

## Appendix 4E

### 1. Company details

Name of entity

**HEARMEOUT LIMITED**

ABN or equivalent company reference

54 614 043 177

Financial year ended ('reporting period')

31 December 2017

Financial year ended ('previous corresponding period')

31 December 2016

### 2. Results for announcement to the market

		Full Year End 31/12/2017	Full Year End 31/12/2016	Increase/ (decrease) %	Amount change (\$)
2.1	Revenues from ordinary activities	11,820	25,025	-53%	(13,205)
2.2	Loss from ordinary activities after tax attributable to members	6,021,534	1,718,092	250%	4,303,443
2.3	Net loss for the period attributable to members	6,086,079	1,682,377	262%	4,403,703
2.4	Dividends	There were no dividends paid, recommended or declared during the current financial period.			
2.5	Dividends record date	See 2.4 above.			
2.6	A brief explanation of the figures in 2.1 to 2.3				
	Revenues from ordinary activities during the year relates to \$11,820 in interest revenue earned on funds sitting in the Company's interest-bearing Cash Maximiser Account during the year.				
	Of the Loss from Ordinary Activities after tax attributable to members, (\$2,960,356) relates to non-cash, share-based payments recognised during the year. Refer to the consolidated financial statements for further information.				

	<b>As at 31/12/2017</b>	As at 31/12/2016
<b>Net Tangible Asset (NTA) per share</b>		
Number of shares on Issue	65,759,990	65,759,990
Net Tangible Assets	2,707,124	5,868,561
NTA backing per ordinary share	\$ 0.04	\$ 0.09

### 3. Statement of comprehensive income

Refer to attached consolidated financial statements.

### 4. Statement of financial position

Refer to attached consolidated financial statements.

### 5. Statement of cash flows

Refer to attached consolidated financial statements.

**6. Statement of changes in equity**

Refer to attached consolidated financial statements.

**7. Dividends/Distributions**

Not applicable. No dividends have been paid or declared during the year ended 31 December 2017 or in previous periods. The Company does not propose to pay dividends, in the immediate future.

**8. Details of dividend reinvestment plan**

Not applicable.

**9. Details of entities over which control has been gained or lost during the period**

Not applicable.

**10. Details of associates and joint venture entities**

Not applicable.

**11. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position**

Refer to attached consolidated financial statements.

**12. 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.

**13. Commentary on results and explanatory information**

Refer to the Directors' Report and the consolidated financial statements for further information.

**14. Audit**

This report is based on accounts which have been audited.



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Mr Moran Chamsi  
Managing Director – Chief Executive Officer  
Tel Aviv, Israel  
Date: Wednesday, 28 February 2018

**HearMeOut Limited  
And  
Controlled Entities**

**ABN 54 614 043 177**

**Annual Report**

**For the year ended  
31 December 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 Glenn Whiddon  
Executive Director – Mr David Tasker

**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](http://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

## Corporate Governance Statement

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This Corporate Governance Statement is current as at 28 February 2018 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 3<sup>rd</sup> 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. 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 available on the Company's website at [www.hearmeoutapp.com](http://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, 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, develop corporate objectives, strategies and operations plans and approve and appropriately monitor 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;
- authorising the issue of any shares, options, equity instruments or other securities within the constraints of the Corporations Act and the ASX Listing Rules; and
- 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:
  - Code of Conduct;
  - Continuous Disclosure Policy;
  - Diversity Policy;

## HearMeOut Limited

### Corporate Governance Statement

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- 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       | 31% |
| • Women in senior management positions | 0%  |
| • Women on the Board                   | 0%  |

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.

## HearMeOut Limited

### Corporate Governance Statement

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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 of 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.

As a result of the recent assessment and changes to the structure of the Board, no formal appraisal of the Board or of the Managing Director were conducted during the year.

#### **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**

During the financial year and as at the date of this report the Board was comprised of the following members:

Mr Glenn Whiddon	Non-Executive Chairman (appointed 11 September 2017)
Mr Moran Chamsi	Chief Executive Officer and Managing Director (appointed 29 November 2016);
Mr Yitzchac (Issy) Livian	Executive Director and VP Business Development (appointed 29 November 2016);
Mr David Tasker	Executive Director (appointed 11 September 2017)
Mr Howard Digby	Non-Executive Director and Chairman (appointed 4 August 2016, ceased 11 September 2017);
Dr Anton Uvarov	Non-Executive Director (appointed 4 August 2016, ceased 11 September 2017);

The Board comprises of only one Non-Executive Director and three Executive Directors.

HearMeOut has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

Messrs Chamsi, Livian and Tasker are not considered to be independent as they are executive directors of the Company and in addition, Moran Chamsi is also a substantial holder.

##### **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.



## HearMeOut Limited

### Corporate Governance Statement

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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 has established a Board Skills Matrix. The Board Skills Matrix includes 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.

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.

## HearMeOut Limited

### Corporate Governance Statement

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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 "Investor Relations" section of the Company's website.

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.

## HearMeOut Limited

### Corporate Governance Statement

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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 reviews 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 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;

## HearMeOut Limited

### Corporate Governance Statement

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- 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

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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 2017 ("the Period").

#### ➤ INFORMATION ON DIRECTORS

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##### 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	11/09/2017
Dr Anton Uvarov	Non-Executive Director	4/08/2016	11/09/2017
Mr Glenn Whiddon	Non-Executive Chairman	11/09/2017	-
Mr David Tasker	Executive Director	11/09/2017	-

##### **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.

##### **Mr Yitzchak ("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 at 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.

##### **Mr Glenn Whiddon**

##### **BBus (EconFin)**

##### **Non-Executive Chairman**

**Appointed: 11 September 2017 to Current**

Mr Whiddon has experience in global investment markets. He has an extensive background in banking, corporate advisory and direct equity investments having worked for Bank of New York in Australia, Europe and Russia. Since 1994, Mr Whiddon has been the founding partner and director of a number of public companies listed on the ASX, TSX and AIM exchanges, in addition to various private companies, in the natural resource, finance and technology arenas. He holds an economics and finance degree from Macquarie University.

## HearMeOut Limited

### Directors' Report

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

- Non-Executive Chairman Auroch Minerals Ltd, (ASX: AOU). Appointed: 15 January 2013 – Current
- Non-Executive Director Fraser Range Metals Group Ltd, (ASX: FRN). Appointed: 3 March 2016 – Current
- Non-Executive Chairman Calima Energy Ltd, (ASX: CE1). Appointed: 2 June 2015 – Current
- Non-Executive Director Doriemus PLC, (ASX:DOR). Appointed: 29 September 2017 - Current

#### **Mr David Tasker**

**B.Com**

**Executive Director**

**Appointed: 11 September 2017 to Current**

Mr Tasker has extensive experience in the global capital markets, having led the capital markets function, as National Director – Investor Relations, for WWP ANZ owned company Professional Public Relations for more than 13 years. In this role, he directly oversaw the media and investor relations strategy, and associated implementation, for a large range of listed and unlisted companies. He has extensive contacts throughout the Australasian media and investor communities and he has served as a director of Australian public companies.

He also launched and retains co-ownership of leading investor focused publishing assets The Pick and TechInvest (website and magazine).

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

- Non-Executive Director International Goldfields Limited, (ASX: IGS). Appointed: 3 May 2013 – Current

The following Directors held office and resigned during the year:

#### **Mr Howard Digby**

**BE (Hons)**

**Non-Executive Chairman**

**Appointed: 4 August 2016 to 11 September 2017**

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.

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. Resigned: 3 April 2017
- Non-Executive Director of 4DS Memory Limited (ASX: 4DS) Appointed: 7 December 2015 – Current.
- Non-Executive Director of Omni Market Tide Limited (ASX: OMT). Appointed: 1 August 2017 – Current.
- Non-Executive Director of Elsie Limited (ASX: ELS) Appointed: 13 December 2016 – Current
- Non-Executive Director of Dimerix Ltd formerly Sun Biomedical Limited (ASX: DXB, formerly SBN). Appointed: 22 January 2013. Resigned: 23 November 2015.

#### **Dr Anton Uvarov**

**PhD BioChem.Med.Gen, MBA**

**Non-Executive Director**

**Appointed: 4 August 2016 to 11 September 2017**

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

## HearMeOut Limited

### Directors' Report

variety of industries and spectrum of market capitalisations 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. Resigned: 14 August 2017.
- 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.
- Non-Executive Director of Elsie Limited (ASX: ELS) Appointed: 13 December 2016 – Current.

#### 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	Incentive options
Mr Moran Chamsi (a)	7,555,710	16,371,581	755,577	14,416,004	1,200,000
Mr Yitzchak (Issy) Livian (b)	2,641,427	15,880,146	264,148	14,415,998	1,200,000
Mr Glenn Whiddon (c)	-	3,600,000	-	-	3,600,000
Mr David Tasker (c)	-	3,600,000	-	-	3,600,000
<b>Total</b>	<b>10,197,137</b>	<b>39,451,727</b>	<b>1,019,725</b>	<b>28,832,002</b>	<b>9,600,000</b>

- (a) Mr Chamsi: 7,555,710 ordinary shares are escrowed for a period of 24 months from listing on the ASX. 755,577 Vendor options are exercisable at \$0.20 each; expire on 2 December 2021 and are escrowed for a period of 24 months from listing on the ASX. 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 are escrowed for a period of 24 months from listing on the ASX. 1,200,000 Incentive options have a nil exercise price and expire on 28 December 2022. These options have vesting conditions attached. Refer to section 3(C) of the Remuneration Report for further information.
- (b) Mr Livian: 2,641,427 ordinary shares are escrowed for a period of 24 months from listing on the ASX. 264,148 Vendor options are exercisable at \$0.20 each; expire on 2 December 2021 and are escrowed for a period of 24 months from listing on the ASX. 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 are escrowed for a period of 24 months from listing on the ASX. 1,200,000 Incentive options have a nil exercise price and expire on 28 December 2022. These options have vesting conditions attached. Refer to section 3(C) of the Remuneration Report for further information.
- (c) Mr Glenn Whiddon & Mr David Tasker – Of the 3,600,000 Incentive options: 1,200,000 options have a nil exercise price; 1,200,000 options are exercisable at \$0.15 each; and 1,200,000 options are exercisable at \$0.25 each. The Incentive options expire on 28 December 2022 and have vesting conditions attached. Refer to section 3(C) of the Remuneration Report for further information.

## 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:

## HearMeOut Limited

### Directors' Report

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Director	Number of meetings available to attend	Number of meetings attended
Mr Moran Chamsi	9	9
Mr Yitzchak (Issy) Livian	9	9
Mr Howard Digby	7	7
Dr Anton Uvarov	7	7
Mr Glenn Whiddon	2	2
Mr David Tasker	2	2

### 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.

### 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 26 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) and Omni Market Tide Ltd (OMT).



