

1. Company details

Name of entity

HEARMEOUT LIMITED

ABN or equivalent company reference

54 614 043 177

Financial year ended ('reporting period')

31 December 2018

Financial year ended ('previous corresponding period')

31 December 2017

2. Results for announcement to the market

		Full Year End 31/12/2018	Full Year End 31/12/2017	Increase/ (decrease) %	Amount change (\$)
2.1	Revenues from ordinary activities	6,706	11,820	(43%)	(5,114)
2.2	Profit / (loss) from ordinary activities after tax attributable to members	337,192	(6,02,533)	(106%)	6,358,725
2.3	Net profit / (loss) for the period attributable to members	337,192	(6,02,533)	(106%)	6,358,725
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	<p>A brief explanation of the figures in 2.1 to 2.3</p> <p>Income relates to interest revenue earned on funds sitting in the Company's Cash Maximiser Account.</p> <p>The Company incurred the following expenses during the financial year, \$675,737 on administration expenses, \$729,647 on business development and \$463,835 on research and development expenses.</p> <p>During the financial year, the Company cancelled 43,248,000 performance options and 1,314,937 advisor options lapsed, which resulted in a reversal of prior year options of \$3,420,762. This non-cash transaction therefore resulted in a profit of \$337,192 during the financial year.</p>				

	As at 31/12/2018	As at 31/12/2017
Net Tangible Asset (NTA) per share		
Number of shares on Issue	65,759,990	65,759,990
Net Tangible Assets	924,727	2,707,124
NTA backing per ordinary share	\$0.01	\$0.04

3. Statement of profit or loss and other 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 2018 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 30/6/2018 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.



Mr David Tasker
Non-Executive Director
Date: Thursday, 28 February 2019

HearMeOut Limited

And
Controlled Entities

ABN 54 614 043 177

Annual Report

For the year ended
31 December 2018

HearMeOut Limited
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For the year ended 31 December 2018

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**HearMeOut Limited
Corporate Directory
For the year ended 31 December 2018**

Board of Directors

Non- Executive Chairman - Mr Glenn Whiddon
Executive Director - Mr David Tasker
Non-Executive Director - Mr Howard Digby

Company Secretary

Company Secretary - Mr Peter Webse

Principal Place of Business / Registered Office

Level 2, 50 Kings Park Road
West Perth WA 6005

Postal Address

PO Box 271
West Perth WA 6872

Contact Details

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

Auditors

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

Lawyers

GTP Legal
68 Aberdeen Street
Northbridge WA 6003

Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005

Share Register

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

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

HearMeOut Limited

Corporate Governance Statement

For the year ended 31 December 2018

This Corporate Governance Statement is current as at 28 February 2019 and has been approved by the Board of the Company.

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

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices. 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

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 Executive Director.

The role of management, where appointed, is to support the Executive 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 Executive 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

HearMeOut Limited

Corporate Governance Statement

For the year ended 31 December 2018

- 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;
 - 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 Executive Director responsibility for the management and operation of HearMeOut. The Executive 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 Executive 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.

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Corporate Governance Statement

For the year ended 31 December 2018

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

- Women employees in the Company 0%
- 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.

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 Executive Director against agreed key performance indicators.

The Executive 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 Executive 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 David Tasker	Non-Executive Director (appointed Executive Director 11 September 2017, Non-Executive Director from 29 May 2019 to 22 February 2019, Executive Director from 25 February 2019);
Mr Howard Digby	Non-Executive Director (appointed 4 December 2018);
Mr Moran Chamsi	Non-Executive Director (Chief Executive Officer and Managing Director appointed 29 November 2016, ceased 12 July 2018, Non-Executive Director from 12 July 2018, ceased 4 December 2018);
Mr Yitzchac (Issy) Livian	Executive Director and VP Business Development (appointed 29 November 2016, ceased 29 May 2018).

HearMeOut Limited

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For the year ended 31 December 2018

The Board comprises of two Non-Executive Directors. The Company has had a majority of Non-Executive Directors from 29 May 2018.

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

Mr David Tasker is not considered independent as he is an executive director of the Company. Messrs Chamsi and Livan were not considered to be independent as they were executive directors of the Company and in addition, Moran Chamsi was 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.

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.

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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.

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 are to be circulated to and reviewed by all members of the Board.

The Chairman, the Board 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.

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Corporate Governance Statement

For the year ended 31 December 2018

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.

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 Executive 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.

HearMeOut Limited

Corporate Governance Statement

For the year ended 31 December 2018

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;
- 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 Executive Director, Non-Executive Directors and senior management based on an annual review.

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

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

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

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

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

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

HearMeOut Limited

Directors' Report

Your Directors present their financial report of the consolidated entity consisting of HearMeOut Limited ("the Company" or "HMO") and its subsidiary HearMeOut Ltd ("HMO Israel") (collectively, "the Group") for the year ended 31 December 2018 ("the Period").

1. INFORMATION ON THE BOARD OF DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are as follows:

Name	Position	Appointed	Resigned
Mr Glenn Whiddon	Non-Executive Chairman	11/09/2017	-
Mr David Tasker	Executive Director	11/09/2017	29/05/2018
	Non-Executive Director	29/05/2018	25/02/2019
	Executive Director	25/02/2019	-
Mr Howard Digby	Non-Executive Director	04/12/2018	-
Mr Moran Chamsi	Managing Director & Chief Executive Officer	29/11/2016	12/07/2018
	Non-Executive Director	12/07/2018	04/12/2018
Mr Yitzchak (Issy) Livian	Executive Director & VP Business Development	29/11/2016	29/05/2018

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.

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

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

Mr David Tasker

B.Com

Executive Director (Appointed: 11 September 2017, Resigned 29 May 2018)

Non-Executive Director (Appointed: 29 May 2018 to 25 February 2019)

Executive Director (Appointed: 25 February 2019 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. Mr Tasker 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 of International Goldfields Limited, (ASX: IGS). Appointed: 3 May 2013 – Current

HearMeOut Limited

Directors' Report

Mr Howard Digby

BE (Hons)

Non-Executive Director (Appointed: 4 December 2018 to Current)

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

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

- Non-Executive Director of 4DS Memory Limited (ASX: 4DS) Appointed: 7 December 2015 – Current.
- Non-Executive Director of ImExHS Limited (ASX: IME) formerly Omni Market Tide Limited (ASX: OMT). Appointed: 1 August 2017 – Current.
- Non-Executive Director of Elight Limited (ASX: ELS) Appointed: 13 December 2016 – Current
- Non-Executive Director of Transactional Solutions International (ASX: TSN) Appointed: 13 November 2018 – Current.
- Non-Executive Director of Estrella Resources Limited (ASX: ESR). Appointed: 31 July 2015. Resigned: 3 April 2017

The following Directors held office and resigned during the year:

Mr Moran Chamsi

Managing Director and Chief Executive Officer (Appointed: 29 November 2016, Resigned 12 July 2018)

Non-Executive Directors (Appointed: 12 July 2018, Resigned 4 December 2018)

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 Yitzchac ("Issy") Livian

Executive Director and VP of Business Development (Appointed: 29 November 2016, Resigned 29 May 2018)

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

2. INFORMATION ON THE COMPANY SECRETARY

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).

HearMeOut Limited

Directors' Report

3. PRINCIPAL ACTIVITIES

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

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

4. REVIEW OF OPERATIONS

Highlights and significant changes during the financial year and subsequent to the end of the financial year

HearMeOut and DSPG Group showcase HOOP technology at CES

In January 2018, the Company advised that it would be launching its HOOP IoT device with its technology partner DSPG Group®, Inc. at the CES event in Las Vegas from 9-12 January 2018. The CES event is widely regarded as one of the world's largest and most significant consumer technology events, attracting some of the largest consumer technology brands and the world's leading technology media and investors.

Ford to showcase HearMeOut at GSMA Mobile World Congress

In January 2018, the Company advised that leading global automotive manufacture Ford Motor Company (Ford) will be showcasing the HearMeOut platform as part of its exhibition at GSMA Mobile World Congress. The GSMA Mobile World Congress is a combination of the World's largest exhibition for the mobile industry and a conference featuring prominent executives representing mobile operations, device manufactures, technology providers, vendors and content owners from across the world.

HearMeOut expands Ford relationship and launches the HearMeOut platform in India

In February 2018, the Company advised that its relationship with Ford had expanded into another key market, with the platform available to Ford customers in India using the SYNC® in-car entertainment technology.

