

**APPENDIX 4D**  
**HALF YEAR FINANCIAL REPORT**

**1. Results for Announcement to the Market**

Current reporting period: Period ended 31 December 2017  
 Previous corresponding period: Period ended 31 December 2016

	Amount \$	% Change up(+)/down(-)
Revenue from ordinary activities	1,959,994	n/a
Loss from ordinary activities after tax attributable to members (from continuing operations)	(4,269,117)	-151%
Net loss for the period attributable to members	(4,269,117)	-151%

**2. Dividend Information**

The directors do not recommend the payment of an interim dividend in relation to the financial year ended 30 June 2018 (2017: nil).

**3. Net tangible assets per security**

	31 Dec 2017 \$	31 Dec 2016 \$
Net tangible asset backing per ordinary share	0.01	0.01

As at 31 December 2017 the number of shares on issue was 697,489,746 (31 December 2016: 636,895,996).

**4. Details of joint venture entities**

The Company does not have any interests in joint ventures.

**5. Details of entities over which the company has control**

Name of Entity	% Interest	Country of Registration	Date of gain of control
Nuheara IP Pty Ltd	100%	Australia	25 February 2016
Terrace Gold Pty Ltd	80%	Australia	25 February 2016
Wild Acre Metals (Peru) SAC	100%	Peru	25 February 2016
Nuheara, Inc	100%	USA	21 June 2016

**6. Assets held for sale**

As reported in the Company's 2017 Annual Report, the directors have decided to divest mining assets held in Peru within the next 12 months. As at the date of this report, there has been no change in the interests or to the activities of mining tenements.

**7. Commentary on the results**

It is recommended that the Appendix 4D be read in conjunction with the Company's ASX releases during the period in accordance with the continuous disclosure obligations under the ASX listing rules.

The Company achieved a net loss after tax of \$4,269,117. This compared with a net loss after tax of \$1,703,671 for the same period last year. A comparison between the two periods cannot be fairly made as this was impacted by the Company's pre-commercial production status in the preceding period - shipping only commenced in January 2017, and with many orders on back-order until the April-June 2017 quarter.

The net loss after tax result represented a loss of 0.54 cents per share, compared to a loss of 0.29 cents per share over the same period last year.

Net cash inflows of \$2,231,001 were attributable to \$8,592,491 received through the issue of shares (net of share issue costs), offset by \$4,938,776 in net operating outflows, \$25 for the payment of plant and equipment (net of sale proceeds from assets that were sold) and \$1,422,740 for the purchase of intangible assets (representing capitalised development costs and international trademark registrations).

Revenue from ordinary activities for the period was \$1,959,994. This compared with nil sales revenue for the same period last year.

In July 2017, the company successfully completed a significant placement to a small group of institutional investors, raising \$9 million. The placement will fund aggressive global sales growth in the US, UK, Europe, Asia, and Australia, as well as new research and product development. At year-end, the company held \$5.64 million in cash reserves.

**8. Significant events after balance date**

There were no events subsequent to the end of the reporting period that would have a material effect on these financial statements.

**9. Auditor's Independence Declaration**

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 3 for the half-year ended 31 December 2017.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS  
ACT 2001 TO THE DIRECTORS OF  
NUHEARA LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*Walker Wayland WA Audit Pty Ltd*

**WALKER WAYLAND WA AUDIT PTY LTD**

*Richard J Gregson*

**Richard Gregson CA  
Director**

Level 2, 129 Melville Parade, COMO WA 6152

Dated this 20th day of February 2018.

STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2017

	NOTES	Half-year ended 31 Dec 2017 \$	Half-year ended 31 Dec 2016 \$
Revenue		1,959,994	-
Cost of sales		(1,426,183)	-
<b>Gross profit</b>		<b>533,811</b>	-
Other income		45,588	9,153
Salaries and employee benefits		(2,119,209)	(495,504)
Marketing and promotional		(914,647)	(447,401)
Research and development		(519,080)	(113,461)
General and administrative		(1,007,274)	(555,503)
Share based payments	7	(288,306)	(100,955)
<b>Loss before tax from continuing operations</b>		<b>(4,269,117)</b>	<b>(1,703,671)</b>
Income tax benefit		-	-
<b>Total comprehensive loss for the year</b>		<b>(4,269,117)</b>	<b>(1,703,671)</b>
		(4,269,117)	(1,703,671)
Total comprehensive loss attributable to:			
Equity holders		(4,269,117)	(1,703,671)
<b>Total comprehensive loss</b>		<b>(4,269,117)</b>	<b>(1,703,671)</b>
<b>Earnings per share</b>			
Basic loss per share (cents per share)	6	(0.54)	(0.29)
Diluted loss per share (cents per share)	6	(0.48)	(0.26)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

