighted average price of \$0.80 or more over a period of 20 consecutive trading days.
4	Performance D Options	Upon the achievement of the first of the above performance conditions to be achieved.

HearMeOut Limited

Directors' Report

d) Number of options awarded, vested and lapsed during the year

	Class	# Options	Financial year	Grant date	Vesting date	Vesting conditions	Exercise price (\$)	Fair value per option at grant date (\$)	Expiry date	Number vested during the year	Number lapsed during the year
Directors											
Howard Digdy	-	-	-	-	-	-	-	-	-	-	-
Moran Chamsi	A	4,333,334	2016	2/12/2016	31/12/2017	See Table 7 (c)	\$ 0.20	\$ 0.1500	1/01/2022	-	-
Moran Chamsi	B	4,333,334	2016	2/12/2016	30/06/2018	See Table 7 (c)	\$ 0.20	\$ 0.1500	1/01/2022	-	-
Moran Chamsi	C	4,333,334	2016	2/12/2016	31/12/2018	See Table 7 (c)	\$ 0.20	\$ 0.0660	1/01/2022	-	-
Moran Chamsi	D	1,416,002	2016	2/12/2016	31/12/2017	See Table 7 (c)	\$ -	\$ 0.0860	1/01/2022	-	-
Issy Livian	A	4,333,333	2016	2/12/2016	31/12/2017	See Table 7 (c)	\$ 0.20	\$ 0.1500	1/01/2022	-	-
Issy Livian	B	4,333,333	2016	2/12/2016	30/06/2018	See Table 7 (c)	\$ 0.20	\$ 0.1500	1/01/2022	-	-
Issy Livian	C	4,333,333	2016	2/12/2016	31/12/2018	See Table 7 (c)	\$ 0.20	\$ 0.0660	1/01/2022	-	-
Issy Livian	D	1,415,999	2016	2/12/2016	31/12/2017	See Table 7 (c)	\$ -	\$ 0.0860	1/01/2022	-	-
Anton Uvarov	-	-	-	-	-	-	-	-	-	-	-
Peter Webse (i)	-	-	-	-	-	-	-	-	-	-	-
Total Directors		28,832,002								-	-
Other KMP - Executives											
Lior Menashe	A	4,333,333	2016	2/12/2016	31/12/2017	See Table 7 (c)	\$ 0.20	\$ 0.1500	1/01/2022	-	-
Lior Menashe	B	4,333,333	2016	2/12/2016	30/06/2018	See Table 7 (c)	\$ 0.20	\$ 0.1500	1/01/2022	-	-
Lior Menashe	C	4,333,333	2016	2/12/2016	31/12/2018	See Table 7 (c)	\$ 0.20	\$ 0.0660	1/01/2022	-	-
Lior Menashe	D	1,415,999	2016	2/12/2016	31/12/2017	See Table 7 (c)	\$ -	\$ 0.0860	1/01/2022	-	-
Total Other KMP		14,415,998								-	-
Total KMP		43,248,000								-	-

(i) Paul Brown and Peter Webse ceased their directorships on 29 November 2016 and 15 September 2016, respectively.

HearMeOut Limited

Directors' Report

Number of option holding of KMP as at 31 December 2015

No options were on issue at the beginning of the prior year, nor were any options granted, exercised or lapsed during the year.

➤ Shares

There were no shares issued as compensation to KMP during the financial year ended 31 December 2016. At 31 December 2016 the relevant interest of each KMP in ordinary fully paid shares of the Company were:

	Balance at beginning of year 1/1/2016	Granted as remuneration	On exercise of options	Net change other (vi)	Net change other	Balance at end of year 31/12/2016
Directors						
Howard Digby (i)	-	-	-	-	133,333	133,333
Moran Chamsi (ii)	661,125	-	-	(661,125)	7,555,710	7,555,710
Issy Livian (iii)	231,125	-	-	(231,125)	2,641,427	2,641,427
Anton Uvarov (iv)	-	-	-	-	433,333	433,333
Paul Brown (v)	-	-	-	1,730,000	(1,730,000)	-
Peter Webse (v)	-	-	-	-	-	-
Total Directors	892,250	-	-	837,750	9,033,803	10,763,803
Other KMP						
Lior Menashe	107,500	-	-	(107,500)	1,228,571	1,228,571
Total Other KMP	107,500	-	-	(107,500)	1,228,571	1,228,571
Total KMP	999,750	-	-	730,250	10,262,374	11,992,374

- (i) Howard Digby: 133,333 ordinary shares were purchased on incorporation of the Company of which 33,333 ordinary shares are escrowed for a period of 24 months from listing on the ASX;
- (ii) Moran Chamsi: 7,555,710 ordinary shares ("Vendor shares") are escrowed for a period of 24 months from listing on the ASX. These Vendor shares were issued in order to acquire 100% of the equity in HMO Israel.
- (iii) Issy Livian: 2,641,427 ordinary shares ("Vendor shares") are escrowed for a period of 24 months from listing on the ASX. These Vendor shares were issued in order to acquire 100% of the equity in HMO Israel.
- (iv) Anton Uvarov: 433,333 ordinary shares were purchased on incorporation of the Company of which 333,333 ordinary shares are escrowed for a period of 24 months from listing on the ASX.
- (v) During Paul Brown's period of being a director, he held 34,500 convertible notes that converted into 230,000 fully paid ordinary shares on 2 December 2016; and 1,500,000 fully ordinary shares. Paul ceased his directorships on 29 November 2016. Peter Webse held no shares during his directorship. Peter ceased his directorships on 15 September 2016.
- (vi) As per the Share Swap Agreement, the shareholders of HearmeOut Ltd (HMO Israel) exchanged their shares in HMO Israel for ordinary shares in the parent entity: HearMeOut Limited.

HearMeOut Limited

Directors' Report

There were no shares issued as compensation to KMP during the financial year ended 31 December 2015.

At 31 December 2015 the relevant interest of each KMP in ordinary fully paid shares of the Company were:

	Balance at beginning of year 1/1/2015	Granted as remuneration	On exercise of options	Net change other	Net change other	Balance at end of year 31/12/2015
<u>Directors</u>						
Moran Chamsi	661,125	-	-	-	-	661,125
Issy Livian	231,125	-	-	-	-	231,125
Total Directors	892,250	-	-	-	-	892,250
<u>Other KMP</u>						
Lior Menashe	107,500	-	-	-	-	107,500
Total Other KMP	107,500	-	-	-	-	107,500
Total KMP	999,750	-	-	-	-	999,750

8. Loans Made to Key Management Personnel

No loans were made to any Director or KMP or any of their related entities during the reporting period.

9. Other Transactions with Key Management Personnel

There were no other transactions with any Director or KMP or any of their related entities during the reporting period.

End of Audited Remuneration Report

15. INDEMNIFICATION OF AUDITORS

To the extent permitted by Law, the Company has agreed to indemnify its auditors, BDO (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO during or since the financial year.

16. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the Period, the Company entered in to Deeds of Indemnification with the Directors and Officers of the Company. However, there have been no premiums paid to insure the Directors and Officers of the Company. The Company will look to insure the Directors and Officers of the Company.

17. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court, under section 237 of the *Corporations Act 2001*, to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings. The Company was not a party to any such proceedings during the Period.

HearMeOut Limited

Directors' Report

18. ENVIRONMENTAL REGULATIONS

The Company's operations are not subject to significant environmental regulation under the Australian Commonwealth or State law.

