

NUHEARA LIMITED
ABN 29 125 167 133

APPENDIX 4E
PRELIMINARY FINAL REPORT

1. Results for Announcement to the Market

Current reporting period: Year ended 30 June 2016
Previous corresponding period: Year ended 30 June 2015

	Amount \$	% Change up(+)/down(-)
Revenue from ordinary activities	12,431	n/a
Loss from ordinary activities after tax attributable to members (from continuing operations)	(6,688,557)	+4,757%
Loss from disposal group (discontinued operations)	(28,250)	n/a
Net loss for the period attributable to members	(6,716,807)	+4,777%

2. Dividend Information

The directors do not recommend the payment of a dividend in relation to the financial year ended 30 June 2016 (2015: Nil).

3. Net tangible assets per security

	2016 \$	2015 \$
Net tangible asset backing per ordinary share	0.003	(13.06)

As at 30 June 2016 the number of shares on issue was 553,822,613 (30 June 2015: 100).

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

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

6. Assets held for sale

The Company has undertaken an assessment of its mineral assets with a view that these assets will be divested within the next 12 months. Accordingly, the mining tenements held have been treated as a disposal group in the Statement of profit or loss and other comprehensive income and Statement of financial position.

7. Commentary on the results

At the heart of its business, Nuheara is building a proprietary hearing technology platform that upon completion will combine unique hearing intelligence software with spatial directionality and placement, Bluetooth connectivity and app software components. Nuheara's goal is to realise this platform through its IQBuds™ product.

Nuheara has sought to capitalise on the growth in the global Wearables market by commercialising its IQBuds™ technology. The following timeline outlines the material events that occurred during the year in this regard:

- 18 May 2015 - Nuheara Limited (formerly Wild Acre Metals Limited) entered into a binding agreement to acquire Nuheara IP Pty Ltd. Nuheara Limited is deemed to have been acquired by Nuheara IP Pty Ltd under the reverse acquisition rules under Australian Accounting Standard AASB3: *Business Combinations*.
- 11 September 2015 - the Company received shareholder approval in connection with the proposed acquisition.



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- 25 February 2016 – the Company successfully raised \$3.5m under the prospectus. The Company’s activities were changed from that of mining exploration to technology development.
- 7 March 2016 - consistent with the Company’s new business of technology development, it disposed of its 100% interest in mineral leases at Mt Ida, Western Australia for \$150,000 inclusive of GST (\$5,000 deposit was received prior to acquisition), whilst retaining a 1.5% net smelter royalty (NSR) over all gold and base metals produced from the mineral leases with the NSR from gold production commencing after 10,000 ounces of production.
- 6 April 2016 – 60-day global pre-order sales and marketing campaign launched through the Indiegogo crowdfunding campaign online platform.
- 9 June 2016 – Indiegogo campaign officially closed with sales exceeding \$1m, representing 3,632 sets of IQbuds™. Orders were received from 80 countries and the Company has been approached by distributors and resellers around the globe seeking a partnering opportunity with Nuheara. The Company decides to continue making IQbuds™ available for pre-order on the Indiegogo InDemand platform for the foreseeable future. The directors have since advised that the Company continues to track according to its scheduled release date in December 2016.
- 28 June 2016 – IQBuds™ named winner of the 25th annual Western Australian Information Technology and Telecommunications Alliance (WAITTA) INCITE Awards which showcases Western Australian ICT innovation and excellence, in the Most Disruptive Technology category.

Peru mining tenements

Whilst the Company recognises the value in its resources project in Peru, the directors are also cognisant of the fact that raising funds for continued exploration and development of this project is difficult in the current economic environment. Accordingly, the directors have decided to divest these assets within the next 12 months.

8. Audit report

The preliminary final report is based on accounts which are in the process of being audited.

Emphasis of matter

As a result of the matters raised in Note 1(a) to this Appendix 4E, the auditor’s report is expected to include an emphasis of matter in relation to going concern considerations.

STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
Interest earned		12,431	-
		12,431	
Employee benefits		(440,981)	-
Prototyping and design		(603,289)	-
Marketing and promotional		(305,110)	-
Research		(117,294)	-
Patents, trademarks and intellectual property		(9,760)	-
Depreciation		(5,077)	-
Professional fees		(426,820)	-
Occupancy costs		(28,920)	-
Share based payments		(31,919)	-
Loss on disposal of assets		(3,558)	-
Administrative expenses		(217,988)	(1,406)
Cost of Nuheara acquisition		(4,509,966)	-
Foreign exchange loss		(306)	-
Total expenses		(6,700,988)	(1,406)
Loss before tax from continuing operations		(6,688,557)	(1,406)
Income tax benefit		-	-
Net loss after tax from continuing operations		(6,688,557)	(1,406)
Loss from discontinued operations			
Change in carrying value of disposal group		(2,443)	-
Loss on disposal group		(25,807)	-
Total loss from discontinued operations		(28,250)	-
Other comprehensive profit		-	-
Total other comprehensive profit for the year		-	-
Total comprehensive loss for the year		(6,716,807)	(1,406)
Total comprehensive loss attributable to:			
Equity holders		(6,716,807)	(1,406)
Total comprehensive loss		(6,716,807)	(1,406)
Earnings per share			
Basic loss per share (cents per share)	4	(2.22)	(0.00)
Diluted loss per share (cents per share)	4	(2.09)	(0.00)

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	NOTES	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents		1,994,128	100
Trade and other receivables		948,369	-
Inventory		15,147	-
Disposal group – mining tenements held for sale		206,233	-
Other current assets		113,778	-
TOTAL CURRENT ASSETS		3,277,655	100
NON-CURRENT ASSETS			
Plant and equipment		160,399	-
Security deposits		24,136	-
TOTAL NON-CURRENT ASSETS		184,535	-
TOTAL ASSETS		3,462,190	100
CURRENT LIABILITIES			
Trade and other payables		571,645	-
Unearned income		939,210	-
Provisions		24,302	-
TOTAL CURRENT LIABILITIES		1,535,157	-
NON-CURRENT LIABILITIES			
Trade and other payables		-	1,406
TOTAL NON-CURRENT LIABILITIES		-	1,406
TOTAL LIABILITIES		1,535,157	1,406
NET ASSETS		1,927,033	(1,306)
EQUITY			
Issued capital	3	8,229,327	100
Share option reserve	3	415,919	-
Accumulated losses		(6,718,213)	(1,406)
TOTAL EQUITY		1,927,033	(1,306)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Ordinary Shares	Accumulated Losses	Share Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2014	-	-	-	-
Comprehensive Income				
Loss for the year	-	(1,406)	-	(1,406)
Total comprehensive loss for the year	-	(1,406)	-	(1,406)
Transactions with owners in their capacity as owners				
Shares issued during the year	100	-	-	100
Balance at 30 June 2015	100	(1,406)	-	(1,306)
Balance at 1 July 2015	100	(1,406)	-	(1,306)
Comprehensive Income				
Loss for the year	-	(6,716,807)	-	(6,716,807)
Total comprehensive loss for the year	-	(6,716,807)		(6,716,807)
Transactions with owners in their capacity as owners				
Shares issued during the year	8,825,315	-	-	8,825,315
Share issue costs	(596,088)	-	-	(596,088)
Options issued during the year	-	-	415,919	415,919
	8,229,227	-	415,919	8,645,146
Balance at 30 June 2016	8,229,327	(6,718,213)	415,919	1,927,033

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,266,472)	(1,406)
Interest received	12,001	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,254,471)	(1,406)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(184,116)	-
Deposits paid	(24,136)	-
Proceeds from disposal of mining tenements	131,364	-
Cash acquired as part of acquisition	37,476	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(39,412)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share and option issues	3,500,000	100
Share raising costs	(212,089)	-
Proceeds from shareholders' loans	-	1,406
NET CASH FLOWS FROM FINANCING ACTIVITIES	3,287,911	1,506
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD	1,994,028	100
Cash and cash equivalent at beginning of the financial year	100	-
Cash and cash equivalent at the end of the financial year	1,994,128	100

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

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
(a) Basis of preparation

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

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Nuheara Limited, during the reporting period, in accordance with the continuous disclosure requirements of the ASX listing rules.

