

dorsaVi Ltd and controlled entities
ABN 15 129 742 408

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018
PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

**This half-year financial report is to be read in conjunction with the financial
report for the year ended 30 June 2018.**

Appendix 4D

Half-Year Report for the six months ended 31 December 2018

Name of entity: **dorsaVi Ltd and controlled entities**

ABN: 15 129 742 409

1. Reporting period

Report for the half-year ended: **31 December 2018**

Previous corresponding periods: Financial year ended 30 June 2018
Half-year ended 31 December 2017

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	down	18%	to	1,831,096
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	down	3%	to	1,907,290
Loss for the period attributable to members (<i>item 2.3</i>)	down	3%	to	1,907,290
Dividends (<i>item 2.4</i>)	Amount per security		Franked amount per security	
Interim dividend	0¢		0¢	
Final dividend	0¢		0¢	
Previous corresponding period	0¢		0¢	
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (<i>item 2.6</i>): N/A				

3. Net tangible assets per security (*item 3*)

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.03	0.05

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

Control gained over entities

Name of entities (item 4.1)	N/A
Date(s) of gain of control (item 4.2)	N/A
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (item 4.3)	N/A
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	N/A

Loss of control of entities

Name of entities (item 4.1)	N/A
Date(s) of loss of control (item 4.2)	N/A
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).	N/A
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	N/A

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2019	N/A	\$0
Final dividend year ended 30 June 2018	N/A	\$0

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	0¢	0¢	0¢
Previous year	0¢	0¢	0¢

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities <i>(each class separately)</i>	N/A	N/A
Preference securities <i>(each class separately)</i>		
Other equity instruments <i>(each class separately)</i>		
Total	N/A	N/A

6. Details of dividend or distribution reinvestment plans in operation are described below *(item 6):*

N/A

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A
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7. Details of associates and joint venture entities *(item 7)*

Name of associate or joint venture entity	%Securities held
N/A	N/A

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	2018 \$	2017 \$
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities		
Net profit (loss) from ordinary activities after tax	N/A	N/A
Adjustments		
Share of net profit (loss) of associates and joint venture entities	N/A	N/A

8. The financial information provided in the Appendix 4D is based on the half-year condensed financial report (attached).

9. Independent review of the financial report *(item 9)*

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

**dorsaVi Ltd
and controlled entities
ABN: 15 129 742 409**

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018**

This half-year financial report is to
be read in conjunction with the
financial report for the year ended
30 June 2018

dorsaVi Ltd and controlled entities
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

The directors present their report together with the condensed financial report of the consolidated entity consisting of dorsaVi Ltd (the Company) and the entities it controlled (the Group), for the half-year ended 31 December 2018 and independent review report thereon.

Directors' names

The names of the directors in office at any time during or since the end of the half-year are:

Name	Period of directorship
Greg Tweedly (chairman)	Director since 29 October 2013
Ashraf Attia	Director since 14 July 2008
Michael Panaccio	Director since 16 May 2008
Caroline Elliott	Director since 24 November 2017
Andrew James Ronchi	Director since 18 February 2008

Except as noted above the directors have been in office since the start of the financial period to the date of this report.

Review of operations

Revenue for the six months to December 2018 was \$1,831,096 (2017: \$2,239,089) driven by a decline in sales revenue to \$1,288,489 (2017: \$1,949,440).

The loss from continuing operations after income tax for the six months to December 2018 was \$1,907,290 as compared to \$1,972,062 for the six months to December 2017.

The material business risks that are likely to have an effect on the financial prospects of the Group include:

- dorsaVi Ltd relies on its ability to enhance its movement monitoring intellectual property. A failure to meet future customer requirements would lead to a loss of opportunities and adversely impact operating results and the financial position of dorsaVi Ltd.
- Over time, dorsaVi Ltd may be subjected to increased competition if potential competitors develop new technologies or make scientific or systems advances that compare with or compete with dorsaVi Ltd's products.
- In the medical sector (but not the Elite Sports or OHS sectors), sales and adoption rates of dorsaVi Ltd's system are, in part, likely to be influenced by the availability and level of reimbursement from government and/or insurers. Whilst dorsaVi Ltd's products already benefit from reimbursement in some circumstances, there is no guarantee that the use of dorsaVi Ltd's products will receive further reimbursement.
- General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on dorsaVi Ltd's activities, as well as on its ability to fund those activities. In particular, much of its future income is expected to come from the US and European markets and therefore dorsaVi Ltd's activities will be affected by currency exchange fluctuations.
- dorsaVi Ltd is not currently profitable. Proceeds from capital raisings were and are primarily being used to fund: continued investment in product development; increases in sales team in particular in the US; and to provide general working capital. There is no guarantee that the recruitment of sales people and the continued rollout of new product will result in profitability for the Company. If either the recruitment or rollout are lower or less successful than planned, dorsaVi may need to raise further capital in the future.

