

Appendix 4D Half-Year Financial Report

Name of entity

HEARMEOUT LIMITED

ABN or equivalent company reference

54 614 043 177

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

Current Period: 1 January 2019 to 30 June 2019

(Previous corresponding period: 1 January 2018 to 30 June 2018)

Results for announcement to the market

		Half-Year Ended 30/6/2019	Half-Year Ended 30/6/2018	Increase/ (decrease)	Amount change
2.1	Revenues from ordinary activities	\$2,800	\$4,097	(32%)	(\$1,297)
2.2	(Loss) / profit from ordinary activities after tax attributable to members	(\$336,728)	\$59,302	(668%)	(\$396,030)
2.3	Net (Loss) / profit for the period attributable to members	(\$323,893)	\$59,112	(648%)	(\$383,005)

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

Not Applicable

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

Not Applicable

2.6 Brief explanation of the above figures.

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

The Company incurred the following expenses during the period, \$129,064 on administration expenses, \$15,000 on business development, and \$56,090 on research and development expenses.

During the prior period, the Company reversed prior year options of \$2,348,979, as the Board determined that the probability of achieving certain performance milestones was zero. This non-cash transaction therefore resulted in a profit of \$59,302 during the prior period.

3. Net tangible assets per security

	Half-Year Ended 30/6/2019	Full Year Ended 31/12/2018
Net tangible asset per share	0.01	0.01

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

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

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

5. Dividend / Distribution Payments or Reinvestment Plans

Not applicable. No dividends have been paid or declared during the half-year ended 30 June 2019 or in previous periods. The Company does not propose to pay dividends, in the immediate future.

6. Associates / Joint Ventures

Not applicable.

7. 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 June 2019 also comply with International Financial Reporting Standards.

8. Review Conclusion

This report is based on the financial statements for the half-year ended 30 June 2019. The financial statements have been subject to a review by an independent auditor and the review is not subject to qualification.



Mr David Tasker
Executive Director

Date: Tuesday, 27 August 2019

HearMeOut Limited

And
Controlled Entities

ABN 54 614 043 177

Financial Report

For the half-year ended
30 June 2019

HearMeOut Limited
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For the half-year ended 30 June 2019

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HearMeOut Limited
Corporate Directory
For the half-year ended 30 June 2019

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

Directors' Report

For the half-year ended 30 June 2019

Your Directors present their financial report of the consolidated entity consisting of HearMeOut Limited ("the Company" or "HMO") and its subsidiary HearMeout Ltd ("HMO Israel") (collectively, "the Group") for the half-year ended 30 June 2019 ("the Period").

➤ INFORMATION ON DIRECTORS

1. BOARD OF DIRECTORS

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

Name	Position	Appointed	Resigned
Mr 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	-

2. CORPORATE GOVERNANCE

The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council. This has previously been disclosed in the in the annual financial statements for the year ended 31 December 2018. Accordingly, the interim financial statements are to be read in conjunction with the annual financial statements.

➤ OPERATIONS AND FINANCIAL REVIEW

3. PRINCIPAL ACTIVITIES

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

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

4. REVIEW OF OPERATIONS

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. In practical terms it meant all staff of HMO Israel had their respective employment contracts terminated (however some key executives have continued to produce ad-hoc advice and support on a pro-bono basis) and all influencer and general marketing contracts associated with the HearMeOut platform were terminated.

This decision was taken following a review of the HearMeOut platform, which looked at historical and planned expenditure in relation to the platform, engagement with the platform and revenue opportunities associated with the platform.

HearMeOut Limited

Directors' Report

For the half-year ended 30 June 2019

The review found 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.

Moving forward the board agreed to focus on transferring management of the HearMeOut platform to a more cost-effective solution, securing partnerships that positively impacted the platform development (while limiting costs to the Company, and exploring licensing/ Joint Venture opportunities for the HearMeOut platform.

Defined path forward for HearMeOut Platform

On 23 November 2018 the Company advised that following a detailed review of the HearMeOut 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.