19. NON-AUDIT SERVICES

The following fees were paid for non-audit services to the external auditors and their associated entities during the years ended 31 December 2016 and 31 December 2015

	As at 31 December 2016 \$	As at 31 December 2015 \$
Non-audit services		
BDO (WA) Pty Ltd - Investigating Accountant's Report	11,280	-
Non-related entities:		
KPMG (Israel) - tax matters	13,455	-
	24,735	-

20. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 31 December 2016 forms a part of the Directors' Report and can be found on page 37.

No officer of the Company is or has been a partner/director of any auditor of the Company.

Signed in accordance with a resolution of the Board of Directors.



Mr Moran Chamsi
Managing Director – Chief Executive Officer
Tel Aviv, Israel
Date: Thursday, 30 March 2017

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF HEARMEOUT LIMITED

As lead auditor of HearMeOut Limited for the year ended 31 December 2016, 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 HearMeOut Limited and the entity it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 30 March 2017

HearMeOut Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

		Consolidated Full year ended 31 December 2016	HearMeOut Ltd ("HMO Israel") Full year ended 31 December 2015
	Note	\$	\$
Net foreign exchange gain		22,063	-
Interest income		2,962	-
Total income	5	25,025	-
Business development & administration expenses	6	(734,380)	(347,258)
Research & development expenses		(62,584)	(139,664)
Finance expenses	12	(371,346)	(81,066)
Share-based payment expenses	17	(574,051)	-
Depreciation expense		(756)	-
Total expenses		(1,743,117)	(567,988)
Loss Before Income Tax		(1,718,092)	(567,988)
Income tax benefit/(expense)	7	-	-
Loss for the Year		(1,718,092)	(567,988)
<u>Other comprehensive income</u>			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency gain		35,715	-
Total comprehensive loss for the Year		(1,682,377)	(567,988)
Earnings/(loss) per share for attributable to the ordinary equity holders of the company			
Basic loss per share (cents)	15	(2.61)	(0.86)
Dilutive loss per share (cents)	15	(2.61)	(0.86)

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

HearMeOut Limited
Consolidated Statement of Financial Position
As at 31 August 2016

		Consolidated	HearMeOut Ltd
		As at	("HMO Israel")
		31 December	As at
		2016	31 December
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	5,968,323	11,102
Short-term deposits		-	10,551
Trade and other receivables	9	84,670	4,613
TOTAL CURRENT ASSETS		6,052,993	26,266
NON-CURRENT ASSETS			
Property, plant & equipment	10	2,115	1,522
TOTAL NON-CURRENT ASSETS		2,115	1,522
TOTAL ASSETS		6,055,108	27,788
CURRENT LIABILITIES			
Trade and other payables	11	186,547	76,817
Convertible note payable	12	-	442,063
TOTAL LIABILITIES		186,547	518,880
NET ASSETS / (DEFICIENCY)		5,868,561	(491,092)
EQUITY			
Contributed equity (net)	13	8,153,465	685,486
Reserves	14	609,766	-
Accumulated losses		(2,894,670)	(1,176,578)
TOTAL EQUITY (DEFICIENCY)		5,868,561	(491,092)

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

HearMeOut Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2016

		Consolidated	HearMeOut Ltd
		Full year ended	("HMO Israel")
		31 December	Full year ended
		2016	31 December
			2015
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		2,962	-
Interest paid		(2,177)	-
Payments to suppliers & employees		(711,825)	-
Payments for research and development		(44,915)	(447,295)
Net cash outflow used for operating activities	8	(755,955)	(447,295)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,349)	-
Net cash outflow used for investing activities		(1,349)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		5,861,013	-
Proceeds from issue of convertible notes		785,183	346,121
Net cash inflow from financing activities		6,646,196	346,121
Net increase/(decrease) in cash and cash equivalents		5,888,892	(101,174)
Cash and cash equivalents at beginning of the Period		11,102	109,161
Foreign exchange differences		68,329	3,115
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	5,968,323	11,102

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

HearMeOut Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

Consolidated	Contributed	Accumulated	Option	Foreign	
	Equity	Losses	Reserve	Currency	
Full-year ended 31/12/2016	\$	\$	\$	Translation	Total
				Reserve	\$
Balance as at 1 January 2016	685,486	(1,176,578)	-	-	(491,092)
Loss for the Period	-	(1,718,092)	-	-	(1,718,092)
Other comprehensive income	-	-	-	35,715	35,715
Total comprehensive income for the Period	-	(1,718,092)	-	35,715	(1,682,377)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the Period	8,010,390	-	-	-	8,010,390
Capital raising costs	(542,411)	-	-	-	(542,411)
Share-based payments	-	-	574,051	-	574,051
Balance as at 31 December 2016	8,153,465	(2,894,670)	574,051	35,715	5,868,561

	Contributed	Accumulated	Option	Foreign	
	Equity	Losses	Reserve	Currency	
Full-year ended 31/12/2015	\$	\$	\$	Translation	Total
				Reserve	\$
Balance as at 1 January 2015	685,486	(608,590)	-	-	76,896
Loss for the year	-	(567,988)	-	-	(567,988)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	(567,988)	-	-	(567,988)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Share-based payments	-	-	-	-	-
Balance as at 31 December 2015	685,486	(1,176,578)	-	-	(491,092)

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

HearMeOut Limited

Notes to the Financial Statements

For the year ended 31 December 2016

1. CORPORATE INFORMATION

The financial statements and notes represent those of the consolidated entity consisting of HearMeOut Limited ("the Company" or "HMO") and its subsidiary HearMeout Ltd ("HMO Israel") (collectively, "the Group") for the year ended 31 December 2016 ("the Period"); and were authorised in accordance with a resolution of Directors on 30 March 2017.

The Company is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of operations and principal activities of the Group are described in the Directors' Report.

The Company was incorporated on 4 August 2016. On 2 December 2016, the Company acquired 100% of the equity in HearMeOut Ltd ("HMO Israel"); and on 6 December 2016 the Company listed on the ASX and commenced trading.

2. BASIS OF PREPARATION

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*. The Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Basis of measurement and reporting convention

The financial statements, except for cash flow information, 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. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

Capital Reorganisation

On 2 December 2016, the Company completed a transaction with the shareholders of HearMeOut Ltd ("HMO Israel") under common control to acquire 100% of the share capital in HMO Israel in exchange for 20,659,990 ordinary shares and 2,000,010 vendor options in the Company. In accordance with the Australian Accounting Standards, the acquisition does not meet the definition of a business combination as HearMeOut Limited was established for the sole purpose of acquiring, under a capital reorganisation, HMO Israel by way of equity. The shareholders of HMO Israel received the same proportion of equity instruments in the Parent.

The comparative financial information included in the Group's financial statements is that of the subsidiary: HearMeOut Ltd, not the Company. The results in the current period comprise those for HMO Israel for the period 1 January 2016 to 31 December 2016, and the enlarged Group from 4 August 2016 to 31 December 2016.

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. The Group recognises it incurred a total comprehensive loss of \$1,682,377 for the Period and has a net asset position of \$5,868,561.