	NOTES	31 Dec 2017 \$	30 Jun 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		5,635,553	3,404,552
Trade and other receivables		1,013,067	871,209
Inventory		2,336,784	1,125,144
Disposal group – mining tenements held for sale		206,233	206,233
<b>TOTAL CURRENT ASSETS</b>		<b>9,191,637</b>	<b>5,607,138</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		752,877	871,245
Security deposits		32,093	27,581
Intangible assets		2,952,687	2,194,198
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,737,657</b>	<b>3,093,024</b>
<b>TOTAL ASSETS</b>		<b>12,929,294</b>	<b>8,700,162</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,205,991	1,796,242
Provisions		600,275	386,281
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,806,266</b>	<b>2,182,523</b>
<b>TOTAL LIABILITIES</b>		<b>1,806,266</b>	<b>2,182,523</b>
<b>NET ASSETS</b>		<b>11,123,028</b>	<b>6,517,639</b>
<b>EQUITY</b>			
Issued capital	4	25,995,388	17,402,898
Share option reserve	5	965,733	677,427
Foreign currency translation reserve		(11,140)	(4,850)
Accumulated losses		(15,826,953)	(11,557,836)
<b>TOTAL EQUITY</b>		<b>11,123,028</b>	<b>6,517,639</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Ordinary Shares	Accumulated Losses	Share Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>17,402,898</b>	<b>(11,557,836)</b>	<b>677,427</b>	<b>(4,850)</b>	<b>6,517,639</b>
<b>Comprehensive Income</b>					
Loss for the period	-	(4,269,117)	-	-	(4,269,117)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(4,269,117)</b>	<b>-</b>	<b>-</b>	<b>(4,269,117)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the period	9,120,000				9,120,000
Share issue costs	(527,510)				(527,510)
Options issued during the period			9,747		9,747
Movement in valuation of options issued in prior periods			278,559		278,559
Foreign currency translation movements				(6,290)	(6,290)
<b>Balance at 31 December 2017</b>	<b>25,995,388</b>	<b>(15,826,953)</b>	<b>965,733</b>	<b>(11,140)</b>	<b>11,123,028</b>
<b>Balance at 1 July 2016</b>					
<b>Balance at 1 July 2016</b>	<b>8,229,327</b>	<b>(6,718,213)</b>	<b>415,919</b>	<b>-</b>	<b>1,927,033</b>
<b>Comprehensive Income</b>					
Loss for the period	-	(1,703,671)	-	-	(1,703,671)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(1,703,671)</b>	<b>-</b>	<b>-</b>	<b>(1,703,671)</b>
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the period	4,984,403	-	-	-	4,984,403
Share issue costs	(263,829)	-	-	-	(263,829)
Options issued during the period	-	-	12,240	-	12,240
Movement in valuation of options issued in prior periods	-	-	88,715	-	88,715
Foreign currency translation movements	-	-	-	17,801	17,801
<b>Balance at 31 December 2016</b>	<b>12,949,901</b>	<b>(8,421,884)</b>	<b>516,874</b>	<b>17,801</b>	<b>5,062,692</b>

The accompanying notes form part of these financial statements.