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Cash and cash equivalents as at 31 December 2018 were \$4,866,818 (30 June 2018: \$3,966,857).

Significant changes in the state of affairs

The following changes in the state of affairs occurred during the period and to the date of this report:

- On 3 July 2018, dorsaVi Ltd announced that it had signed an agreement with CitiPower and Powercor for the provision of dorsaVi's wearable sensor technology to profile movement risk and improve manual handling safety.
- On 18 July 2018, dorsaVi announced that it had signed an evaluation agreement with Stryker Leibinger GmbH & Co to evaluate ViMove2.
- On 8 October 2018, dorsaVi Ltd issued 87,941 fully paid ordinary shares, at \$nil per share, to employees, under the dorsaVi ESOP. The issue of these shares arose on the vesting of 87,941 performance rights previously granted as a result of those employees meeting the performance conditions attached to the rights. At the same time, it was announced that 1,196,550 performance rights and 692,501 options, previously granted, had lapsed.
- On 15 November 2018, dorsaVi Ltd announced that it had been granted a "body orientation algorithm" patent in the USA.
- On 22 November 2018, dorsaVi Ltd announced that it had entered into an agreement with a US corporation, Work Right NW, for them to use dorsaVi's ViSafe, myViSafe and Professional Suite products to develop safety assessments and manual handling analysis within the construction industry.
- On 21 November 2018, dorsaVi Ltd announced a 1 for 3 non-renounceable pro rata rights offer, to eligible shareholders, at \$0.058 per share. The rights offer, which closed on 14 December 2018, resulted in the issue of 36,010,620 fully paid ordinary shares raising \$2,088,616 before costs.
- On 26 November 2018, dorsaVi Ltd announced that it had changed its address to 86 Denmark Street, Kew, Victoria.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

Signed in accordance with a resolution of the directors:



Greg Tweedly
Chairman
Melbourne

Date; 28 February 2019

dorsaVi and controlled entities
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF DORSAVI LTD

In relation to the independent auditor's review for the half-year ended 31 December 2018, to the best of my knowledge and belief there have been:


- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of dorsaVi Ltd and the entities it controlled during the period.



S SCHONBERG
Partner

28 February 2019



PITCHER PARTNERS
Melbourne

**CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	31 Dec 2018 \$	31 Dec 2017 \$
Revenue and other income		
Sales revenue	1,288,489	1,949,440
Interest Income	24,698	69,723
Exchange gain	446,212	-
Other income	71,697	219,926
	1,831,096	2,239,089
Less: Expenses		
Cost of sales	(297,072)	(474,186)
Advertising expenses	(114,184)	(144,108)
Conference expenses	(105,749)	(123,559)
Consultancy expenses	(98,121)	(156,630)
Depreciation and amortisation expenses	(452,771)	(251,000)
Device development expenditure	(115,049)	(17,704)
Employee benefits expenses	(1,939,600)	(2,275,816)
Finance costs	(9,787)	-
Occupancy expenses	(133,115)	(183,891)
Professional fees	(192,760)	(315,564)
Regulatory expenses	(39,994)	(43,680)
Software expenses	(183,169)	(119,805)
Travel expenses	(136,294)	(239,797)
Other expenses	(213,321)	(323,074)
	(4,030,986)	(4,668,814)
Loss before income tax benefit	(2,199,890)	(2,429,725)
Income tax benefit	292,600	457,663
Loss from continuing operations	(1,907,290)	(1,972,062)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign subsidiaries net of tax	(418,827)	24,584
Other comprehensive income for the half-year	(418,827)	24,584
Loss for the half-year	(2,326,117)	(1,947,478)

