



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

**APPENDIX 4D**  
**PRELIMINARY FINAL REPORT**

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

Current reporting period: Half Year ended 31 December 2016  
Previous corresponding period: Half Year ended 31 December 2015

	<b>Amount \$</b>	<b>% Change up(+)/down(-)</b>
Revenue from ordinary activities	9,153	n/a
Loss from ordinary activities after tax attributable to members (from continuing operations)	(1,703,671)	456%
Net loss for the period attributable to members	(1,703,671)	456%

**2. Dividend Information**

The directors do not recommend the payment of an interim dividend in relation to the financial year ended 30 June 2017 (31 December 2015: Nil).

**3. Net tangible assets per security**

	<b>31 Dec 2016 \$</b>	<b>31-Dec 2015 \$</b>
Net tangible asset backing per ordinary share	0.01	1,831.54

As at 31 December 2016 the number of shares on issue was 636,895,996 (31 December 2015: 105).

**4. Details of joint venture entities**

The Company does not have any interests in joint ventures.

**5. Details of entities over which control was gained**

There has been no change in the entities over which the Company has control during the period.

**6. Investments in associates**

The controlled entities listed below have share capital consisting solely of ordinary shares which are held directly by the Company. The proportion of ownership interests held equals the voting rights held by the Company. Each controlled entity's principal place of business is also its country of incorporation.

Name of Controlled Entity	Principal Place of Business	Ownership interest held by the Company		Proportion of non-controlling interest	
		31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Wild Acre Metals (Peru) SAC	Lima, Peru	100%	100%	0%	0%
Nuheara, Inc	San Francisco, USA	100%	-	0%	-
Terrace Gold Pty Ltd	Perth, Australia	80%	80%	20%	20%

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

**7. Assets held for sale**

As reported in the Company's 2016 Annual Report, the directors have decided to divest mining assets held in Peru within the next 12 months. As at the date of this report, there has been no change in the interests or to the activities of mining tenements.



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

## **DIRECTORS' REPORT**

Your directors submit the financial report for the consolidated group for the half-year ended 31 December 2016.

### **1. Directors**

The names of the directors who held office during or since the end of the last half-year:

**Justin Miller** - Executive Chairman and Chief Executive Officer, appointed: 25 February 2016

**David Cannington** - Executive Director and Executive Vice President of Sales & Marketing, appointed: 25 February 2016

**Dr Michael Ottaviano** *B.Eng, MSc, DBA, MAICD, M.I.EngAus* - Independent Non-Executive Director, appointed: 25 February 2016

William R (Rick) Brown - Non-Executive Director, resigned 25 February 2016

Jeffrey Moore - Non-Executive Director, resigned 25 February 2016

Grant Mooney – Executive Chairman, resigned 6 June 2016

### **2. Operating results**

For the half year to 31 December 2016, the comprehensive loss of the Company amounted to \$1,703,671 and operating cash outflows were \$643,328. Whilst pre-sales orders of \$1,033,638 were generated, under Australian Accounting Standards the revenue from these orders cannot be recognised until shipments have been fulfilled. Accordingly, this unearned income has been classified as a current liability in the Statement of Financial Position.

### **3. Review of operations**

During the period to 31 December 2016, Nuheara reached significant production milestones in its commercialisation of IQbuds™. The first units, from the Company's world leading contract manufacturing facility at Flextronics, were produced and transferred to third-party certification bodies in the USA, Canada, Australia, New Zealand and Europe for final approval. Approval from these certification bodies will enable distribution and retail sale in specific regions of the world.

Also during the half year, the Company launched its own online store ([www.shop.nuheara/products/iqbuds](http://www.shop.nuheara/products/iqbuds)) to accept pre-orders for estimated first quarter 2017 availability.

With staggered approval dates of the various certifications, pre-order customers will be progressively fulfilled throughout the course of the first and second calendar quarters of 2017. Retail availability is expected within the same timeframe.

