

**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT**

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

Current reporting period: Year ended 30 June 2018  
 Previous corresponding period: Year ended 30 June 2017

|   | Amount<br>\$ | % Change<br>up(+)/down(-) |
|---|--------------|---------------------------|
| Revenue from ordinary activities  | 5,251,960    | +80%                      |
| Loss from ordinary activities after tax attributable to members<br>(from continuing operations) | (7,416,412)  | -53%                      |
| Net loss for the period attributable to members   | (7,416,412)  | -53%                      |

**2. Dividend Information**

The directors do not recommend the payment of a dividend in relation to the financial year ended 30 June 2018 (2017: Nil).

**3. Net tangible assets per security**

|   | 2018<br>\$ | 2017<br>\$ |
|---|------------|------------|
| Net tangible asset backing per ordinary share | 0.01       | 0.006      |

As at 30 June 2018 the number of shares on issue was 891,473,723 (30 June 2017: 697,489,746).

**4. Details of joint venture entities**

The Company does not have any interests in joint ventures.

**5. Details of entities over which the company has control**

| Name of Entity              | %<br>Interest | Country of<br>Registration | Date of gain<br>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 undertook an assessment of its mineral assets in 2016 and concluded that these assets will be divested. It is anticipated that these assets will be sold 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**

It is recommended that the Appendix 4E be read in conjunction with the Company's ASX releases during the year in accordance with the continuous disclosure obligations under the ASX listing rules.

The Company achieved a net loss after tax of \$7,416,412. This compared with a net loss after tax of \$4,839,623 for the year ended 30 June 2017, a decline of 53%. The net loss after tax result represented a loss of 0.92 cents per share, compared to a loss of 0.78 cents per share last year.

Net cash inflows of \$4,941,146 were attributable to \$15,635,968 received through capital raisings and \$1,208,451 from an R&D Tax Incentive Rebate, offset by \$7,737,508 in net operating outflows, \$122,337 for the purchase of plant and equipment and \$4,043,428 for the purchase of intangible assets (capitalised development costs and trademarks).

Revenue from ordinary activities for the year was \$5,251,960. This compared with revenue of \$2,893,627 for the year ended 30 June 2016, growth of 80%.

\$6.00 million was raised via an equity raising in June 2018. Funds raised will be used to assist Nuheara in achieving its planned objectives for the next 6-9 months, namely to increase sales and marketing activities of IQbuds™ and IQbuds BOOST™, increase inventory levels of IQbuds BOOST™, and production and launch of LiveIQ™, expected for release in Q4, 2018. At year-end, the company held \$8.35 million in cash reserves.

*Peru mining tenements*

Whilst the Company recognises the value in its resources project in Peru, the directors are also cognisant of the fact that these mining interests lie outside the company's core business activities. Accordingly, the directors remain committed 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.

**STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

|  | NOTES | 2018<br>\$         | 2017<br>\$         |
|--|-------|--------------------|--------------------|
| Revenue  |       | 3,962,565          | 2,466,336          |
| Cost of sales  |       | (3,660,856)        | (3,118,036)        |
| <b>Gross loss</b>                                    |       | <b>301,709</b>     | <b>(651,700)</b>   |
| Other income   |       | 1,289,395          | 450,316            |
| Salaries and employee benefits                       |       | (4,509,514)        | (1,270,997)        |
| Marketing and promotional                            |       | (1,958,069)        | (1,010,753)        |
| Research and development                             |       | (247,755)          | (205,343)          |
| General and administrative                           |       | (2,009,044)        | (1,689,638)        |
| Share based payments                                 |       | (283,134)          | (461,508)          |
| <b>Loss before tax from continuing operations</b>    |       | <b>(7,416,412)</b> | <b>(4,839,623)</b> |
| Income tax benefit                                   |       | -                  | -                  |
| <b>Net loss after tax from continuing operations</b> |       | <b>(7,416,412)</b> | <b>(4,839,623)</b> |
| <b>Loss from discontinued operations</b>             |       |                    |                    |
| Change in carrying value of disposal group           |       | -                  | -                  |
| Loss on disposal group                               |       | -                  | -                  |
| <b>Total loss from discontinued operations</b>       |       | <b>-</b>           | <b>-</b>           |
| <b>Total comprehensive loss for the year</b>         |       | <b>(7,416,412)</b> | <b>(4,839,623)</b> |
| Total comprehensive loss attributable to:            |       |                    |                    |
| Equity holders                                       |       | (7,416,412)        | (4,839,623)        |
| <b>Total comprehensive loss</b>                      |       | <b>(7,416,412)</b> | <b>(4,839,623)</b> |
| <b>Earnings per share</b>                            |       |                    |                    |
| Basic loss per share (cents per share)               | 5     | (0.92)             | (0.78)             |
| Diluted loss per share (cents per share)             | 5     | (0.83)             | (0.69)             |