The accompanying notes form part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	31 Dec 2018	31 Dec 2017
	\$	\$
Loss per share from continuing operations attributable to equity holders of the parent entity:		
Basic loss per share	(1.12 cents)	(1.18 cents)
Diluted loss per share	(1.12 cents)	(1.18 cents)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	31 Dec 2018 \$	30 June 2018 \$
Current assets		
Cash and cash equivalents	4,866,818	3,966,857
Receivables	1,021,597	2,189,079
Inventories	337,798	324,934
Other assets	151,110	235,995
Total current assets	6,377,323	6,716,865
Non-current assets		
Property, plant and equipment	769,637	324,331
Intangible assets	4,090,785	3,884,253
Total non-current assets	4,860,422	4,208,584
Total assets	11,237,745	10,925,449
Current liabilities		
Payables	1,117,020	1,084,644
Lease liability	69,496	-
Provisions	351,399	381,782
Total current liabilities	1,537,915	1,466,426
Non-current liabilities		
Lease liability	427,260	-
Provisions	25,106	41,858
Total non-current liabilities	452,366	41,858
Total liabilities	1,990,281	1,508,284
Net assets	9,247,464	9,417,165
Equity		
Share capital	40,513,523	38,455,224
Reserves	(18,594)	731,407
Accumulated losses	(31,247,465)	(29,769,466)
Total equity	9,247,464	9,417,165

The accompanying notes form part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

Consolidated Entity	Share capital	Reserves	Accumulated losses	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2017	38,440,518	758,286	(26,073,132)	13,125,672
Loss for the half-year	-	-	(1,972,062)	(1,972,062)
Exchange differences on translation of foreign operations, net of tax	-	24,584	-	24,584
Total comprehensive income for the half-year	-	24,584	(1,972,062)	(1,947,478)
Transactions with owners in their capacity as owners:				
Employee share ownership plan	-	290,000	-	290,000
	-	290,000	-	290,000
Balance as at 31 December 2017	38,440,518	1,072,870	(28,045,194)	11,468,194
Balance as at 1 July 2018	38,455,224	731,407	(29,769,466)	9,417,165
Loss for the half-year	-	-	(1,907,290)	(1,907,290)
Exchange differences on translation of foreign operations, net of tax	-	(418,827)	-	(418,827)
Total comprehensive income for the half-year	-	(418,827)	(1,907,290)	(2,326,117)
Transactions with owners in their capacity as owners:				
Issue of shares	2,088,616	-	-	2,088,616
Share issue expenses	(30,317)	-	-	(30,317)
Employee share ownership plan	-	98,117	-	98,117
Options lapsed	-	(429,291)	429,291	-
	2,058,299	(331,174)	429,291	2,156,416
Balance as at 31 December 2018	40,513,523	(18,594)	(31,247,465)	9,247,464

The accompanying notes form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	31 Dec 2018 \$	31 Dec 2017 \$
Cash flow from operating activities		
Receipts from customers	1,981,919	2,341,336
Payments to suppliers and employees	(3,481,917)	(4,236,649)
Grant and other income received	71,697	77,224
Interest received	24,698	69,723
Income tax refunded	862,905	871,112
Net cash used in operating activities	<u>(540,698)</u>	<u>(877,254)</u>
Cash flow from investing activities		
Payment for plant and equipment	(27,679)	(12,303)
Payment for intangibles	(589,961)	(970,567)
Net cash used in investing activities	<u>(617,640)</u>	<u>(982,870)</u>
Cash flow from financing activities		
Proceeds from share issue	2,088,616	-
Cost of raising capital	(30,317)	-
Net cash provided by financing activities	<u>2,058,299</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	899,961	(1,860,124)
Cash and cash equivalents at beginning of the half-year	<u>3,966,857</u>	<u>8,609,602</u>
Cash and cash equivalents at end of the half-year	<u>4,866,818</u>	<u>6,749,478</u>

The accompanying notes form part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by dorsaVi Ltd during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This condensed half-year financial report covers dorsaVi Ltd and controlled entities as a consolidated entity. dorsaVi Ltd is a company limited by shares, incorporated and domiciled in Australia. The address of dorsaVi Ltd's principal place of business is 86 Denmark Street, Kew, Victoria. dorsaVi Ltd is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the directors' report.

(a) Basis of preparation

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* as appropriate for for-profit entities and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2018 and the corresponding half-year except as described in note 1(c).

(b) Going Concern

During the half year ended 31 December 2018, the Group incurred a loss from ordinary activities after income tax of \$1,907,290 (31 December 2017: \$1,972,062) and had a net increase in cash held over the six months to 31 December of \$899,961 after raising additional share capital of \$2,088,616 before costs. As at 31 December 2018, the Group's current assets exceed current liabilities by \$4,839,408 (30 June 2018: \$5,250,439).