It remained focussed on transferring management of the HearMeOut platform to a more cost-effective solution, securing partnerships that positively impacted the platform development (while limiting costs to the Company, and exploring licensing/ Joint Venture opportunities for the HearMeOut platform.

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.

AvidSys agreed to an investment of a minimum of AUD\$2.0 million (and achieve five million active users on the HearMeOut platform) or AUD\$3.5 million on application design, marketing, application services and business operations over four years.

In addition to the financial consideration to be received HearMeOut will also receive a royalty of 5% of the net profit in each financial year (or part thereof, that the agreement remains in place.

Importantly, the agreement has seen HearMeOut expand its platform into high-growth regions in a low risk fashion, with strong technical support and significant funding by AvidSys.

The transaction also provided HearMeOut exposure to AvidSys Group's strong internal technical and media team, who are now working together with HMO to achieve optimal operational outcomes for the HearMeOut platform.

HearMeOut advises changes to its Board

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.

Together with the board, David is actively driving the HMO strategy, or expanding the HearMeOut platform (from a user and technical perspective). In addition, David is pursuing a range of opportunities that are complementary to HMO and the HearMeOut platform.

HearMeOut Limited
Directors' Report
For the half-year ended 30 June 2019

5. FINANCIAL PERFORMANCE

The financial performance of the Group during the half-year ended 30 June 2019 is as follows:

	Half-year ended 30 June 2019 \$	Half-year ended 30 June 2018 \$
Income (\$)	2,800	4,097
Net (loss) / profit after tax (\$)	(336,728)	59,302
(Loss) / profit per share (cents)	(0.51)	0.09
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 period, \$129,064 on administration expenses, \$15,000 on business development, and \$56,090 on research and development expenses.

During the prior period, the Company reversed prior year options of \$2,348,979, as the Board determined that the probability of achieving certain performance milestones was zero. This non-cash transaction therefore resulted in a profit of \$59,302 during the prior period.

6. FINANCIAL POSITION

The financial position of the Group as at 30 June 2019 is as follows:

	As at 30 June 2019 \$	As at 31 December 2018 \$
Cash and cash equivalents	676,068	979,283
Trade and other receivables	95,956	51,784
Net assets / Total equity	740,502	924,727
Contributed equity	8,141,481	8,141,481
Reserves	1,514,760	1,362,257
Accumulated losses	(8,915,739)	(8,579,011)

The movement in cash is largely attributable to administration expenses and research & development expenses.

7. DIVIDENDS

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

8. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the half-year ended 30 June 2019 forms a part of the Directors' Report and can be found on page 5.

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
 Executive Director
 Date: Tuesday, 27 August 2019

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

As lead auditor for the review of HearMeOut Limited for the half-year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 27 August 2019

HearMeOut Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2019

	Note	Half-year ended 30 June 2019 \$	Half-year ended 30 June 2018 \$
Interest income		2,800	4,097
Total income		2,800	4,097
Administration expenses	4	(129,064)	(392,762)
Business development expenses	4	(15,000)	(659,750)
Depreciation expense		-	(1,404)
Foreign exchange gain		623	55,907
Finance expenses		(329)	(3,636)
Research & development expenses		(56,090)	(366,182)
Share-based payment expenses	6	(139,668)	1,423,032
Total expenses		(339,528)	55,205
(Loss) / profit before income tax		(336,728)	59,302
Income tax benefit/(expense)		-	-
(Loss) / profit for the year		(336,728)	59,302
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Unrealised foreign currency gain / (loss)		12,835	(190)
Total comprehensive (loss) / profit for the year		(323,893)	59,112
(Loss) / profit per share attributable to the ordinary equity holders of the company			
Basic (loss) / profit per share (cents)		(0.51)	0.09
Dilutive (loss) / profit per share (cents)		(0.51)	0.09

