

Appendix 4D Half-Year Financial Report

Name of entity

HEARMEOUT LIMITED

ABN or equivalent company reference

54 614 043 177

1. Details of the reporting period and the previous corresponding period.

Current Period: 1 January 2017 to 30 June 2017

(Previous corresponding period: 1 January 2016 to 30 June 2016)

Results for announcement to the market

		Half-Year Ended 30/6/2017	Half-Year Ended 30/6/2016	Increase/ (decrease) %	Amount change (\$)
2.1	Revenues from ordinary activities	8,277	-	-	8,277
2.2	Loss after tax from ordinary activities attributable to members	(3,223,657)	(158,241)	(1937%)	(3,065,416)
2.3	Comprehensive loss for the period attributable to members	(3,325,169)	(158,241)	(2001%)	(3,166,928)

2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.

Not Applicable

2.5 The record date for determining entitlements to the dividends (if any).

Not Applicable

2.6 Brief explanation of the above figures.

Revenue from continuing operations largely relates to interest revenue on cash held.

The total net loss after tax increased to \$3,223,657. This was largely attributable to \$1,908,838 in non-cash share-based payment expenses. The remaining \$1.32 million was spent on research and development, business development, administration, financial and depreciation expenses.

3.0 Net tangible assets per security	Half-Year Ended 30/6/2017	Full Year Ended 31/12/2016
Net tangible asset per share	0.07	0.09

For further information, refer to the attached Financial Report and the Operations and Financial Review contained within the Directors' Report which also forms a part of the Financial Report.

4.0 Details of entities over which control has been gained or lost during the period

Not applicable. No entity over which control has been gained or lost during the period has occurred.

5.0 Dividend / Distribution Payments or Reinvestment Plans

Not applicable. No dividends have been paid or declared during the half-year ended 30 June 2017 or in previous periods. The Company does not propose to pay dividends, in the immediate future.

6.0 Associates / Joint Ventures

Not applicable.

7.0 Foreign Entities

The Company owns 100% of the share capital in its subsidiary: HearMeOut Limited which is based in Israel. The Australian Accounting Standards ("AAS") has been used in compiling this report. Compliance with the Australian Accounting Standards ensures that the financial statements and notes in the Half-Year Report ended 30/6/2017 also comply with International Financial Reporting Standards.

9.0 Review Conclusion

This report is based on the financial statements for the half-year ended 30 June 2017. The financial statements have been subject to a review by an independent auditor and the review is not subject to qualification.



Mr Moran Chamsi
Managing Director/Chief Executive Officer
Date: Monday, 28 August 2017

**HearMeOut Limited
And
Controlled Entities**

ABN 54 614 043 177

Half-Year Report

**For the half-year ended
30 June 2017**

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 - Mr 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

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 half-year ended 30 June 2017 ("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	-

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)	683,333	-	-	-
Total	11,013,803	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. 12,999,999 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. CORPORATE GOVERNANCE

The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council. This has previously been disclosed in the annual financial statements for the year ended 31 December 2016. Accordingly, the interim financial statements are to be read in conjunction with the annual financial statements.

➤ OPERATIONS AND FINANCIAL REVIEW

3. 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.

