

dorsaVi Ltd and controlled entities
ABN 15 129 742 409

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019
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 2019.**

Appendix 4D

Half-Year Report for the six months ended 31 December 2019

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

ABN: 15 129 742 409

1. Reporting period

Report for the half-year ended: **31 December 2019**

Previous corresponding periods: Financial year ended 30 June 2019
Half-year ended 31 December 2018

2. Results for announcement to the market

Revenues from ordinary activities (<i>item 2.1</i>)	down	25%	to	1,365,364
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	up	307%	to	5,855,929
Loss for the period attributable to members (<i>item 2.3</i>)	up	307%	to	5,855,929
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	0.01	0.03

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 2020	N/A	\$0
Final dividend year ended 30 June 2019	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':	2019 \$	2018 \$
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 and an unqualified opinion has been issued with an Emphasis of Matter in relation to Going Concern.

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

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2019**

This half-year financial report is to be
read in conjunction with the financial
report for the year ended 30 June 2019

dorsaVi Ltd and controlled entities
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

TABLE OF CONTENTS

	Page
Directors' Report	3
Auditor's Independence Declaration	5
Financial Report for the half-year ended 31 December 2019:	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Directors' Declaration	16
Independent Auditor's Review Report	17

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 2019 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:

<u>Name</u>	<u>Period of directorship</u>
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 Ronchi	Director since 18 February 2008

The directors have been in office since the start of the financial period to the date of this report.

Review of operations

Total revenue for the six months to 31 December 2019 was \$1,365,364 (2018: \$1,831,096) driven by a fall in foreign exchange gains to \$103,796 (2018: \$446,212), and, a decline in sales revenue to \$1,159,209 (2018: \$1,288,489).

The loss from continuing operations after income tax for the six months to 31 December 2019 was \$5,855,929 (2018: \$1,907,290) and includes a provision for impairment of intangible assets of \$4,068,962 (2018: \$nil).

The Directors have assessed the \$4,068,962 carrying value of its Intangible Assets (patents and capitalised development expenditure) for impairment based on value in use calculations. Given the recent change in the Group's business strategy (i.e. transition to a Software as a Service (SaaS) recurring revenue strategy), the Group's forecasts have been updated based upon reasonable and prudent assumptions including growth rates, discount rates and terminal values. This has resulted in a provision for impairment of \$4,068,962.

The directors are confident that the new recurring revenue business strategy will maximise the group's growth and financial performance prospects, and, should future performance exceed the forecasts, the current impairment provision may be reversed in future periods.

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.

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

- dorsaVi Ltd is not currently profitable. Proceeds from capital raisings were and are primarily being used to fund: continued investment in product development; selling activities in particular in the US; and, general working capital. There is no guarantee that the sales activities and the continued rollout of product will result in profitability for the Company. If either the sales or rollout are lower or less successful than planned, dorsaVi may need to, in the future, obtain additional working capital through further capital raises, alternative means of financial support including merger and acquisition opportunities, or, both.

Cash and cash equivalents as at 31 December 2019 were \$2,562,480 (30 June 2019: \$2,766,419).