During the first half of the current financial year, the Group has continued its strategic focus: on increasing penetration into the US clinical market through the recruitment of additional sales staff; on building annuity revenue streams; and on closing larger customer contracts that are in the pipeline. This focus has, and is expected to have, a short-term financial impact on the Group through increased cash burn and lower growth in revenue. In the longer term, however, the size of the US clinical market, the scalability of annuity products and the closure of larger contracts, is expected to provide the greatest opportunity for the Group and its shareholders.

The Group has incurred operating losses and generated negative cash flows from operations since inception. Short term financial forecasts indicate this is expected to continue and accordingly, the Group will be required to obtain additional working capital through capital raises, alternative means of financial support, or, both.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

In determining the basis for preparation of the interim financial report, the Directors have reviewed: the financial performance; future operating plans (including cashflow forecasts); financial position; and existing cash resources available to the Group.

As a result of the above, the Directors have concluded that the going concern basis is appropriate.

Whilst the Directors are of the view that the above initiatives will generate sufficient funds to enable the Group to continue as a going concern for a period of at least 12 months from the date of signing the interim financial report, should these initiatives be unsuccessful, there exists a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the interim financial report.

(c) Summary of the significant accounting policies

AASB 9 – Financial Instruments

The Group adopted AASB 9 *Financial Instruments*, from 1 July 2018. AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*. The key changes to the requirements in AASB 139 include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

The Group adopted AASB 9 effective 1 July 2018. The adoption of AASB 9 has not had a material impact on the prior reporting periods presented in the financial statements.

AASB 15 – Revenue from Contracts with Customers

The Group adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. AASB 15 provides (other than in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Accordingly, in contrast to the approach under AASB 118 *Revenue*, AASB 15 does not prescribe different patterns of revenue recognition depending on whether the entity provides a good or service to the customer.

The Group adopted AASB 15 effective 1 July 2018. The adoption of AASB 15 has not had a material impact on the prior reporting periods presented in the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

AASB 16: Leases

The Group adopted AASB 16, from 1 July 2018. AASB 16 replaces AASB 117: *Leases*. The key changes to the requirements in AASB 117 include:

Introducing a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis.
- Lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

The Group early adopted AASB 16 effective 1 July 2018. The impact is reflected in the Consolidated Statement of Financial Position (refer Notes 3 and 5) and the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The adoption of AASB 16 has not had a material impact on the prior reporting periods presented in the financial statements.

(d) Accounting Standards Issued but not yet Effective

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

- AASB Interpretation 23: Uncertainty over Income Tax Treatments (applicable for annual reporting periods commencing on or after 1 January 2019).
Interpretation 23 clarifies how to apply the recognition and measurement requirements in AASB 112: Income Taxes when there is uncertainty over income tax treatments. To this end, Interpretation 23 requires:
 - An entity to consider whether each uncertain tax treatment should be considered separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty;
 - In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, assume that the taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations;
 - If the entity concludes that it is probable that the taxation authority will accept the uncertain tax treatment, the entity will determine current tax and deferred tax consistently with the treatment used or planned to be used in its income tax filings;
 - If the entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the entity reflects the effect of uncertainty in the determination of current tax and deferred tax, based on either the 'most likely' amount or the 'probability-weighted' amount of tax (depending on which method the entity expects to better predict the resolution of the uncertainty); and
 - An entity to reassess a judgement or estimate required under Interpretation 23 if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

This Interpretation is not expected to significantly impact the Group's financial statements.

(e) Fair value measurement

The carrying amounts of the Company's financial instruments, valued at amortised cost (including receivables and payables), are reasonable approximations of the fair value of these instruments.

(f) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(g) Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

NOTE 2: SEGMENT INFORMATION

(a) Description of segments

Since 1 July 2018 Management has differentiated operating segments based on product categories. During the prior comparative period, Management differentiated operating segments based on geographical areas and regulatory environments. The operating segments have been identified based on internal reports reviewed by the consolidated entity's chief operating decision makers in order to allocate resources to the segment and assess its performance. Assets and Liabilities are reported to Management on a consolidated basis.

dorsaVi Ltd and controlled entities are comprised of the following reportable segments:

- Segment 1: Clinical
- Segment 2: Workplace
- Segment 3: Projects

(b) Segment information

The consolidated entity's chief operating decision maker's use segment revenue and segment results to assess the financial performance of each operating segment. Amounts for segment information are measured in the same way in the financial statements. They include items directly attributable to the segment and those that can reasonably be allocated to the segment based on the operations of the segment. There have been no inter-segment revenue or expenses during the period.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION (cont.)