Critical accounting judgements and estimates

The preparation of financial statements requires the use of certain critical accounting judgments and estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements except for the following:

HearMeOut Limited

Notes to the Financial Statements

For the year ended 31 December 2016

- *Key judgement: Capital Reorganisation*

The acquisition of 100% of the issued capital of HMO Israel by HMO, by way of issuing the shareholders of HMO Israel fully paid shares and options in HMO, has been determined by management to be a capital reorganisation as the transaction does not have commercial substance from HMO's perspective, and therefore does not meet the definition of a business. Capital reorganisation transactions are a complex accounting area because there is no specific applicable accounting standards to these types of transactions. In the absence of specific guidance, management has used the guidance in AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' (para 10) whereby management have used its judgement in developing and applying a relevant and reliable accounting policy using pre-combination book values to account for this transaction as no substantive economic change has occurred.

- *Key estimate: Share-based payments*

The Group initially 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. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 17.

Foreign currency translation

The Group's financial statements are presented in Australian dollars, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has the intention and sufficient resources to complete development and to use or sell the asset.

As of 31 December 2016 and 31 December 2015, the Group does not meet the conditions to capitalise any development expenditure, therefore, all was recognised in profit or loss as incurred,

HearMeOut Limited
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For the year ended 31 December 2016

New and amended standards adopted

The Group has adopted all of the new, revised or amending accounting standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards did not have any significant impact on the financial performance or position of the Group during the financial year.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. The accounting policies disclosed at each note have been consistently applied to all the years presented, unless otherwise stated.

New accounting standards and interpretations not yet adopted

The table below identifies those new accounting standards and interpretations which have been issued but are not yet effective. The Group has not early adopted any standards which are not yet effective.

Reference	Title	Summary	Application date of standard*	Application date for Company*
AASB 9	<i>Financial Instruments</i>	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. <i>Financial assets</i> - Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. - Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. - Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. <i>Financial liabilities</i> Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss	1 January 2018	1 July 2018

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2016

Reference	Title	Summary	Application date of standard*	Application date for Company*
		AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Hedge accounting Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 15	Revenue from Contracts with Customers	AASB 15 <i>Revenue from Contracts with Customers</i> replaces the existing revenue recognition standards AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i> and related Interpretations (Interpretation 13 <i>Customer Loyalty Programmes</i>, Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, Interpretation 18 <i>Transfers of Assets from Customers</i>, Interpretation 131 <i>Revenue—Barter Transactions Involving Advertising Services</i> and Interpretation 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>). AASB 15 incorporates the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i> issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises 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. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	1 January 2018	1 July 2018 Note A

HearMeOut Limited
Notes to the Financial Statements
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Reference	Title	Summary	Application date of standard*	Application date for Company*
AASB 16	Leases	The key features of AASB 16 are as follows: Lessee accounting - Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. - A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. - Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. - AASB 16 contains disclosure requirements for lessees. Lessor accounting - AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. - AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. AASB 16 supersedes: (a) AASB 117 Leases (b) Interpretation 4 Determining whether an Arrangement contains a Lease (c) SIC-15 Operating Leases—Incentives (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.	1 January 2019	1 July 2019

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

The impact of the adoption of all of these new and revised standards and interpretations have been assessed by the Company and has no impact.

3. SEGMENT REPORTING

The Group's operations are predominately overseas in Israel. Given the nature of the Group, its size and current operations, the Group's management does not treat any part of the Group as a separate operating segment. Internal financial information used by the Group's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

Accordingly, the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2016

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose to market risk, credit risk and liquidity risk. The Group's overall risk in these areas is not significant enough to warrant a formalised specific risk management program.

Risk management is carried out by the Board of Directors in their day to day function as the overseers of the business.

Set out below is an overview of the financial instruments held by the Group as at 31 December 2016:

Consolidated	Cash and cash	Loan and	
As at 31/12/2016	equivalents	receivables	Total
	\$	\$	\$
Financial assets:			
Cash & cash equivalents	5,968,323	-	5,968,323
Trade and other receivables	-	84,670	84,670
Loan receivable		-	-
Total current	5,968,323	84,670	6,052,993
Total assets	5,968,323	84,670	6,052,993
Financial liabilities:			
Trade and other payables	-	186,547	186,547
Convertible note payable	-	-	-
Total current	-	186,547	186,547
Total liabilities	-	186,547	186,547
Net exposure	5,968,323	(101,877)	5,866,446
HearMeOut Ltd ("HMO Israel")	Cash and cash	Loan and	
As at 31/12/2015	equivalents	receivables	Total
	\$	\$	\$
Financial assets:			
Cash & cash equivalents	21,653	-	21,653
Trade and other receivables	-	4,613	4,613
Total current	21,653	4,613	26,266
Total assets	21,653	4,613	26,266
Financial liabilities:			
Trade and other payables	-	76,817	76,817
Convertible note payable	-	442,063	442,063
Total current	-	518,880	518,880
Total liabilities	-	518,880	518,880
Net exposure	21,653	(514,267)	(492,614)

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Notes to the Financial Statements
For the year ended 31 December 2016

Market Risk

(i) Interest rate risk

The Group's main interest rate risk exposure relates primarily to the Group's cash at bank that is held with variable interest rates. The Group does not rely on the generation of interest on cash and cash equivalents to provide for working capital and as a result does not consider this to be material. The Group therefore has not undertaken any further analysis of exposure.

Credit risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to meet its contractual obligations. The Group's main credit risk exposure relates to the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

The carrying amount of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets. The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts. The Group has no significant concentrations of credit risk except for cash held with National Australia Bank and various receivables with recognised third parties.

(i) Cash

The Directors believe that there is negligible credit risk with the Group's cash and cash equivalents, as funds are held at call with National Australia Bank, a reputable Australian Banking institution.

(ii) Trade and other receivables

While the Group has policies in place to ensure that transactions with third parties have an appropriate credit history, the management of current and potential credit risk exposures is limited as far as is considered commercially appropriate. Up to the date of this report, the Board has placed no requirement for collateral on existing debtors. No debtors are past their due date.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as and when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus funds are generally only invested at call or in bank bills that are highly liquid and with maturities of less than six months.

(i) Financing arrangements:

The Group does not have any financing arrangements.

(ii) Maturities of financial liabilities:

The Group's debt relates to trade payables, whereby payments are generally due within 30 days.

Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Accounting standards require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

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For the year ended 31 December 2016

- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Group holds no available-for-sale financial assets or liabilities as at 31 December 2016.

Fair Values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2016. The carrying value of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature.