HearMeOut launches 2.0 version of Voice-based Social Media Platform

In March 2018, the Company launched version 2.0 of their flagship HearMeOut app. The new version of the app will offer a new, sleek design with easier navigation and additional features, such as:

- New home page full of content categories to improve content visibility,
- The ability to now add images to posts and bring your voice to life, effectively allowing users to create "voice memes", tell a story and more,
- An improved "Drive Mode" experience – drivers can easily and automatically listen to a feed while driving – whether they are in a SYNC®-enabled vehicle or not,
- Record and post quickly with the options to add an image, filters, text and tags,
- A new profile page, fully customizable with a profile background image of a user's choosing,
- The new Featured Posts section allows users to discover new talent to follow in seconds.

HearMeOut continues expansion in the US entertainment industry

In March 2018, the Company signed an agreement with leading social influencer agency, Whitelabel Social, to fast track the influencer strategy for its HearMeOut App. Whitelabel Social is an influencer, musician and talent agency, that represents some of the leading names in the entertainment industry, with a total social reach of over 100 million.

HearMeOut Limited

Directors' Report

HearMeOut advises changes to its Board

On 29 May 2018, the Company advised that Mr Yitzchac (Issy) Livian tendered his resignation as a board member of HearMeOut.

On 29 May 2018, the Company advised that Mr David Tasker would transition from Executive Director to Non-Executive Director due to increasing external business interests.

HMO Israel placed on 'Care & Maintenance'

On 18 June 2018 the Board of HearMeOut Limited advised that its 100% owned subsidiary HMO Israel had been placed in 'care and maintenance', with immediate effect.

All staff of HMO Israel, except one employee, were given one months' notice on 12 June 2018 and have therefore had their respective employment contracts terminated effective 12 July 2018. The one employee who did not receive one months' notice had his contract extended until 19 September 2018. In addition, the Company has terminated all influencer and general marketing contracts associated with the HearMeOut platform ('the platform') and has given notice in relation to leases and other related contracts.

It is expected these actions will see a saving of approximately USD\$200,000 per calendar month for the Company moving forward.

On 17 May 2018, the Board of HMO advised it was undertaking a strategic review of the operation of the HMO platform.

The purpose of this review was to evaluate the platform against historical and planned expenditure, engagement with the platform and revenue opportunities associated with the platform.

Following this review, the Board determined that the significant future capital needs required to achieve scale of operation of the HMO business to make it a sustainable business were in excess of the Company's current cash resources and new funds necessary to achieve the same were not available via capital raising given the sentiment in market towards early stage technology companies.

Against the above backdrop, the Board wanted to determine if a viable 'business case' existed for the platform in its current state.

Unfortunately, a viable 'business case' could not be found for the platform considering the above matters, hence the decision to suspend all activities in relation to the platform immediately.

With costs associated with the platform greatly minimised (and stabilised) it is the intention of the Board to determine what value, if any, can be achieved from the platform and users, the IP associated with the platform, data collected and key strategic contracts.

During this period, the Company's shares have remained suspended.

HearMeOut Limited

Directors' Report

Defined path forward for HearMeOut Platform

On 23 November 2018 the Company advised that following a detailed review of the HMP platform the Board had determined that it wishes to continue to operate the HMO platform, albeit with a more conservative cost structure and with a different user / marketing strategy.

Firstly, with the bulk of the previous operating costs now removed, HMO has migrated operation of the HMO platform to an Australian technical team who have a defined scope and a fixed monthly budget. This has reduced expenditure associated with the operation and management of the HMO platform to approximate USD\$10,000 per month.

Together with current advisory board members David McGrath and Jon Housman, who are both still retained by the Company, HMO intends to actively pursue content and branded marketing opportunities in Australia, the USA and India – where the HMO platform has a strong user base. These opportunities continue to be revalued by the Company at this time.

In addition, HMO will continue to look to expand the relationship with Ford and SDL, with the HMO platform the sole social media platform available to be accessed through the Ford AppLink™ in care entertainment system in the USA, India, Australia and the UK.

As part of the separation arrangements with former HMO Israel management and final handover of the operation of the HMO platform to Australia, the Company has entered into a settlement deed with each member of former management. Under these settlement deeds, former management have agreed that a total of 43,248,000 Performance Options held by former management will be cancelled once they are released from escrow. The Company would also like to acknowledge the decision taken by the original vendors (Management of HMO Israel) to cancel these options once released from escrow. A total of 1,342,582 Vendor Options and 3,600,000 Incentive Options (all of which have now vested) will continue to be held by former management.

Former management will receive termination payments totaling US\$90,000 in accordance with the terms of their employment contracts as limited by the ASX Listing Rules. As part of the above settlement arrangements, the Company has also agreed to pay founder of the HMO platform, Lior Menashe, USD\$35,000 for technical support services performed for the Company and will issue Mr Menashe, 3,000,000 non-transferable zero priced options with a three year term and subject to a six month vesting condition in recognition of extensive services performed for the Company to maintain the HMO platform and facilitate the handover of the operation of the platform to Australia.

Operational handover completed

On 4 December 2018, the Company advised that the technical handover process with the former HMO Israel management was nearing completion and all required funds to allow settlement to occur were remitted to HMO Israel.

In addition, the Company advised the following:

- Mr Moran Chamsi resigned as a Director and Mr Howard Digby had been appointed Non-Executive Director.
- A total of 43,248,000 Performance Options held by former management had been cancelled, once released from escrow on 6 December 2018.
- Mr Menashe was issued with 3,000,000 non-transferable zero priced options with a three-year term and subject to a six-month vesting condition,
- A total of 1,314,937 options lapsed (comprising 401,728 \$0.2 2 May 2021, 328,668 \$0.3 2 May 2021; and 584,541 \$0.2 19 February 2022).

HearMeOut Limited Directors' Report

License agreement signed to grow HearMeOut platform in India and Asia

On 10 December 2018, the Company entered into an exclusive commercial agreement with Indian privately-owned business AvidSys Infotec Private Limited (AvidSys), whereby AvidSys is granted a license to grow HearMeOut's audio social media platform (the HMO platform) in India and Asia. Under the terms of the agreement HearMeOut has licensed the HMO platform and associated intellectual property rights exclusively to AvidSys in Afghanistan, India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives, Malaysia, Cambodia, Indonesia, Philippines, East Timor, Laos, Singapore, Vietnam, Brunei, Myanmar, Japan, Korea, Thailand and Taiwan.

Key terms of the agreement include:

- The term of the agreement is for four years.
- AvidSys shall have a full and complete discretion over the operation of the HMO platform in India and Asia including application design, marketing, financial application services and business operations for the term of the agreement.
- AvidSys will use their network of various media business, technical expertise and presence for marketing to grow the HMO platform in India and Asia.
- AvidSys will have the pre-empt rights if HMO wishes to license or grant any intellectual property rights in the HMO platform to a third party outside of India and Asia.
- Hosting of the HMO platform will be transferred from Amazon USA (the current hosting server) to Amazon India.
- Transition services will be provided by HMO to AvidSys in India for approximately one month to ensure a smooth transition to the Amazon India server.
- Any improvements, modifications or upgrades done by AvidSys in India and Asia will be implemented to the HMO platform and made available to the Company in the rest of the World.
- Ownership of the HMO platform and associated intellectual property rights in India and Asia will be transferred to AvidSys in the event the Company becomes insolvent, bankrupt or is wound up.

Consideration:

In consideration for grant of licenses to HMO, AvidSys has agreed to:

- Invest a minimum of A\$3.5 million over the course of the term on activities, services and operations or invest at least A\$2 million and achieve five million active users on the HMO platform during the term.
- AvidSys must pay HMO a royalty of 5% of the net profit in each financial year or part thereof that the agreement remains in place.

5. DIRECTORS' SHAREHOLDINGS

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

Name	Total Fully Paid Ordinary Shares	Total Shares Under Options	Shares Under Option		
			Vendor Options	Performance Options	Incentive Options
Mr Glenn Whiddon (a)	-	3,600,000	-	-	3,600,000
Mr David Tasker (a)	-	3,600,000	-	-	3,600,000
Mr Howard Digby	133,333	-	-	-	-

- (a) 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.

HearMeOut Limited Directors' Report

6. 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 financial year:

Director	Number of Meetings available to attend	Number of Meetings attended
Mr Glenn Whiddon	10	10
Mr David Tasker	10	10
Mr Howard Digby	1	1
Mr Moran Chamsi	9	8
Mr Yitzchak (Issy) Livian	4	4

7. 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.

8. OPERATING AND FINANCIAL REVIEW

A. Operations

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.