➤ **OPERATIONS AND FINANCIAL REVIEW**

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**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) HearMeOut officially launches in the US
- b) HearMeOut joins SmartDeviceLink
- c) Social media star joins HearMeOut platform
- d) Jon Housman and Scott Lyons join HearMeOut's Advisory Board
- e) Ford approves HearMeOut's iOS version and open app to the US market
- f) HearMeOut App reaches top 20 spot in North American App Store downloads.
- g) HearMeOut exceeds 500,000 downloads on Google Play store
- h) HearMeOut adds Glenn Whiddon and David Tasker to its Board of Directors
- i) HMO collaborates with global technology leader to develop HOOP
- j) Larry King officially joins the HearMeOut platform

a) HearMeOut officially launches in the US

During March 2017, HearMeOut officially launched its platform in the US after strong interest following its oversubscribed IPO and ASX listing. The US market represents the largest single opportunity for HearMeOut in terms of consumer and commercial opportunities.

The Company's traction with Ford SYNC AppLink and the high level of consumer engagement during the Beta launch provided a roadmap for US success.

b) HearMeOut joins smart device link

In March 2017, HearMeOut joined Spotify, Waze and Accuweather on leading automotive infotainment platform, SmartDeviceLink (SDL). SDL is overseen by the SmartDeviceLink Consortium (SDLC), which was established by Ford Motor Company and Toyota Motor Corporation.

The SDLC also includes car manufacturers and brands such as Lexus, Lincoln, Mazda, Subaru, Suzuki, Peugeot, Citroen, DS and Daihatsu. In 2016, SDL Consortium members accounted for 34% of the 17.5 million car sales in the US. Working with SDL opens HearMeOut to the industry's largest consortium of automakers looking to enrich the driving experience through connected apps.

## HearMeOut Limited

### Directors' Report

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#### c) Social media star joins HearMeOut platform

In May 2017, HearMeOut progressed with influencer growth strategy by signing reality media star Danielle Bregoli, also known as the 'Cash Me Outside girl', as a new influencer on the platform.

Attracting social media influencers is a key part of the HearMeOut strategy to grow its user base. Danielle Bregoli posts on the audio social media platform under the @BhadBhabie pseudonym she already uses for other social accounts, including Instagram, Twitter and Snap. Bregoli has over 9.9 million followers on Instagram and over 1.7m Facebook followers. As at the date of this report, Danielle Bregoli has over 120,000 followers on the HearMeOut app.

#### d) Jon Housman and Scott Lyons join HearMeOut's Advisory Board

In May 2017, HearMeOut made significant movement with its growth ambitions by adding two senior executives from media and automotive spaces to its advisory board.

*Mr Jon Housman:*

Mr. Housman plays an important role 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.

From 2012 to 2016, Mr Housman served as Chief Executive Officer of Ora Media, the digital television network and production studio founded by television icon Larry King and noted investor Carlos Slim Helú. During his leadership, Ora introduced an innovative model for hybrid production and distribution, developing franchises across both digital and linear channels, working with such networks as ESPN, HBO, Hulu, and RT, while also developing its own digital syndication network, generating in excess of 35 million views per month.

*Mr Scott Lyons:*

Mr 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.

Mr Lyons advises on HearMeOut's overall growth strategy as he brings a wealth of knowledge, experience and contacts both in and outside the Auto-Industry.

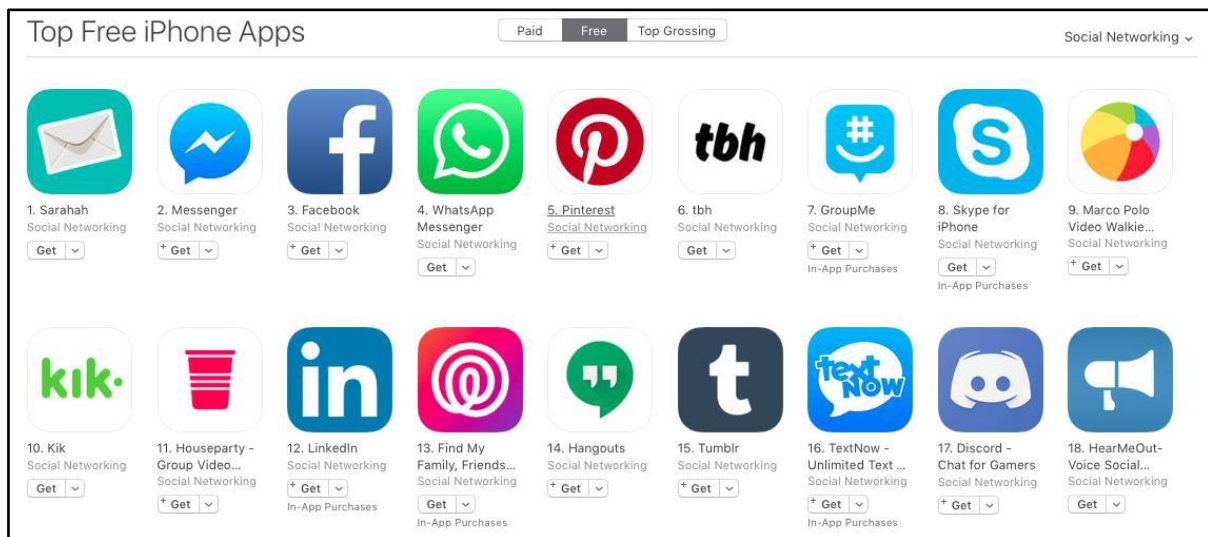
#### e) Ford approves HearMeOut's iOS version and open app to the US market

In June 2017, HearMeOut further strengthened its connected car growth strategy by developing the iOS version for Ford's AppLinkSync technology. Support for nearly all mobile devices in Ford vehicles, will enable opening new regions worldwide with Ford.

In August 2017, HearMeOut iOS (Apple devices) and android versions for Ford were approved by Ford to be used in their cars in Ford's biggest market, the US. By enabling HearMeOut to be used in Ford vehicles in the US, this significantly expands the potential user base for HearMeOut in the connected car space.

#### f) HearMeOut App reaches top 20 Spot in North American App Store downloads.

In August 2017, HearMeOut's app was listed as one of the top 20 most downloaded social media apps on the Apple iOS App store in the US and Canada along with Facebook, WhatsApp, Pinterest and others (See image below). One of the key pathways to monetising the HearMeOut platform is building a critical mass of users of the HearMeOut App.



g) HearMeOut exceeds 500,000 downloads on Google Play store

In November 2017, HearMeOut reached a significant growth milestone by achieving 500,000+ downloads on Google Play, the official app store for Android devices.

The platform received overwhelming positive reviews on Google Play (4.3 stars out of 5, with more than 2,800 reviews submitted); and experienced great growth on the App Store (Apple devices) as well.

Growth is expected to continue as the Company's influencer program expands and as third party content providers commence activity on the platform

h) HearMeOut adds Glenn Whiddon and David Tasker to its Board of Directors

In November 2017, the appointment of Mr Whiddon and Mr Tasker coincided with significant developments for HearMeOut at an operational and technical level; that the Company believes will assist in communicating the compelling investment proposition to current shareholders and the wider investment community.

*Mr Glenn Whiddon:*

Mr Whiddon has experience in global investment markets. He has an extensive background in banking, corporate advisory and direct equity investments having worked for the Bank of New York in Australia, Europe and Russia. Since 1994, Mr Whiddon has been the founding partner and director of a number of public companies listed on the ASX, TSX and AIM exchanges, in addition to various private companies, in the natural resource, finance and technology arenas. Mr Whiddon is currently chairman and serving as a director of a number of Australian and international publicly listed companies.

*Mr David Tasker*

Mr Tasker has extensive experience in the global capital markets, having led the capital markets function, as National Director of Investor Relations, for WWP ANZ owned company, Professional Public Relations, for more than 13 years. In this role, he directly oversaw the media and investor relations strategy, and associated implementation, for a large range of listed and unlisted companies. He has extensive contacts throughout the Australasian media and investor communities and he has served as a director of a number of Australian public companies.

## HearMeOut Limited

### Directors' Report

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i) HMO collaborates with global technology leader to develop HOOP

In November 2017, HearMeOut had significant advancement in the IOT field by developing the prototype of HOOP. HOOP, an Internet of Things (IoT) device, is compatible with any car steering wheel, letting drivers safely use the platform with both hands on the wheel. It will also be able to be used while out of the car. HOOP is being developed in conjunction with DSP Group®, Inc. (NASDAQ: DSPG) a leading global provider of wireless chipset solutions for converged communications.

HMO believes HOOP is a natural extension of its existing and successful "connected car" strategy.

j) Larry King officially joins the HearMeOut platform

In December 2017, HearMeOut's influencer network grew by announcing that, legendary broadcaster and one of the most recognisable voices in media, Mr Larry King, has begun posting original content on the HearMeOut platform. Mr King is widely recognised as one of the most accomplished and respected television and radio broadcasters of the modern era.

## 7. FINANCIAL PERFORMANCE

The financial performance of the Group during the year ended 31 December 2017 is as follows:

	Full year ended 31/12/2017	Full year ended 31/12/2016
	\$	\$
Income (\$)	11,820	25,025
Net loss after tax (\$)	(6,021,534)	(1,718,093)
Dividend (\$)	-	-

Income relates to \$11,820 in interest revenue earned on funds sitting in the Company's interest-bearing Cash Maximiser Account during the year.

Of the (\$6,021,534) net loss total, (\$2,960,356) relates to non-cash, share-based payments recognised during the year. Refer to Note 17: Share-based Payments for further information.

## 8. FINANCIAL POSITION

The financial position of the Group as at 31 December 2017 is as follows:

	As at 31/12/2017	As at 31/12/2016
	\$	\$
Cash and cash equivalents	2,634,459	5,968,323
Trade and other receivables	351,372	84,670
Net assets / Total equity	2,707,124	5,868,561
Contributed equity	8,153,465	8,153,465
Reserves	3,469,862	609,766
Accumulated losses	(8,916,204)	(2,894,670)

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

## HearMeOut Limited

### Directors' Report

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- Cash and cash equivalents: The movement in Cash and cash equivalents is largely the result of increased expenditure on business development and marketing; administration expenses; and research and development expenses during the year.
- Reserves: The movement in Reserves is largely the result of \$2,960,356 in non-cash, share-based payments recognised during the year. Refer to Note 17: Share-based Payments for further information. The remaining movement relates to foreign-currency exchange movements during the year.
- Additional requirements for Capital: The Company is dependent on requiring further financing either through capital raise or debt, and on its ability to generate income. If the Company is unable to do this, the Company may need to reduce the scope of its operations and scale back development and marketing programs. There is no guarantee the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

#### 9. DIVIDENDS

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

#### 10. OPTIONS

As at 31 December 2017, options on issue or issued during the year totalled 59,848,810 comprising:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 1,150,800 Advisor Options whereby 657,600 options have an exercise price of \$0.20; and 493,200 options have an exercise price of \$0.30. The Advisor Options expire on 2 May 2021 and are subject to vesting conditions. Refer to Table 7(c) within the Remuneration Report.
- 10,800,000 Incentive Options whereby 6,000,000 options have an exercise price of \$nil each; 2,400,000 have an exercise price of \$0.15 each; and 2,400,000 have an exercise price of \$0.25 each. The Incentive Options expire on 28 December 2022 and are subject to vesting conditions. Refer to Table 7(c) within the Remuneration Report.