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

|   | NOTES | <b>2018</b>       | <b>2017</b>      |
|---|-------|-------------------|------------------|
|   |       | <b>\$</b>         | <b>\$</b>        |
| <b>CURRENT ASSETS</b>                           |       |                   |                  |
| Cash and cash equivalents                       |       | 8,345,698         | 3,404,552        |
| Trade and other receivables                     |       | 849,035           | 871,209          |
| Inventory                                       |       | 2,353,392         | 1,125,144        |
| Disposal group – mining tenements held for sale |       | 206,233           | 206,233          |
| <b>TOTAL CURRENT ASSETS</b>                     |       | <b>11,754,358</b> | <b>5,607,138</b> |
| <b>NON-CURRENT ASSETS</b>                       |       |                   |                  |
| Plant and equipment                             |       | 762,526           | 871,245          |
| Security deposits                               |       | 32,098            | 27,581           |
| Intangible assets                               |       | 4,533,697         | 2,194,198        |
| <b>TOTAL NON-CURRENT ASSETS</b>                 |       | <b>5,328,321</b>  | <b>3,093,024</b> |
| <b>TOTAL ASSETS</b>                             |       | <b>17,082,679</b> | <b>8,700,162</b> |
| <b>CURRENT LIABILITIES</b>                      |       |                   |                  |
| Trade and other payables                        |       | 1,583,180         | 1,796,118        |
| Income tax payable                              |       | -                 | 124              |
| Provisions                                      |       | 474,029           | 386,281          |
| <b>TOTAL CURRENT LIABILITIES</b>                |       | <b>2,057,209</b>  | <b>2,182,523</b> |
| <b>NON-CURRENT LIABILITIES</b>                  |       |                   |                  |
| Provisions                                      |       | 6,768             | -                |
| <b>TOTAL NON-CURRENT LIABILITIES</b>            |       | <b>6,768</b>      | <b>-</b>         |
| <b>TOTAL LIABILITIES</b>                        |       | <b>2,063,977</b>  | <b>2,182,523</b> |
| <b>NET ASSETS</b>                               |       | <b>15,018,701</b> | <b>6,517,639</b> |
| <b>EQUITY</b>                                   |       |                   |                  |
| Issued capital                                  | 3     | 33,038,866        | 17,402,898       |
| Share option reserve                            | 4     | 960,561           | 677,427          |
| Foreign currency translation reserve            |       | (6,478)           | (4,850)          |
| Accumulated losses                              |       | (18,974,248)      | (11,557,836)     |
| <b>TOTAL EQUITY</b>                             |       | <b>15,018,701</b> | <b>6,517,639</b> |