B. Financial Performance

The financial performance of the Group during the year ended 31 December 2018 is as follows:

	Full-year ended 31/12/2018	Full-year ended 31/12/2017
Income (\$)	6,706	11,820
Net profit / (loss) after tax (\$)	337,192	(6,021,533)
Profit / (loss) per share (cents)	0.51	(9.16)
Dividend (\$)	-	-

Income relates to interest revenue earned on funds sitting in the Company's Cash Maximiser Account.

The Company incurred the following expenses during the financial year, \$675,737 on administration expenses, \$729,647 on business development and \$463,835 on research and development expenses.

During the financial year, the Company cancelled 43,248,000 performance options and 1,314,937 advisor options lapsed, which resulted in a reversal of prior year options of \$3,420,762. This non-cash transaction therefore resulted in a profit of \$337,192 during the financial year.

HearMeOut Limited

Directors' Report

C. Financial Position

The financial position of the Group as at 31 December 2018 is as follows:

	As at 31/12/2018	As at 31/12/2017
	\$	\$
Cash and cash equivalents	979,283	2,634,459
Trade and other receivables	51,784	351,372
Net assets / Total equity	924,727	2,707,124
Contributed equity	8,141,481	8,153,465
Reserves	1,362,257	3,469,862
Accumulated losses	(8,579,011)	(8,916,203)

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

- Cash and cash equivalents: The decrease in cash is the result of the Company spending money on administration expenses, business development expenses and research & development expenses during the year.
- Trade and other receivables: During the financial year the Company received \$272,863 in pledged deposits, which largely resulted in the decrease of trade and other receivables.
- Reserves: The decrease in reserves is largely due to the Company cancelling 43,248,000 performance options and 1,314,937 advisor options lapsing, which resulted in a reversal of prior year options of \$3,420,762. Refer to Note 16: 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 favorable to the Company.

D. Business Strategies and Prospects for future financial years

Together with current advisory board members David McGrath and Jon Housman, who are both still retained by the Company, HMO intends to actively pursue content and branded marketing opportunities in Australia, the USA and India – where the HMO platform has a strong user base. These opportunities continue to be revalued by the Company at this time.

In addition, HMO will continue to look to expand the relationship with Ford and SDL, with the HMO platform the sole social media platform available to be accessed through the Ford AppLink™ in care entertainment system in the USA, India, Australia and the UK.

There are specific risks associated with the activities of the Group and general risks which are largely beyond the control of the Group and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Group and the market price of the Company's shares.

The Board reviews the risks of the Group and the action plans to address these risks on a regular basis.

Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's development as well as on its ability to fund its activities.

HearMeOut Limited

Directors' Report

Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income, the Company will require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Speculative investment

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether invest.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Company's shares.

9. DIVIDENDS

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

10. OPTIONS

As at the date of this report, options on issue totalled 18,793,473, comprising:

- 2,000,010 Vendor Options with an exercise price of \$0.20 and an expiry date of 2 December 2021.
- 2,500,000 Broker Options with an exercise price of \$0.30 each and an expiry date of 2 December 2019.
- 420,404 Advisor Options whereby 255,872 options have an exercise price of \$0.20; and 164,532 options have an exercise price of \$0.30. The Advisor Options expire on 2 May 2021.
- 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.
- 73,059 Advisor Options issued on 19 February 2018, with an exercise price of \$0.20 expiring on 19 February 2022.
- 3,000,000 Unlisted Options issued on 4 December 2018, with an exercise price of \$0.00 expiring on 4 December 2021 and are subject to vesting conditions.

HearMeOut Limited

Directors' Report

The following options were cancelled / lapsed during the financial year:

- 43,248,000 Performance Options held by former management (comprising Class A Performance Options, Class B Performance Options, Class C Performance Options and Class D Performance Options) were cancelled, once released from escrow on 6 December 2018.
- A total of 1,314,937 options lapsed (comprising 401,728 at \$0.20 on 2 May 2021; 328,668 at \$0.30 on 2 May 2021; and 584,541 at \$0.20 on 19 February 2022).

No other options expired, lapsed or were exercised during the financial year. 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. EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 25 February 2019 the Company announced that current Non-Executive Director, Mr David Tasker, had been appointed Executive Director of the Company effectively immediately.

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.

12. 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.

13. REMUNERATION REPORT (AUDITED)

This report for the year ended 31 December 2018 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ('the Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ('KMP') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

Individual KMP disclosure

Details of KMP of the Group who held office during the year are as follows:

Name	Position	Appointed	Resigned
Mr Glenn Whiddon	Non-Executive Chairman	11/09/2017	-
Mr David Tasker	Executive Director	11/09/2017	29/05/2018
	Non-Executive Director	29/05/2018	22/02/2019
	Executive Director	22/02/2019	-
Mr Howard Digby	Non-Executive Director	04/12/2018	-
Mr Moran Chamsi	Managing Director & Chief Executive Officer	29/11/2016	12/07/2018
	Non-Executive Director	12/07/2018	04/12/2018
Mr Yitzchak (Issy) Livian	Executive Director & VP Business Development	29/11/2016	29/05/2018
Mr Lior Menashe	Chief Technology Officer	01/12/2016	12/07/2018

There have been no other changes after the reporting date and up to the date that the financial report was authorised for issue.

HearMeOut Limited

Directors' Report

The Remuneration Report is set out under the following main headings:

- A. Remuneration Philosophy
- B. Remuneration Governance, Structure and Approvals
- C. Remuneration and Performance
- D. Details of Remuneration
- E. Contractual Arrangements
- F. Share-based Compensation
- G. Loans Made to Key Management Personnel
- H. Voting and comments made at the Company's 2018 Annual General Meeting
- I. Other transactions with Key Management Personnel

A. Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of HearMeOut comprise the Board of Directors.

The performance of the Group depends upon the quality of its KMP. To prosper the Company 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.

No remuneration consultants were employed during the financial year.

B. Remuneration Governance, Structure and Approvals

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 an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles;
- Remuneration levels of executives, and
- Non-executive director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

➤ Non-Executive Remuneration Structure and Approvals

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The maximum aggregate remuneration approved by a resolution of Directors in accordance with the Company's Constitution is \$300,000 per annum.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

Non-Executive Directors do not receive retirement benefits but are able to participate in share-based incentive programmes in accordance with Company policy.

HearMeOut Limited

Directors' Report

➤ Executive Remuneration Structure and Approvals

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Executives.

The main objectives sought when reviewing executive remuneration is that the Company 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.

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and, where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and the performance of executives.

C. Remuneration and Performance

The following table shows the gross revenue, losses and share price of the Group as at 31 December for the last five financial years:

	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15	31-Dec-14
Revenue (\$)	6,706	11,820	25,025	-	-
Net profit / (loss) after tax (\$)	337,192	(6,021,533)	(1,718,092)	(567,988)	-
Share Price (\$)	0.068 ⁽¹⁾	0.13	0.20	-	-

⁽¹⁾ The Company is currently suspended and has not traded since 10 May 2018, 0.068 represents the last trading price.

Relationship between Remuneration and Company Performance

Given the current phase of the Company's development the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Short Term Incentive Package

There were no short-term incentive-based payments made during the financial year (2017: \$nil).

Long Term Incentive Package

Employee Share Plan:

There were no Employee Share Plan shares approved or issued during the financial year (2017: nil).

Performance Options

On 2 December 2016, pursuant to the Share Swap Agreement and as detailed in the Prospectus, the Group agreed to issue remuneration in the form of 43,248,000 Performance Options. These options were issued to provide a sufficient long-term incentive to align the goals of the KMP with those of the shareholders to maximise shareholder wealth. During the financial year, the Company entered into a settlement deed with each member of the former HMO Israel management team as part of the final handover of operations of the HMO platform to Australia. As per the Settlement deeds, former management agreed to cancel the Performance Options, once they were released from escrow, which occurred on 6 December 2018.

HearMeOut Limited

Directors' Report

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:

Name	Tranche 1	Tranche 2	Tranche 3	Total
Mr Glenn Whiddon	1,200,000	1,200,000	1,200,000	3,600,000
Mr David Tasker	1,200,000	1,200,000	1,200,000	3,600,000
Mr Moran Chamsi	1,200,000	-	-	1,200,000
Mr Yitzchak (Issy) Livian	1,200,000	-	-	1,200,000
Mr Lior Menashe	1,200,000	-	-	1,200,000
Total	6,000,000	2,400,000	2,400,000	10,800,000

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 Note 16(b) in the Notes to the Financial Statements.
- Unless the Company's board of directors determines otherwise in its absolute discretion, an unexercised Option will lapse upon the earliest to occur of:
 - (i) where an Optionholder purports to transfer, assign, mortgage, charge or otherwise dispose of or encumber (in whole or in part) an Option; or
 - (ii) the Expiry Date.