Segment information is reconciled to financial statements and underlying profit disclosures notes as following:

Half-year - 31 Dec 2018	Clinical	Workplace	Projects	Total
	\$	\$	\$	\$
Segment revenue				
Segment revenue from external source	658,509	479,590	150,390	1,288,489
Non-segment revenue	-	-	-	542,607
Total revenue	658,509	479,590	150,390	1,831,096
Segment result				
Segment result from external source	(166,724)	(86,328)	(5,500)	(258,552)
Non-segment expenses	-	-	-	(1,648,738)
Total loss from operations	(166,724)	(86,328)	(5,500)	(1,907,290)
Items included within the non-segment result:				
Foreign exchange gain	-	-	-	446,212
Grant and other income	-	-	-	71,697
Interest income	-	-	-	24,698
Depreciation and amortisation	-	-	-	(452,771)
Income tax benefit	-	-	-	292,600
Total segment assets	-	-	-	-
Non-segment assets				11,237,745
Consolidated assets				11,237,745
Total assets include:				
Additions to non-current segment assets	-	-	-	-
Non-segment asset additions				1,101,609
Total additions to non-current assets				1,101,609
Total segment liabilities	-	-	-	-
Non-segment liabilities				(1,990,281)
Consolidated liabilities				(1,990,281)

Included in the clinical and workplace segment revenue above is \$658,989 of recurring revenue (2017: \$393,957).

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION (cont.)

Half-year – 31 Dec 2017	Australia	Europe	USA	Total
	\$	\$	\$	\$
Segment revenue				
Total segment revenue	1,132,687	414,290	692,112	2,239,089
Segment revenue from external source	1,132,687	414,290	692,112	2,239,089
Segment result				
Total segment result	(720,658)	(493,564)	(757,840)	(1,972,062)
Segment result from external source	(720,658)	(493,564)	(757,840)	(1,972,062)
Items included within the segment result:				
Foreign exchange loss	(23,705)	-	-	(23,705)
Grant income	219,926	-	-	219,926
Interest income	69,721	2	-	69,723
Depreciation and amortisation expense	(251,000)	-	-	(251,000)
Income tax benefit	457,650	13	-	457,663
Total segment assets	23,041,487	885,417	1,272,879	25,199,783
Elimination				(12,009,964)
Consolidated segment assets				13,189,819
Total assets include:				
Additions to non-current assets	870,539	-	-	870,539
Total segment liabilities	(2,103,558)	(3,812,868)	(7,815,163)	(13,731,589)
Elimination				12,009,964
Consolidated segment liabilities				(1,721,625)

(c) Major customers

External revenue derived from one major customer where the revenue is greater than 10% of the Group's revenue was \$215,867 (2017: \$nil). This revenue is included in clinical and workplace segments.

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 31 December 2018 the Group acquired assets with a cost of \$27,679 (31 December 2017: \$24,972) which included \$27,679 purchased externally (31 December 2017: \$12,303) and \$nil of devices transferred from inventories (31 December 2017: \$12,669).

On 15 November 2018 the company entered into a 39-month property lease and elected to early adopt AASB 16: Leases. The impact of the early adoption of this accounting standard was the recognition of a non-current asset, Right To Use Asset, of \$486,969.

No assets were disposed of during the period ended 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 4: INTANGIBLE ASSETS

	31 Dec 2018	30 June 2018
	\$	\$
Patents, at cost	997,529	934,156
Less accumulated amortisation	(172,935)	(147,581)
Development expenditure, at cost	4,258,794	3,732,206
Less accumulated amortisation	(992,603)	(634,528)
	<u>4,090,785</u>	<u>3,884,253</u>

(a) Reconciliation

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the half-year ending 31 December 2018 are provided below:

	Patents	Intangibles	Total
	\$	\$	\$
Opening balance	786,575	3,097,678	3,884,253
Additions	63,373	526,588	589,961
Amortisation expense	(25,354)	(358,075)	(383,429)
Closing balance	<u>824,594</u>	<u>3,266,191</u>	<u>4,090,785</u>

NOTE 5: LEASE LIABILITY

As a result of the early adoption of AASB 16 (also refer Note 3) a current lease liability of \$69,496 and a non-current lease liability of \$417,473 was initially recognised.