NUHEARA LIMITED  
ABN 29 125 167 133

STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Half-year ended 31 Dec 2017 \$	Half-year ended 31 Dec 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,713,217	-
Interest received	41,841	7,781
Payments to suppliers and employees	(6,693,958)	(650,062)
Interest and other costs of finance paid	124	(1,047)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(4,938,776)</b>	<b>(643,328)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(5,724)	(440,410)
Proceeds from the sale of plant and equipment	5,749	-
Payment for the acquisition of intangibles	(1,422,740)	(1,413,116)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,422,715)</b>	<b>(1,853,526)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share and option issues	9,120,000	4,984,403
Share raising costs	(527,508)	(263,829)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>8,592,492</b>	<b>4,720,574</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>	<b>2,231,001</b>	<b>2,223,720</b>
Cash and cash equivalent at beginning of the financial period	3,404,552	1,994,127
<b>Cash and cash equivalent at the end of the financial period</b>	<b>5,635,553</b>	<b>4,217,847</b>

The accompanying notes form part of these financial statements.



**NUHEARA LIMITED**  
**ABN 29 125 167 133**

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It is important to read the following definitions in order to assist with understanding this report.

For the purposes of this report:

**Nuheara IP Pty Ltd** refers to the company purchased by Nuheara Limited on 25 February 2016. As required by Australian Accounting Standard *AASB3: Business Combinations*, Nuheara Limited is deemed to have been acquired by Nuheara IP Pty Ltd as at 25 February 2016 under the reverse acquisition rules.

**Nuheara Limited or Listed Entity or Company** means only the legal entity of Nuheara Limited, which is listed on the Australian Securities Exchange (ASX: NUH). Nuheara Limited is the legal parent of Nuheara IP Pty Ltd although it has been treated as the acquirer for accounting purposes in the financial statements.

**Wild Acre Metals Limited** (ASX: WAC) means Nuheara Limited and all its controlled entities prior to the purchase of Nuheara IP Pty Ltd. On 25 February 2016, the company's name was changed from Wild Acre Metals Limited to Nuheara Limited and the ASX code was subsequently changed from WAC to NUH.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting interpretations, International Financial Reporting Standards as issued by the International Accounting Standards Board and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2017 and any public announcements made by Nuheara Limited, during the reporting period, in accordance with the continuous disclosure requirements of the ASX listing rules.

This preliminary final report including any commentary on the Company results was authorised for issue in accordance with a resolution by the board of directors.

*Going concern*

For the half-year ended 31 December 2017 the Company has incurred a loss of \$4,269,117 and generated net operating cash outflows of \$4,938,776, as disclosed in the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows, respectively. For the same period last year, the Company incurred a loss of \$1,703,671 and generated net operating cash outflows of \$643,328. A fair comparison between the two periods is impacted by the Company's pre-commercial production status in the preceding period - shipping only commenced in January 2017, and with many orders on back-order until the April-June 2017 quarter. Nevertheless, these matters give rise to material uncertainties that casts significant doubt upon the company's ability to continue as a going concern. The continuing viability of the company and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent upon the company being successful in:

- Continued sales of IQbuds™ through existing online and retail channels;
- Growth in retail distribution channels through the ongoing negotiation of new distribution agreements;
- Release of new product lines (refer ASX announcement on 8 January 2018 noting that two new products would be launched in the 2018 calendar year - IQbuds BOOST and Live!<sup>IQ</sup>);
- Management of the current level of discretionary expenditure in line with the funds available to the Company; and/or
- An equity raising.

The Directors believe there are reasonable grounds to believe that the company will be able to continue as a going concern after consideration of the following factors:

- There has been an ongoing improvement in sales growth since the Company's first product, IQbuds™, commenced shipment in January 2017 through continued expansion of the Company's available sales outlets:
  - 54% increase in sales growth in July-December 2017 sales compared to the preceding half year.
  - 55% growth in online sales and a 52% growth in brick and mortar sales.
  - Units sales in the October-December 2017 quarter were underpinned by a 94% growth (over the previous quarter) in Amazon sales, 38% growth in direct sales, and 31% growth in brick and mortar sales.
- A solid global sales foundation has now been set and the Company expects to leverage this into continued growth through 2018
- The impending OTC (Over-the-Counter) Hearing Aid Act legislation changes in the US will provide further support to Nuheara's hearing health initiatives with the new IQbuds BOOST product.