D. Details of Remuneration

During the financial year ended 31 December 2018 and 31 December 2017 KMP received short-term employee benefits, post-employment benefits, share-based payments and employee benefits expenses.

Table 1 - Remuneration of Key Management Personnel for the year ended 31 December 2018:

As at 31/12/2018	Short Term Benefits		Post-employment	Share-based Payments		Total \$	Value of Share Based payments as a % of total remuneration %
	Cash salary & fees \$	Cash bonus \$	Super-annuation \$	Options \$	Shares \$		
Directors							
Mr Glenn Whiddon	39,750	-	-	279,548	-	319,298	88%
Mr David Tasker	58,500	-	-	279,548	-	338,048	83%
Mr Howard Digby (i)	3,000	-	-	-	-	3,000	-
Mr Moran Chamsi (ii)	121,800	-	48,459	(898,937)	-	(728,679)	123%
Mr Issy Livian (iii)	121,954	-	48,794	(898,937)	-	(728,189)	123%
Executives:							
Lior Menashe (iv)	122,906	-	76,676	(891,370)	-	(691,787)	129%
Total	467,910	-	173,929	(2,130,148)	-	(1,488,309)	

- (i) Mr Digby was appointed as Non-Executive Director on 4 December 2018.
- (ii) Mr Chamsi resigned as Managing Director and Chief Executive Officer on 12 July 2018 and was appointed Non-Executive Director. Mr Chamsi resigned as Non-Executive Director on 4 December 2018.
- (iii) Mr Livian resigned as Executive Director & VP Business Development on 29 May 2018.
- (iv) Mr Menashe resigned as Chief Technology Officer on 12 July 2018.

HearMeOut Limited

Directors' Report

Table 2 - 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 & fees \$	Cash bonus \$	Super-annuation \$	Options \$	Shares \$		
Directors							
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	-
Anton Uvarov (iv)	31,250	-	-	-	-	31,250	-
Mr Glenn Whiddon (v)	13,945	-	-	12,356	-	26,301	47%
Mr David Tasker (vi)	27,857	-	-	12,356	-	40,213	31%
Executives:							
Lior Menashe (vii)	176,846	-	45,679	960,421	-	1,182,946	81%
Total	638,255	-	135,729	2,905,975	-	3,679,959	

- (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.

E. Contractual Arrangements

Non-Executive Chairman - Mr Glenn Whiddon

- Contract: Commenced 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: From 11 September 2017 to 31 May 2018 Mr Whiddon's Director fee was set at \$45,000 per annum (plus GST). From 1 June 2018 his Director fee was reduced to \$36,000 per annum (plus GST).
- Incentive Options: In the previous financial year Mr Whiddon received 3,600,000 Incentive Option as approved by shareholders at a General Meeting held on 18 December 2017.
- Subject to periodic reviews.

HearMeOut Limited

Directors' Report

Executive Director: Mr David Tasker

- Contract: Commenced 11 September 2017. Resigned as Executive Director on 29 May 2018 and moved to the position of Non-Executive Director, due to increasing external business interests. On 25 February 2019 the Company re-appointed Mr David Tasker Executive Director of the Company effectively immediately.
- 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: From 11 September 2017 to 31 May 2018 Mr Tasker's Director fee was set at \$90,000 per annum (plus GST). From 1 June 2018 his Director fee was reduced to \$36,000 per annum (plus GST).
- Incentive Options: In the previous financial year Mr Tasker received 3,600,000 Incentive Option as approved by shareholders at a General Meeting held on 18 December 2017.
- Subject to periodic reviews.

Non-Executive Director - Mr Howard Digby

- Contract Commencement Date: 4 December 2018.
- Director's Fee: \$36,000 per annum (plus GST).
- 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.

Managing Director & Chief Executive Officer: Mr Moran Chamsi

- Contract: Commenced 1 December 2016 and resigned as Managing Director and Chief Executive Officer on 12 July 2018. Appointed Non-Executive Director on 12 July 2018 and resigned 4 December 2018.
- 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.
- Termination payment: USD90,000 in accordance with the terms of the employment contract as limited by the ASX Listing Rules.

Executive Director & VP Business Development: Mr Issy Livian

- Contract: Commenced 1 December 2016 and resigned 29 May 2018.
- 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.
- Termination payment: USD90,000 in accordance with the terms of the employment contract as limited by the ASX Listing Rules.

Chief Technology Officer: Mr Lior Menashe

- Contract: Commenced 1 December 2016 and resigned 12 July 2018.
- 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.

HearMeOut Limited

Directors' Report

- Termination payment: USD90,000 in accordance with the terms of the employment contract as limited by the ASX Listing Rules. The Company also agreed to pay Mr Menashe USD35,000 for technical support services performed for the Company and also issued 3,000,000 non-transferable zero priced options with a three-year term and subject to a six-month vesting condition in recognition of extensive services performed for the Company to maintain the HMO platform and facilitate handover of the operation of the platform to Australia.

F. Share-based Compensation

The Company rewards Directors and senior management for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and or shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits.

➤ Options issued to KMP

Class		Balance at beginning of year 1/1/2018	Granted as remuneration	Options Cancelled	Balance at end of year 31/12/2018	Vested at 31/12/2018	Not vested at 31/12/2018
Directors							
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
Total Glenn Whiddon		3,600,000	-	-	3,600,000	1,200,000	2,400,000
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
Total David Tasker		3,600,000	-	-	3,600,000	1,200,000	2,400,000
Moran Chamsi	Vendor (i)	755,577	-	-	755,577	755,577	-
	Performance Options A	4,333,334	-	(4,333,334)	-	-	-
	Performance Options B	4,333,334	-	(4,333,334)	-	-	-
	Performance Options C	4,333,334	-	(4,333,334)	-	-	-
	Performance Options D	1,416,002	-	(1,416,002)	-	-	-
	Incentive (1)	1,200,000	-	-	1,200,000	1,200,000	-
Total Moran Chamsi		16,371,581	-	(14,416,004)	1,955,577	1,955,577	-
Issy Livian	Vendor (i)	264,148	-	-	264,148	264,148	-
	Performance Options A	4,333,333	-	(4,333,333)	-	-	-
	Performance Options B	4,333,333	-	(4,333,333)	-	-	-
	Performance Options C	4,333,333	-	(4,333,333)	-	-	-
	Performance Options D	1,415,999	-	(1,415,999)	-	-	-
	Incentive (1)	1,200,000	-	-	1,200,000	1,200,000	-
Total Issy Livian		15,880,146	-	(14,415,998)	1,464,148	1,464,148	-
Total Directors		39,451,727	-	(28,832,002)	10,619,725	5,819,725	4,800,000
Other KMP							
Lior Menashe	Vendor (i)	322,857	-	-	322,857	322,857	-
	Performance Options A	4,333,333	-	(4,333,333)	-	-	-
	Performance Options B	4,333,333	-	(4,333,333)	-	-	-
	Performance Options C	4,333,333	-	(4,333,333)	-	-	-
	Performance Options D	1,415,999	-	(1,415,999)	-	-	-
	Incentive (1)	1,200,000	-	-	1,200,000	1,200,000	-
	Lior Menashe Options	-	3,000,000	-	3,000,000	-	3,000,000
Total Lior Menashe		15,938,855	3,000,000	(14,415,998)	4,522,857	1,522,857	3,000,000
Total Other KMP		15,938,855	3,000,000	(14,415,998)	4,522,857	1,522,857	3,000,000
Total KMP		55,390,582	3,000,000	(43,248,000)	15,142,582	7,342,582	7,800,000

HearMeOut Limited Directors' Report

➤ 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.