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 30 June 2019

	Note	As at 30 June 2019 \$	As at 31 December 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		676,068	979,283
Trade and other receivables		95,956	51,784
TOTAL CURRENT ASSETS		772,024	1,031,067
TOTAL ASSETS		772,024	1,031,067
CURRENT LIABILITIES			
Trade and other payables		31,522	106,340
TOTAL LIABILITIES		31,522	106,340
NET ASSETS		740,502	924,727
EQUITY			
Contributed equity (net)		8,141,481	8,141,481
Reserves	5	1,514,760	1,362,257
Accumulated losses		(8,915,739)	(8,579,011)
TOTAL EQUITY		740,502	924,727

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

HearMeOut Limited
Consolidated Statement of Cash Flows
For the half-year ended 30 June 2019

	Half-year ended 30 June 2019	Half-year ended 30 June 2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	2,800	4,097
Payments to suppliers & employees	(245,956)	(914,372)
Payments for research and development	(72,290)	(366,182)
Net cash outflow used for operating activities	(315,446)	(1,276,457)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments	-	246,514
Net cash inflow used for investing activities	-	246,514
Net decrease in cash and cash equivalents	(315,446)	(1,029,943)
Cash and cash equivalents at beginning of the Period	979,283	2,634,459
Foreign exchange differences	12,231	57,121
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	676,068	1,661,637

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

HearMeOut Limited
Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2019

Half-year ended 30 June 2019	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance as at 1 January 2019	8,141,481	(8,579,011)	1,395,085	(32,828)	924,727
Loss for the Period	-	(336,728)	-	-	(336,728)
Other comprehensive income	-	-	-	12,835	12,835
Total comprehensive loss for the Period	-	(336,728)	-	12,835	(323,893)
Transactions with equity holders in their capacity as equity holders:					
Share-based payments	-	-	139,668	-	139,668
Balance as at 30 June 2019	8,141,481	(8,915,739)	1,534,753	(19,993)	740,502

Half-year ended 30 June 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 Period	-	59,302	-	-	59,302
Other comprehensive loss	-	-	-	(190)	(190)
Total comprehensive income for the Period	-	59,302	-	(190)	59,112
Transactions with equity holders in their capacity as equity holders:					
Share-based payments	-	-	(1,423,032)	-	(1,423,032)
Balance as at 30 June 2018	8,153,465	(8,856,901)	2,111,375	(64,735)	1,343,204

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 half-year ended 30 June 2019

1. CORPORATE INFORMATION

The financial statements and notes represent those of the consolidated entity consisting of HearMeOut Limited ("the Company" or "HMO") and its subsidiary HearMeout Ltd ("HMO Israel") (collectively, "the Group") for the half-year ended 30 June 2019 ("the Period"); and were authorised in accordance with a resolution of Directors on 27 August 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.

2. BASIS OF PREPARATION

Statement of compliance

The interim financial statements for the half-year ended 30 June 2019 is a general purpose financial report prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

The interim financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, this report is to be read in conjunction with the annual statements for the year ended 31 December 2018 and any public announcements made by HearMeOut Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of measurement and reporting convention

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

Functional and Presentation Currency

The functional currency of HearMeOut Limited (Israel) is US dollars and functional currency of HearMeOut Limited (Australia) is Australian Dollars. The reporting currency of the group is Australian Dollars.

Going concern basis

The financial statements are prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. For the half-year ended 30 June 2019, the group recorded loss of \$336,728, net cash outflows from operating activities of \$315,446 and had net working capital of \$740,502.

The Directors have prepared a cash flow forecast, which indicate that the entity would be required to raise funds to provide additional working capital and to continue to fund its business activities. The ability of the Group to continue as a going concern is dependent on securing additional funding through capital raise.

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.

New and amended standard adopted by the group (AASB 16 Leases)

The group has adopted the new accounting standard AASB 16 *Leases* with effect from 1 January 2019. However, upon assessment, the impact on adoptions of the leasing standard was NIL for the current period.