Consolidated As at 31/12/2016	Carrying amount \$	Fair value \$
Financial assets:		
Trade and other receivables	84,670	84,670
Total current	84,670	84,670
Total financial assets	84,670	84,670
Financial liabilities:		
Trade and other payables	186,547	186,547
Total current	186,547	186,547
Total financial liabilities	186,547	186,547
 HearMeOut Ltd ("HMO Israel") As at 31/12/2015	 Carrying amount \$	 Fair value \$
Financial assets:		
Trade and other receivables	4,613	4,613
Total current	4,613	4,613
Total financial assets	4,613	4,613
Financial liabilities:		
Trade and other payables	76,817	76,817
Convertible note payable	442,063	442,063
Total current	518,880	518,880
Total financial liabilities	518,880	518,880

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2016

5. INCOME

	Consolidated	HearMeOut Ltd
	Full year ended	("HMO Israel")
	31 December	Full year ended
	2016	31 December
	\$	2015
	\$	\$
Income		
Net foreign exchange gains	22,063	-
Interest income	2,962	-
Total income	25,025	-

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue is recorded using the effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument, or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

6. EXPENSES

	Consolidated	HearMeOut Ltd
	Full year ended	("HMO Israel")
	31 December	Full year ended
	2016	31 December
	\$	2015
	\$	\$
<u>Administration expenses</u>		
Legal and professional fees	204,590	10,668
General Administration	110,367	22,643
<i>Total administration expenses</i>	<i>314,957</i>	<i>33,310</i>
<u>Business development expenses</u>		
Wages, salaries and employee expenses	353,306	189,314
Travel and accommodation	24,136	32,324
Marketing and advertising expenses	41,981	92,310
<i>Total business development expenses</i>	<i>419,423</i>	<i>313,948</i>
Total business development and administration expenses	734,380	347,258

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Notes to the Financial Statements
For the year ended 31 December 2016

7. INCOME TAX

	Consolidated As at 31 December 2016 \$	HearMeOut Ltd ("HMO Israel") As at 31 December 2015 \$
Tax effect accounting for the year ended 31 December 2016 in lieu of 30 June 2017		
(a) Income tax expense / (benefit)		
The components of income tax expense / (benefit) comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Reconciliation of income tax expense / (benefit) to prima facie tax payable on accounting profit / (loss)	\$	\$
Operating loss before income tax	(1,718,092)	(567,988)
Prima facie tax payable / (benefit) at Australian rate of 28.5%	(489,656)	(161,877)
Adjusted for tax effect of the following amounts:		
Tax effect of different tax rate of foreign subsidiary	33,214	11,360
Taxable / non-deductible items	312,897	150,517
Non-taxable / deductible items	(30,917)	-
Income tax benefit not brought to account	174,462	-
Income tax expense	-	-
(c) Deferred tax assets and liabilities not brought to account		
The directors estimate that the potential future income tax benefits carried forward but not brought to account at year end are made up as follows:		
	\$	\$
Australian carry forward tax losses (at 28.5%)	(33,702)	-
Australian deductible temporary differences (at 28.5%)	46,758	-
Israeli carry forward tax losses (at 23%, 2015 - 26.5%)	378,852	245,248
Israeli deductible temporary differences (at 23%, 2015 - 26.5%)	32,588	39,840
Unrecognised net deferred tax assets	424,496	285,088

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These benefits will only be obtained if:

- (i) the group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised;
- (ii) the group continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the group in realising the benefit from the deduction for the losses.

8. CASH AND CASH EQUIVALENTS

	Consolidated	HearMeOut Ltd ("HMO Israel")
	As at	As at
	31 December	31 December
	2016	2015
	\$	\$
Cash at bank and on hand	5,968,323	11,102
Total cash and cash equivalents	5,968,323	11,102

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high 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 and bank overdrafts.

Reconciliation of net cash flows from operating activities

	Consolidated	HearMeOut Ltd ("HMO Israel")
	Full year ended	Full year ended
	31 December	31 December
	2016	2015
	\$	\$
Loss for the year	(1,718,092)	(566,912)
Non cash items:		
Depreciation	756	-
Net foreign exchange gains	(22,063)	(153)
Share-based payment expense	574,051	-
Interest expense	369,169	79,847
		-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade receivables	(80,057)	3,992
Decrease in short-term receivables	10,551	-
Increase in trade payables	109,730	35,931
	(755,955)	(447,295)

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For the year ended 31 December 2016

Non-cash financing & investing activities

The Company issued 5,100,000 ordinary shares to repay \$765,000 in convertible loans issued during the Period; and a further 2,660,000 ordinary shares to repay the \$576,414 in convertible loans held by investors in HMO Israel. See Note 12 for further information.

Financing facilities available

As at 31 December 2016, the Group had no financing facilities available. For the purposes of the statement of cash flows, cash includes cash on hand and in banks.

Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 4.

Credit risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

9. TRADE AND OTHER RECEIVABLES

	Consolidated	HearMeOut Ltd ("HMO Israel")
	As at	As at
	31 December	31 December
	2016	2015
	\$	\$
Trade & other receivables	-	3,973
GST & VAT Receivables	84,670	640
Total trade and other receivables	84,670	4,613

GST and VAT receivable

This amount relates to good and services tax (GST) and value-added tax (VAT) paid that is refundable to the Group by the Australian Tax Office and the relevant tax authority in Israel.

Measurement

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance 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 uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used 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 30 days overdue) are considered indicators that the trade receivable is 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.

The amount of the impairment loss is recognised in the statement of comprehensive income within impairment losses – financial assets. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against impairment losses – financial assets in the statement of comprehensive income.

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2016

10. PROPERTY, PLANT & EQUIPMENT

	Consolidated	HearMeOut Ltd ("HMO Israel")
	As at	As at
	31 December	31 December
	2016	2015
	\$	\$
At cost	3,919	2,539
Accumulated depreciation	(1,804)	(1,017)
Total property, plant & equipment	2,115	1,522

Movements during the year:

Consolidated	Plant and	Office	Computer	General	
	Equipment	Equipment	Equipment	Pool	Total
Balance at 1/1/2016	274	-	1,248	-	1,522
Acquisitions	21	-	1,329	-	1,350
Disposals	-	-	-	-	-
Depreciation	(41)	-	(715)	-	(756)
Balance at 31/12/2016	254	-	1,861	-	2,115

	Plant and	Office	Computer	General	
	Equipment	Equipment	Equipment	Pool	Total
HearMeOut Ltd ("HMO Israel")					
Balance at 1/7/2015	303	-	1,564	-	1,867
Acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	(29)	-	(317)	-	(345)
Balance at 31/12/2015	274	-	1,248	-	1,522

Measurement

Each asset of plant and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Assets are depreciated from the date the asset is ready for use.

Items of plant and equipment are depreciated using the straight line method. The depreciation rates used for each class of asset for the current period are as follows:

- Plant and Equipment 15%
- Computer Equipment 33%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets continual use or subsequent disposal. The expected cash flows have been discounted to their present value in determining the recoverable amount.

HearMeOut Limited
Notes to the Financial Statements
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An asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is de-recognised.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each balance date.

11. TRADE AND OTHER PAYABLES

	As at 31 December 2016 \$	As at 31 December 2015 \$
Trade and other payables (a)	66,554	12,477
Employee liabilities (b)	95,500	64,340
Provision for leave entitlements	24,493	-
Total trade and other payables	186,547	76,817

(a) Trade and other payables

Trade and other payables are non-interest bearing liabilities stated at cost and settled within 30 days.

(b) Employee liabilities

Employee liabilities consist of salaries payable to employees, plus taxes withheld and superannuation and pension contributions payable to the relevant governing tax authorities and other governing bodies.