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

Class		# Options	Value of options granted during the year (\$)	Share-based payment recognised during the year (\$)	Reversal of Share-based payment recognised during the year (\$)
Directors					
Glenn Whiddon	Incentive (1)	1,200,000	-	154,112	-
	Incentive (2)	1,200,000	-	65,928	-
	Incentive (3)	1,200,000	-	59,508	-
Total Glenn Whiddon		3,600,000	-	279,548	-
David Tasker	Incentive (1)	1,200,000	-	154,112	-
	Incentive (2)	1,200,000	-	65,928	-
	Incentive (3)	1,200,000	-	59,508	-
Total David Tasker		3,600,000	-	279,548	-
Moran Chamsi	Vendor	755,577	-	-	-
	Performance Options A	-	-	-	(445,391)
	Performance Options B	-	-	-	(337,418)
	Performance Options C	-	-	68,203	(216,667)
	Performance Options D	-	-	-	(121,776)
	Incentive (1)	1,200,000	-	154,112	-
Total Moran Chamsi		1,955,577	-	222,315	(1,121,252)
Issy Livian	Vendor	264,148	-	-	-
	Performance Options A	-	-	-	(445,391)
	Performance Options B	-	-	-	(337,418)
	Performance Options C	-	-	68,203	(216,667)
	Performance Options D	-	-	-	(121,776)
	Incentive (1)	1,200,000	-	154,112	-
Total Issy Livian		1,464,148	-	222,315	(1,121,252)
Total Directors		10,619,725	-	1,003,726	(2,242,504)
Other KMP					
Lior Menashe	Vendor	322,857	-	-	-
	Performance Options A	-	-	-	(445,391)
	Performance Options B	-	-	-	(337,418)
	Performance Options C	-	-	68,203	(216,667)
	Performance Options D	-	-	-	(121,775)
	Incentive (1)	1,200,000	-	154,112	-
	Lior Menashe Options	3,000,000	51,000	7,566	-
Total Lior Menashe		4,522,857	51,000	229,881	(1,121,251)
Total Other KMP		4,522,857	51,000	229,881	(1,121,251)
Total KMP		15,142,582	51,000	1,233,607	(3,363,755)

HearMeOut Limited

Directors' Report

➤ Shares issued to Key Management Personnel

There were no shares issued as compensation to KMP during the financial year ended 31 December 2018. At 31 December 2018 the relevant interest of each KMP in ordinary fully paid shares of the Company were:

	Balance at beginning of year 1/1/2018	Granted as remuneration	On exercise of options	Net change other	Balance at end of year 31/12/2018
Directors					
Glenn Whiddon	-	-	-	-	-
David Tasker	-	-	-	-	-
Howard Digby (i)	-	-	-	133,333	133,333
Moran Chamsi (ii)	7,555,710	-	-	(7,555,710)	-
Issy Livian (iii)	2,641,427	-	-	(2,641,427)	-
Total Directors	10,197,137	-	-	(10,063,804)	133,333
Other KMP					
Lior Menashe (iv)	1,228,571	-	-	(1,228,571)	-
Total Other KMP	1,228,571	-	-	(1,228,571)	-
Total KMP	11,425,708	-	-	(11,292,375)	133,333

- (i) Howard Digby: Appointed Non-Executive Director on 4 December 2018.
- (ii) Moran Chamsi: Ceased his directorship on 4 December 2018.
- (iii) Issy Livian: Ceased his directorship on 29 May 2018.
- (iv) Lior Menashe: Ceased from the Company on 12 July 2018.

G. 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.

H. Voting and comments made at the Company's 2018 Annual General Meeting

At the Annual General Meeting of Shareholders held on 29 May 2018, the Remuneration Report was voted against, with the resolution being voted on by a poll.

I. Other transactions with Key Management Personnel

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

End of Audited Remuneration Report

HearMeOut Limited Directors' Report

14. 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.

15. 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.

16. 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.

17. ENVIRONMENTAL REGULATIONS

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

18. NON-AUDIT SERVICES

No fees were paid for non-audit services to the external auditors and their associated entities during the years ended 31 December 2018 and 31 December 2017.

19. 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 2018 forms a part of the Directors' Report and can be found on page 30.

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

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



Mr David Tasker
Non-Executive Director
Date: Thursday, 28 February 2019

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

As lead auditor of HearMeOut Limited for the year ended 31 December 2018, 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 entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2019

HearMeOut Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2018

	Note	Full-year ended 31 December 2018 \$	Full-year ended 31 December 2017 \$
Interest income	5	6,706	11,820
Total income		6,706	11,820
Administration expenses	6	(675,737)	(800,523)
Business development expenses	6	(729,647)	(1,614,260)
Depreciation expense		(9,391)	(1,965)
Foreign exchange gain		72,451	-
Finance expenses		(2,677)	(58,077)
Research & development expenses		(463,835)	(598,172)
Share-based payment expenses	16	2,139,322	(2,960,356)
Total expenses		330,486	(6,033,353)
Profit / (loss) before income tax		337,192	(6,021,533)
Income tax benefit/(expense)	7	-	-
Profit / (loss) for the year		337,192	(6,021,533)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Unrealised foreign currency gain / (loss)		31,717	(64,545)
Total comprehensive profit / (loss) for the year		368,909	(6,086,078)
Profit / (loss) per share for attributable to the ordinary equity holders of the company			
Basic profit / (loss) per share (cents)		0.51	(9.16)
Dilutive profit / (loss) per share (cents)		0.51	(9.16)

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 2018

	Note	As at 31 December 2018 \$	As at 31 December 2017 \$
CURRENT ASSETS			
Cash and cash equivalents	8	979,283	2,634,459
Trade and other receivables	9	51,784	351,372
TOTAL CURRENT ASSETS		1,031,067	2,985,831
NON-CURRENT ASSETS			
Property, plant & equipment	10	-	9,003
TOTAL NON-CURRENT ASSETS		-	9,003
TOTAL ASSETS		1,031,067	2,994,834
CURRENT LIABILITIES			
Trade and other payables	11	106,340	287,710
TOTAL LIABILITIES		106,340	287,710
NET ASSETS		924,727	2,707,124
EQUITY			
Contributed equity (net)	12	8,141,481	8,153,465
Reserves	13	1,362,257	3,469,862
Accumulated losses		(8,579,011)	(8,916,203)
TOTAL EQUITY		924,727	2,707,124

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 2018

	Full-year ended 31 December 2018	Full-year ended 31 December 2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	6,706	11,820
Interest paid/bank charges + exchange rate differences	-	(56,726)
Payments to suppliers & employees	(1,488,621)	(2,730,354)
Payments for research and development	(465,857)	(169,166)
Net cash outflow used for operating activities	(1,947,772)	(2,944,426)
	8	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(8,853)
Pledged deposits	-	(280,325)
Proceeds from disposal of investments	272,863	-
Net cash inflow / (outflow) used for investing activities	272,863	(289,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital raising costs	(11,984)	-
Net cash outflow used for financing activities	(11,984)	-
Net decrease in cash and cash equivalents	(1,686,893)	(3,233,604)
Cash and cash equivalents at beginning of the Year	2,634,459	5,968,323
Foreign exchange differences	31,717	(100,260)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	979,283	2,634,459

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 2018

Full-year ended 31 December 2018	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance as at 1 January 2018	8,153,465	(8,916,203)	3,534,407	(64,545)	2,707,124
Profit for the year	-	337,192	-	-	337,192
Other comprehensive income	-	-	-	31,717	31,717
Total comprehensive profit for the year	-	337,192	-	31,717	368,909
Transactions with equity holders in their capacity as equity holders:					
Capital raising costs	(11,984)	-	-	-	(11,984)
Share-based payments	-	-	(2,139,322)	-	(2,139,322)
Balance as at 31 December 2018	8,141,481	(8,579,011)	1,395,085	(32,828)	924,727

Full-year ended 31 December 2017	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance as at 1 January 2017	8,153,465	(2,894,670)	574,051	35,715	5,868,561
Loss for the year	-	(6,021,533)	-	-	(6,021,533)
Other comprehensive loss	-	-	-	(100,260)	(100,260)
Total comprehensive loss for the year	-	(6,021,533)	-	(100,260)	(6,121,793)
Transactions with equity holders in their capacity as equity holders					
Share-based payments	-	-	2,960,356	-	2,960,356
Balance as at 31 December 2017	8,153,465	(8,916,203)	3,534,407	(64,545)	2,707,124

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

HearMeOut Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

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 2018 ("the Period"); and were authorised in accordance with a resolution of Directors on 28 February 2019.

The Company is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities 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 2018 the group recorded a profit of \$337,192, net cash outflows from operating activities of \$1,947,772 and had net working capital of \$924,727.

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 Consolidated Financial Statements

For the year ended 31 December 2018

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 16.

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.

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 2018, 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.

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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.

Adoption of new and amended accounting standards

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of the adoption of the following standards:

- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The impact of these standards, and the other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

Changes in accounting policies

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* on the group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

AASB 9 *Financial Instruments* – Impact of Adoption

Impairment of financial assets

The Group's financial assets subject to AASB 9's new expected credit loss model are cash and trade receivables, which arise from the provision of services and sale of goods.

The impact of the impairment requirements of AASB 9 on cash and cash equivalents has not resulted in a material impact to the financial statements.