HearMeOut Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2019

3. SEGMENT REPORTING

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

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

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

4. EXPENSES

	Half-year ended 30 June 2019 \$	Half-year ended 30 June 2018 \$
Administration expenses		
Legal and professional fees	60,485	166,446
Wages, salaries and employee expenses	54,000	183,850
General administration	14,579	42,466
Total administration expenses	129,064	392,762
Business development expenses		
Wages, salaries and employee expenses	-	348,259
Travel and accommodation	-	34,966
Marketing and advertising expenses	15,000	276,525
Total business development expenses	15,000	659,750

HearMeOut Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2019

5. RESERVES

	As at 30 June 2019 \$	As at 31 December 2018 \$
Option reserve	1,534,753	1,395,085
Foreign currency translation reserve	(19,993)	(32,828)
	1,514,760	1,362,257

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 30 June 2019 \$	As at 31 December 2018 \$
Balance at the beginning of the period	1,395,085	3,534,407
Share-based payment expense	139,668	1,281,440
Reversal of prior year options	-	(3,420,762)
Balance at end of period	1,534,753	1,395,085

Foreign currency translation reserve:

	As at 30 June 2019 \$	As at 31 December 2018 \$
Balance at the beginning of the period	(32,828)	(64,545)
Foreign currency movement	12,835	31,717
Balance at end of period	(19,993)	(32,828)

HearMeOut Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2019

6. SHARE-BASED PAYMENTS

As at 30 June 2019, there are 18,793,473 unissued ordinary shares under option comprising the following:

Class of Options	Number of Options	Share-based payment expense @ 30 Jun 2019	Remaining share-based payment expense @ 30 Jun 2019	Ref
Broker Options	2,500,000	-	-	-
Vendor Options	2,000,010	-	-	-
Incentive Options	10,800,000	\$96,234	\$98,760	(a)
Advisor Options	493,463	-	-	-
Lior Menashe Options	3,000,000	\$43,434	-	(b)
Total	18,793,473	\$139,668	\$98,760	

(a) Incentive Options

During 2017, 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 30/06/19	Grant date	Vesting date	Expiry date	Exercise price (\$)	Fair value per option at grant date (\$)	Share-based payment expense @ 30/6/19	Remaining Share-based payment expense balance @ 30/6/19
M Chamsi	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.1350	-	-
I Livian	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.1350	-	-
G Whiddon	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.1350	-	-
G Whiddon	Incentive 2	1,200,000	18/12/17	Note 1	28/12/22	0.15	0.1350	25,290	25,955
G Whiddon	Incentive 3	1,200,000	18/12/17	Note 2	28/12/22	0.25	0.0996	25,290	25,955
D Tasker	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.0899	-	-
D Tasker	Incentive 2	1,200,000	18/12/17	Note 1	28/12/22	0.15	0.1350	22,827	23,425
D Tasker	Incentive 3	1,200,000	18/12/17	Note 2	28/12/22	0.25	0.0996	22,827	23,425
L Menashe	Incentive 1	1,200,000	18/12/17	11/09/18	28/12/22	-	0.0899	-	-
Total:		10,800,000						96,234	98,760

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.

HearMeOut Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2019

(b) 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 30/06/19	Grant date	Vesting date	Expiry date	Exercise price (\$)	Fair value per option at grant date (\$)	Share-based payment expense @ 30/06/19	Remaining Share-based payment expense balance @ 30/06/19
L Menashe	3,000,000	4/12/18	4/6/19	4/12/21	-	0.017	43,434	-
Total	3,000,000						43,434	-

7. CONTINGENCIES

The Directors are not aware of any contingent liabilities or assets as at 30 June 2019.

8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

HearMeOut Limited
Directors' Declaration
For the half-year ended 30 June 2019

In the Directors opinion:

1. The financial statements and notes set out on pages 6 to 14, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standards AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date;
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Mr David Tasker
Executive Director
Date: Tuesday, 27 August 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of HearMeOut Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of HearMeOut Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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

Independence

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

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 27 August 2019