Measurement

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

12. CONVERTIBLE NOTE LIABILITY

	As at 31 December 2016 \$	As at 31 December 2015 \$
Convertible note payable	-	442,063
Total convertible note payable	-	442,063

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2016

Movements during the Period:

	Consolidated	HearMeOut Ltd ("HMO Israel")
	As at	As at
	31 December	31 December
	2016	2015
	\$	\$
Balance at the beginning of the year (ii)	442,063	-
Convertible loans issued by Parent (i)	765,000	-
Interest incurred on Parent loans (i)	255,000	-
Convertible loans issued by Subsidiary (ii)	20,183	346,121
Interest incurred on Subsidiary loans (ii)	114,169	95,942
Conversion of loans into shares	(1,596,414)	-
Balance at end of year	-	442,063

- (i) During the Period, the Company had \$765,000 worth of Convertible Notes on issue. On 2 December 2016, subject to the completion of the initial public offering ("IPO") and the Company's admission to the ASX's Official List, and prior to capital reorganisation, these notes converted into 5,100,000 ordinary shares in the Company at a price of \$0.15 per share (25% discount to the shares of on offer under the IPO). Due to the discount on these shares issued, the Company incurred an interest expense of \$255,000.
- (ii) Prior to acquisition of HMO Israel by the Company, HMO Israel had USD \$423,000 including USD \$148,000 in interest expenses in convertible loans issued (which equates to AUD \$578,959 including interest of \$201,071). Under the Share Swap Agreement ("SSA") these loans converted into 2,660,000 ordinary shares in the Company at a price of \$0.15 per share (25% discount to the shares of on offer under the IPO).

13. ISSUED EQUITY

	Consolidated	HearMeOut Ltd ("HMO Israel")
	As at	As at
	31	31 December
	December	2015
	2016	
	\$	\$
Fully paid ordinary shares (ORD: 65,759,990)	8,695,876	685,486
Capital raising costs	(542,411)	-
Total contributed equity	8,153,465	685,486

Measurement

Ordinary issued share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

HearMeOut Limited
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For the year ended 31 December 2016

Share Capital

Ordinary shares: These shares entitle the holder to participate in dividends and the proposed winding up of the Company in proportion to the number and amount paid on the share held. Effective 1 July 1998 the Corporations legislation in place abolished the concepts of authorised capital and par share values. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Movement of fully paid ordinary shares during the Period were as follows:

	Date	Quantity	Unit Price \$	Total \$
Balance at 1 January 2015	-	1,575,000	-	685,486
Balance at 31 December 2015				
(Subsidiary equity)	-	1,575,000 (i)	-	685,486
Issue of incorporation shares	4-Aug-16	6,750,000	0.0001	675
Issue of additional seed shares	2-Dec-16	750,000	0.0001	75
Issue of shares upon conversion of Parent entity convertible notes	2-Dec-16	5,100,000 (iii)	0.2000	1,020,000
Conversion of subsidiary convertible loans	2-Dec-16	2,660,000 (ii)	-	578,959
Issuing expenses on subsidiary convertible loans	-	-	-	(89,319)
Issue of Vendor Shares - acquisition of common controlled subsidiary	2-Dec-16	20,659,990 (iv)	-	-
Less: adjustment for continuation accounting (i)	-	(1,575,000)	-	-
Less: elimination of subsidiary equity	2-Dec-16	(2,660,000)	-	-
Initial public offering	2-Dec-16	32,500,000	0.2000	6,500,000
Capital raising costs	-	-	-	(542,411)
Balance at 31/12/2016		65,759,990		8,153,465

- (i) The application of continuation accounting for the acquisition and consolidation of the common controlled entity: HearMeOut Ltd ("HMO Israel") required the value of HMO Israel shares on issue as at 31 December 2015 as a comparative.
- (ii) HMO Israel entered into a Share Swap Agreement ("SSA") with the Company on 14 October 2016 and pursuant to this agreement the convertible note loan in HMO Israel converted into 2,660,000 ordinary shares in the Company. See Note 12 for further information.
- (iii) The Company had \$765,000 in convertible notes convert into 5,100,000 ordinary shares in the Company at a price of \$0.15 each (25% discount). \$255,000 interest expense for the discount was passed through the profit and loss. See Note 12 for further information.
- (iv) The Company issued 20,659,990 fully paid ordinary shares ("Vendors Shares"). Of these shares, 12,285,707 are escrowed for a period of 24 months from listing on the ASX. The balance of 8,374,283 shares are escrowed for a period of 12 months from listing on the ASX. Refer to Note 21 for further information.

Share Options

As at the date of this report, there were 47,748,010 unissued ordinary shares under option:

- 2,000,010 Vendor Options with an exercise price of \$0.20 each and an expiry date of 2 December 2021. Refer to Note 21 for further information.
- 2,500,000 Broker Options with an exercise price of \$0.30 each and an expiry date of 2 December 2019. Refer to Note 17 for further information.

HearMeOut Limited
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- 13,000,000 Class A Performance Options with an exercise price of \$0.20 each and an expiry date of 1 January 2022. Subject to vesting conditions. Refer to Note 17 for further information.
- 13,000,000 Class B Performance Options with an exercise price of \$0.20 each and an expiry date of 1 January 2022. Subject to vesting conditions. Refer to Note 17 for further information.
- 13,000,000 Class C Performance Options with an exercise price of \$0.20 each and an expiry date of 1 January 2022. Subject to vesting conditions. Refer to Note 17 for further information.
- 4,248,000 Class D Performance Options with an exercise price of \$Nil each and an expiry date of 1 January 2022. Subject to vesting conditions. Refer to Note 17 for further information.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so it can provide returns to shareholders and benefits to other stakeholders. The Group considers capital to consist of cash reserves on hand.

Consistent with the Group's objective, it manages working capital by issuing new shares, investing in and selling assets, or modifying its planned research and development program as required.

Given the stage of the Group's development there are no formal targets set for return on capital. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange.

14. RESERVES

	As at 31 December 2016 \$	As at 31 December 2015 \$
Option reserve	574,051	-
Foreign currency translation reserve	35,715	-
	609,766	-

Reserves are made up of the options reserve and the foreign currency translation reserves.

Option reserve:

The option reserve records items recognised as expenses on valuation of options issued to employees, vendors and brokers. Details of the movement in reserves is shown below.

	As at 31 December 2016 \$	As at 31 December 2015 \$
Option Reserve		
Opening balance	-	-
Share-based payment expense	574,051	-
Closing balance	574,051	-

HearMeOut Limited
Notes to the Financial Statements
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Foreign currency translation reserve:

	As at 31 December 2016 \$	As at 31 December 2015 \$
Foreign currency translation reserve		
Balance at the beginning of the year	-	-
Foreign currency movement	35,715	-
Balance at end of year	35,715	-

15. EARNINGS PER SHARE

	Full-year ended 31 December 2016 \$	Full-year ended 31 December 2015 \$
Basic EPS from continuing operations attributable to the ordinary share holders of the Company (cents)	(2.61)	(0.86)
Weighted number of ordinary shares (i) and (ii)	65,759,990	65,759,990
Net loss used in calculating EPS	(1,718,092)	(567,988)
Diluted EPS from continuing operations attributable to the ordinary share holders of the Company (cents)	(2.61)	(0.86)
Weighted number of ordinary shares used as the denominator	65,759,990	65,759,990
Net loss used in calculating diluted EPS	(1,718,092)	(567,988)

- (i) Includes the effect of the transaction (under continuation accounting) for the purpose of the comparative earnings per share calculation.
- (ii) The share capital of HMO Israel as 31 December 2015 was 1,575,000 shares on issue which the shareholders subsequently exchanged for shares in the Company, HearMeOut Limited.