Under AASB 9, the Group was required to revise the impairment methodology used in the calculation of its provision for doubtful debts to the expected credit loss model. This change in methodology has not had a material impact on the financial statements. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure or a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

AASB 9 *Financial Instruments* – Accounting Policies Applied from 1 January 2018

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on how the Group manages the financial assets and the contractual terms of the cash flows. At half year end, all of the Group's financial assets have been classified as those to be measured at amortised cost.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment

From 1 January 2018, the Group assesses expected credit losses associated on a forward-looking basis. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

AASB 15 *Revenue from Contracts with Customers* – Impact of Adoption

The Group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 January 2018 which resulted in changes to accounting policies but no adjustments to the amounts recognised in the financial statements.

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AASB 15 Revenue from Contracts with Customers – Accounting policies

Group do not have revenue generated from contracts with customers at this stage.

As a consequence, management believe there is no impact on the financial report.

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 2018:

As at 31/12/2018	Cash and cash equivalents	Loan and receivables	Total
	\$	\$	\$
Financial assets:			
Cash and cash equivalents	979,283	-	979,283
Trade and other receivables	-	51,784	51,784
Total current	979,283	51,784	1,031,067
Total assets	979,283	51,784	1,031,067
Financial liabilities:			
Trade and other payables	-	106,340	106,340
Total current	-	106,340	106,340
Total liabilities	-	106,340	106,340
Net exposure	979,283	(54,556)	924,727
As at 31/12/2017	Cash and cash equivalents	Loan and receivables	Total
	\$	\$	\$
Financial assets:			
Cash and cash equivalents	2,634,459	-	2,634,459
Trade and other receivables	-	351,372	351,372
Total current	2,634,459	351,372	2,985,831
Total assets	2,634,459	351,372	2,985,831
Financial liabilities:			
Trade and other payables	-	287,710	287,710
Total current	-	287,710	287,710
Total liabilities	-	287,710	287,710
Net exposure	2,634,459	63,662	2,698,121

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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.

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 2018.

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Fair Values

The carrying value of trade receivables and trade payables as at 31 December 2018, and 31 December 2017, are assumed to approximate their fair value due to their short-term nature.

5. INCOME

	Full-year ended 31 December 2018	Full-year ended 31 December 2017
	\$	\$
Income		
Interest income	6,706	11,820
Total Income	6,706	11,820

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.

6. EXPENSES

	Full-year ended 31 December 2018	Full-year ended 31 December 2017
	\$	\$
Administration expenses		
Legal and professional fees	340,313	363,645
Wages, salaries and employee expenses	267,466	328,413
General Administration	67,958	108,465
Total administration expenses	675,737	800,523
Business development expenses		
Wages, salaries and employee expenses	377,206	580,576
Travel and accommodation	81	60,353
Marketing and advertising expenses	352,360	973,331
Total business development expenses	729,647	1,614,260

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7. INCOME TAX

	Full-year ended 31 December 2018 \$	Full-year ended 31 December 2017 \$
Tax effect accounting for the year ended 31 December 2018		
(a) Income tax expense / (benefit)		
The components of income tax expense / (benefit) comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
	Full-year ended 31 December 2018 \$	Full-year ended 31 December 2017 \$
(b) Reconciliation of income tax expense / (benefit) to prima facie tax payable on accounting profit / (loss)		
Operating profit / (loss) before income tax	337,192	(6,021,533)
Prima facie tax payable / (benefit) at Australian rate of 27.5% (2017: 30%)	92,728	(1,806,460)
Adjusted for tax effect of the following amounts:		
Tax effect of different tax rate of foreign subsidiary	61,302	302,630
Taxable / non-deductible items	-	715,693
Non-taxable / deductible items	(618,805)	(32,544)
Under-provision in prior year	2,928	-
Adjustment for forex movement	(269,443)	-
Income tax benefit not brought to account	731,290	820,681
Income tax expense	-	-
	Full-year ended 31 December 2018 \$	Full-year ended 31 December 2017 \$
(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%, 2017: 27.5%)	495,873	329,423
Australian deductible temporary differences (at 27.5%, 2017: 27.5%)	28,059	45,981
Israeli carry forward tax losses (at 23%)	1,280,857	785,022
Israeli deductible temporary differences (at 23%)	198,125	111,198
Unrecognised net deferred tax assets	2,002,914	1,271,624

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

	As at 31 December 2018 \$	As at 31 December 2017 \$
Cash at bank and on hand	979,283	2,634,459
Total cash and cash equivalents	979,283	2,634,459

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

	As at 31 December 2018 \$	As at 31 December 2017 \$
Profit / (loss) for the year	337,192	(6,021,533)
Non-cash items:		
Depreciation	9,391	1,965
Share-based payment expense	(2,139,322)	2,960,356
Change in assets and liabilities:		
(Increase) / decrease in trade and other receivables	26,337	13,624
(Decrease) / increase in trade and other payables	(181,370)	101,162
	(1,947,772)	(2,944,426)

Non-cash financing & investing activities

As at 31 December 2018, the Group had no non-cash financing and investing activities.

Financing facilities available

As at 31 December 2018, 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.

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9. TRADE AND OTHER RECEIVABLES

	As at 31 December 2018	As at 31 December 2017
	\$	\$
Trade & other receivables (i)	-	2,827
GST & VAT Receivables (ii)	17,516	25,600
Prepayments and pledged deposits	34,268	322,945
Total trade and other receivables	51,784	351,372

**(i) Trade & other receivables
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. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure or a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

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.

(ii) GST and VAT receivables

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.

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10. PROPERTY, PLANT & EQUIPMENT

	As at 31 December 2018	As at 31 December 2017
	\$	\$
At cost	14,115	12,772
Accumulated depreciation	(14,115)	(3,769)
Total property, plant & equipment	-	9,003

Movements during the year:

	Plant and Equipment	Computer Equipment	Total
	\$	\$	\$
Balance at 1/1/2018	-	9,003	9,003
Depreciation	-	(9,391)	(9,391)
Foreign exchange translation	-	388	388
Balance at 31/12/2018	-	-	-

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

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

	As at 31 December 2018	As at 31 December 2017
	\$	\$
Trade & other payables	53,108	151,912
Accruals	23,000	-
Employee liabilities	30,232	71,181
Provision for leave entitlements	-	64,617
Total trade and other payables	106,340	287,710

(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. CONTRIBUTED EQUITY (NET)

	As at 31 December 2018	As at 31 December 2017
	\$	\$
Fully paid ordinary shares (ORD: 65,759,990)	8,695,876	8,695,876
Capital raising costs	(554,395)	(542,411)
Total contributed equity	8,141,481	8,153,465

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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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.

13. RESERVES

	As at 31 December 2018 \$	As at 31 December 2017 \$
Option reserve	1,395,085	3,534,407
Foreign currency translation reserve	(32,828)	(64,545)
	1,362,257	3,469,862

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 2018 \$	As at 31 December 2017 \$
Option Reserve		
Balance at the beginning of the year	3,534,407	574,051
Share-based payment expense	1,281,440	2,960,356
Reversal of prior year options	(3,420,762)	-
Balance at end of year	1,395,085	3,534,407

Foreign currency translation reserve:

	As at 31 December 2018 \$	As at 31 December 2017 \$
Foreign currency translation reserve		
Balance at the beginning of the year	(64,545)	35,715
Foreign currency movement	31,717	(100,260)
Balance at end of year	(32,828)	(64,545)

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14. EARNINGS PER SHARE

	Full-year ended 31 December 2018	Full-year ended 31 December 2017
Basic EPS from continuing operations attributable to the ordinary shareholders of the Company (cents)	0.51	(9.16)
Weighted number of ordinary shares	65,759,990	65,759,990
Net profit / (loss) used in calculating EPS	337,192	(6,021,533)
Diluted EPS from continuing operations attributable to the ordinary shareholders of the Company (cents)	0.51	(9.16)
Weighted number of ordinary shares used as the denominator	65,759,990	65,759,990
Net profit / (loss) used in calculating diluted EPS	337,192	(6,021,533)

There are 18,793,473 unissued ordinary shares under option 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.

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.