#### *Capital raising*

On 27 October 2016, the Company completed a \$4.984m share placement with 83.07 million new ordinary shares issued at a price of \$0.06 per share. The placement was oversubscribed, with strong support from new and existing international and Australian based investors. Proceeds from the placement will be used to fund the production and marketing of IQbuds™:

### **4. Significant events after balance date**

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

### **5. Auditor's Independence Declaration**

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 31 December 2016.

For the purposes of s 327B of the Corporations Act 2001 and for all other purposes, Walker Wayland WA Audit Pty Ltd has replaced Hall Chadwick WA Audit as auditor of the Company. This change has arisen following the merger of Hall Chadwick WA Audit and Walker Wayland.



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

This director's report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors:

A handwritten signature in black ink, appearing to read 'JM', is written over a faint rectangular box.

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

Perth, 28 February 2017

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF NUHEARA LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016 there has been no contraventions of:

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

*Walker Wayland WA Audit Pty Ltd*

Walker Wayland WA Audit Pty Ltd  
(Formerly Hall Chadwick WA Audit Pty Ltd)

*Richard Gregson*

Richard Gregson  
Director

Perth, WA  
Dated this 28<sup>th</sup> day of February 2017

**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31  
DECEMBER 2016**

	NOTE	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
Interest earned		9,153	-
		9,153	
Salaries and employee benefits expenses		(495,504)	-
Marketing and promotional expenses		(447,401)	(24,416)
Research and development expenses		(113,461)	(270,405)
General and administrative expenses		(555,503)	(11,561)
Share based payments expense	8	(100,955)	-
<b>Total expenses</b>		<b>(1,712,824)</b>	<b>(306,382)</b>
<b>Loss before tax from continuing operations</b>		<b>(1,703,671)</b>	<b>(306,382)</b>
Income tax benefit			-
<b>Net loss after tax from continuing operations</b>		<b>(1,703,671)</b>	<b>(306,382)</b>
<b>Total comprehensive loss for the period</b>		<b>(1,703,671)</b>	<b>(306,382)</b>
Total comprehensive loss attributable to:			
Equity holders		<b>(1,703,671)</b>	<b>(306,382)</b>
<b>Total comprehensive loss</b>		<b>(1,703,671)</b>	<b>(306,382)</b>
<b>Earnings per share</b>			
Basic loss per share (cents per share)	7	(0.29)	(303,169.16)
Diluted loss per share (cents per share)		(0.26)	(303,169.16)

The accompanying notes form part of these financial statements.

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	NOTE	31 Dec 2016 \$	30 Jun 2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,217,847	1,994,127
Trade and other receivables		96,245	1,058,575
Inventory		312,740	15,147
Disposal group – mining tenements held for sale		206,233	206,233
<b>TOTAL CURRENT ASSETS</b>		<b>4,833,062</b>	<b>3,274,082</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		551,251	160,399
Security deposits		27,697	27,707
Intangible assets	4	1,413,116	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,992,064</b>	<b>188,106</b>
<b>TOTAL ASSETS</b>		<b>6,825,129</b>	<b>3,462,188</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		647,208	571,643
Unearned income		1,033,638	939,210
Provisions		81,591	24,302
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,762,437</b>	<b>1,535,155</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,762,437</b>	<b>1,535,155</b>
<b>NET ASSETS</b>		<b>5,062,692</b>	<b>1,927,033</b>
<b>EQUITY</b>			
Issued capital	5	12,949,901	8,229,327
Share option reserve	6	516,874	415,919
Foreign currency translation reserve		17,801	-
Accumulated losses		(8,421,884)	(6,718,213)
<b>TOTAL EQUITY</b>		<b>5,062,692</b>	<b>1,927,033</b>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY FOR  
THE HALF YEAR ENDED 31 DECEMBER 2016**