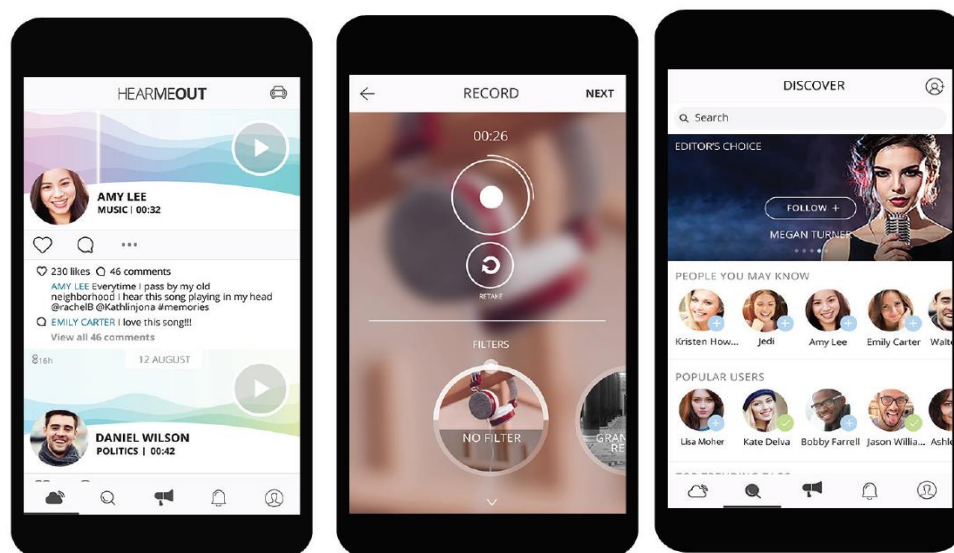
4. REVIEW OF OPERATIONS

Highlights during the half-year

- a) HearMeOut App – The Product
- b) HMO Releases New Version Ahead of Official Launch in the US
- c) HMO Signs Global PR Firm Edelman Ahead of US Launch
- d) HearMeOut joins SmartDeviceLink
- e) Media Industry Veteran Appointed to Further Growth Strategy
- f) HMO Appoints Connected Car Expert to Bolster Growth Strategy
- g) HMO Signs Leading Social Media Star

a) HearMeOut App – The Product

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



Figures: The main feed where Users can listen, like, comment and share posts of the people they follow. The Record screen (with new added voice filters). The new Discover page.

HearMeOut Limited

Directors' Report

b) HMO Releases New Version Ahead of Official Launch in the US

The new version includes an extensive upgrade of the platform and a number of technological and usability features in the app (such as "lifespan" and voice filters). The enhancements are designed to capitalise on an ever-changing market, one that has become more voice oriented (especially in the USA).

c) HMO Signs Global PR Firm Edelman Ahead of US Launch

Edelman has worked closely with HearMeOut in the lead up to and following the official US launch generating coverage in television and web. (Cheddar TV <https://cheddar.com/videos/146774>, app review on the next web – one of the top 5 tech websites in the US: [This 'Twitter for voice' app is the most fun I've had on social media in years'](#)).

d) HearMeOut joins SmartDeviceLink

The SmartDeviceLink Consortium (SDLC) was established by Ford Motor Company and Toyota Motor Company and includes car manufacturers and brands such as Mazda, Subaru, Suzuki, Peugeot, Citroen, DS, Daihatsu and Lexus. In 2016, SDLC members accounted for 34% of the 17.5 million car sales in the US.

e) Media Industry Veteran Appointed to Further Growth Strategy

Mr. Jon Housman plays an important role in this next phase and in the overall Company growth strategy. He brings 20 years' experience building companies, identifying new opportunities and driving revenue growth for businesses across the media and technology landscape.

f) HMO Appoints Connected Car Expert to Bolster Growth Strategy

Mr Scott Lyons brings a wealth of technical and marketing expertise in the connected car space to the Company as he currently heads up the SYNC AppLink European Business and Partner Development initiative within the Ford Connected Vehicle and Services Organisation in Europe.

g) HMO Signs Leading Social Media Star

HearMeOut Signed social media star Danielle Bregoli – through her activity, she has generated significant brand awareness and downloads.

5. FINANCIAL PERFORMANCE

The financial performance of the Group during the half-year ended 30 June 2017 is as follows:

	Half-year ended 30/06/2017	Half-year ended 30/06/2016
	\$	\$
Income (\$)	8,277	-
Net loss after tax (\$)	(3,223,657)	(158,241)
Dividend (\$)	-	-

Income relates to \$8,277 in interest revenue earned on funds sitting in the Company's Cash Maximiser Account for the Period. The net loss of \$3,223,657, largely comprises \$1,908,838 in non-cash, share-based payments recognised during the Period on Performance and Advisor options; \$673,843 on business development, \$367,856 on administration expenses; and \$276,037 on research and development expenses.