## HearMeOut Limited

### Directors' Report

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- i. 150,000 Larry King Options, although not issued, were granted on 28 November 2017. They have an exercise price of \$0.20 each. The options expire on 28 November 2021 and are subject to vesting conditions. Refer to Note 17: Share-based Payments for further information.

Options issued subsequent to year end:

- j. 657,600 Advisor Options issued on 19 February 2018, with an exercise price of \$0.20 expiring on 19 February 2022 and are subject to vesting conditions.

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.

#### 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:

- Expansion in the three main pillars of the Company: Media, Influencers and Automotive technology.
- Adding worldwide content providers to share content in HearMeOut's platform.
- Continuing with successful growth via influencers and celebrities.
- Expanding partnership with Ford to additional regions.
- Advancing partnership with car manufacturers from the SDL consortium.
- Advancing partnership with car manufacturers outside of the SDL consortium.
- Continued development of IOT device, HOOP, and exploring commercial deals.
- Monetising data gathered from HearMeOut's technology.

#### 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.

➤ **REMUNERATION REPORT (AUDITED)**

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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 comprises 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:

<b>Name</b>	<b>Position</b>	<b>Appointed</b>	<b>Resigned</b>
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	11/09/2017
Dr Anton Uvarov	Non-Executive Director	4/08/2016	11/09/2017
Mr Glenn Whiddon	Non-Executive Chairman	11/09/2017	-
Mr David Tasker	Executive Director	11/09/2017	-
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.

# HearMeOut Limited

## Directors' Report

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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 Remuneration Report will be put to shareholders at the next Annual General Meeting.

### **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.



## HearMeOut Limited

### Directors' Report

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#### *LTI component:*

The LTI component is in the form of Performance Options and Incentive 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. Issue of Performance Options**

In the prior year, 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 Board feels that the Performance 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. The recipients of these options and the terms and conditions attached to these options are outlined below:

<b>Officer</b>	<b>Performance A</b>	<b>Performance B</b>	<b>Performance C</b>	<b>Performance D</b>	<b>Total</b>
Moran Chamsi	4,333,334	4,333,334	4,333,334	1,416,002	14,416,004
Titzchak (Issy) Livian	4,333,333	4,333,333	4,333,333	1,415,999	14,415,998
Lior Menashe	4,333,333	4,333,333	4,333,333	1,415,999	14,415,998
	<b>13,000,000</b>	<b>13,000,000</b>	<b>13,000,000</b>	<b>4,248,000</b>	<b>43,248,000</b>

#### *Summary terms and conditions of Performance Options*

- Each Performance Option entitles the holder to be issued one Share upon satisfaction of certain milestones.
- For details on the Performance Conditions, Exercise Price, Milestone Date and Expiry Date, refer to Section 7 of the Remuneration Report.
- The Performance Options will lapse on that date which is the earlier of:
  - (i) the Expiry Date; or
  - (ii) if a Performance Condition is not achieved by the Milestone Date; and
  - (iii) the Board making a determination that the Holder has acted fraudulently or is in breach of his or her obligations to the Company.
- 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.
- Performance Options are not transferable.
- No application for quotation of the Performance Options will be made by the Company.

##### **2. Issue of Incentive Options**

On 28 December 2017, pursuant to an option plan and as detailed in the Notice of General Meeting issued to Shareholders on 16 November 2017 and approved by Shareholders at this general meeting on 18 December 2017 (Grant Date), the Group issued remuneration in the form of Incentive Options. The Board feels that the Incentive 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. The recipients of these options and the terms and conditions attached to these options are outlined below:

## HearMeOut Limited

### Directors' Report

Officer	Tranche 1	Tranche 2	Tranche 3	Total
Glenn Whiddon	1,200,000	1,200,000	1,200,000	3,600,000
David Tasker	1,200,000	1,200,000	1,200,000	3,600,000
Moran Chamsi	1,200,000	-	-	1,200,000
Titzchak (Issy) Livian	1,200,000	-	-	1,200,000
Lior Menashe	1,200,000	-	-	1,200,000
	<b>6,000,000</b>	<b>2,400,000</b>	<b>2,400,000</b>	<b>10,800,000</b>

#### Summary terms and conditions of Incentive Options

- Each Incentive Option (Option) gives the holder (Optionholder) the right to subscribe for one fully paid ordinary share in the Company (Share) upon exercise of the Option.
- For details on the Performance Conditions, Exercise Price, Milestone Date and Expiry Date, refer to Section 7 of the Remuneration Report.
- Unless the Company's board of directors determines otherwise in its absolute discretion, an unexercised Option will lapse upon the earliest to occur of:
  - where an Optionholder purports to transfer, assign, mortgage, charge or otherwise dispose of or encumber (in whole or in part) an Option; or
  - the Expiry Date.

#### 4. Executive Remuneration Outcomes

During the financial years ended 31 December 2017 and 31 December 2016 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 2017:**

As at 31/12/2017	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 (i)	178,588	-	45,070	960,421	-	1,184,079	81%
Mr Issy Livian (ii)	178,519	-	44,980	960,421	-	1,183,920	81%
Mr Howard Digby (iii)	31,250	-	-	-	-	31,250	0%
Anton Uvarov (iv)	31,250	-	-	-	-	31,250	0%
Mr Glenn Whiddon (v)	13,945	-	-	12,356	-	26,301	47%
Mr David Tasker (vi)	27,857	-	-	12,356	-	40,213	31%
<u>Executives:</u>							
Lior Menashe (vii)	176,846	-	45,679	960,421	-	1,182,946	81%
Total	<b>638,255</b>	<b>-</b>	<b>135,729</b>	<b>2,905,974</b>	<b>-</b>	<b>3,679,958</b>	

## HearMeOut Limited

### Directors' Report

- (i) Mr Chamsi was appointed as Managing Director and Chief Executive Officer on 29 November 2016.
- (ii) Mr Livian was appointed as Executive Director and VP Business Development on 29 November 2016.
- (iii) Mr Digby was appointed as Non-Executive Chairman on 4 August 2016 and resigned on 11 September 2017.
- (iv) Mr Uvarov was appointed as Non-Executive Director on 4 August 2016 and resigned on 11 September 2017.
- (v) Mr Whiddon was appointed as Non-Executive Chairman on 11 September 2017.
- (vi) Mr Tasker was appointed as Executive Director on 11 September 2017.
- (vii) Mr Menashe was appointed as Chief Technology Officer on 1 December 2016.

**Table 2 - 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 fees \$	Cash bonus \$	Super-annuation \$	Options \$	Shares \$		
<u>Directors</u>							
Mr Moran Chamsi	105,650	-	23,010	100,517	-	229,177	44%
Mr Issy Livian	97,184	-	20,187	100,517	-	217,888	46%
Mr Howard Digby	3,750	-	-	-	-	3,750	-
Anton Uvarov	3,750	-	-	-	-	3,750	-
Paul Brown (i)	-	-	-	-	-	-	-
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) Mr 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) Mr 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 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.

### 5. Executive Contracts

- 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 \$14,500 per month. In addition, the Executive receives a pension and/or managers insurance (including disability insurance) allocation amount based on the Salary and Advanced Study Fund and other social benefits as customary. The Executives are also entitled to a company car or car expense reimbursements and to a company's cellular phone.
  - 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, 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 \$14,500 per month. In addition, the Executive receives a pension and/or managers insurance (including disability insurance) allocation amount based on the Salary and Advanced Study Fund and other social benefits as customary. The Executives are also entitled to a company car or car expense reimbursements and to a company's cellular phone.
    - 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, 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.

## HearMeOut Limited

### Directors' Report

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- 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 \$14,500 per month. In addition, the Executive receives a pension and/or managers insurance (including disability insurance) allocation amount based on the Salary and Advanced Study Fund and other social benefits as customary. The Executives are also entitled to a company car or car expense reimbursements and to a company's cellular phone.
  - 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, 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.

In the current year, the Company entered into contractual arrangements with the following Director listed below:

- Executive Director: Mr David Tasker
  - Contract Commencement Date: 11 September 2017
  - Term: The Director shall hold office from Commencement Date until the date of the Company's next annual general meeting. The Director 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: Either party may at any time during the Term, terminate the contract. The Director shall terminate by giving thirty (30) days written notice. HMO may immediately cease the Director's employment and may shorten all or part of the notice period, regardless of whether notice of termination was given by HMO or by the Director, and in such event the Director shall be entitled to receive remuneration as if the Director were to continue to be employed by HMO 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.
  - Director's Fee: \$90,000 per annum (plus GST) with effect from 11 September 2017 plus 1,200,000 Incentive Option as approved by shareholders at a General Meeting held on 18 December 2017.
  - Subject to periodic reviews.

# HearMeOut Limited

## Directors' Report

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### **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 \$76,445.

Their contractual arrangements are outlined below:

- Non-Executive Chairman - Mr Glenn Whiddon
  - Contract Commencement Date: 11 September 2017
  - Term: The Director shall hold office from Commencement Date until the date of the Company's next annual general meeting. The Director 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: Either party may at any time during the Term, terminate the contract. The Director shall terminate by giving thirty (30) days written notice. HMO may immediately cease the Director's employment and may shorten all or part of the notice period, regardless of whether notice of termination was given by HMO or by the Director, and in such event the Director shall be entitled to receive remuneration as if the Director were to continue to be employed by HMO 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.
  - Director's Fee: \$45,000 per annum (plus GST) with effect from 11 September 2017 plus 3,600,000 Incentive Option as approved by shareholders at a General Meeting held on 18 December 2017.
  - Subject to periodic reviews.
- Non-Executive Chairman - Mr Howard Digby (resigned 11 September 2017)
  - Contract Commencement Date: 4 August 2016 (Date of incorporation of the Company).
  - Director's Fee: \$45,000 per annum (plus GST) with effect from 1 December 2016.
  - Term: Mr Digby fulfilled his directorship through to 11 September 2017.
- Dr Anton Uvarov – Non-Executive Director (resigned 11 September 2017)
  - Contract Commencement Date: 4 August 2016 (Date of incorporation of the Company).
  - Director's Fee: \$45,000 per annum (plus GST) with effect from 1 December 2016.
  - Term: Mr Uvarov fulfilled his directorship through to 11 September 2017.

### **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. No options were exercised or lapsed during the year.

## HearMeOut Limited

### Directors' Report

Non-Executive Directors, Messrs Digby and Uvarov, held no options granted as remuneration in the Company. They both ceased their directorships on 11 September 2017.

All options mentioned in the table below were granted as remuneration, except for Vendor Options.