	Ordinary Shares \$	Accumulated Losses \$	Share Option Reserve \$	Foreign Currency Translation Reserve \$	Total \$
<b>Balance at 1 July 2016</b>	<b>8,229,327</b>	<b>(6,718,213)</b>	<b>415,919</b>	-	<b>1,927,033</b>
<b>Comprehensive Income</b>					
Loss for the period	-	(1,703,671)			<b>(1,703,671)</b>
<b>Total comprehensive loss for the year</b>	-	<b>(1,703,671)</b>			<b>(1,703,671)</b>
Foreign currency translation movement	-	-	-	17,801	17,801
Shares issued during the period	4,984,403	-	-	-	4,984,403
Share issue costs	(263,829)	-	-	-	(263,829)
Movement in valuation of options issued in prior periods			88,715		88,715
Options issued during the period	-	-	12,240	-	12,240
<b>Balance at 31 December 2016</b>	<b>12,949,901</b>	<b>(8,421,884)</b>	<b>516,874</b>	<b>17,801</b>	<b>5,062,692</b>
<b>Balance at 1 July 2015</b>	<b>100</b>	<b>(1,406)</b>	-	-	<b>(1,306)</b>
<b>Comprehensive Income</b>					
Loss for the period	-	(306,382)	-	-	(306,382)
<b>Total comprehensive loss for the period</b>	-	<b>(306,382)</b>	-	-	<b>(306,382)</b>
Convertible notes issued during the	500,000	-	-	-	500,000
<b>Balance at 31 December 2015</b>	<b>500,100</b>	<b>(307,788)</b>	-	-	<b>192,312</b>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CASH FLOWS FOR THE  
 HALF YEAR ENDED 31 DECEMBER 2016**

	<b>Half-year ended 31 Dec 2016</b>	<b>Half-year ended 31 Dec 2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	7,781	-
Payments to suppliers and employees	(650,062)	(227,834)
Interest paid	(1,047)	-
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(643,328)</b>	<b>(227,834)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(440,410)	(2,649)
Payments for intangibles - capitalised development costs	(1,413,116)	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,853,526)</b>	<b>(2,649)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issues	4,984,403	500,000
Share issue expenses	(263,829)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>4,720,574</b>	<b>500,000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>	<b>2,223,720</b>	<b>269,517</b>
Cash and cash equivalent at beginning of the financial period	1,994,127	100
<b>Cash and cash equivalent at the end of the financial period</b>	<b>4,217,847</b>	<b>269,617</b>

The accompanying notes form part of these financial statements.

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

**Nuheara IP Pty Ltd** or the **Company** refers to the company purchased by Nuheara Limited on 25 February 2016. In accordance with Australian Accounting Standard *AASB3: Business Combinations*, Nuheara Limited is deemed to have been acquired by Nuheara IP Pty Ltd as at 25 February 2016 under the reverse acquisition rules. While the financial statements are headed with the name of the legal acquirer, Nuheara Limited, the financial statements presented are a continuation of those of the accounting acquirer, Nuheara IP Pty Ltd.

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

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

The financial report for Nuheara Limited for the period ended 31 December 2016 was authorised for issue in accordance with a resolution by the board of directors.

Nuheara Limited is incorporated in Australia, and is a listed public Company whose shares are publicly traded on the Australian Securities Exchange (ASX). Its registered office and principal place of business is located at 5/28 John Street, Northbridge, Western Australia.

## **1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **a) Basis of preparation**

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

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the most recent financial statements, except in relation to some of the matters noted below.

#### *Going concern*

For the half-year ended 31 December 2016 the Company has incurred a loss of \$1,703,671 and generated net operating cash outflows of \$643,328, as disclosed in the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows, respectively. As a result of the loss and cash outflows from operations the Directors have assessed the Company's ability to continue as a going concern and to pay its debts as and when they fall due.

The ability of the Company to continue as a going concern and pay its debts as and when they fall due will depend upon some or all of the following initiatives being actions:

- Continued online sales of IQbuds™;
- Realisation of retail sales following recent execution of retail distribution agreements;
- Growth in retail distribution channels through the ongoing negotiation of new distribution agreements;
- Active management of the current level of discretionary expenditure in line with the funds available to the Company.

Should the Company at any time be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

### **b) Intangible assets**

#### **(i) Research phase**

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when incurred.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b) Intangible assets (continued)

#### (ii) Development phase

An intangible asset arising from development (or from the development of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs include costs directly attributable to the development activities. Development costs not capitalised are recognised as an expense when incurred.