HearMeOut Limited

Directors' Report

6. FINANCIAL POSITION

The financial position of the Group as at 30 June 2017 is as follows:

	As at 30/06/2017	As at 31/12/2016
	\$	\$
Cash and cash equivalents	4,658,849	5,968,323
Trade and other receivables	66,956	84,670
Net assets / Total equity	4,452,230	5,868,561
Contributed equity	8,153,465	8,153,465
Reserves	2,417,092	609,766
Accumulated losses	(6,118,327)	(2,894,670)

The movement in cash during the Period is largely attributable to business development, administration and research and development costs. The movement in Reserves, is largely the result of \$1,908,838 in non-cash, share-based payments recognised during the Period on Performance and Advisor options on issue.

7. DIVIDENDS

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

8. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the half-year ended 30 June 2017 forms a part of the Directors' Report and can be found on page 6.

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: Monday, 28 August 2017

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

As lead auditor for the review of HearMeOut Limited for the half-year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of HearMeOut Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 28 August 2017

HearMeOut Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2017

		Consolidated	HearMeOut Ltd
		Half-year ended	("HMO Israel")
		30 June	Half-year ended
		2017	30 June
			2016
	Note	\$	\$
Interest income		8,277	-
Total income		8,277	-
Administration expenses	4	(367,856)	(8,185)
Business development expenses	4	(673,843)	(64,115)
Research & development expenses		(276,037)	(40,924)
Finance expenses		(4,288)	(45,017)
Share-based payment expenses	7	(1,908,838)	-
Depreciation expense		(1,072)	-
Total expenses		(3,231,934)	(158,241)
Loss Before Income Tax		(3,223,657)	(158,241)
Income tax benefit/(expense)		-	-
Loss for the Period		(3,223,657)	(158,241)
<u>Other comprehensive income</u>			
Items that may be reclassified			
subsequently to profit and loss:			
Unrealised foreign currency loss		(101,512)	-
Total comprehensive loss for the Period		(3,325,169)	(158,241)
Earnings/(loss) per share for attributable			
to the ordinary equity holders of the			
company			
Basic loss per share (cents)		(4.90)	(10.05)
Dilutive loss per share (cents)		(4.90)	(10.05)

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
For the half-year ended 30 June 2017

		Consolidated As at 30 June 2017 \$	Consolidated As at 31 December 2016 \$
	Note		
CURRENT ASSETS			
Cash and cash equivalents		4,658,849	5,968,323
Trade and other receivables		66,956	84,670
TOTAL CURRENT ASSETS		4,725,805	6,052,993
NON-CURRENT ASSETS			
Property, plant & equipment		5,309	2,115
TOTAL NON-CURRENT ASSETS		5,309	2,115
TOTAL ASSETS		4,731,114	6,055,108
CURRENT LIABILITIES			
Trade and other payables		219,698	186,547
Salaries & wages payable		59,186	-
TOTAL LIABILITIES		278,884	186,547
NET ASSETS		4,452,230	5,868,561
EQUITY			
Contributed equity (net)	5	8,153,465	8,153,465
Reserves	6	2,417,092	609,766
Accumulated losses		(6,118,327)	(2,894,670)
TOTAL EQUITY		4,452,230	5,868,561

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

HearMeOut Limited
Consolidated Statement of Cash Flows
For the half-year ended 30 June 2017