	Class	Balance at beginning of year 1/1/2017	Granted as remuneration	Options exercised	Net change other	Balance at end of year 31/12/2017	Vested at 31/12/2017	Not vested at 31/12/2017
<b>Directors</b>								
Moran Chamsi	Vendor (i)	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
	Incentive (1)	-	1,200,000	-	-	1,200,000	-	1,200,000
<b>Total Moran Chamsi</b>		<b>15,171,581</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>	<b>16,371,581</b>	<b>755,577</b>	<b>15,616,004</b>
Issy Livian	Vendor (i)	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
	Incentive (1)	-	1,200,000	-	-	1,200,000	-	1,200,000
<b>Total Issy Livian</b>		<b>14,680,146</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>	<b>15,880,146</b>	<b>264,148</b>	<b>15,615,998</b>
Glenn Whiddon	Incentive (1)	-	1,200,000	-	-	1,200,000	-	1,200,000
	Incentive (2)	-	1,200,000	-	-	1,200,000	-	1,200,000
	Incentive (3)	-	1,200,000	-	-	1,200,000	-	1,200,000
<b>Total Glenn Whiddon</b>		<b>-</b>	<b>3,600,000</b>	<b>-</b>	<b>-</b>	<b>3,600,000</b>	<b>-</b>	<b>3,600,000</b>
David Tasker	Incentive (1)	-	1,200,000	-	-	1,200,000	-	1,200,000
	Incentive (2)	-	1,200,000	-	-	1,200,000	-	1,200,000
	Incentive (3)	-	1,200,000	-	-	1,200,000	-	1,200,000
<b>Total David Tasker</b>		<b>-</b>	<b>3,600,000</b>	<b>-</b>	<b>-</b>	<b>3,600,000</b>	<b>-</b>	<b>3,600,000</b>
<b>Total Directors</b>		<b>29,851,727</b>	<b>9,600,000</b>	<b>-</b>	<b>-</b>	<b>39,451,727</b>	<b>1,019,725</b>	<b>38,432,002</b>
<b>Other KMP</b>								
Lior Menashe	Vendor (i)	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
	Incentive (1)	-	1,200,000	-	-	1,200,000	-	1,200,000
<b>Total Lior Menashe</b>		<b>14,738,855</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>	<b>15,938,855</b>	<b>322,857</b>	<b>15,615,998</b>
<b>Total Other KMP</b>		<b>14,738,855</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>	<b>15,938,855</b>	<b>322,857</b>	<b>15,615,998</b>
<b>Total KMP</b>		<b>44,590,582</b>	<b>10,800,000</b>	<b>-</b>	<b>-</b>	<b>55,390,582</b>	<b>1,342,582</b>	<b>54,048,000</b>

- (i) Vendor Options were not granted as remuneration. 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 Options"). There are no vesting conditions attached to these options, they vested upfront.

## HearMeOut Limited

### 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.

Non-Executive Directors, Messrs Digby and Uvarov, held no options granted as remuneration in the Company. They both ceased their directorships on 11 September 2017.

All options mentioned in the table below were granted as remuneration, except for Vendor Options.

	Class	# Options	Value of options granted during the year (\$)	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
<b>Directors</b>								
Moran Chamsi	Vendor	755,577	-	-	-	-	-	None
	A	4,333,334	-	-	-	397,549	34%	See 7 (c)
	B	4,333,334	-	-	-	304,635	26%	See 7 (c)
	C	4,333,334	-	-	-	137,536	12%	See 7 (c)
	D	1,416,002	-	-	-	112,813	10%	See 7 (c)
	Incentive (1)	1,200,000	162,000	-	-	7,888	1%	See 7 (c)
<b>Total Moran Chamsi</b>		<b>16,371,581</b>	<b>162,000</b>	<b>-</b>	<b>-</b>	<b>960,421</b>	<b>81%</b>	
Issy Livian	Vendor	264,148	-	-	-	-	-	None
	A	4,333,333	-	-	-	397,549	34%	See 7 (c)
	B	4,333,333	-	-	-	304,635	26%	See 7 (c)
	C	4,333,333	-	-	-	137,536	12%	See 7 (c)
	D	1,415,999	-	-	-	112,813	10%	See 7 (c)
	Incentive (1)	1,200,000	162,000	-	-	7,888	1%	See 7 (c)
<b>Total Issy Livian</b>		<b>15,880,146</b>	<b>162,000</b>	<b>-</b>	<b>-</b>	<b>960,421</b>	<b>81%</b>	
Glenn Whiddon	Incentive (1)	1,200,000	162,000	-	-	7,888	30%	See 7 (c)
	Incentive (2)	1,200,000	119,520	-	-	2,348	9%	See 7 (c)
	Incentive (3)	1,200,000	107,880	-	-	2,120	8%	See 7 (c)
<b>Total Glenn Whiddon</b>		<b>3,600,000</b>	<b>389,400</b>	<b>-</b>	<b>-</b>	<b>12,356</b>	<b>47%</b>	
David Tasker	Incentive (1)	1,200,000	162,000	-	-	7,888	20%	See 7 (c)
	Incentive (2)	1,200,000	119,520	-	-	2,348	6%	See 7 (c)
	Incentive (3)	1,200,000	107,880	-	-	2,120	5%	See 7 (c)
<b>Total David Tasker</b>		<b>3,600,000</b>	<b>389,400</b>	<b>-</b>	<b>-</b>	<b>12,356</b>	<b>31%</b>	
<b>Total Directors</b>		<b>39,451,727</b>	<b>1,102,800</b>	<b>-</b>	<b>-</b>	<b>1,945,553</b>		
<b>Other KMP</b>								
Lior Menashe	Vendor	322,857	-	-	-	-	-	None
	A	4,333,333	-	-	-	397,549	34%	See 7 (c)
	B	4,333,333	-	-	-	304,635	26%	See 7 (c)
	C	4,333,333	-	-	-	137,536	12%	See 7 (c)
	D	1,415,999	-	-	-	112,813	10%	See 7 (c)
	Incentive (1)	1,200,000	162,000	-	-	7,888	1%	See 7 (c)
<b>Total Lior Menashe</b>		<b>15,938,855</b>	<b>162,000</b>	<b>-</b>	<b>-</b>	<b>960,421</b>	<b>81%</b>	
<b>Total Other KMP</b>		<b>15,938,855</b>	<b>162,000</b>	<b>-</b>	<b>-</b>	<b>960,421</b>		
<b>Total KMP</b>		<b>55,390,582</b>	<b>1,264,800</b>	<b>-</b>	<b>-</b>	<b>2,905,974</b>		



## HearMeOut Limited

### Directors' Report

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#### 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.
5	Incentive Options (1)	Continuous provision of services to the Company from the date of grant until vesting date., this being 11 September 2018.
6	Incentive Options (2)	Vesting in tranches of 600,000 every six months after 11 September 2018 and becoming fully vested by 11 September 2020; upon the continuous provision of services to the Company from the date of grant until the relevant vesting dates. These vesting dates being 11 March 2019, 11 September 2019, 11 March 2020; and 11 September 2020.
7	Incentive Options (3)	As above.

#### d) Number of options awarded, vested and lapsed

The number of options on issue at the beginning of the year and the number of options granted during the year are shown in the table below. No options on issue during the year were exercised or lapsed.

Non-Executive Directors, Messrs Digby and Uvarov, held no options granted as remuneration in the Company. They both ceased their directorships on 11 September 2017.

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## Directors' Report

31/12/2017	Class	# Options	Financial year	Grant date	Issue date	Vesting date	Exercise price (\$)	Fair value per option at grant date (\$)	Expiry date	Number vested during the year	Number lapsed during the year
Directors											
Moran Chamsi	A	4,333,334	2016	2/12/2016	2/12/2016	30/06/2018	\$ 0.20	\$ 0.1500	1/01/2022	-	-
	B	4,333,334	2016	2/12/2016	2/12/2016	31/12/2018	\$ 0.20	\$ 0.1500	1/01/2022	-	-
	C	4,333,334	2016	2/12/2016	2/12/2016	31/12/2018	\$ 0.20	\$ 0.0660	1/01/2022	-	-
	D	1,416,002	2016	2/12/2016	2/12/2016	Note 1	\$ -	\$ 0.0860	1/01/2022	-	-
	Incentive (1)	1,200,000	2017	18/12/2017	28/12/2017	11/09/2018	\$ -	\$ 0.1350	28/12/2022	-	-
Issy Livian	A	4,333,333	2016	2/12/2016	2/12/2016	30/06/2018	\$ 0.20	\$ 0.1500	1/01/2022	-	-
	B	4,333,333	2016	2/12/2016	2/12/2016	31/12/2018	\$ 0.20	\$ 0.1500	1/01/2022	-	-
	C	4,333,333	2016	2/12/2016	2/12/2016	31/12/2018	\$ 0.20	\$ 0.0660	1/01/2022	-	-
	D	1,415,999	2016	2/12/2016	2/12/2016	Note 1	\$ -	\$ 0.0860	1/01/2022	-	-
	Incentive (1)	1,200,000	2017	18/12/2017	28/12/2017	11/09/2018	\$ -	\$ 0.1350	28/12/2022	-	-
Glenn Whiddon	Incentive (1)	1,200,000	2017	18/12/2017	28/12/2017	11/09/2018	\$ -	\$ 0.1350	28/12/2022	-	-
	Incentive (2)	1,200,000	2017	18/12/2017	28/12/2017	See Section 7 (c)	\$ 0.15	\$ 0.0996	28/12/2022	-	-
	Incentive (3)	1,200,000	2017	18/12/2017	28/12/2017	See Section 7 (c)	\$ 0.25	\$ 0.0899	28/12/2022	-	-
David Tasker	Incentive (1)	1,200,000	2017	18/12/2017	28/12/2017	11/09/2018	\$ -	\$ 0.1350	28/12/2022	-	-
	Incentive (2)	1,200,000	2017	18/12/2017	28/12/2017	See Section 7 (c)	\$ 0.15	\$ 0.0996	28/12/2022	-	-
	Incentive (3)	1,200,000	2017	18/12/2017	28/12/2017	See Section 7 (c)	\$ 0.25	\$ 0.0899	28/12/2022	-	-
Total Directors		38,432,002									
Other KMP											
Lior Menashe	A	4,333,333	2016	2/12/2016	2/12/2016	30/06/2018	\$ 0.20	\$ 0.1500	1/01/2022	-	-
	B	4,333,333	2016	2/12/2016	2/12/2016	31/12/2018	\$ 0.20	\$ 0.1500	1/01/2022	-	-
	C	4,333,333	2016	2/12/2016	2/12/2016	31/12/2018	\$ 0.20	\$ 0.0660	1/01/2022	-	-
	D	1,415,999	2016	2/12/2016	2/12/2016	Note 1	\$ -	\$ 0.0860	1/01/2022	-	-
	Incentive (1)	1,200,000	2017	18/12/2017	28/12/2017	11/09/2018	\$ -	\$ 0.1350	28/12/2022	-	-
Total Other KMP		15,615,998									
Total KMP		54,048,000									

## HearMeOut Limited

### Directors' Report

Note 1: For accounting purposes, the Performance D options have been fully expensed as at 31 December 2017 based upon the expected accounting vesting date determined at the grant date. Nonetheless they have not legally vested and therefore cannot be exercised until the performance condition attached to them has been met. This being, that they will legally vest upon the achievement of the first of either Performance A, B or C performance conditions being achieved. Refer to section 7(c) above for further information on the Performance Conditions attached to Performance Options on issue.