Following initial recognition, the Company will adopt the cost model. As a result, any development costs carried forward will be carried forward at its cost less any accumulated amortisation and any accumulated impairment losses.

### c) Principles of consolidation

On 25 February 2016, Nuheara Limited acquired all of the issued shares of Nuheara IP Pty Ltd, resulting in Nuheara IP Pty Ltd becoming a wholly owned subsidiary of Nuheara Limited. The acquisition resulted in the original shareholders of Nuheara IP Pty Ltd holding a controlling interest in Nuheara Limited (formally known as Wild Acre Metals Limited). Pursuant to AASB 3: *Business Combinations*, this transaction represents a reverse acquisition with the result that Nuheara IP Pty Ltd was identified as the acquirer, for accounting purposes, of Nuheara Limited (the “acquiree” and “legal parent”). Wild Acre Metals Limited was not considered a business as it only held disposal groups in Australia and Peru. The financial statements reflect Nuheara IP Pty Ltd and entities it controlled. The comparative information reflects Nuheara IP Pty Ltd only.

## 2. SEGMENT INFORMATION

### *Operating segments*

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

At 31 December 2016, Wild Acre Metals (Peru) SAC held mining tenements in Peru and has been treated as a disposal group.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### (i) *Valuation of options*

#### *Share-based payment transactions:*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, using the assumptions detailed in Note 8.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 8.

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

Under AASB 138: *Intangible Assets*, an entity is required to recognise an intangible asset if, and only if, certain criteria are met. Judgement has been made in the determination that research and development expenditure incurred during the year met the definition of an intangible asset.

4. INTANGIBLE ASSETS

	31 Dec 2016 \$	30 June 2016 \$
Capitalised development costs	1,413,116	-

5. ISSUED CAPITAL

	31 Dec 2016 \$	30 June 2016 \$	31 Dec 2015 \$
<b>(i) Issued and paid up capital</b>			
636,895,996 Ordinary shares, fully paid (30 June 2016: 553,822,613 / 31 Dec 2015: 105)	12,949,901	8,229,327	11,100

	Number of Shares	\$
<b>(ii) Movements during the period:</b>		
<b>Opening Balance 1 July 2016</b>	553,822,613	8,229,327
Placement of shares issued at \$0.06 each on 2 November 2016	15,100,000	906,000
Placement of shares issued at \$0.06 each on 3 November 2016	67,973,383	4,078,403
Less share issue costs	-	(263,829)
<b>Balance shares at 31 December 2016</b>	636,895,996	12,949,901

	Number of Shares	\$
<b>(iii) Movements during the period:</b>		
<b>Opening Balance 1 July 2015</b>	100	100
Issue of shares on 23 November 2015	5	11,000
<b>Balance shares at 31 December 2015</b>	105	11,100

**(iv) Holders of ordinary shares**

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

6. SHARE OPTION RESERVE

	31 Dec 2016 \$	30 June 2016 \$	31 Dec 2015 \$
<b>(i) Unlisted options</b>			
94,469,445 unlisted options (30 June 2016: 85,469,445 / 31 Dec 2015: nil)	516,874	415,919	-

	Number of Options	\$
<b>(ii) Movements during the period:</b>		
<b>Opening Balance 1 July 2016</b>	85,469,445	415,919
Movement in valuation of options issued in prior reporting periods	-	88,715
Issue of options to employees at \$0.09 each on 30 November 2016	11,000,000	12,240
Write back expired options	(2,000,000)	-
<b>Balance shares at 31 December 2016</b>	94,469,445	516,874

During the year ended 30 June 2016, there were 20,000,000 management options issued. These were issued pursuant to the Company Prospectus dated 25 January 2016 and vesting was conditional upon achievement of certain milestones. During the half-year to 31 December 2016, the final milestone pertaining to the commencement of commercial production by December 2016 was satisfied and the balance of these options vested in their entirety.

No options were issued during the half-year ended 31 December 2015.