NOTE 6: CONTRIBUTED CAPITAL

During the half-year ended 31 December 2018, the company issued 36,010,620 shares, at \$0.058 each, through a 1 for 3 non-renounceable rights offer to existing shareholders.

During the half-year ended 31 December 2018, the company issued 87,941 ordinary shares (31 December 2017: 571,113) through the employee share ownership plan (ESOP).

(a) Movements in shares on issue

	Parent Equity Half-year 31 Dec 2018		Parent Equity Half-year 31 Dec 2017	
	No of Shares	\$	No of Shares	\$
Beginning of the half-year	167,918,222	38,455,224	167,305,859	38,440,518
Movement during the half-year				
– Employee share scheme	87,941	-	571,113	-
– Shares issued in capital raising	36,010,620	2,088,616	-	-
– Cost of raising capital	-	(30,317)	-	-
End of the half-year	<u>204,016,783</u>	<u>40,513,523</u>	<u>167,876,972</u>	<u>38,440,518</u>

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 6: CONTRIBUTED CAPITAL (cont.)

(b) Employee Share Ownership Plan (ESOP)

As previously disclosed, the Board has established an ESOP. This plan was established by the Company to facilitate the acquisition of shares, options and performance rights by those employed, or otherwise engaged by, or holding a position of office in, dorsaVi Ltd.

(i) Loan Shares

Between 30 June 2018 and 31 December 2018, no loan shares were issued.

(ii) Options over shares

No options to purchase ordinary shares in the Company were granted in the six months ended December 2018 (December 2017: nil).

(iii) Performance rights

No performance rights were granted during the six months to 31 December 2018 (December 2017: nil). During the six months, 87,941 ordinary shares were issued on the vesting of performance rights previously granted (December 2017: 571,113).

Details of employee loan shares, options and performance rights granted are provided below:

Half-year ended 31 December 2018

Grant date	Expiry date	Exercise price	Balance at 1/07/2018	Exercised during period	Cancelled/ex-pired during period	Balance at 31/12/2018	Exercisable at half year-end
3/07/2014	-	\$0.46	250,000	-	(250,000)	-	-
2/09/2014	-	\$0.40	100,000	-	(100,000)	-	-
5/11/2014	5/11/2019	\$0.40	20,000	-	-	20,000	20,000
25/02/2015	25/02/2020	\$0.36	80,000	-	(30,000)	50,000	50,000
17/08/2015	-	\$0.26	500,000	-	(500,000)	-	-
24/03/2016	24/03/2021	\$0.40	200,000	-	-	200,000	100,000
29/11/2016	-	-	150,000	(11,250)	(138,750)	-	-
29/11/2016	1/10/2019	-	150,000	-	-	150,000	-
29/11/2016	29/11/2019	-	450,000	-	-	450,000	-
15/05/2017	15/05/2022	\$0.33	550,000	-	-	550,000	550,000
15/05/2017	1/10/2022	\$0.33	55,000	-	-	55,000	55,000
15/05/2017	1/10/2023	\$0.33	133,333	-	(109,167)	24,166	24,166
15/05/2017	-	\$0.33	133,334	-	(133,334)	-	-
15/05/2017	-	\$0.33	350,000	-	(350,000)	-	-
15/05/2017	-	-	39,000	(9,775)	(29,225)	-	-
15/05/2017	1/10/2019	-	39,000	-	-	39,000	-
15/05/2017	1/07/2019	-	117,000	-	-	117,000	-
5/06/2017	-	-	275,000	(56,500)	(218,500)	-	-
5/06/2017	1/10/2019	-	275,000	-	(175,000)	100,000	-
5/06/2017	1/07/2019	-	500,000	-	(150,000)	350,000	-
5/6/2017	-	-	83,334	(10,416)	(72,918)	-	-
5/6/2017	-	-	333,332	-	(333,332)	-	-
Total	-	-	4,783,333	(87,941)	(2,590,226)	2,105,166	799,166

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 6: CONTRIBUTED CAPITAL (cont.)