#### ➤ Shares

There were no shares issued as compensation to KMP during the financial year ended 31 December 2017. At 31 December 2017 the relevant interest of each KMP in ordinary fully paid shares of the Company were:

	Balance at beginning of year 1/1/2017	Granted as remuneration	On exercise of options	Net change other	Net change other	Balance at end of year 31/12/2017
<b>Directors</b>						
Moran Chamsi	7,555,710	-	-	-	-	<b>7,555,710</b>
Issy Livian	2,641,427	-	-	-	-	<b>2,641,427</b>
Howard Digby (i)	133,333	-	-	(133,333)	-	-
Anton Uvarov (ii)	433,333	-	-	(433,333)	-	-
Glenn Whiddon (iii)	-	-	-	-	-	-
David Tasker (iii)	-	-	-	-	-	-
Total Directors	<b>10,763,803</b>	-	-	<b>(566,666)</b>	-	<b>10,197,137</b>
<b>Other KMP</b>						
Lior Menashe	1,228,571	-	-	-	-	<b>1,228,571</b>
Total Other KMP	<b>1,228,571</b>	-	-	-	-	<b>1,228,571</b>
<b>Total KMP</b>	<b>11,992,374</b>	-	-	<b>(566,666)</b>	-	<b>11,425,708</b>

- (i) Howard Digby: Ceased his directorship on 11 September 2017. His shareholding of 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) Anton Uvarov: Ceased his directorship on 11 September 2017. His shareholding of 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.
- (iii) Glenn Whiddon and David Tasker were both appointed to the Board on 11 September 2017. Neither Director holds shares in the Company as at the date of this report.

#### **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.

At the Annual General Meeting of Shareholders held on 30 May 2017, the Remuneration Report was passed on a show of hands with 100% of the votes being in favour of the resolution.

#### **End of Audited Remuneration Report**

## HearMeOut Limited

### Directors' Report

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#### 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 financial year, HearMeOut Limited paid a premium to insure the directors and officers of the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entity in the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings.

This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage from themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

#### 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.

#### 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 2017 and 31 December 2016.

	As at 31 December 2017 \$	As at 31 December 2016 \$
<b>Non-audit services</b>		
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 2017 forms a part of the Directors' Report and can be found on page 35.

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.



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Mr Moran Chamsi  
Managing Director – Chief Executive Officer  
Tel Aviv, Israel  
Date: Wednesday, 28 February 2018

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

As lead auditor of HearMeOut Limited for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

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

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



Phillip Murdoch  
Director

BDO Audit (WA) Pty Ltd  
Perth, 28 February 2018

**HearMeOut Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 December 2017**

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		<b>Full year ended 31 December 2017</b>	Full year ended 31 December 2016
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Net foreign exchange gain		-	22,063
Interest income		11,820	2,962
Total income	5	11,820	25,025
Business development expenses	6	(1,614,260)	(419,423)
Administration expenses	6	(800,524)	(314,957)
Research & development expenses		(598,172)	(62,584)
Finance expense on convertible loans	12	-	(371,346)
Finance expenses		(58,077)	-
Share-based payment expenses	17	(2,960,356)	(574,051)
Employee expenses		-	-
Depreciation expense		(1,965)	(756)
Total expenses		(6,033,354)	(1,743,117)
<b>Loss Before Income Tax</b>		<b>(6,021,534)</b>	(1,718,092)
Income tax benefit/(expense)	7	-	-
<b>Loss for the Year</b>		<b>(6,021,534)</b>	(1,718,092)
<u>Other comprehensive income</u>			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange loss relating to subsidiary		(64,545)	35,715
<b>Total comprehensive loss for the Year</b>		<b>(6,086,079)</b>	(1,682,377)
<b>Loss per share for attributable to the ordinary equity holders of the company</b>			
Basic loss per share (cents)	15	<b>(9.16)</b>	(2.61)
Dilutive loss per share (cents)	15	<b>(9.16)</b>	(2.61)

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 December 2017**

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		As at 31 December 2017	As at 31 December 2016
	Note	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	2,634,459	5,968,323
Trade and other receivables	9	351,372	84,670
Intercompany loan receivable		-	-
<b>TOTAL CURRENT ASSETS</b>		<b>2,985,831</b>	<b>6,052,993</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	10	9,003	2,115
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,003</b>	<b>2,115</b>
<b>TOTAL ASSETS</b>		<b>2,994,834</b>	<b>6,055,108</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	287,710	186,547
Convertible note payable	12	-	-
<b>TOTAL LIABILITIES</b>		<b>287,710</b>	<b>186,547</b>
<b>NET ASSETS / (DEFICIENCY)</b>		<b>2,707,124</b>	<b>5,868,561</b>
<b>EQUITY</b>			
Contributed equity (net)	13	8,153,465	8,153,465
Reserves	14	3,469,862	609,766
Accumulated losses		(8,916,204)	(2,894,670)
<b>TOTAL EQUITY (DEFICIENCY)</b>		<b>2,707,124</b>	<b>5,868,561</b>

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 2017**

		<b>Full year ended</b>	<b>Full year ended</b>
		<b>31 December</b>	<b>31 December</b>
		<b>2017</b>	<b>2016</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		11,820	2,962
Interest paid/bank charges + exchange rate differences		(56,726)	(2,177)
Payments to suppliers & employees		(2,730,353)	(711,825)
Payments for research and development		(169,166)	(44,915)
<b>Net cash outflow used for operating activities</b>	<b>8</b>	<b>(2,944,425)</b>	<b>(755,955)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(8,853)	(1,349)
Pledged deposits		(280,325)	-
<b>Net cash outflow used for investing activities</b>		<b>(289,178)</b>	<b>(1,349)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from issue of shares		-	5,861,013
Proceeds from issue of convertible notes		-	785,183
<b>Net cash inflow from financing activities</b>		<b>-</b>	<b>6,646,196</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,233,603)</b>	<b>5,888,892</b>
Cash and cash equivalents at beginning of the Period		5,968,323	11,102
Foreign exchange differences		(100,260)	68,329
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>8</b>	<b>2,634,459</b>	<b>5,968,323</b>

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 2017**

	Contributed Equity	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Total
Full-year ended 31/12/2017	\$	\$	\$	\$	\$
Balance as at 1 January 2017	8,153,465	(2,894,669)	574,051	35,715	5,868,562
Loss for the Period	-	(6,021,534)	-	-	(6,021,534)
Other comprehensive loss	-	-	-	(100,260)	(100,260)
Total comprehensive loss for the Period	-	(6,021,534)	-	(100,260)	(6,121,794)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the Period	-	-	-	-	-
Capital raising costs	-	-	-	-	-
Share-based payments	-	-	2,960,356	-	2,960,356
<b>Balance as at 31 December 2017</b>	<b>8,153,465</b>	<b>(8,916,203)</b>	<b>3,534,407</b>	<b>(64,545)</b>	<b>2,707,124</b>

	Contributed Equity	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Total
Full-year ended 31/12/2016	\$	\$	\$	\$	\$
Balance as at 1 January 2016	685,486	(1,176,578)	-	-	(491,092)
Loss for the year	-	(1,718,091)	-	-	(1,718,091)
Other comprehensive income	-	-	-	35,715	35,715
Total comprehensive loss for the year	-	(1,718,091)	-	35,715	(1,682,376)
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	(2,894,669)	574,051	35,715	5,868,562

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 2017

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#### 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 2017 ("the Period"); and were authorised in accordance with a resolution of Directors on 28 February 2018.

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.

##### Going concern basis

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. For the year ended 31 December 2017 the group recorded a loss of \$6,021,534, net cash outflows from operating activities of \$2,944,425 and had net working capital of \$2,707,124.

The Directors have prepared a cash flow forecast which indicates that the entity would be required to raise funds to provide additional working capital and to continue to fund further development and marketing of the HearMeOut App and its operational activities. The ability of the Group to continue as a going concern is dependent on securing additional funding through capital raising to fund its ongoing commitments.

These conditions indicate a material uncertainty that may cast a significant doubt about the group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. The financial statements have been prepared on a going concern basis as the Directors expect the Group to be successful in securing additional funds through debt or equity issues, when and if required.

Should the group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the group not continue as a going concern.

# HearMeOut Limited

## Notes to the Financial Statements

### For the year ended 31 December 2017

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#### Capital Reorganisation

In the prior year, 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.

#### 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:

- *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. Additionally, it also includes judgement on the determination of non-market vesting conditions. 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 or loss when incurred.

**HearMeOut Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

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 2017, the Group does not meet the conditions to capitalise any development expenditure, therefore, all was recognised in profit or loss as incurred.

**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>	<p>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.</p> <p>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.</p> <p>Classification and measurement</p> <p>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.</p> <p>The main changes are described below.</p> <p><i>Financial assets</i></p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol> <p><i>Financial liabilities</i></p>	1 January 2018	1 July 2018

**HearMeOut Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

Reference	Title	Summary	Application date of standard*	Application date for Company*
		<p>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.</p> <p>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or loss</li> </ul> <p>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.</p> <p><b>Impairment</b></p> <p>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.</p> <p><b>Hedge accounting</b></p> <p>Amendments to AASB 9 (December 2009 &amp; 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.</p> <p>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.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>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.</p>		
AASB 15	Revenue from Contracts with Customers	<p>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).</p> <p>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:</p> <ul style="list-style-type: none"> <li>(a) Step 1: Identify the contract(s) with a customer</li> <li>(b) Step 2: Identify the performance obligations in the contract</li> <li>(c) Step 3: Determine the transaction price</li> <li>(d) Step 4: Allocate the transaction price to the performance obligations in the contract</li> </ul>	1 January 2018	1 July 2018

**HearMeOut Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

Reference	Title	Summary	Application date of standard*	Application date for Company*
		<p>(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</p> <p>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.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>		
AASB 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.</li> <li>• 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.</li> <li>• AASB 16 contains disclosure requirements for lessees.</li> </ul> <p>Lessor accounting</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> <p>AASB 16 supersedes:</p> <p>(a) AASB 117 Leases</p> <p>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</p> <p>(c) SIC-15 Operating Leases—Incentives</p> <p>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</p>	1 January 2019	1 July 2019

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Reference	Title	Summary	Application date of standard*	Application date for Company*
		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.		

\* 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 material 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.

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 2017:

	Cash and cash equivalents	Loan and receivables	Total
As at 31/12/2017	\$	\$	\$
<b>Financial assets:</b>			
Cash & cash equivalents	2,634,459	-	2,634,459
Trade and other receivables	-	351,372	351,372
Loan receivable	-	-	-
<b>Total current</b>	<b>2,634,459</b>	<b>351,372</b>	<b>2,985,831</b>
<b>Total assets</b>	<b>2,634,459</b>	<b>351,372</b>	<b>2,985,831</b>
<b>Financial liabilities:</b>			
Trade and other payables	-	287,710	287,710
Convertible note payable	-	-	-
<b>Total current</b>	<b>-</b>	<b>287,710</b>	<b>287,710</b>
<b>Total liabilities</b>	<b>-</b>	<b>287,710</b>	<b>287,710</b>
<b>Net exposure</b>	<b>2,634,459</b>	<b>63,662</b>	<b>2,698,121</b>



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	Cash and cash equivalents	Loan and receivables	Total
As at 31/12/2016	\$	\$	\$
Financial assets:			
Cash & cash equivalents	5,968,323	-	5,968,323
Trade and other receivables	-	84,670	84,670
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

**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, Bank Leumi Lelsrael Ltd; and various receivables with recognised third parties whereby none of the receivables are impaired or past due but not impaired.