**7. EARNINGS PER SHARE**

	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
Basic loss per share (cents)	(0.29)	(303,169.16)
Diluted loss per share (cents)	(0.26)	(303,169.16)

	31 Dec 2016 \$	30 June 2016 \$
<b>Basic loss per share</b>		
The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
Total comprehensive loss for the period	(1,703,671)	(306,382)

	31 Dec 2016 No.	30 June 2016 No.
Weighted average number of ordinary shares – basic loss per share	580,542,339	101
Weighted average number of ordinary shares – diluted loss per share	665,924,828	101

**8. SHARE BASED PAYMENTS**

	Half-year ended 31 Dec 2016 \$	Half-year ended 31 Dec 2015 \$
Expense arising from options issued to employees	100,955	-

The following share-based payment arrangements existed:

- (a) Options issued to non-key management personnel during the half-year ended 31 December 2016 are as follows:

Grant Date	No. of Options
30/11/2016	11,000,000

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

	No.	Weighted Average Exercise Price
<b>Options outstanding and exercisable as at 30 June 2015</b>	-	-
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding and exercisable as at 30 June 2016</b>	<b>85,469,445</b>	<b>\$0.07</b>
Transferred in	-	-
Granted	11,000,000	\$0.06
Forfeited	(2,000,000)	-
Exercised	-	-
<b>Options outstanding and exercisable as at 31 December 2016</b>	<b>94,469,445</b>	<b>\$0.07</b>

The weighted average remaining contractual life of options outstanding at year end was 2.00 years (30 June 2016: 2.34 years).  
The weighted average exercise price of outstanding options at the end of the reporting period was \$0.07 (30 June 2016: \$0.07).

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

The fair value of options granted during the half-year was \$432,740 (30 June 2016: \$31,919). These values were calculated using the Black-Scholes option pricing model, applying the following inputs:

	<b>Employees</b>
Grant Date	30/11/2016
Share price on issue date	\$0.091
Expected volatility	100%
Exercise price	\$0.09
Expiry date	30/11/0219
Risk free interest rate	1.50%
Number issued	11,000,000
Value per option	\$0.0562
<b>Total</b>	<b>\$432,740</b>

**9. CONTINGENT LIABILITIES**

There are no known contingent liabilities.

**10. SIGNIFICANT EVENTS AFTER BALANCE DATE**

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

**DIRECTORS' DECLARATION**

The Directors of Nuheara Limited declare that:

1. the financial statements and notes are in accordance with the Corporations *Act 2001* and:
  - a. comply with Australian Accounting Standards which, as stated in the accounting policy Note 1 to the financial statements, constitutes compliance with International Accounting Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 31 December 2016 and of the performance for the half year ended on that date of the Company;
2. the Directors have given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer;
3. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

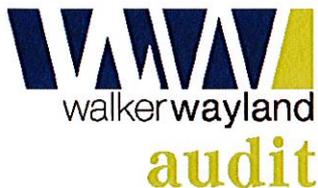
This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors:



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

Perth, 28 February 2017



## Walker Wayland WA Audit Pty Ltd

Associated with Walker Wayland (WA) Pty Ltd

ABN 94 608 776 834

### PERTH

Level 2, 129 Melville Parade  
Como WA 6152

PO Box 2162  
Como Beach WA 6152

Telephone: +61 8 9364 9988  
Facsimile: +61 8 9367 3444

[www.ww-wa.com.au](http://www.ww-wa.com.au)

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NUHEARA LIMITED AND CONTROLLED ENTITES

### Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Nuheara Limited, which comprises the consolidated statement of financial position as at 31 December 2016, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Nuheara Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Nuheara Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Independence*

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

Conclusion

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

- (i) giving a true and fair view of Nuheara Limited's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

*Walker Wayland WA Audit Pty Ltd*

Walker Wayland WA Audit Pty Ltd  
(Formerly Hall Chadwick WA Audit Pty Ltd)

*Richard J Gregson*

Richard Gregson

Director

Dated this 28<sup>th</sup> day of February 2017