Half-year ended 31 December 2017

Grant date	Expiry date	Exercise price	Balance at 1/07/2017	Exercised during period	Cancelled/expired during period	Balance at 31/12/2017	Exercisable at half year-end
3/07/2014	3/07/2019	\$0.46	250,000	-	-	250,000	250,000
2/09/2014	1/09/2019	\$0.40	100,000	-	-	100,000	100,000
5/11/2014	5/11/2019	\$0.40	20,000	-	-	20,000	20,000
25/02/2015	25/02/2020	\$0.36	80,000	-	-	80,000	80,000
17/08/2015	17/08/2020	\$0.26	500,000	-	-	500,000	500,000
24/03/2016	24/03/2021	\$0.40	200,000	-	-	200,000	100,000
29/11/2016	-	-	150,000	(75,000)	(75,000)	-	-
29/11/2016	1/10/2018	-	150,000	-	-	150,000	-
29/11/2016	1/10/2019	-	150,000	-	-	150,000	-
29/11/2016	29/11/2019	-	450,000	-	-	450,000	-
15/05/2017	15/05/2022	\$0.33	550,000	-	-	550,000	550,000
15/05/2017	1/10/2022	\$0.33	133,333	-	(78,333)	55,000	55,000
15/05/2017	1/10/2023	\$0.33	133,333	-	-	133,333	-
15/05/2017	1/10/2024	\$0.33	133,334	-	-	133,334	-
15/05/2017	1/07/2024	\$0.33	350,000	-	-	350,000	-
15/05/2017	-	-	79,000	(54,050)	(24,950)	-	-
15/05/2017	1/10/2018	-	39,000	-	-	39,000	-
15/05/2017	1/10/2019	-	39,000	-	-	39,000	-
15/05/2017	1/07/2019	-	117,000	-	-	117,000	-
5/06/2017	-	-	250,000	(250,000)	-	-	-
5/06/2017	-	-	350,000	(192,063)	(157,937)	-	-
5/06/2017	1/10/2018	-	350,000	-	-	350,000	-
5/06/2017	1/10/2019	-	350,000	-	-	350,000	-
5/06/2017	1/07/2019	-	775,000	-	-	775,000	-
5/06/2017	1/01/2018	-	83,334	-	(52,084)	31,250	-
5/06/2017	1/01/2019	-	83,334	-	-	83,334	-
5/06/2017	1/01/2020	-	333,332	-	-	333,332	-
Total			6,199,000	(571,113)	(388,304)	5,239,583	1,655,000

NOTE 7: DIVIDENDS

There were no dividends paid during the period.

NOTE 8: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the half-year that have significantly affected or may significantly affect the future operations, future results or the state of affairs of the Group.

NOTE 9: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2018.

DIRECTORS' DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 6 to 19, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that dorsaVi Ltd 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.



Greg Tweedly
Chairman
Melbourne
Date: 28 February 2019

dorsaVi Ltd and controlled entities
ABN: 15 129 742 409

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
dorsaVi Ltd**

Report on the Half-Year Financial Report

We were engaged to review the accompanying half-year financial report of dorsaVi Ltd "the Company" and its controlled entities "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed 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 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 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. In accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. However, because of the matters described in the *Basis for Disclaimer of Conclusion* section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the financial report.

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our review of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Disclaimer of Conclusion

We were engaged to perform a review, which is not an audit, of the Group, which comprises the condensed consolidated statement of financial position as at 31 December 2018, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date. Because of the significance of the matters described in the *Basis for Disclaimer of Conclusion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for a review conclusion on this financial report.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
dorsaVi Ltd**

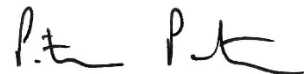
Basis for Disclaimer of Conclusion

As described in Note 1(b) Going Concern, the Group has incurred a loss from ordinary activities after income tax of \$1,907,290 and the Group's capacity to continue as a going concern is dependent on its ability to trade as forecast and raise additional funding. As described in Note 1(b), the Directors are of the opinion that the Group will realise future sales revenue and secure sufficient funding, however, at the date of this auditor's review report the Group and its Directors have been unable to provide sufficient evidence supporting future sales revenue or committed funding for the cash requirements of the Group for the twelve months from the date of this auditor's review report. We have been unable to obtain alternative sufficient appropriate evidence as to whether the Group may be able to trade as forecast or obtain such funding to remove significant doubt on its ability to continue as a going concern within twelve months of the date of this auditor's review report.



S SCHONBERG
Partner

28 February 2019



PITCHER PARTNERS
Melbourne