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018

|   | Ordinary<br>Shares | Accumulated<br>Losses | Share<br>Option<br>Reserve | Foreign<br>Currency<br>Translation<br>Reserve | Total              |
|---|--------------------|-----------------------|----------------------------|---|--------------------|
|   | \$                 | \$                    | \$                         | \$  | \$                 |
| <b>Balance at 1 July 2016</b>                               | <b>8,229,327</b>   | <b>(6,718,213)</b>    | <b>415,919</b>             | <b>-</b>                                      | <b>1,927,033</b>   |
| <b>Comprehensive Income</b>                                 |                    |                       |                            |   |                    |
| Loss for the year   | -                  | (4,839,623)           | -                          | -   | (4,839,623)        |
| <b>Total comprehensive loss for the year</b>                | <b>-</b>           | <b>(4,839,623)</b>    | <b>-</b>                   | <b>-</b>                                      | <b>(4,839,623)</b> |
| <b>Transactions with owners in their capacity as owners</b> |                    |                       |                            |   |                    |
| Shares issued during the year                               | 9,831,903          | -                     | -                          | -   | 9,831,903          |
| Share issue costs   | (658,332)          | -                     | -                          | -   | (658,332)          |
| Options issued during the year                              | -                  | -                     | 99,814                     | -   | 99,814             |
| Movement in valuation of options issued in prior periods    | -                  | -                     | 161,694                    | -   | 161,694            |
| Foreign currency translation movements                      | -                  | -                     | -                          | (4,850)                                       | (4,850)            |
| <b>Balance at 30 June 2017</b>                              | <b>17,402,898</b>  | <b>(11,557,836)</b>   | <b>677,427</b>             | <b>(4,850)</b>                                | <b>6,517,639</b>   |
| <b>Balance at 1 July 2017</b>                               | <b>17,402,898</b>  | <b>(11,557,836)</b>   | <b>677,427</b>             | <b>(4,850)</b>                                | <b>6,517,639</b>   |
| <b>Comprehensive Income</b>                                 |                    |                       |                            |   |                    |
| Loss for the year   | -                  | (7,416,412)           | -                          | -   | (7,416,412)        |
| <b>Total comprehensive loss for the year</b>                | <b>-</b>           | <b>(7,416,412)</b>    | <b>-</b>                   | <b>-</b>                                      | <b>(7,416,412)</b> |
| <b>Transactions with owners in their capacity as owners</b> |                    |                       |                            |   |                    |
| Shares issued during the year                               | 16,620,000         | -                     | -                          | -   | 16,620,000         |
| Share issue costs   | (984,032)          | -                     | -                          | -   | (984,032)          |
| Options issued forfeited during the year                    | -                  | -                     | (362,329)                  | -   | (362,329)          |
| Movement in valuation of options issued in prior periods    | -                  | -                     | 645,463                    | -   | 645,463            |
| Foreign currency translation movements                      | -                  | -                     | -                          | (1,628)                                       | (1,628)            |
| <b>Balance at 30 June 2018</b>                              | <b>33,038,866</b>  | <b>(18,974,248)</b>   | <b>960,561</b>             | <b>(6,478)</b>                                | <b>15,018,701</b>  |

The accompanying notes form part of these financial statements.



NUHEARA LIMITED  
ABN 29 125 167 133

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018

|  | 2018<br>\$         | 2017<br>\$         |
|--|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |                    |                    |
| Receipts from customers  | 4,057,505          | 1,898,869          |
| Interest received  | 77,880             | 33,382             |
| Grants and rebates received                                      | 1,208,451          | 411,175            |
| Payments to suppliers and employees                              | (11,873,017)       | (6,412,608)        |
| Interest and other costs of finance paid                         | 124                | (1,085)            |
| <b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>               | <b>(6,529,057)</b> | <b>(4,070,267)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |                    |                    |
| Payments for plant and equipment                                 | (133,335)          | (851,882)          |
| Proceeds from the disposal of plant and equipment                | 10,998             | -                  |
| Payment for the acquisition of intangibles                       | (4,043,428)        | (2,640,998)        |
| <b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>               | <b>(4,165,765)</b> | <b>(3,492,880)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |                    |                    |
| Proceeds from share and option issues                            | 16,620,000         | 9,631,903          |
| Share raising costs  | (984,032)          | (658,332)          |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>                  | <b>15,635,968</b>  | <b>8,973,571</b>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>            | <b>4,941,146</b>   | <b>1,410,424</b>   |
| Cash and cash equivalent at beginning of the financial year      | 3,404,552          | 1,994,128          |
| <b>Cash and cash equivalent at the end of the financial year</b> | <b>8,345,698</b>   | <b>3,404,552</b>   |

The accompanying notes form part of these financial statements.



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

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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 2018 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.

## **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 2018, 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:**

891,473,723 (2017: 697,489,746) Ordinary shares, fully paid

| <b>2018</b>       | <b>2017</b>       |
|-------------------|-------------------|
| <b>\$</b>         | <b>\$</b>         |
| <b>33,038,866</b> | <b>17,402,898</b> |

**(ii) Movements during the period**

**Opening Balance at 1 July 2016**

27 October 2016 issue 83,073,383 shares under share placement at \$0.06 each

3 April 2017 issue 36,250,000 shares under share placement at \$0.08 each

4 April 2017 issue 18,750,000 shares under share placement at \$0.08 each

5 May 2017 issue 3,093,750 shares under share purchase plan at 0.08 each

23 June 2017 issue 2,500,000 shares to consultant in consideration of investor relations and corporate advisory services provided to the Company