The Directors believe that the above indicators demonstrate that the company will be able to pay its debts as and when they become due and payable and to continue as a going concern and be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

In the event that the company does not achieve the conditions stated by the Directors, the ability of the Company to continue as a Going Concern may be impacted and therefore the company may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the company not continue as going concerns.

## **2. SEGMENT INFORMATION**

### *Operating segments*

Nuheara Limited, Nuheara IP Pty Ltd and Nuheara Inc are operating within the consumer electronics sector and have been aggregated to one reportable segment given the similarity of the products manufactured for sale, method in which products are delivered, types of customers and regulatory environment.

At 31 December 2017, Wild Acre Metals (Peru) SAC held mining tenements in Peru and has been treated as a disposal group.

## **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### *(i) Estimated impairment of assets*

The Company assesses impairment of its assets at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Where impairment has been triggered, assets are written down to their recoverable amounts.

### *(ii) Estimated warranty costs*

Provision is made in respect of the Group's best estimate of the liability on all products under warranty at the end of the reporting period. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to an industry average of warranty claims.

### *(iii) Valuation of options*

#### *Share-based payment transaction:*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 7.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 7.

### *(iv) Capitalisation of development costs*

Under AASB 138: *Intangible Assets*, an entity is required to recognise an intangible asset if, and only if, certain criteria are met. Judgement has been made in the determination that research and development expenditure incurred during the year did not meet the definition of an intangible asset.



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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(v) *Government grants*

Under AASB 120: *Accounting for Government Grants and Disclosure of Government Assistance*, an entity shall not recognise a government grant until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Management has assessed that no reasonable assurance exists to require recognition of the 2017 Research and Development tax incentive as at 31 December 2017 under the Standard.

(vi) *Assets held for sale*

Judgement was used in the determination that mining interests in Australia and Peru met the requirements for classification as disposal groups under AASB 5: *Non-Current Assets held for Sale and Discontinued Operations*.

(vii) *Contingent Purchase Consideration*

On 10 December 2015 Nuheara Limited (formerly Wild Acre Metals Limited) announced that its controlled entity, Wild Acre Metals (Peru) SAC, had entered into an acquisition agreement to acquire the Salvador exploration project from Teck Peru S.A., a subsidiary of Teck Resources Limited (Teck Agreement). Under the Teck Agreement, contingent purchase consideration of USD\$2m (AUD\$2,563,314) (production bonus) is payable to Teck Peru S.A. upon making a production decision. The production bonus is jointly and severally payable by the Company in the event of a disposal of the tenements to a third party. As the Company intends to dispose of its Peruvian subsidiary, including the mining tenements and liability for the production bonus, management has ascertained the probability of a production bonus being payable as being assessed at nil at balance date.

Additionally, if there is a sale of the Salvador interests by the Company within 36 months of the date of execution of the Teck Agreement, an additional 20% of the purchase price is payable to Teck Peru S.A. The additional contingent purchase consideration is assessed at nil at balance date.

(viii) *Net Smelter Royalties*

The Company holds an 80% interest in Terrace Gold Pty Ltd ("Terrace"). Terrace holds a 0.5% Net Smelter Royalty over the El Molino Gold Project and part of the El Galeno Copper Project located in Northern Peru, currently owned under joint venture by China Minmetals and Jiangxi Copper, and a 1.5% Net Smelter Royalty over the Mt Ida gold project located in Western Australia.

Management has ascertained that the probability of Net Smelter Royalty revenue was nil at balance date.

**4. ISSUED CAPITAL**

	<b>31 Dec 2017</b>	<b>30 June 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(i) Issued and Paid Up Capital:</b>			
798,315,828 Ordinary shares, fully paid (30 June 2017: 697,489,746 / 31 December 2016: 697,489,746)	<b>25,995,389</b>	<b>17,402,898</b>	<b>17,402,898</b>

**(ii) Movements during the period**

**Opening Balance at 1 July 2017**

Issue of shares at \$0.04 on exercise of 750,000 unlisted options exercisable at \$0.04 each (expiring on 18 April 2019) on 17 July 2017

Issue of shares at \$0.04 on exercise of 2,250,000 unlisted options exercisable at \$0.04 each (expiring on 18 April 2019) on 20 July 2017