There are 47,748,010 unissued ordinary shares under option excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive on the current period presented. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Measurement

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

HearMeOut Limited
Notes to the Financial Statements
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16. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel of Group are listed below:

Name	Position	Appointed	Resigned
Mr Moran Chamsi	Managing Director & Chief Executive Officer	29/11/2016	-
Mr Yitzchak (Issy) Livian	Executive Director & VP Business Development	29/11/2016	-
Mr Howard Digby	Non-Executive Chairman	4/08/2016	-
Dr Anton Uvarov	Non-Executive Director	4/08/2016	-
Mr Paul Brown	Non-Executive Director	15/09/2016	29/11/2016
Mr Peter Webse	Non-Executive Director	4/08/2016	15/09/2016
Mr Lior Menashe	Chief Technology Officer	1/12/2016	-

Key Management Personnel Compensation:

	Full year ended 31 December 2016 \$	Full year ended 31 December 2015 \$
Short-term employee benefits	225,556	105,662
Post employment benefits	46,880	27,502
Share-based payment	301,551	-
	573,987	133,164

There were no long term benefits or termination benefits paid out during the years ended 31 December 2016 and 31 December 2015.

The detailed remuneration disclosures and relevant interested of each Key Management Personnel in fully paid ordinary shares and options of the Group are provided in the audited remuneration report on pages 19 to 35.

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2016

17. SHARE-BASED PAYMENTS

The following share-based payments existed at 31 December 2016:

	Class	# Options	Financial year	Grant date	Vesting date	Vesting condition	Expiry date	Exercise price (\$)	Fair value per option at grant date (\$)	Share-based payment expense @ 31/12/2016	Share-based payment expense balance @ 31/12/2016
Broker Options											
Broker Options	Broker	2,500,000	2016	2/12/2016	2/12/2016	100% upfront	2/12/2019	\$ 0.30	\$ 0.1090	272,500	-
Performance Options											
Moran Chamsi	A	4,333,334	2016	2/12/2016	31/12/2017	See below	1/01/2022	\$ 0.20	\$ 0.1500	47,843	602,157
Moran Chamsi	B	4,333,334	2016	2/12/2016	30/06/2018	See below	1/01/2022	\$ 0.20	\$ 0.1500	32,783	617,217
Moran Chamsi	C	4,333,334	2016	2/12/2016	31/12/2018	See below	1/01/2022	\$ 0.20	\$ 0.0660	10,928	275,073
Moran Chamsi	D	1,416,002	2016	2/12/2016	31/12/2017	See below	1/01/2022	\$ -	\$ 0.0860	8,963	112,813
Issy Livian	A	4,333,333	2016	2/12/2016	31/12/2017	See below	1/01/2022	\$ 0.20	\$ 0.1500	47,843	602,157
Issy Livian	B	4,333,333	2016	2/12/2016	30/06/2018	See below	1/01/2022	\$ 0.20	\$ 0.1500	32,783	617,217
Issy Livian	C	4,333,333	2016	2/12/2016	31/12/2018	See below	1/01/2022	\$ 0.20	\$ 0.0660	10,928	275,073
Issy Livian	D	1,415,999	2016	2/12/2016	31/12/2017	See below	1/01/2022	\$ -	\$ 0.0860	8,963	112,813
Lior Menashe	A	4,333,333	2016	2/12/2016	31/12/2017	See below	1/01/2022	\$ 0.20	\$ 0.1500	47,843	602,157
Lior Menashe	B	4,333,333	2016	2/12/2016	30/06/2018	See below	1/01/2022	\$ 0.20	\$ 0.1500	32,783	617,217
Lior Menashe	C	4,333,333	2016	2/12/2016	31/12/2018	See below	1/01/2022	\$ 0.20	\$ 0.0660	10,928	275,073
Lior Menashe	D	1,415,999	2016	2/12/2016	31/12/2017	See below	1/01/2022	\$ -	\$ 0.0860	8,963	112,813
Total Performance Options		43,248,000								301,551	4,821,780
Total		45,748,000								574,051	4,821,780

HearMeOut Limited
Notes to the Financial Statements
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Vesting conditions attached to the Performance Options are detailed below:

Note	Class	Vesting Condition
1	Performance A Options	Upon the HearMeOut App being available for download in at least 3,000,000 cars not including Ford cars worldwide.
2	Performance B Options	Upon the HearMeOut App acquiring at least 150,000 registered users in any continuous six month period with an overall 19% or more 90 day Retention of all users acquired in the relevant six month period with an Average User Acquisition Cost of USD\$3 or less for American users, USD\$2 or less for European users and USD\$1 or less for users in the rest of the world.
3	Performance C Options	Upon the Company's Shares achieving a volume weighted average price of \$0.80 or more over a period of 20 consecutive trading days.
4	Performance D Options	Upon the achievement of the first of the above performance conditions to be achieved.

During the year the Group provided benefits to Vendors and Brokers (in connection with the acquisition of HMO Israel by the Company on 2 December 2016. See note 18 below), and employees of the Group in the form of share-based payment transactions. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted.

The fair value is determined by an internal valuation using a Black-Scholes option pricing model. It was assumed that no dividends are expected to be declared or paid by the Company during the terms of the various classes of Options. The following inputs were used:

Class	Risk free rate % (i)	Volatility factor % (ii)
Performance A Options	2.60%	100%
Performance B Options	2.26%	100%
Performance C Options	2.26%	100%
Performance D Options	2.26%	100%
Broker Options	1.98%	100%

- (i) A risk free rate of a five-year Australian Government bond has been used on the Performance options, and a three-year Australian Government bond has been used on the Broker options.
- (ii) As the Company has just listed on the ASX on the 5 December 2016, there is no continuous current market value for the shares on which we can calculate the volatility and therefore it is difficult to assess what the volatility should be. Therefore, after taking into account the potential of the Company, the risk of success, the shares being just listed, and the general trend in the shares of companies in similar businesses, the opinion formed was that the fair volatility factor for the purpose of valuation as at the date of grant should be 100%.

Adoption of employee incentive option plan (Option Plan)

Pursuant to the Share Swap Agreement, the Group agreed to adopt an Option Plan for future the grant of options to officers, employees, and consultants of the Group. As at the date of this report no options have been issued under this Option Plan. A brief summary of this plan and the terms on which offers may be made are outlined in the Remuneration Report.

Measurement

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

HearMeOut Limited

Notes to the Financial Statements

For the year ended 31 December 2016

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

18. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

Other than what is mentioned below, and also in Note 16, there were no transactions with Key Management Personnel and no other related party transactions that occurred during the Period.

(a) Transactions with KMP who were also Vendors:

On 2 December 2016 the Company acquired 100% of the issued capital of HMO Israel. In exchange the Company issued the shareholders of HMO Israel with 20,659,990 fully paid ordinary shares ("Vendors Shares") in the Company and 2,000,010 shares under option ("Vendor Shares"). The recipients of these securities who are also Key Management Personnel are:

- Moran Chamsi who received 7,555,710 vendor shares and 755,577 vendor options;
- Issy Livian who received 2,641,427 vendor shares and 264,148 vendor options; and
- Lior Menashe who received 1,228,571 vendor shares and 322,857 vendor options.

(b) Transactions with KMP who were also consultants:

- Peter Webse received \$18,658 in his capacity as Company Secretary which he has fulfilled since 4 August 2016.
- Mr Lior Menashe also provided services as a supplier to the subsidiary with fees totaling USD \$33,306 during the year ended 31 December 2016, which equates to approximately AUD \$44,814.

19. COMMITMENTS

Other than what is mentioned below, the Group has no other future commitments existing as at 31 December 2016 (2015: Nil).