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel of Group are listed below:

Name	Position	Appointed	Resigned
Mr Glenn Whiddon	Non-Executive Chairman	11/09/2017	-
Mr David Tasker	Executive Director	11/09/2017	29/05/2018
	Non-Executive Director	29/05/2018	22/02/2019
	Executive Director	22/02/2019	-
Mr Howard Digby	Non-Executive Director	04/12/2018	-
Mr Moran Chamsi	Managing Director & Chief Executive Officer	29/11/2016	12/07/2018
	Non-Executive Director	12/07/2018	04/12/2018
Mr Yitzchak (Issy) Livian	Executive Director & VP Business Development	29/11/2016	29/05/2018
Mr Lior Menashe	Chief Technology Officer	01/12/2016	12/07/2018

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Key Management Personnel Compensation:

	Full-year ended 31 December 2018	Full-year ended 31 December 2017
	\$	\$
Short-term employee benefits	467,910	638,255
Post-employment benefits	173,929	135,729
Share-based payment	(2,130,148)	2,905,974
	(1,488,309)	3,679,958

As part of the separation arrangements with former HMO Israel management, and final handover of the operation of the HMO platform to Australia, the Company entered into a settlement deed with each member of former management. Former management therefore received termination payments totalling USD\$90,000 in accordance with the terms of their employment contracts as limited by the ASX Listing Rules.

No other termination benefits were paid out during the financial year (2017: Nil). 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 in the Directors Report.

16. SHARE-BASED PAYMENTS

As at 31 December 2018, there are 18,793,473 unissued ordinary shares under option comprising the following:

Class of Options	Number of Options	Share-based payment expense @ 31 Dec 2018	Remaining share-based payment expense @ 31 Dec 2018	Reversal of prior year options @ 31 Dec 2018	Ref
Performance Options	-	204,609	-	(3,363,755)	(a)
Broker Options	2,500,000	-	-	-	-
Vendor Options	2,000,010	-	-	-	-
Incentive Options	10,800,000	1,021,432	194,996	-	(b)
Advisor Options	493,463	47,833	-	(56,454)	(c)
Larry King Options	-	-	-	(553)	(d)
Lior Menashe Options	3,000,000	7,566	43,434	-	
Total	18,793,473	1,281,440	238,430	(3,420,762)	

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(a) Performance Options

During the 2016 financial 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.

On 6 December 2018 the performance shares were released from escrow and cancelled by the Company. The total share-based payment recognised during the current and prior financial year was therefore reversed at 31 December 2018, refer to the table below.

	# Options at 31/12/17	# Options Cancelled during the year	# Options at 31/12/18	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date	Share-based payment expense @ 31/12/18	Remaining Share-based payment expense @ 31/12/18	Reversal of Share-based payment expense @ 31/12/2018
CLASS A											
M Chamsi	4,333,334	(4,333,334)	-	2/12/16	30/06/18	1/01/22	\$0.20	\$0.150	-	-	(445,391)
I Livian	4,333,333	(4,333,333)	-	2/12/16	30/06/18	1/01/22	\$0.20	\$0.150	-	-	(445,391)
L Menashe	4,333,333	(4,333,333)	-	2/12/16	30/06/18	1/01/22	\$0.20	\$0.150	-	-	(445,391)
Total	13,000,000	(13,000,000)	-						-	-	(1,336,173)
CLASS B											
M Chamsi	4,333,334	(4,333,334)	-	2/12/16	31/12/18	1/01/22	\$0.20	\$0.150	-	-	(337,418)
I Livian	4,333,333	(4,333,333)	-	2/12/16	31/12/18	1/01/22	\$0.20	\$0.150	-	-	(337,418)
L Menashe	4,333,333	(4,333,333)	-	2/12/16	31/12/18	1/01/22	\$0.20	\$0.150	-	-	(337,418)
Total	13,000,000	(13,000,000)	-						-	-	(1,012,254)
CLASS C											
M Chamsi	4,333,334	(4,333,334)	-	2/12/16	31/12/18	1/01/22	\$0.20	\$0.066	68,203	-	(216,667)
I Livian	4,333,333	(4,333,333)	-	2/12/16	31/12/18	1/01/22	\$0.20	\$0.066	68,203	-	(216,667)
L Menashe	4,333,333	(4,333,333)	-	2/12/16	31/12/18	1/01/22	\$0.20	\$0.066	68,203	-	(216,666)
Total	13,000,000	(13,000,000)	-						204,609	-	(650,000)
CLASS D											
M Chamsi	1,416,002	(1,416,002)	-	2/12/16	Note 1	1/01/22	-	\$0.086	-	-	(121,776)
I Livian	1,415,999	(1,415,999)	-	2/12/16	Note 1	1/01/22	-	\$0.086	-	-	(121,776)
L Menashe	1,415,999	(1,415,999)	-	2/12/16	Note 1	1/01/22	-	\$0.086	-	-	(121,776)
Total	4,248,000	(4,248,000)	-						-	-	(365,328)
Total	43,248,000	(43,248,000)	-						204,609	-	(3,363,755)

Note 1: For accounting purposes, the Performance D options were fully expensed as at 31 December 2017 based upon the expected accounting vesting date determined at the grant date.

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.
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.

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2018

(b) Incentive Options

During the prior year, the Group issued remuneration in the form of Incentive Options. 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 cost of these equity-settled transactions, and the inputs used, are outlined below:

	Class	# Options at 31/12/18	Grant date	Vesting date	Expiry date	Exercise price (\$)	Fair value per option at grant date (\$)	Share-based payment expense @ 31/12/18	Remaining Share-based payment expense balance @ 31/12/18
M Chamsi	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.1350	154,112	-
I Livian	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.1350	154,112	-
G Whiddon	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.1350	154,112	-
G Whiddon	Incentive 2	1,200,000	18/12/17	Note 1	28/12/22	0.15	0.1350	65,928	51,245
G Whiddon	Incentive 3	1,200,000	18/12/17	Note 2	28/12/22	0.25	0.0996	59,508	46,253
D Tasker	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.0899	154,112	-
D Tasker	Incentive 2	1,200,000	18/12/17	Note 1	28/12/22	0.15	0.1350	65,928	51,245
D Tasker	Incentive 3	1,200,000	18/12/17	Note 2	28/12/22	0.25	0.0996	59,508	46,253
L Menashe	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.0899	154,112	-
Total		10,800,000						1,021,432	194,996

Vesting conditions attached to the Incentive Options are detailed below:

- 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.
- 2,400,000 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.
- 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%

- A risk-free rate of a five-year Australian Government bond has been used on the Incentive Options.
- 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 cents 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%.

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2018

(c) Advisor Options

During the prior 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.

A total of 1,314,937 options lapsed during the financial year (comprising 401,728 \$0.20 2 May, 2021; 328,668 \$0.30 2 May, 2021; and 584,541 \$0.20 19 February, 2022). The share-based payment recognised during the current and prior financial year in relation to these lapsed options was therefore reversed at 31 December 2018, refer to the table below.

	# Options at 31/12/17	# Options Cancelled during the year	# Options at 31/12/18	Grant date	Vesting date	Expiry date	Exercise price (\$)	Fair value per option at grant date (\$)	Share-based payment expense @ 31/12/18	Remaining Share-based payment expense balance @ 31/12/18	Reversal of Share-based payment expense balance @ 31/12/18
Tranche 1	657,600	(401,728)	255,872	24/04/17	Note 1	24/04/21	0.20	0.0935	12,118	-	(22,384)
Tranche 2	493,200	(328,668)	164,532	20/04/17	Note 2	20/04/21	0.30	0.0854	11,385	-	(16,973)
Tranche 3	657,600	(584,541)	73,059	13/02/18	Note 3	13/02/22	0.20	0.0990	24,330	-	(17,097)
Total	1,808,400	(1,314,937)	493,463						47,833	-	(56,454)

Vesting conditions attached to the Advisor Options are detailed below:

1. 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.
2. 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.
3. Of the 657,600 Tranche 3 Advisor Options, 8.33% of the options (this being 54,789 options) will vest on grant date (Cliff Date: 13 February 2018) and thereafter at 2.78% each month (this being 18,267 options each month) after Cliff Date for 2 years. Such that all options will become vested by 13 February 2021.

Fair value inputs using Black Scholes valuation model:

Class	Risk Free Rate %	Volatility Factor %
Advisor Options – Tranche 1	1.75%	100%
Advisor Options – Tranche 2	1.75%	100%
Advisor Options – Tranche 3	2.26%	120%

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2018

(d) Larry King Options

During the prior 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 the following Issue Conditions are met:

1. 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:
 - (a) satisfies the Issue Condition on or prior to 28 November 2018 (Vesting Date); and
 - (b) continuously provides the Services (as defined in the Talent Agreement) to the Company from 28 November 2017 until the Grant Date.
2. 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).

For accounting purposes, the options have been fully reversed at 31 December 2018 as the Board determined that the probability of achieving the vesting conditions was zero. Nonetheless they have not legally vested and therefore cannot be exercised until the conditions attached them have been met.