	Consolidated Half-year ended 30 June 2017	HearMeOut Ltd ("HMO Israel") Half-year ended 30 June 2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	8,277	-
Interest paid	(4,288)	-
Payments to suppliers & employees	(1,156,562)	-
Payments for research and development	(52,195)	(38,196)
Net cash outflow used for operating activities	(1,204,768)	(38,196)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,194)	-
Decrease (increase) in short-term deposit	-	10,913
Net cash outflow used for investing activities	(3,194)	10,913.16
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of convertible notes	-	20,462
Net cash inflow from financing activities	-	20,462
Net increase/(decrease) in cash and cash equivalents	(1,207,962)	(6,821)
Cash and cash equivalents at beginning of the Period	5,968,323	10,913
Foreign exchange differences	(101,512)	3,115
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,658,849	7,207

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 half-year ended 30 June 2017

Consolidated	Contributed	Accumulated	Option	Foreign	
Half-year ended 30 June 2017	Equity	Losses	Reserve	Currency	Total
	\$	\$	\$	Translation	\$
				Reserve	
				\$	
Balance as at 1 January 2017	8,153,465	(2,894,670)	574,051	35,715	5,868,561
Loss for the Period	-	(3,223,657)	-	-	(3,223,657)
Other comprehensive loss	-	-	-	(101,512)	(101,512)
Total comprehensive loss for the Period	-	(3,223,657)	-	(101,512)	(3,325,169)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the Period	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Share-based payments	-	-	1,908,838	-	1,908,838
Balance as at 30 June 2017	8,153,465	(6,118,327)	2,482,889	(65,797)	4,452,230

Consolidated	Contributed	Accumulated	Option	Foreign	
Full-year ended 31 December 2016	Equity	Losses	Reserve	Currency	Total
	\$	\$	\$	Translation	\$
				Reserve	
				\$	
Balance as at 1 January 2016	685,486	(1,176,578)	-	-	(491,092)
Loss for the year	-	(1,718,092)	-	-	(1,718,092)
Other comprehensive income	-	-	-	35,715	35,715
Total comprehensive loss for the year	-	(1,718,092)	-	35,715	(1,682,377)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	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

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 half-year ended 30 June 2017

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 half-year ended 30 June 2017 ("the Period"); and were authorised in accordance with a resolution of Directors on 28 August 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 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

The interim financial statements for the half-year ended 30 June 2017 is a general purpose financial report prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

The interim financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual statements for the year ended 31 December 2016 and any public announcements made by HearMeOut Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 for the period 1 January 2016 through to 30 June 2016 is that of the subsidiary: HearMeOut Ltd, not the Company. The comparative financial information included in the Group's financial statements for the period 1 July 2016 through to 31 December 2016 is that of the Group. The results in the current period 1 January 2017 to 1 July 2017 is that of the Group.

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 \$3,325,169 for the Period and has a net asset position of \$4,452,230.

Update on new accounting standards and interpretations not yet adopted

There were no new standards issued since 31 December 2016 that have not been applied by HMO. The 31 December 2016 annual report disclosed that HMO had not early adopted any standards which are not yet effective.

The impact of all these standards and interpretations have been assessed by the Company and have no impact. The same accounting policies and methods of computation have been followed in these half-year financials compared to the most recent annual financial statements.

HearMeOut Limited
Notes to the Financial Statements
For the half-year ended 30 June 2017

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.

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. EXPENSES

	Consolidated Half-year ended 30 June 2017 \$	HearMeOut Ltd ("HMO Israel") Half-year ended 30 June 2016 \$
<u>Administration expenses</u>		
Legal and professional fees	164,254	6,821
Wages, salaries and employee expenses	153,353	-
General Administration	50,249	1,364
<i>Total administration expenses</i>	<i>367,856</i>	<i>8,185</i>
<u>Business development expenses</u>		
Wages, salaries and employee expenses	305,143	62,751
Travel and accommodation	25,528	-
Marketing and advertising expenses	343,172	1,364
<i>Total business development expenses</i>	<i>673,843</i>	<i>64,115</i>

5. EQUITY

	Consolidated As at 30 June 2017 \$	Consolidated As at 31 December 2016 \$
Fully paid ordinary shares (ORD: 65,759,990)	8,153,465	8,695,876
Capital raising costs	-	(542,411)
Total contributed equity	8,153,465	8,153,465

HearMeOut Limited
Notes to the Financial Statements
For the half-year ended 30 June 2017

6. RESERVES

	Consolidated	Consolidated
	As at	As at
	30 June	31 December
	2017	2016
	\$	\$
Option reserve	2,482,889	574,051
Foreign currency translation reserve	(65,797)	35,715
	2,417,092	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. Details of the movement in reserves is shown below.