*(i) Cash*

The Directors believe that there is negligible credit risk with the Group's cash and cash equivalents, as almost all of the funds are held at call with National Australia Bank and Bank Leumi Lelsrael Ltd, both reputable Banking institutions.

*(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.

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**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);
- (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 2017.

**Fair Values**

The carrying value of trade receivables and trade payables as at 31 December 2017, and 31 December 2016, are assumed to approximate their fair value due to their short-term nature.

**5. INCOME**

	<b>Full year ended 31 December 2017 \$</b>	<b>Full year ended 31 December 2016 \$</b>
<b>Income</b>		
Net foreign exchange gains	-	22,063
Interest income	11,820	2,962
	<b>11,820</b>	<b>25,025</b>

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 Profit or Loss and Other Comprehensive Income.

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**6. EXPENSES**

	<b>Full year ended 31 December 2017</b>	Full year ended 31 December 2016
	<b>\$</b>	<b>\$</b>
<u>Administration expenses</u>		
Fees, salaries and employee expenses	328,413	-
Legal and professional fees	363,646	204,590
General Administration	108,465	110,367
<b>Total administration expenses</b>	<b>800,524</b>	<b>314,957</b>
<u>Business development expenses</u>		
Fees, salaries and employee expenses	580,576	353,306
Travel and accommodation	60,353	24,136
Marketing and advertising expenses	973,331	41,981
<b>Total business development expenses</b>	<b>1,614,260</b>	<b>419,423</b>

**7. INCOME TAX**

	<b>As at 31 December 2017</b>	As at 31 December 2016
	<b>\$</b>	<b>\$</b>
<b>Tax effect accounting for the year ended 31 December 2017</b>		
<b>(a) Income tax expense / (benefit)</b>		
The components of income tax expense / (benefit) comprise:		
Current tax	-	-
Deferred tax	-	-
	<b>-</b>	<b>-</b>

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**(b) Reconciliation of income tax expense  
/ (benefit) to prima facie tax payable on  
accounting profit / (loss)**

	\$	\$
Operating loss before income tax	(6,021,534)	(1,718,092)
Prima facie tax payable / (benefit) at Australian rate of 30% (2016: 28.5%)	(1,806,460)	(489,656)
Adjusted for tax effect of the following amounts:		
Tax effect of different tax rate of foreign subsidiary	302,630	33,214
Taxable / non-deductible items	715,693	226,955
Non-taxable / deductible items	(32,544)	(30,917)
Income tax benefit not brought to account	820,681	260,404
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 27.5%, 2016: 28.5%)	329,423	52,240
Australian deductible temporary differences (at 27.5%, 2016: 28.5%)	45,981	46,758
Israeli carry forward tax losses (at 23%)	785,022	378,852
Israeli deductible temporary differences (at 23%)	111,198	32,588
Unrecognised net deferred tax assets	<b>1,271,624</b>	510,438

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.

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**8. CASH AND CASH EQUIVALENTS**

	<b>As at 31 December 2017 \$</b>	<b>As at 31 December 2016 \$</b>
Cash at bank and on hand	2,634,459	5,968,323
<b>Total cash and cash equivalents</b>	<b>2,634,459</b>	<b>5,968,323</b>

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**

	<b>Full year ended 31 December 2017 \$</b>	<b>Full year ended 31 December 2016 \$</b>
Loss for the year	(6,021,534)	(1,718,092)
Non cash items:		
Depreciation	1,965	756
Net foreign exchange gains	-	(22,063)
Share-based payment expense	2,960,356	574,051
Interest expense	-	369,169
<i>Change in assets and liabilities:</i>		
(Increase) in trade and other receivables	13,624	(80,057)
Decrease in short-term receivables	-	10,551
Increase in trade payables	101,164	109,730
	<b>(2,944,425)</b>	<b>(755,955)</b>

**Non-cash financing & investing activities**

As at 31 December 2017, the Group had no non-cash financing and investing activities.

**Financing facilities available**

As at 31 December 2017, 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.

**HearMeOut Limited**  
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**9. TRADE AND OTHER RECEIVABLES**

	<b>As at 31 December 2017 \$</b>	<b>As at 31 December 2016 \$</b>
Trade & other receivables	2,827	-
GST & VAT Receivables	25,600	84,670
Prepayments and pledged deposits	322,945	-
<b>Total trade and other receivables</b>	<b>351,372</b>	<b>84,670</b>

**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 Profit or Loss and Other 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 Profit or Loss and Other Comprehensive Income.

**Credit risk**

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. None of the current receivables are impaired or past due but not impaired.

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**10. PROPERTY, PLANT & EQUIPMENT**

	<b>As at 31 December 2017</b>	As at 31 December 2016
	<b>\$</b>	<b>\$</b>
At cost	12,772	3,919
Accumulated depreciation	(3,769)	(1,804)
<b>Total property, plant &amp; equipment</b>	<b>9,003</b>	<b>2,115</b>

Movements during the year:

	<b>Plant and Equipment</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Balance at 1/1/2017</b>	254	1,861	<b>2,115</b>
Acquisitions	-	8,901	<b>8,901</b>
Disposals	-	(48)	<b>(48)</b>
Depreciation	(254)	(1,711)	<b>(1,965)</b>
<b>Balance at 31/12/2017</b>	<b>-</b>	<b>9,003</b>	<b>9,003</b>

	Plant and Equipment	Computer Equipment	Total
Balance at 1/7/2016	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

**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.

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 Profit or Loss and Other 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 reporting date

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**11. TRADE AND OTHER PAYABLES**

	<b>As at 31 December 2017 \$</b>	<b>As at 31 December 2016 \$</b>
Trade and other payables (a)	151,912	66,554
Employee liabilities (b)	71,181	95,500
Provision for leave entitlements	64,617	24,493
<b>Total trade and other payables</b>	<b>287,710</b>	<b>186,547</b>

**(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 superannuation and pension contributions payable to the relevant authorities.

**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**

	<b>As at 31 December 2017 \$</b>	<b>As at 31 December 2016 \$</b>
Convertible note payable	-	-
<b>Total convertible note payable</b>	<b>-</b>	<b>-</b>



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Movements during the Period:

	<b>As at 31 December 2017 \$</b>	<b>As at 31 December 2016 \$</b>
Balance at the beginning of the year (ii)	-	442,062
Convertible loans issued by Parent (i)	-	765,000
Interest incurred on Parent loans (i)	-	255,000
Convertible loans issued by Subsidiary (ii)	-	20,183
Interest incurred on Subsidiary loans (ii)	-	114,169
Conversion of loans into shares	-	(1,596,414)
Balance at end of year	-	-

- (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**

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

**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.

**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.

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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
<b>Balance at 31/12/2017</b>		<b>65,759,990</b>		<b>8,153,465</b>

- (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 or 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.

### 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.

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**14. RESERVES**

	As at 31 December 2017 \$	As at 31 December 2016 \$
<b>Option reserve</b>	3,534,407	574,051
<b>Foreign currency translation reserve</b>	(64,545)	35,715
	<b>3,469,862</b>	<b>609,766</b>

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 2017 \$	As at 31 December 2016 \$
<b>Option reserve</b>		
Opening balance	574,051	-
Share-based payment expense	2,960,356	574,051
Closing balance	<b>3,534,407</b>	574,051

Foreign currency translation reserve:

	As at 31 December 2017 \$	As at 31 December 2016 \$
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the year	35,715	-
Foreign currency movement	(100,260)	35,715
Balance at end of year	<b>(64,545)</b>	<b>35,715</b>

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**15. EARNINGS PER SHARE**

	Full-year ended 31 December 2017 \$	Full-year ended 31 December 2016 \$
Basic EPS from continuing operations attributable to the ordinary share holders of the Company (cents)	(9.16)	(2.61)
Weighted number of ordinary shares	65,759,990	65,759,990
Net loss used in calculating EPS	(6,021,534)	(1,718,092)
Diluted EPS from continuing operations attributable to the ordinary share holders of the Company (cents)	(9.16)	(2.61)
Weighted number of ordinary shares used as the denominator	65,759,990	65,759,990
Net loss used in calculating diluted EPS	(6,021,534)	(1,718,092)

There are 59,848,810 unissued ordinary shares under option (of which 150,000 Larry King Options are granted but not yet issued) that have been 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 except for 657,600 Advisor Options issued on 19 February 2018, with an exercise price of \$0.20 each, expiring on 19 February 2022 and subject to vesting conditions.

**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.

**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	11/09/2017
Dr Anton Uvarov	Non-Executive Director	4/08/2016	11/09/2017
Mr Glenn Whiddon	Non-Executive Chairman	11/09/2017	-
Mr David Tasker	Executive Director	11/09/2017	-
Mr Lior Menashe	Chief Technology Officer	1/12/2016	-

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**Key Management Personnel Compensation:**

	<b>Full year ended 31 December 2017</b>	<b>Full year ended 31 December 2016</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	638,255	225,556
Post employment benefits	135,729	46,880
Share-based payment	2,905,974	301,551
	<b>3,679,958</b>	<b>573,987</b>

There were no long-term benefits or termination benefits paid out during the years ended 31 December 2017 and 31 December 2016. 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 20 to 32.

**17. SHARE-BASED PAYMENTS**

As at 31 December 2017, there are 59,848,810 unissued ordinary shares under option (of which 150,000 Larry King Options are granted but not yet issued) comprising the following:

<b>Class of Options</b>	<b># Options</b>	<b>Share-based payment expense @ 31/12/2017</b>	<b>Remaining share- based payment expense @ 31/12/2017</b>	<b>Reference</b>
Performance Options	43,248,000	\$ 2,857,598	\$ 1,964,182	(a)
Broker Options	2,500,000	\$ -	\$ -	(b)
Vendor Options	2,000,010	\$ -	\$ -	(b)
Incentive Options	10,800,000	\$ 48,376	\$ 1,216,424	(c)
Advisor Options	1,150,800	\$ 53,830	\$ 49,771	(d)
Larry King Options	150,000	\$ 552	\$ 17,823	(e)
	<b>59,848,810</b>	<b>\$ 2,960,356</b>	<b>\$ 3,248,200</b>	

As at the date of signing this report, there were 60,506,410 unissued ordinary shares under option due to an additional 657,600 Advisor Options being issued subsequent to year end, on 19 February 2018, with an exercise price of \$0.20 each, expiring on 19 February 2022 and subject to vesting conditions.

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.