	# Options at 31/12/17	# Options Cancelled during the year	# Options at 31/12/18	Grant date	Vesting date	Expiry date	Exercise price (\$)	Fair value per option at grant date (\$)	Share-based payment expense @ 31/12/18	Remaining Share-based payment expense balance @ 31/12/18	Reversal of Share-based payment expense balance @ 31/12/18
Larry King	150,000	(150,000)	-	28/11/17	Above	28/11/21	0.20	0.1225	-	-	(552)
Total	150,000	(150,000)	-						-	-	(552)

(e) Lior Menashe Options

On 4 December 2018, the Company granted 3,000,000 unlisted options to Lior Menashe in recognition of extensive services performed for the Company to maintain the HMO platform and facilitate handover of the operation of the platform to Australia. The options have a three-year term, expiring on 4 December 2021, with an exercise price of nil and vesting over a period of 6 months from the date of issue.

The fair value was determined using the net asset value basis, as the last traded share price of HMO was 10 May 2018 at 6.8 cents. Since that time the Company has scaled back operations and accordingly the last traded price is not considered to be a reliable measure of the current value of the Company's shares. Accordingly, a net assets based value was used for the Company, and a total number of shares comprising 65,759,990 ordinary shares plus existing options likely to be exercised. Using this approach derived a value of 1.7 cents per HMO share.

	# Options at 31/12/18	Grant date	Vesting date	Expiry date	Exercise price (\$)	Fair value per option at grant date (\$)	Share-based payment expense @ 31/12/18	Remaining Share-based payment expense balance @ 31/12/18
L Menashe	3,000,000	4/12/18	4/6/19	4/12/21	-	0.017	7,566	43,434
Total	3,000,000						7,566	43,434

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2018

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.

17. CONTINGENCIES

The Directors are not aware of any contingent liabilities or assets as at 31 December 2018 (2017: \$Nil).

18. COMMITMENTS

Other than what is mentioned below, the Group has no other future commitments existing as at 31 December 2018 (2017: Nil).

Rental Agreement

	Year-ended 31 December 2018 \$	Year-ended 31 December 2017 \$
Within one year	-	25,067
After one year but not more than five years	-	-
More than five years	-	-
	-	25,067

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

	Year-ended 31 December 2018 \$	Year-ended 31 December 2017 \$
Within one year	-	38,951
After one year but not more than five years	-	42,197
More than five years	-	-
	-	81,148

In the prior year, the Subsidiary, HearMeOut Ltd, had three cars leases. These leases were all terminated / transferred out of the Company as part of the settlement agreement and termination of HMO Israel employees.

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2018

19. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

Other than what is mentioned below, and also in Note 15: Key Management Personnel and Note 16: Share-based Payments, there were no transactions with Key Management Personnel and no other related party transactions that occurred during the Period.

20. INTERESTS IN OTHER ENTITIES

The Company's principal subsidiary at 31 December 2018 is set out below. Unless otherwise stated, the share capital consists solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of Business/ country of incorporation	Ownership interest held by the group		Principal activities
		2018	2017	
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.

21. REMUNERATION OF AUDITOR

	Year-ended 31 December 2018 \$	Year-ended 31 December 2017 \$
Audit & Review Services:		
BDO Audit (WA) Pty Ltd	36,303	33,256
<i>Non-related entities:</i>		
KMPG (Israel)	21,004	18,551
	57,307	51,807

22. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 25 February 2019 the Company announced that current Non-Executive Director, Mr David Tasker, had been appointed Executive Director of the Company effectively immediately.

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.

HearMeOut Limited
Notes to the Financial Statements
For the year ended 31 December 2018

23. PARENT ENTITY NOTE

	As at 31 December 2018 \$	As at 31 December 2017 \$
CURRENT ASSETS		
Cash and cash equivalents	854,526	1,800,497
Trade and other receivables	10,881	12,593
TOTAL CURRENT ASSETS	865,407	1,813,090
NON-CURRENT ASSETS		
Investment in subsidiary	(189,812)	914,871
TOTAL NON-CURRENT ASSETS	(189,812)	914,871
TOTAL ASSETS	675,595	2,727,961
CURRENT LIABILITIES		
Trade and other payables	54,219	20,837
TOTAL CURRENT LIABILITIES	54,219	20,837
NET ASSETS	621,376	2,707,124
EQUITY		
Contributed equity (net)	6,966,355	6,978,342
Reserves	2,172,976	3,469,701
Accumulated losses	(8,517,955)	(7,740,919)
TOTAL EQUITY	621,376	2,707,124
Loss for the year	(2,479,468)	(6,038,487)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(2,479,468)	(6,038,487)

The parent entity has no commitments or contingent liabilities at 31 December 2018 (2017: 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 2018

In the Directors opinion:

1. The financial statements and notes set out on pages 31 to 55, 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 2018 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.



Mr David Tasker
Non-Executive Director
Date: Thursday, 28 February 2019

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 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of HearMeOut Limited, 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 2018 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. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for share-based payments

Key audit matter	How the matter was addressed in our audit
<p>During prior years the Group issued performance and incentive options to key management personnel, and options to advisors and vendors, which have been accounted for as share-based payments.</p> <p>During the year ended 31 December 2018, all of the performance options issued in prior years to key management personnel were assessed as having zero probability of vesting and were therefore cancelled. In addition, the options issued to advisors were also cancelled during the year.</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>Refer to Notes 2 and 16 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these arrangements.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • 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; • 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; • Assessing the allocation of the share-based payment expense over the relevant vesting period; • Assessing the appropriateness and accuracy of the reversal of share-based payment expense recognised during the current and prior financial year relating to the performance and advisor options cancelled; and • Assessing the adequacy of the Group's disclosures in Notes 2 and 16 of the financial report.



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 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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_responsibilities/ar3.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 2018.

In our opinion, the Remuneration Report of HearMeOut Limited, for the year ended 31 December 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 28 February 2019

HearMeOut Limited

ASX Additional Information

The shareholder information set out below was applicable as at 14 February 2019.

As at 14 February 2019 there were 464 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>	7,155,710	10.88
Mrs Wishny Sritharan Krishnarajah	3,739,958	5.69
Esop Management and Trust Service Ltd <Yitzchak (Issy) Livian A/C>	2,501,677	3.80
Intervest HK Limited	2,500,000	3.80
Mr Paul Gregory Brown & Mrs Jessica Oriwia Brown <Brown Super Fund A/C>	2,405,000	3.66
Mr Seah Kee Khoo	2,000,000	3.04
CR Investments Pty Ltd	1,750,000	2.66
Rovigno Pty Ltd	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>	1,163,571	1.77
Citicorp Nominees Pty Limited	848,212	1.29
ESOP Management and Trust Service Ltd <Stuff Partners Limited A/C>	814,499	1.24
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
Curis Capital Pty Ltd <Uvarov Super Fund A/C>	500,000	0.76
Total	41,620,724	63.29%

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 14 February 2019 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	11	2,089	0.00
1,001 - 5,000	63	234,621	0.36
5,001 - 10,000	79	707,358	1.08
10,001 - 100,000	231	10,029,320	15.25
100,001 - 9,999,999,999	80	54,786,602	83.31
Totals	464	65,759,990	100.00

Unmarketable Parcels – 90 Holders

RESTRICTED SECURITIES

There are no ASX restricted securities or securities subject to voluntary escrow.

UNQUOTED SECURITIES

As at 14 February 2019, the following unquoted securities are on issue:

2,500,000 Options Expiring 2 December 2019 @ \$0.30 – 16 Holders

Holder 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

255,872 Options Expiring 2 May 2021 @ \$0.20 – 1 Holder

Holder with more than 20%

Holder Name	Holding	% IC
Jon Housman	255,872	100.00

164,532 Options Expiring 2 May 2021 @ \$0.30 – 1 Holder

Holder with more than 20%

Holder Name	Holding	% IC
HoxtonTwelve UG	164,532	100.00

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

Holder 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

Holder with more than 20%

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

3,000,000 Options Expiring 4 December 2021 @ \$0.00 – 1 Holder

Holder with more than 20%

Holder Name	Holding	% IC
Lior Menashe	3,000,000	100.00

HearMeOut Limited

ASX Additional Information

73,059 Options Expiring 19 February 2022 @ \$0.20 – 1 Holder

Holder with more than 20%

Holder Name	Holding	% IC
Jon Housman	73,059	100.00

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

Holder with more than 20%

Holder Name	Holding	% IC
Moran Chamsi	1,200,000	20.00
Yitzchac 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

Holder with more than 20%

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

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

Holder with more than 20%

Holder Name	Holding	% IC
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.