	Consolidated	Consolidated
	As at	As at
	30 June	31 December
	2017	2016
	\$	\$
Option Reserve		
Opening balance	574,051	-
Share-based payment expense	1,908,838	574,051
Closing balance	2,482,889	574,051

For further information on the share-based payment expense during the Period, refer to Note 7: Share-based payments.

Foreign currency translation reserve:

	Consolidated	Consolidated
	As at	As at
	30 June	31 December
	2017	2016
	\$	\$
Foreign currency translation reserve		
Balance at the beginning of the year	35,715	-
Foreign currency movement	(101,512)	35,715
Balance at end of year	(65,797)	35,715

HearMeOut Limited
Notes to the Financial Statements
For the half-year ended 30 June 2017

7. SHARE-BASED PAYMENTS

	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 @ 30/6/2017	Share-based payment expense to be expensed in future periods
Advisor Options											
Tranche 1		657,600	2017	24/04/2017	See (a) below	See (a) below	2/05/2021	\$ 0.20	\$ 0.0935	16,928	44,625
Tranche 2		493,200	2017	24/04/2017	See (a) below	See (a) below	2/05/2017	\$ 0.30	\$ 0.0854	9,835	32,256
Total Advisor Options		1,150,800								26,763	76,881
Performance Options											
Moran Chamsi	A	4,333,334	2016	2/12/2016	31/12/2017	See (b) below	1/01/2022	\$ 0.20	\$ 0.1500	298,604	303,553
Moran Chamsi	B	4,333,334	2016	2/12/2016	30/06/2018	See (b) below	1/01/2022	\$ 0.20	\$ 0.1500	204,609	412,609
Moran Chamsi	C	4,333,334	2016	2/12/2016	31/12/2018	See (b) below	1/01/2022	\$ 0.20	\$ 0.0660	68,203	206,869
Moran Chamsi	D	1,416,002	2016	2/12/2016	31/12/2017	See (b) below	1/01/2022	\$ -	\$ 0.0860	55,943	56,870
Issy Livian	A	4,333,333	2016	2/12/2016	31/12/2017	See (b) below	1/01/2022	\$ 0.20	\$ 0.1500	298,604	303,553
Issy Livian	B	4,333,333	2016	2/12/2016	30/06/2018	See (b) below	1/01/2022	\$ 0.20	\$ 0.1500	204,609	412,609
Issy Livian	C	4,333,333	2016	2/12/2016	31/12/2018	See (b) below	1/01/2022	\$ 0.20	\$ 0.0660	68,203	206,869
Issy Livian	D	1,415,999	2016	2/12/2016	31/12/2017	See (b) below	1/01/2022	\$ -	\$ 0.0860	55,942	56,870
Lior Menashe	A	4,333,333	2016	2/12/2016	31/12/2017	See (b) below	1/01/2022	\$ 0.20	\$ 0.1500	298,604	303,553
Lior Menashe	B	4,333,333	2016	2/12/2016	30/06/2018	See (b) below	1/01/2022	\$ 0.20	\$ 0.1500	204,609	412,609
Lior Menashe	C	4,333,333	2016	2/12/2016	31/12/2018	See (b) below	1/01/2022	\$ 0.20	\$ 0.0660	68,203	206,869
Lior Menashe	D	1,415,999	2016	2/12/2016	31/12/2017	See (b) below	1/01/2022	\$ -	\$ 0.0860	55,942	56,869
Total Performance Options		43,248,000								1,882,075	2,939,705
TOTAL OPTIONS		44,398,800								1,908,838	3,016,586

HearMeOut Limited

Notes to the Financial Statements

For the half-year ended 30 June 2017

(a) Advisor Options

During the half-year, the Company issued 657,600 Advisor Options with an exercise price of \$0.20 each and an expiry date of 2 May 2021; and 493,200 Advisor Options with an exercise price of \$0.30 each and an expiry date of 2 May 2021.