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(a) Performance Options

During the prior year, the Group provided benefits to 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 was determined using fair value inputs using a Black Scholes valuation model on Performance A and B Options; and Trinomial model on Performance C and D Options. 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 cost of these equity-settled transactions, and the inputs used, are outlined below:

	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 @ 31/12/2017	Remaining Share-based payment expense balance @ 31/12/2017
<b>Performance Options</b>											
Moran Chamsi	A	4,333,334	2016	2/12/2016	30/06/2018	Note 2	1/01/2022	\$ 0.20	\$ 0.1500	397,549	204,609
Moran Chamsi	B	4,333,334	2016	2/12/2016	31/12/2018	Note 2	1/01/2022	\$ 0.20	\$ 0.1500	304,635	312,582
Moran Chamsi	C	4,333,334	2016	2/12/2016	31/12/2018	Note 2	1/01/2022	\$ 0.20	\$ 0.0660	137,536	137,536
Moran Chamsi	D	1,416,002	2016	2/12/2016	Note 1	Note 2	1/01/2022	\$ -	\$ 0.0860	112,813	-
Issy Livian	A	4,333,333	2016	2/12/2016	30/06/2018	Note 2	1/01/2022	\$ 0.20	\$ 0.1500	397,549	204,609
Issy Livian	B	4,333,333	2016	2/12/2016	31/12/2018	Note 2	1/01/2022	\$ 0.20	\$ 0.1500	304,635	312,582
Issy Livian	C	4,333,333	2016	2/12/2016	31/12/2018	Note 2	1/01/2022	\$ 0.20	\$ 0.0660	137,536	137,536
Issy Livian	D	1,415,999	2016	2/12/2016	Note 1	Note 2	1/01/2022	\$ -	\$ 0.0860	112,813	-
Lior Menashe	A	4,333,333	2016	2/12/2016	30/06/2018	Note 2	1/01/2022	\$ 0.20	\$ 0.1500	397,549	204,609
Lior Menashe	B	4,333,333	2016	2/12/2016	31/12/2018	Note 2	1/01/2022	\$ 0.20	\$ 0.1500	304,635	312,582
Lior Menashe	C	4,333,333	2016	2/12/2016	31/12/2018	Note 2	1/01/2022	\$ 0.20	\$ 0.0660	137,536	137,536
Lior Menashe	D	1,415,999	2016	2/12/2016	Note 1	Note 2	1/01/2022	\$ -	\$ 0.0860	112,813	-
<b>Total Performance Options</b>		<b>43,248,000</b>								<b>2,857,598</b>	<b>1,964,182</b>

Note 1: For accounting purposes, the Performance D options have been fully expensed as at 31 December 2017 based upon the expected accounting vesting date determined at the grant date. Nonetheless they have not legally vested and therefore cannot be exercised until the performance condition attached them has been met. This being, that they will legally vest upon the achievement of the first of either Performance A, B or C performance conditions being achieved. Refer to Note 2 below for further information on the Performance Conditions attached to Performance Options on issue.

Note 2: Vesting conditions attached to the Performance Options are detailed below:

1. Performance Options A - Upon the HearMeOut App being available for download in at least 3,000,000 cars not including Ford cars worldwide.

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2. Performance Options B - 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 Options C - 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 Options D - Upon the achievement of the first of the above performance conditions to be achieved.

The Company estimated the vesting date of Performance A options based on our discussions and business development activities with different car manufacturers and participation in events. The Company estimated the vesting date of Performance B options based on our marketing and R&D activities, including, among others, influencers outreach and redesigning the app for improved engagement retention and acquisition. For Performance C options there is no non-market condition, and from an accounting perspective, Performance D options are treated similar to Performance C options.

Fair value inputs using Black Scholes valuation model on Performance A and B Options; and Trinomial model on Performance C and D Options:

<b>Class</b>	<b>Risk free rate % (i)</b>	<b>Volatility factor % (ii)</b>
Performance A Options	2.60%	100%
Performance B Options	2.26%	100%
Performance C Options	2.26%	100%
Performance D Options	2.26%	100%

- (i) A risk-free rate of a five-year Australian Government bond has been used on the Performance Options.
- (ii) Given the Company listed on the ASX on the 5 December 2016, there was no continuous current market value for the shares on which the volatility could be calculated. 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%.

(b) Broker Options and Vendor Options

During the prior year, the Group provided benefits to Brokers and Vendors in connection with the acquisition of HMO Israel by the Company on 2 December 2016. See note 18 below.

There was no share-based payment attached to the Vendor Options; and with no performance conditions attached, they vested upfront. There was no share-based payment cost charged in the current financial year for the Broker Options issued in the prior year as there were no performance conditions attached to these options and they vested upfront, with the full cost of these equity-settled transactions being recognised as at 31 December 2016.

(c) Incentive Options

On 28 December 2017, pursuant to an option plan and as detailed in the Notice of General Meeting issued to Shareholders on 16 November 2017 and approved by Shareholders at this general meeting on 18 December 2017 ("grant date"), the Group issued remuneration in the form of Incentive Options. The recipients of these options and the terms and conditions attached to these options are outlined in the Remuneration Report.

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 and the cost of the Incentive Options are outlined below:

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	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 @ 31/12/2017	Remaining Share-based payment expense balance @ 31/12/2017
<b>Incentive Options</b>											
Moran Chamsi	Incentive 1	1,200,000	2017	18/12/2017	11/09/2018	See below	28/12/2022	\$ -	\$ 0.1350	7,888	154,112
Issy Livian	Incentive 1	1,200,000	2017	18/12/2017	11/09/2018	See below	28/12/2022	\$ -	\$ 0.1350	7,888	154,112
Glenn Whiddon	Incentive 1	1,200,000	2017	18/12/2017	11/09/2018	See below	28/12/2022	\$ -	\$ 0.1350	7,888	154,112
Glenn Whiddon	Incentive 2	1,200,000	2017	18/12/2017	See Note 1	See below	28/12/2022	\$ 0.15	\$ 0.1350	2,348	117,172
Glenn Whiddon	Incentive 3	1,200,000	2017	18/12/2017	See Note 2	See below	28/12/2022	\$ 0.25	\$ 0.0996	2,120	105,760
David Tasker	Incentive 1	1,200,000	2017	18/12/2017	11/09/2018	See below	28/12/2022	\$ -	\$ 0.0899	7,888	154,112
David Tasker	Incentive 2	1,200,000	2017	18/12/2017	See Note 1	See below	28/12/2022	\$ 0.15	\$ 0.1350	2,348	117,172
David Tasker	Incentive 3	1,200,000	2017	18/12/2017	See Note 2	See below	28/12/2022	\$ 0.25	\$ 0.0996	2,120	105,760
Lior Menashe	Incentive 1	1,200,000	2017	18/12/2017	11/09/2018	See below	28/12/2022	\$ -	\$ 0.0899	7,888	154,112
<b>Total Incentive Options</b>		<b>10,800,000</b>								<b>48,376</b>	<b>1,216,424</b>

Vesting conditions attached to the Incentive Options are detailed below:

1. 6,000,000 Tranche 1 Incentive Options shall vest on the Cliff Date, this being 11 September 2018, upon the continuous provision of services to the Company from the date of grant until the relevant vesting date.
2. 2,400,000 Tranche 2 Incentive Options shall vest incrementally upon the continuous provision of services to the Company from the date of grant until the relevant vesting date. 600,000 options shall vest at the end of each 6-month period after the Cliff Date, this being 11 September 2018. Such that all Tranche 2 Incentive Options will become vested by 11 September 2020.
3. 2,400,000 Tranche 3 Incentive Options shall vest incrementally upon the continuous provision of services to the Company from the date of grant until the relevant vesting date. 600,000 options shall vest at the end of each 6-month period after the Cliff Date, this being 11 September 2018. Such that all Tranche 2 Incentive Options will become vested by 11 September 2020.

Fair value inputs using Black Scholes valuation model:

Class	Risk free rate % (i)	Volatility factor % (ii)
Incentive Options	2.33%	100%



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- (i) A risk-free rate of a five-year Australian Government bond has been used on the Incentive Options.
- (ii) Given the Company listed on the ASX on the 5 December 2016, there was only approximately 12.8 months of share trading on ASX and the share prices in that period ranged between 7.0 cents and 30.0 cents. Over the past three months to 18 December 2017, the shares traded in the narrower range of 13.5 cents to 19.5 for a simple volatility from the low of approximately 86% (around 45% from 1 July 2017 to 18 December 2017). 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%.
- (d) Advisor Options

During the year, the Company issued 657,600 Advisor Options with an exercise price of \$0.20 each and an expiry date of 24 April 2021; and 493,200 Advisor Options with an exercise price of \$0.30 each and an expiry date of 20 April 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.

	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 @ 31/12/2017	Remaining Share-based payment expense balance @ 31/12/2017
<b>Advisor Options</b>											
Tranche 1	Advisor	657,600	2017	24/04/2017	See Note 1	See Note 1	24/04/2021	\$ 0.20	\$ 0.0935	\$ 34,199	\$ 27,311
Tranche 2	Advisor	493,200	2017	20/04/2017	See Note 2	See Note 2	20/04/2021	\$ 0.30	\$ 0.0854	\$ 19,631	\$ 22,460
<b>Total Advisor Options</b>		<b>1,150,800</b>								<b>\$ 53,830</b>	<b>\$ 49,771</b>

Vesting conditions attached to the Advisor Options are detailed below:

- Of the 657,600 Tranche 1 Advisor Options, 8.33% of the options (this being 54,778 options) will vest on grant date (Cliff Date: 24 July 2017) and thereafter at 2.78% each month (this being 18,281 options each month) for 33 months after Cliff Date. Such that all options will become vested by 24 April 2020.
- Of the 493,200 Tranche 2 Advisor Options, 33.36% of the options (this being 164,532 options) will vest 12 months after grant date, on Cliff Date: 20 April 2018; and thereafter at 8.33% each quarter months (this being 41,084 each quarter) after Cliff Date for 2 years. Such that all options will become vested by 20 April 2020.

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Fair value inputs using Black Scholes valuation model:

<b>Class</b>	<b>Risk free rate % (i)</b>	<b>Volatility factor % (ii)</b>
Advisor Options - Tranche1	1.75%	100%
Advisor Options - Tranche2	1.75%	100%

- (i) The approximate risk-free rate of a four-year Australian Government bond was used.
- (ii) 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%.

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

(e) Larry King Options

During the year, the Company granted 150,000 Larry King Options with an exercise price of \$0.20 each and an expiry date of 28 November 2021. The options will only be issued once certain Issue Conditions are met, see Vesting Conditions below.

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 input:

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	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 @ 31/12/2017	Remaining Share-based payment expense balance @ 31/12/2017
<b>Larry King Options</b>											
Larry King	LK	150,000	2017	28/11/2017	See below	See below	28/11/2021	\$ 0.20	\$ 0.1225	\$ 552	\$ 17,823
<b>Total Larry King Options</b>		<b>150,000</b>								<b>\$ 552</b>	<b>\$ 17,823</b>

Vesting conditions attached to the Larry King Options are detailed below:

- All Options will be issued to the Optionholder on the first business day following the date that the Optionholder reaches 300,000 unique new followers on the Company's social network application (HMO App) (Issue Condition), provided that the Optionholder:
  - satisfies the Issue Condition on or prior to 28 November 2018 (Vesting Date); and
  - continuously provides the Services (as defined in the Talent Agreement) to the Company from 28 November 2017 until the Grant Date.
- Once issued, all Options shall vest with the Optionholder on the date that is two years following the Vesting Date, subject to the Optionholder's continued provision of Services to the Company from the Grant Date until the Vesting Date. If any takeover, merger, trade sale or change of control event occurs, any granted but unvested Options will immediately vest (subject to the Optionholder's continued provision of services to the Company from the date of grant up until the relevant date).