Less: Share issue costs

**Balance shares at 30 June 2017**

| <b>2017</b>        | <b>2017</b>       |
|--------------------|-------------------|
| <b>No.</b>         | <b>\$</b>         |
| <b>553,822,613</b> | <b>8,229,327</b>  |
| 83,073,383         | 4,984,403         |
| 36,250,000         | 2,900,000         |
| 18,750,000         | 1,500,000         |
| 3,093,750          | 247,500           |
| 2,500,000          | 200,000           |
| -                  | (658,332)         |
| <b>697,489,746</b> | <b>17,402,898</b> |

**Opening Balance at 1 July 2017**

17-26 July 2017 issue 3,000,000 shares on exercise of options at \$0.04 each

26 July 2017 issue 97,826,082 shares under share placement at \$0.092 each

14-21 March 2018 issue 30,000,000 shares on exercise of options at \$0.05 each

15 June 2018 issue 63,157,895 shares under share purchase plan at 0.095 each

Less: Share issue costs

**Balance shares at 30 June 2018**

| <b>2018</b>        | <b>2018</b>       |
|--------------------|-------------------|
| <b>No.</b>         | <b>\$</b>         |
| <b>697,489,746</b> | <b>17,402,898</b> |
| 3,000,000          | 120,000           |
| 97,826,082         | 9,000,000         |
| 30,000,000         | 1,500,000         |
| 63,157,895         | 6,000,000         |
| -                  | (984,032)         |
| <b>891,473,723</b> | <b>33,038,866</b> |



**(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.

**4. SHARE OPTION RESERVE**
**(i) Unlisted options:**

78,000,000 (2017: 107,319,445) unlisted options

| 2018    | 2017    |
|---------|---------|
| \$      | \$      |
| 960,561 | 677,427 |

**(ii) Movements during the period**
**Balance unlisted options at 30 June 2016**

Issue of Employee options @ \$0.09 each on 19 December 2016

Issue of Employee options @ \$0.115 each on 16 February 2017

Issue of Employee options @ \$0.09 each on 22 May 2017

Issue of options @ \$0.078 each on 23 June 2017

Issue of options @ \$0.12 each on 23 June 2017

Less: Options forfeited

Movement in valuation of options issued in prior reporting periods

**Balance unlisted options at 30 June 2017**

| 2017               | 2017           |
|--------------------|----------------|
| No.                | \$             |
| <b>85,469,445</b>  | <b>415,919</b> |
| 11,000,000         | 79,900         |
| 1,500,000          | 6,059          |
| 4,000,000          | 5,435          |
| 10,000,000         | 4,300          |
| 10,000,000         | 4,120          |
| (14,650,000)       | -              |
| -                  | 161,694        |
| <b>107,319,445</b> | <b>677,427</b> |

**Balance unlisted options at 30 June 2017**

Issue of Employee options @ \$0.09 each on 14 July 2017

Issue of Employee options @ \$0.09 each on 24 July 2017

Issue of Employee options @ \$0.09 each on 10 November 2017

Issue of Employee options @ \$0.09 each on 12 January 2018

Issue of Employee options @ \$0.09 each on 1 March 2018

Less: Options exercised/forfeited

Movement in valuation of options issued in prior reporting periods

**Balance unlisted options at 30 June 2018**

| 2018               | 2018           |
|--------------------|----------------|
| No.                | \$             |
| <b>107,319,445</b> | <b>677,427</b> |
| 1,000,000          | 3,012          |
| 3,000,000          | 15,667         |
| 1,000,000          | 2,132          |
| 1,000,000          | 6,352          |
| 8,000,000          | 37,061         |
| (43,319,445)       | (426,553)      |
| -                  | 645,463        |
| <b>78,000,000</b>  | <b>960,561</b> |

**5. EARNINGS PER SHARE**

Basic loss per share (cents per share)

Diluted loss per share (cents per share)

| 2018   | 2017   |
|--------|--------|
| Cents  | Cents  |
| (0.92) | (0.78) |
| (0.83) | (0.69) |

**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

| 2018        | 2017        |
|-------------|-------------|
| \$          | \$          |
| (7,416,412) | (4,839,623) |

Weighted average number of ordinary shares – basic loss per share

Weighted average number of ordinary shares – diluted loss per share

| 2018        | 2017        |
|-------------|-------------|
| No.         | No.         |
| 802,765,484 | 622,333,724 |
| 898,701,661 | 701,003,854 |