Rental Agreement

	Year-ended 31/12/2016	Year-ended 31/12/2015
	\$	\$
Within one year	\$ 5,932	9,831
After one year but not more than five years	\$ 77,043	-
More than five years	\$ -	-
	\$ 82,975	9,831

The Subsidiary, HearMeOut Ltd, rents office space at Amal 37 Petach Tikva under a rental agreement entered into for the period 15 February 2017 through to 14 August 2018.

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2016

20. CONTINGENCIES

The Directors are not aware of any contingent liabilities or assets as at 31 December 2016.

21. ACQUISITION OF ISRAELI SUBSIDIARY: HEARMEOUT LTD ("HMO ISRAEL")

HearMeOut Ltd was founded in 2014 with a vision to become an alternative to the current social networks. On 2 December 2016, the Company completed a transaction with the shareholders of HearMeOut Ltd ("HMO Israel") under common control to acquire 100% of the share capital in HMO Israel in exchange for 20,659,990 ordinary shares and 2,000,010 vendor options in the Company as outlined below:

- 20,659,990 fully paid ordinary shares ("Vendors Shares"). Of these shares, 12,285,707 are escrowed for a period of 24 months from listing on the ASX. The balance of 8,374,283 shares are escrowed for a period of 12 months from listing on the ASX; and
- 2,000,010 options ("Vendor options") were issued for \$nil consideration and an expiry date of 2 December 2021. Of these options 1,428,582 are escrowed for a period of 24 months from the Company listing on the ASX. The balance of 571,428 options are escrowed for a period of 12 months from the Company listing on the ASX.

Refer to Note 2: Capital reorganisation and Critical accounting judgments and estimates for further information.

22. INTERESTS IN OTHER ENTITIES

The Company's principal subsidiary at 31 December 2016 is set out below. Unless otherwise stated, the share capital consists solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of Business/ country of incorporation	Ownership interest held by the group 2016	Principal activities
HearMeOut Ltd	Israel	100%	See below.

Principal activities: Development of the HearMeOut App which is a mobile application (iOS, android) that enables users to record 42 seconds of audio, add description, category and speak what's on their minds, share their thoughts and listen to others on the go, hands-free (in drive mode), in a super simple way.

HearMeOut Limited
Notes to the Financial Statements
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23. PARENT ENTITY NOTE

	As at 31 December 2016
Note	\$
CURRENT ASSETS	
Cash and cash equivalents	4,833,262
Trade and other receivables	51,357
TOTAL CURRENT ASSETS	4,884,619
NON-CURRENT ASSETS	
Intercompany loan receivable	700,767
Investment in subsidiary	301,548
TOTAL NON-CURRENT ASSETS	1,002,315
TOTAL ASSETS	5,886,934
CURRENT LIABILITIES	
Trade and other payables	18,373
TOTAL LIABILITIES	18,373
NET ASSETS	5,868,561
EQUITY	
Contributed equity (net)	6,661,386
Reserves	909,607
Accumulated losses	(1,702,432)
TOTAL EQUITY	5,868,561
Profit / (loss) for the year	(1,702,432)
Other comprehensive income for the year	-
Total comprehensive income / (loss) for the year	(1,702,432)

The parent entity has no commitments or contingent liabilities at period end (2015: none).

The parent entity was incorporated on 4 August 2016 in Australia. On 2 December 2016, the Company acquired 100% of the equity in HearMeOut Ltd ("HMO Israel"); and on 6 December 2016 the Company listed on the ASX and commenced trading. HearMeOut Limited was established for the sole purpose of acquiring, under a capital reorganisation, HMO Israel by way of equity.

HearMeOut Limited
Notes to the Financial Statements
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24. REMUNERATION OF AUDITOR

	As at 31 December 2016 \$	As at 31 December 2015 \$
Audit & review services		
BDO Audit (WA) Pty Ltd	16,812	-
Non-related entities: KPMG (Israel)	13,884	3,798
Non-audit services		
BDO (WA) Pty Ltd - Investigating Accountant's Report	11,280	-
Non-related entities: KPMG (Israel) - tax matters	13,455	-
	55,432	3,798

25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than what has already been stated within this Report, there have been no matters or circumstances that have arisen since the end of the Period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the Group in subsequent financial periods.

HearMeOut Limited
Directors' Declaration
For the year ended 31 December 2016

In the Directors opinion:

1. The financial statements and notes set out on pages 38 to 66, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date;
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosure included in the audited Remuneration Report in the Director's Report complies with Section 300A of the *Corporations Act 2001*.
4. The Directors have been given the declaration by the Managing Director and the Chief Financial Officer (or equivalent) as required by section 295A of the *Corporations Act 2001*.
5. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors.



Mr Moran Chamsi
Managing Director – Chief Executive Officer
Tel Aviv, Israel
Date: Thursday, 30 March 2017

INDEPENDENT AUDITOR'S REPORT

To the members of HearMeOut Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HearMeOut Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit and 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 31 December 2016 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.

Share-based payments

Key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2016, as part of the capital re-organisation, the Group issued performance options to key management personnel which have been accounted for as share-based payments. Share-based payments are a complex accounting area which include assumptions utilised in the fair value calculations and judgements regarding the performance options issued during the year. There is a risk in the financial statements that amounts are incorrectly recognised and/or inappropriately disclosed. Refer to notes 2 and 17 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these transactions.	For share-based payments we critically evaluated management's assessment of the valuation and recognition of the performance options: We obtained an understanding of the relevant agreements. We made inquiries of the directors and management to understand the share-based payment arrangements in place and we evaluated management's assessment of the likelihood of meeting the performance conditions attached to the options. We recalculated estimated fair value of the options using a relevant option valuation methodology, and assessed the valuation inputs using internal specialists where appropriate. We also considered the adequacy of the Group's disclosures in respect of the accounting treatment of share-based payments in the financial statements, including the significant judgements involved, and the accounting policy adopted.

Accounting for capital reorganisation

Key audit matter	How the matter was addressed in our audit
On 2 December 2016 HMO (incorporated on 4 August 2016) acquired 100% of the issued capital of HMO Israel, by issuing the shareholders of HMO Israel fully paid ordinary shares and options in HMO. The transaction has been accounted for as a capital reorganisation and not an acquisition, as the shareholders of HMO Israel are the same shareholders of HMO. Capital reorganisation transactions are a complex accounting area because there is no specific applicable accounting standards for these types of transactions. In the absence of specific guidance, management is required to use its judgement in developing and	Our procedures included, but were not limited to: Obtaining an understanding of the transaction by holding discussions with management. Obtaining an understanding of the relevant Agreements in line with management's assessment that the new company HMO has been set up to be combined with a business (HMO Israel) under a capital reorganisation and that therefore this does not meet the definition of a business. We critically assessed the appropriateness of the use of capital reorganisation accounting as it was applied to this transaction.

applying an accounting policy that is relevant and reliable. There is a risk in the financial statements that amounts are incorrectly recognised and/or inappropriately disclosed. Refer to note 2 of the financial report for a description of the accounting policy and judgements applied to this transaction.	We assessed that the transaction was accounted for by using pre-combination book values, with no fair value uplift being recognised by HMO Israel on this transaction. We also considered the adequacy of the Group's disclosures in respect of the accounting for this acquisition in Note 2 in the financial statements, including the significant judgements involved and the accounting policy adopted.
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Other information