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

Going concern

For the year ended 30 June 2016, the Company has incurred a loss of \$6,716,807 and generated cash outflows of \$1,254,471 from operating activities, 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 Company will be required to raise additional funds to be applied towards the ongoing development and production of the Nuheara wearable technology and for general working capital. The ability of the Company to continue as a going concern and pay its debts as and when they fall due will depend upon:

- Raising additional working capital through the issue of securities and/or other funding;
- Ongoing pre-sales and sales of IQbuds™ through growth in distribution channels.
- Active management of the current level of discretionary expenditure in line with the funds available to the Company; and
- The successful sale of mining interests, held for sale at 30 June 2016.

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.

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

3. ISSUED CAPITAL

(i) Issued and Paid Up Capital:

553,822,613 (2015: 100) Ordinary shares, fully paid

2016 \$	2015 \$
8,229,327	100

(ii) Movements during the period

Opening Balance shares

Issue of 100 shares on incorporation 7 May 2015

Issue of 5 shares on 23 November 2015

Shares transferred to Nuheara Limited on acquisition

Opening balance of Nuheara Limited shares

16 October 2015 issue 12,500,000 shares @ \$0.008 each to raise funds for working capital

29 October 2015 issue 9,375,000 shares @ \$0.016 each to raise funds for working capital

9 December 2015 issue 2,500,000 shares to Teck Resources Limited in consideration for 100% interest in Salvador Project

25 February 2016 issue 140,000,000 shares pursuant to Prospectus @ \$0.025 each

25 February 2016 issue 201,250,000 shares issued to Nuheara shareholders

25 February 2016 issue 24,802,321 shares to facilitator at \$0.025 each

Balance shares at 30 June 2016

Number of Shares 2016	Number of Shares 2015
100	-
-	100
5	-
(105)	-
163,395,292	-
12,500,000	-
9,375,000	-
2,500,000	-
140,000,000	-
201,250,000	-
24,802,321	-
553,822,613	100

Balance shares at 1 July 2015

Issue of 100 shares on incorporation 7 May 2015

Issue of 5 shares on 23 November 2015

25 February 2016 issue 140,000,000 shares pursuant to Prospectus @ \$0.025 each

25 February 2016 issue 201,250,000 shares issued to Nuheara shareholders

Less share issue costs

Balance shares at 30 June 2016

\$ 2016	\$ 2015
100	-
-	100
11,000	-
3,500,000	-
5,314,315	-
(596,088)	-
8,229,327	100

(iii) Holders of Ordinary Shares

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

(iv) Options

As at the year end the Company had 85,469,445 unlisted options on issue.

3. Issued Capital (continued)

a) Unlisted Options

85,469,445 (2015: Nil) unlisted options

2016 \$	2015 \$
415,919	-

b) Movements during the period

Balance unlisted options at 30 June 2015

Opening balance of Nuheara Ltd unlisted options

Issue of Management options in Nuheara acquisition

Issue of Underwriter options pursuant to Prospectus dated 25 January 2016

Issue of Employee options @ \$0.04 each on 18 April 2016

Issue of Employee options @ \$0.06 each on 18 April 2016

Issue of Employee options @ \$0.09 each on 18 April 2016

Balance unlisted options at 30 June 2016

No of Unlisted Options	\$
-	-
20,719,445	-
20,000,000	-
30,000,000	384,000
6,000,000	15,246
5,500,000	12,452
3,250,000	4,221
85,469,445	415,919

4. EARNINGS PER SHARE

Basic loss per share (cents per share)
Diluted loss per share (cents per share)

2016 Cents	2015 Cents
(2.22)	(0.00)
(2.09)	(0.00)

Basic loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

Loss

2016 \$	2015 \$
(6,716,807)	(1,406)

Weighted average number of ordinary shares – basic loss per share
Weighted average number of ordinary shares – diluted loss per share

2016 No.	2015 No.
301,952,369	24,396,608
321,842,095	24,396,608

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