Issue of shares under share placement at \$0.092 on 20 July 2017

Less: Share issue costs

**Balance shares at 31 December 2017**

<b>31 Dec 2017</b>	<b>31 Dec 2017</b>
<b>No.</b>	<b>\$</b>
<b>697,489,746</b>	<b>17,402,898</b>
750,000	30,000
2,250,000	90,000
97,826,082	9,000,000
-	(527,510)
<b>798,315,828</b>	<b>25,995,388</b>

**Opening Balance at 1 July 2016**

Issue of shares under share placement at \$0.06 each on 2 November 2016

Issue of shares under share placement at \$0.06 each on 2 November 2016

Less: Share issue costs

**Balance shares at 31 December 2016**

<b>31 Dec 2016</b>	<b>31 Dec 2016</b>
<b>No.</b>	<b>\$</b>
<b>553,822,613</b>	<b>8,229,327</b>
15,100,000	906,000
67,973,383	4,078,403
-	(263,829)
<b>636,895,996</b>	<b>12,949,901</b>

**(iii) Holders of Ordinary Shares**

Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

5. SHARE OPTION RESERVE	31 Dec 2017 \$	30 June 2017 \$	31 Dec 2016 \$
<b>(i) Unlisted options:</b>			
100,000,000 (30 June 2017: 107,319,445 / 31 December 2016: 94,469,445) unlisted options	965,733	677,427	516,874
<b>(ii) Movements during the period</b>			
<b>Opening Balance at 1 July 2017</b>		<b>31 Dec 2017 No.</b>	<b>31 Dec 2017 \$</b>
Issue of Employee options @ \$0.09 each on 14 July 2017		107,319,445	677,427
Issue of Employee options @ \$0.115 each on 24 July 2017		1,000,000	1,459
Issue of Employee options @ \$0.09 each on 10 November 2017		3,000,000	7,351
Less: Options forfeited		1,000,000	937
Less: Options exercised		(9,319,445)	-
Movement in valuation of options issued in prior reporting periods		(3,000,000)	(45,079)
		-	323,638
		<b>100,000,000</b>	<b>965,733</b>
<b>Opening Balance at 1 July 2016</b>		<b>31 Dec 2016 No.</b>	<b>31 Dec 2016 \$</b>
Issue of Employee options @ \$0.09 each on 19 December 2016		85,469,445	415,919
Less: Options forfeited		11,000,000	12,240
Movement in valuation of options issued in prior reporting periods		(2,000,000)	-
<b>Balance unlisted options at 31 December 2016</b>		-	88,715
		<b>94,469,445</b>	<b>516,874</b>
<b>6. EARNINGS PER SHARE</b>		<b>Half year ended 31 Dec 2017 Cents</b>	<b>Half year ended 31 Dec 2016 Cents</b>
Basic loss per share (cents per share)		(0.54)	(0.29)
Diluted loss per share (cents per share)		(0.48)	(0.26)
<b>Basic loss per share:</b>		<b>Half year ended 31 Dec 2017 \$</b>	<b>Half year ended 31 Dec 2016 \$</b>
The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:			
Loss		(4,268,425)	(1,703,671)
<b>Weighted average number of ordinary shares – basic loss per share</b>		<b>Half year ended 31 Dec 2017 No.</b>	<b>Half year ended 31 Dec 2016 No.</b>
<b>Weighted average number of ordinary shares – diluted loss per share</b>		784,653,317	580,542,339
		798,315,828	665,924,828

**7. SHARE BASED PAYMENTS**

	Half year ended 31 Dec 2017 \$	Half year ended 31 Dec 2016 \$
Expense arising from options issued to employees	288,306	100,955

The following share-based payment arrangements existed:

- (a) There were no shares or options granted to key management personnel during the half-year ended 31 December 2017
- (b) Shares and options issued to non-KMP are as follows:

Grant Date	No. of Options
14/07/2016	1,000,000
24/07/2016	3,000,000
10/11/2016	1,000,000

A summary of the movements of all company option issues is as follows:

	No.	Weighted Average Exercise Price
<b>Options outstanding and exercisable as at 30 June 2016</b>	<b>85,469,445</b>	<b>\$0.07</b>
Granted	36,500,000	\$0.03
Forfeited	(14,650,000)	-
Exercised	-	-
Expired	-	-
<b>Options outstanding and exercisable as at 30 June 2017</b>	<b>107,319,445</b>	<b>\$0.07</b>
Transferred in	-	-
Granted	5,000,000	\$0.11
Forfeited	(9,319,445)	-
Exercised	(3,000,000)	\$0.04
<b>Options outstanding and exercisable as at 31 December 2017</b>	<b>100,000,000</b>	<b>\$0.07</b>

The weighted average remaining contractual life of options outstanding at year end was 1.55 years (30 June 2017: 1.85 years/31 December 2016: 2.00 years). The weighted average exercise price of outstanding options at the end of the reporting period was \$0.07 (30 June 2017: \$0.07 / 31 December 2016: \$0.07).

**7. SHARE BASED PAYMENTS (continued)**

The fair value of options granted during the half-year was \$89,390 (30 June 2017: \$88,130 / 31 December 2016: \$432,740). These values were calculated using the Black-Scholes option pricing model, applying the following inputs:

	<b>Employees</b>	<b>Contractors</b>	<b>Employees</b>
Grant Date	14/07/2017	24/07/2017	10/11/2017
Share price on issue date	\$0.099	\$0.091	\$0.063
Expected volatility	100%	100%	100%
Exercise price	\$0.09	\$0.115	\$0.09
Expiry date	14/07/2020	24/07/2020	10/11/2020
Risk free interest rate	1.50%	1.50%	1.50%
Number issued	1,000,000	3,000,000	1,000,000
Value per option	\$0.0269	\$0.0240	\$0.0288
<b>Total</b>	<b>\$18,830</b>	<b>\$50,400</b>	<b>\$20,160</b>

Historical share price volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future volatility.

There were no equity-settled share-based payment transactions during the period (30 June 2017: \$200,000 / 31 December 2016: \$nil).

**8. CONTINGENT LIABILITIES**

There are no known contingent liabilities.

**9. SIGNIFICANT EVENTS AFTER BALANCE DATE**

There were no events subsequent to the end of the reporting period that would have a material effect on these financial statements.

**DIRECTORS' DECLARATION**

The Directors of Nuheara Limited declare that:

1. the financial statements and notes are in accordance with the Corporations *Act 2001* and:
  - a. comply with Australian Accounting Standards which, as stated in the accounting policy Note 1 to the financial statements, constitutes compliance with International Accounting Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 31 December 2017 and of the performance for the half year ended on that date of the Company;
2. the Directors have given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer;
3. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board of Directors:



**Justin Miller**  
Managing Director/Chief Executive Officer

Perth, 20 February 2018



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
NUHEARA LIMITED  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

**REPORT ON THE HALF-YEAR FINANCIAL REPORT**

We have reviewed the accompanying half-year financial report of Nuheara Limited, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

***Directors' Responsibility for the Half-Year Financial Report***

The directors of Nuheara Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 gives a true and fair view and 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 Nuheara Limited's financial position as at 31 December 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 Nuheara Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.





**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
NUHEARA LIMITED  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

***Auditor's Responsibility (continued)***

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 Nuheara 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 Nuheara Limited is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of Nuheara Limited financial position as at 31 December 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 the Corporations Regulations 2001.

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
NUHEARA LIMITED  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

***Emphasis of Matter - Going Concern***

Without modifying our opinion, we draw attention to the following matter. As a result of the matters disclosed in Note 1a) "Going Concern" of the financial report, there is material uncertainty whether the company can continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The ability of the company to continue as a going concern is dependent upon its ability to generate sufficient cash surpluses from continued sales of IQ buds, growth in retail distribution channels through the ongoing negotiation of new distribution agreements, release of new product lines, management of the current level of discretionary expenditure in line with the funds available to the company, and an equity raising.

*Walker Wayland WA Audit Pty Ltd*

**WALKER WAYLAND WA AUDIT PTY LTD**

*Richard J Gregson*

**Richard Gregson CA**

**Director**

Level 2, 129 Melville Parade, COMO WA 6152

Dated this 20th day of February 2018.