Fair value inputs using Black Scholes valuation model:

Class	Risk free rate % (i)	Volatility factor % (ii)
Larry King Options	2.33%	100%

- The approximate risk-free rate of a five-year Australian Government bond was used.
- As the Company listed on the ASX on the 5 December 2016, there was only approximately 23 months of share trading on the ASX, and the share prices in that period ranged between 7.0 cents and 30.0 cents. Over the past three months to 28 November 2017, the shares traded in the narrower range of 11. cents to 20.0 for a simple volatility from the low of approximately 86% (around 82%) (not using a computer-generated volatility calculator). 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%.

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**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').

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 reporting 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: Key Management Personnel and Note 17: Share-based Payments, there were no transactions with Key Management Personnel and no other related party transactions that occurred during the Period.

(a) Prior year ended 31 December 2016 - 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 Options"). 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) Prior year ended 31 December 2016 - 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 provided services as a supplier to the subsidiary with fees totalling USD \$33,306 during the year ended 31 December 2016, which equated to approximately AUD \$44,814.

**19. CONTINGENCIES**

The Directors are not aware of any contingent liabilities or assets as at 31 December 2017 (2016: \$Nil).

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**20. COMMITMENTS**

Other than what is mentioned below, the Group has no other future commitments existing as at 31 December 2017 (2016: Nil).

Rental Agreement

	<b>Year-ended 31/12/2017</b>	Year-ended 31/12/2016
	<b>\$</b>	<b>\$</b>
Within one year	25,067	5,932
After one year but not more than five years	-	77,043
More than five years	-	-
	<b>25,067</b>	<b>82,975</b>

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.

Lease Agreement

	<b>Year-ended 31/12/2017</b>	Year-ended 31/12/2016
	<b>\$</b>	<b>\$</b>
Within one year	38,951	5,932
After one year but not more than five years	42,197	77,043
More than five years	-	-
	<b>81,148</b>	<b>82,975</b>

The Subsidiary, HearMeOut Ltd, currently leases three cars.

**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. In the period year ended 31 December 2016, 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.

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**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	country of incorporation	Ownership interest held by the group		Principal activities
		2017	2016	
HearMeOut Ltd	Israel	100%	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.

**23. REMUNERATION OF AUDITOR**

	As at 31 December 2017 \$	As at 31 December 2016 \$
<b>Audit &amp; review services</b>		
BDO Audit (WA) Pty Ltd	33,256	16,812
Non-related entities: KMPG (Israel)	18,551	13,884
<b>Non-audit services</b>		
BDO (WA) Pty Ltd - Investigating Accountant's Report	-	11,280
Non-related entities: KPMG (Israel) - tax matters	-	13,455
	<b>51,807</b>	<b>55,432</b>

**24. 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.

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**25. PARENT ENTITY NOTE**

	As at 31 December 2017	As at 31 December 2016
Note	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,800,497	4,833,262
Trade and other receivables	12,593	51,357
<b>TOTAL CURRENT ASSETS</b>	<b>1,813,090</b>	<b>4,884,619</b>
<b>NON-CURRENT ASSETS</b>		
Intercompany loan receivable	-	700,767
Investment in subsidiary	914,871	301,548
<b>TOTAL NON-CURRENT ASSETS</b>	<b>914,871</b>	<b>1,002,315</b>
<b>TOTAL ASSETS</b>	<b>2,727,961</b>	<b>5,886,934</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	20,837	18,373
<b>TOTAL CURRENT LIABILITIES</b>	<b>20,837</b>	<b>18,373</b>
<b>NON-CURRENT LIABILITIES</b>		
Intercompany loan payable	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>20,837</b>	<b>18,373</b>
<b>NET ASSETS</b>	<b>2,707,124</b>	<b>5,868,561</b>
<b>EQUITY</b>		
Contributed equity (net)	6,978,342	6,978,342 *
Reserves	3,469,701	592,651 *
Accumulated losses	(7,740,919)	(1,702,432)
<b>TOTAL EQUITY</b>	<b>2,707,124</b>	<b>5,868,561</b>
Profit / (loss) for the year	(6,038,487)	(1,702,432)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	<b>(6,038,487)</b>	<b>(1,702,432)</b>

\*Reclassified prior year numbers.

The parent entity has no commitments or contingent liabilities at 31 December 2017 (2016: 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**  
**Directors' Declaration**  
**For the year ended 31 December 2017**

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In the Directors opinion:

1. The financial statements and notes set out on pages 36 to 68, 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 31 December 2017 and of its performance for the year ended on that date;
2. The remuneration disclosure included in the audited Remuneration Report in the Directors' Report complies with Section 300A of the *Corporations Act 2001*.
3. 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*.
4. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
5. Subject to disclosure in Note 2 "Going concern basis", 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.



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Mr Moran Chamsi  
Managing Director – Chief Executive Officer  
Tel Aviv, Israel  
Date: Wednesday, 28 February 2018



## 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 2017, 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 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

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

#### Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

## 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.

### Accounting for share-based payments

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year ended 31 December 2017, the Group issued incentive options to key management personnel which have been accounted for as share-based payments.</p> <p>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 arrangements.</p> <p>In addition, there were a number of performance options issued to key management personnel in the prior period which required management to re-assess the expected achievement and timing of non-market performance conditions.</p> <p>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments, we consider the Group's accounting for share-based payments to be a key audit matter.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements</li> <li>• Holding discussions with management to understand the share-based payment arrangements in place, and, where applicable evaluating management's assessment of the likelihood of achieving the non-market performance conditions attached to the share-based payments</li> <li>• Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation model used and assessing the valuation inputs using internal specialists where appropriate</li> <li>• Assessing the allocation of the share-based payment expense over the relevant vesting period</li> <li>• Assessing the adequacy of the Group's disclosures in Notes 2 and 17 of the financial report.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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 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, 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.

#### 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](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 20 to 34 of the directors' report for the year ended 31 December 2017.

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

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

Phillip Murdoch

Director

Perth, 28 February 2018

## HearMeOut Limited

### ASX Additional Information

The shareholder information set out below was applicable as at 21 February 2018

As at 21 February 2018 there were 491 holders of fully paid ordinary 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:

Fully Paid Ordinary 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%
Mrs Wishny Sritharan Krishnarajah	3,623,333	5.51%
Esop Management and Trust Service Ltd <Yitzchak (Issy) Livian A/C>	2,641,427	4.02%
Interinvest HK Limited	2,500,000	3.80%
Mr Paul Gregory Brown & Mrs Jessica Oriwia Brown <Brown Super Fund A/C>	2,175,000	3.31%
Mr Seah Kee Khoo	2,000,000	3.04%
CR Investments Pty Ltd	1,750,000	2.66%
Mr Anthony De Nicola & Mrs Tania Louise De Nicola <De Nicola Family S/F A/C>	1,550,000	2.36%
Gnat Pty Ltd <G&N Investment A/C>	1,500,000	2.28%
Jessica Oriwia Brown	1,500,000	2.28%
Mr Michael John Najdek	1,345,853	2.05%
Esop Management and Trust Service Ltd <Lior Menashe A/C>	1,228,571	1.87%
Esop Management and Trust Service Ltd <Stuff Partners Limited A/C>	859,999	1.31%
Jetmax Trading Pty Ltd	750,000	1.14%
Mr Dimce Spaseski	681,460	1.04%
Esop Management and Trust Service Ltd <Reediyal Ltd A/C>	571,428	0.87%
Brown Bricks Pty Ltd <HM A/C>	540,251	0.82%
BT Global Holdings Pty Ltd <BT Unit A/C>	500,000	0.76%
Mr Kim Steven Wilhelm	460,000	0.70%
AET Services Limited <Hampton Park Pty Ltd>	433,000	0.66%
<b>Total</b>	<b>41,968,887</b>	<b>63.82%</b>

#### SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 21 February 2018 are:

Name	No of Shares Held	% of Issued Capital
Vaizra Growth Ltd	7,802,855	11.87%
Moran Chamsi	7,555,710	11.49%
Wishny Sritharan Krishnarajah	3,418,071	5.20%

## HearMeOut Limited

### ASX Additional Information

#### DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	10	2,008	0.00%
1,001 - 5,000	70	259,709	0.39%
5,001 - 10,000	86	762,029	1.16%
10,001 - 100,000	246	10,818,944	16.45%
100,001 - 9,999,999,999	49	53,917,300	82.00
<b>Totals</b>	<b>491</b>	<b>65,759,990</b>	<b>100.00%</b>

Unmarketable Parcels – 3 Holders

#### RESTRICTED SECURITIES

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

- 20,034,873 Ordinary Fully Paid Shares escrowed until 6 December 2018
- 2,500,000 Options Expiring 2 December 2019 @ \$0.30 escrowed until 6 December 2018
- 1,428,582 Options Expiring 2 December 2021 @ \$0.20 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 21 February 2018, 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 – 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%

##### 657,600 Options Expiring 2 May 2021 @ \$0.20 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Jon Housman	657,600	100.00%

##### 493,200 Options Expiring 2 May 2021 @ \$0.30 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
HoxtonTwelve UG	493,200	100.00%

## HearMeOut Limited

### ASX Additional Information

#### 657,600 Options Expiring 19 February 2022 @ \$0.20 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Jon Housman	657,600	100.00%

#### 13,000,000 Performance Class A Options<sup>1</sup> 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%

#### 13,000,000 Performance Class B Options<sup>1</sup> 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%

#### 13,000,000 Performance Class C Options<sup>1</sup> 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%

#### 4,248,000 Performance Class D Options<sup>1</sup> 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%

#### 6,000,000 Options Expiring 28 December 2022 @ \$0.00 – 5 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Moran Chamsi	1,200,000	20.00%
Titzchac Livian	1,200,000	20.00%
Lior Menashe	1,200,000	20.00%
Glenn Ross Whiddon	1,200,000	20.00%
David Raymond Tasker	1,200,000	20.00%

#### 2,400,000 Options Expiring 28 December 2022 @ \$0.15 – 2 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Glenn Ross Whiddon	1,200,000	50.00%
David Raymond Tasker	1,200,000	50.00%

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

## HearMeOut Limited

### ASX Additional Information

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#### **2,400,000 Options Expiring 28 December 2022 @ \$0.25 – 2 Holders**

*Holders with more than 20%*

<b>Holder Name</b>	<b>Holding</b>	<b>% IC</b>
Glenn Ross Whiddon	1,200,000	50.00%
David Raymond Tasker	1,200,000	50.00%

#### **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.