The directors are responsible for the other information. The other information comprises the unaudited information contained in the directors' report for the year ended 31 December 2016, 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, 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 annual report, 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 19 to 35 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of HearMeOut Limited, for the year ended 31 December 2016, 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 Audit (WA) Pty Ltd

BDO



Phillip Murdoch

Director

Perth, 30 March 2017

HearMeOut Limited

ASX Additional Information

The shareholder information set out below was applicable as at 13 March 2017

As at 13 March 2017 there were 479 holders of Ordinary Fully Paid Shares

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

- (a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney;
- (b) on a show of hands each person present who is a member has one vote; and
- (c) on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held

There are no voting rights attached to any of the options and performance options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Full Paid Shares

Holder Name	Holding	% IC
Esop Management and Trust Service Ltd <Vaizra Growth Ltd A/C>	7,802,855	11.87%
Esop Management and Trust Service Ltd <Moran Chamsi A/C>	7,555,710	11.49%
Esop Management and Trust Service Ltd <Yitzchak (Issy) Livian A/C>	2,641,427	4.02%
Intervest HK Limited	2,500,000	3.80%
J P Morgan Nominees Australia Limited	2,500,000	3.80%
Mr Seah Kee Khoo	2,000,000	3.04%
CR Investments Pty Ltd	1,750,000	2.66%
Gnat Pty Ltd <G&N Investment A/C>	1,500,000	2.28%
Jessica Oriwia Brown	1,500,000	2.28%
Esop Management and Trust Service Ltd <Lior Menashe A/C>	1,228,571	1.87%
Citicorp Nominees Pty Limited	1,058,278	1.61%
Mr Paul Gregory Brown & Mrs Jessica Oriwia Brown <Brown Super Fund A/C>	950,000	1.44%
Esop Management and Trust Service Ltd <Stuff Partners Limited A/C>	859,999	1.31%
Mr Dimce Spaseski	800,000	1.22%
Mrs Wishny Sritharan Krishnarajah	769,571	1.17%
Jetmax Trading Pty Ltd	602,380	0.92%
Brown Bricks Pty Ltd <HM A/C>	583,333	0.89%
Esop Management and Trust Service Ltd <Reediyal Ltd A/C>	571,428	0.87%
BT Global Holdings Pty Ltd <BT Unit A/C>	500,000	0.76%
Caerus (WA) Pty Ltd <Nelson No2 Family A/C>	475,000	0.72%
Total	38,148,552	58.01%

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 13 March 2017 are:

Name	No of Shares Held	% of Issued Capital
Vaizra Growth Ltd	7,802,855	11.87%
Moran Chamsi	7,555,710	11.49%

HearMeOut Limited

ASX Additional Information

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	3	1,591	0.00%
1,001 - 5,000	41	150,873	0.23%
5,001 - 10,000	77	709,480	1.08%
10,001 - 100,000	266	11,052,550	16.81%
100,001 - 9,999,999,999	92	53,845,496	81.88%
Totals	479	65,759,990	100.00%

Unmarketable Parcels – 17 Holders

RESTRICTED SECURITIES

As at 13 March 2017 the following shares are subject to escrow:

- 1,025,834 Ordinary Fully Paid Shares escrowed until 4 August 2017
- 20,034,873 Ordinary Fully Paid Shares escrowed until 6 December 2018
- 8,374,283 Ordinary Fully Paid Shares escrowed until 2 December 2017
- 1,428,582 Options Expiring 2 December 2021 @ \$0.20 escrowed until 6 December 2018
- 571,428 Options Expiring 2 December 2021 @ \$0.20 escrowed until 2 December 2017
- 2,500,000 Options Expiring 2 December 2019 @ \$0.30 escrowed until 6 December 2018
- 13,000,000 Performance Class A Options expiring 1/01/22 @ \$0.20 escrowed until 6 December 2018
- 13,000,000 Performance Class B Options expiring 1/01/22 @ \$0.20 escrowed until 6 December 2018
- 13,000,000 Performance Class C Options expiring 1/01/22 @ \$0.20 escrowed until 6 December 2018
- 4,248,000 Performance Class D Options1 expiring 1/01/22 @ \$0.00 escrowed until 6 December 2018

UNQUOTED SECURITIES

As at 13 March 2017, the following unquoted securities are on issue:

1,428,582 Options Expiring 2 December 2021 @ \$0.20 escrowed until 6 December 2018 – 4 Holders

Holders with more than 20%

Holder Name	Holding	% IC
ESOP Management and Trust Service Ltd <Moran Chamsi A/C>	755,577	52.89%
ESOP Management and Trust Service Ltd <Lior Menashe A/C>	322,857	22.60%

571,428 Options Expiring 2 December 2021 @ \$0.20 escrowed until 2 December 2017 – 2 Holders

Holders with more than 20%

Holder Name	Holding	% IC
ESOP Management and Trust Service Ltd <Vaizra Growth Ltd A/C>	514,285	90.00%

2,500,000 Options Expiring 2 December 2019 @ \$0.30 escrowed until 6 December 2018 – 16 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Jessica Oriwia Brown	550,000	22.00%
Gnat Pty Ltd <G&N Investment A/C>	550,000	22.00%

HearMeOut Limited

ASX Additional Information

A. 13,000,000 Performance Class A Options¹ expiring 1/01/22 @ \$0.20 escrowed until 6 December 2018
3 Holders

Holders with more than 20%

Holder Name	Holding	% IC
ESOP Management and Trust Service Ltd <Moran Chamsi A/C>	4,333,334	33.34%
ESOP Management and Trust Service Ltd <Yitzchak (Issy) Livian A/C>	4,333,333	33.33%
ESOP Management and Trust Service Ltd <Lior Menashe A/C>	4,333,333	33.33%

B. 13,000,000 Performance Class B Options¹ expiring 1/01/22 @ \$0.20 escrowed until 6 December 2018
3 Holders

Holders with more than 20%

Holder Name	Holding	% IC
ESOP Management and Trust Service Ltd <Moran Chamsi A/C>	4,333,334	33.34%
ESOP Management and Trust Service Ltd <Yitzchak (Issy) Livian A/C>	4,333,333	33.33%
ESOP Management and Trust Service Ltd <Lior Menashe A/C>	4,333,333	33.33%

C. 13,000,000 Performance Class C Options¹ expiring 1/01/22 @ \$0.20 escrowed until 6 December 2018
3 Holders

Holders with more than 20%

Holder Name	Holding	% IC
ESOP Management and Trust Service Ltd <Moran Chamsi A/C>	4,333,334	33.34%
ESOP Management and Trust Service Ltd <Yitzchak (Issy) Livian A/C>	4,333,333	33.33%
ESOP Management and Trust Service Ltd <Lior Menashe A/C>	4,333,333	33.33%

D. 4,248,000 Performance Class D Options¹ expiring 1/01/22 @ \$0.00 escrowed until 6 December 2018
3 Holders

Holders with more than 20%

Holder Name	Holding	% IC
ESOP Management and Trust Service Ltd <Moran Chamsi A/C>	1,416,002	33.34%
ESOP Management and Trust Service Ltd <Yitzchak (Issy) Livian A/C>	1,415,999	33.33%
ESOP Management and Trust Service Ltd <Lior Menashe A/C>	1,415,999	33.33%

ON-MARKET BUY BACK

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities in a way consistent with its business objectives.

¹ Details on the performance conditions surrounding the Performance Options are contained with the Directors' Report.