The accounting standard AASB2 Share-based payment requires that when equity instruments are issued to parties other than employees for services received, the value of the equity instruments shall be measured directly in reference to the value of the services received. As the services are provided by specialists with very specific expertise, the group has rebutted the presumption that the value of the services can be measured reliably and hence has valued the services based on the value of the equity instrument being issued. The options granted were valued using the Black & Scholes valuation method with the following terms and key inputs:

As the Company listed on the ASX on the 5 December 2016, there was only approximately five months of share trading on the ASX. Therefore, after taking into account the potential of the Company, the risk of success, the shares being only being listed since early December 2016, the medium term to expiry (4 years), 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%.

The approximate risk-free rate of a four-year Australian Government bond was used.

No dividends are expected to be declared or paid by the Company during the terms of the various classes of Options.

The fair value of options granted during the half-year ended 30 June 2017 was estimated on the date of grant using the following assumptions:

Class	Risk free rate % (i)	Volatility factor % (ii)
Tranche 1 Options	1.750%	100%
Tranche 2 Options	1.750%	100%

Vesting conditions attached to the Advisor Options are detailed below:

Class	Vesting Condition
Tranche 1	The Tranche 1 Options vest as to 8.33% on grant date (Cliff Date) and thereafter at 2.78% each month for 33 months after Cliff Date.
Tranche 2	The Tranche 2 Options vest as to 33.36% on grant date (Cliff Date) and thereafter at 8.33% each quarter months after Cliff Date (for 2 years).

(b) Performance Options

During the prior year-ended 31 December 2016, 43,248,000 Performance Options were issued to various employees of HMO (Israel) on 2 December 2016.

The fair value of Performance options granted have been valued using a Black Scholes methodology, taking into account the terms and conditions upon which the share options were granted.

As the Company listed on the ASX on the 5 December 2016, there was no continuous market value for the shares trading on the ASX. Therefore, after taking into account the potential of the Company, the risk of success, the shares being only being listed since early December 2016, the medium term to expiry (5 years), 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%.

The approximate risk-free rate of a five-year Australian Government bond was used.

HearMeOut Limited
Notes to the Financial Statements
For the half-year ended 30 June 2017

No dividends are expected to be declared or paid by the Company during the terms of the various classes of Options.

The fair value of options granted during the prior-year ended 31 December 2016 was estimated on the date of grant using the following assumptions:

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%

Vesting conditions attached to the Performance Options are detailed below:

Class	Vesting Condition
Performance A Options	Upon the HearMeOut App being available for download in at least 3,000,000 cars not including Ford cars worldwide.
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.
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.
Performance D Options	Upon the achievement of the first of the above performance conditions to be achieved.

8. CONTINGENCIES

The Directors are not aware of any contingent liabilities or assets as at 30 June 2017.

9. 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 half-year ended 30 June 2017

In the Directors opinion:

1. The financial statements and notes set out on pages 7 to 16, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standards AASB 134 Interim Financial Reporting, 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 2017 and of its performance for the half-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.

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



Mr Moran Chamsi
Managing Director – Chief Executive Officer
Tel Aviv, Israel
Date: Monday, 28 August 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of HearMeOut Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of HearMeOut Limited, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of HearMeOut Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of HearMeOut Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of HearMeOut Limited is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

BDO

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

Phillip Murdoch

Director

Perth, 28 August 2017