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 18 November 2019, dorsaVi Ltd announced that it had been granted a “measuring reaction forces” patent in the USA.
- On 28 November 2019, dorsaVi Ltd launched a capital raising comprising:
 - The issue of 1,155,000 convertible notes at an issue price of \$1 per convertible note with interest of 10% per annum and a maturity date of 6 December 2022 raising \$1,155,000 before costs;
 - The placement of 20,740,741 fully paid ordinary shares at \$0.027 per share raising \$560,000 before issue costs; and
 - A share purchase plan to be offered to all eligible shareholders at \$0.028 per share and closing on 19 December 2019.
- On 5 December 2019, dorsaVi Ltd announced (as approved by shareholders on 28 November 2019):
 - The issue of 1,280,488 options to non-executive directors, in lieu of directors' fees, at an exercise price of \$0.086 per share and an expiry date of 4 December 2024; and
 - The issue of 1,116,703 options to non-executive directors, in lieu of directors' fees, at an exercise price of \$0.072 per share and an expiry date of 4 December 2024.
- On 6 December 2019, dorsaVi Ltd announced the placement of 3,703,704 ordinary shares and the issue of 1,155,000 convertible notes as part of the capital raising announced on 28 November 2019.
- On 9 December 2019, dorsaVi Ltd announced the placement of 3,703,704 ordinary shares as part of the capital raising announced on 28 November 2019.
- On 19 December 2019, dorsaVi Ltd completed a share purchase plan to eligible shareholders and issued 6,670,000 fully paid ordinary shares at \$0.028 per share raising \$186,760 before costs.
- On 7 January 2020, dorsaVi Ltd announced (as approved by shareholders on 28 November 2019) the issue of 1,846,856 options to non-executive directors, in lieu of directors' fees, at an exercise price of \$0.036 per share and an expiry date of 7 January 2025.
- On 28 January 2020, a general meeting of shareholders approved the allotment of 13,333,333 fully paid ordinary shares to related parties of dorsaVi Ltd raising \$360,000 before costs.

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; 25 February 2020

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 2019, to the best of my knowledge and belief there have been:

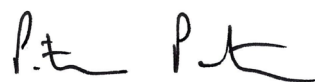
- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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



S SCHONBERG
Partner

25 February 2020



PITCHER PARTNERS
Melbourne

CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 Dec 2019	31 Dec 2018
	\$	\$
Revenue and other income		
Sales revenue	1,159,209	1,288,489
Interest income	94,259	24,698
Exchange gain	103,796	446,212
Other income	8,100	71,697
	<u>1,365,364</u>	<u>1,831,096</u>
Less: Expenses		
Cost of sales	(91,163)	(297,072)
Advertising expenses	(111,066)	(114,184)
Conference expenses	(80,784)	(105,749)
Consultancy expenses	(22,805)	(98,121)
Depreciation and amortisation expenses	(551,200)	(452,771)
Provision for impairment of intangible assets	(4,068,962)	-
Employee benefits expenses	(1,723,680)	(2,043,100)
Finance costs	(26,829)	(9,787)
Occupancy expenses	(55,306)	(133,115)
Professional fees	(214,118)	(192,760)
Software expenses	(143,053)	(183,169)
Travel expenses	(111,783)	(136,294)
Other expenses	(302,360)	(264,864)
	<u>(7,503,109)</u>	<u>(4,030,986)</u>
Loss before income tax benefit	(6,137,745)	(2,199,890)
Income tax benefit	281,816	292,600
Loss from continuing operations	<u>(5,855,929)</u>	<u>(1,907,290)</u>
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign subsidiaries net of tax	(126,521)	(418,827)
Other comprehensive income for the half-year	(126,521)	(418,827)
Loss for the half-year	<u>(5,982,450)</u>	<u>(2,326,117)</u>
Loss per share from continuing operations attributable to equity holders of the parent entity:		
Basic loss per share	(2.86 cents)	(1.12 cents)
Diluted loss per share	(2.86 cents)	(1.12 cents)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	31 Dec 2019	30 June 2019
	\$	\$
Current assets		
Cash and cash equivalents	2,562,480	2,766,419
Receivables	1,081,615	1,363,607
Inventories	705,567	308,520
Other assets	124,359	142,578
Total current assets	4,474,021	4,581,124
Non-current assets		
Intangible assets	-	4,069,915
Property, plant and equipment	478,938	577,695
Total non-current assets	478,938	4,647,610
Total assets	4,952,959	9,228,734
Current liabilities		
Payables	1,707,382	1,513,207
Lease liability	125,524	125,524
Provisions	339,602	340,133
Total current liabilities	2,172,508	1,978,864
Non-current liabilities		
Lease liability	173,922	235,470
Borrowings	1,097,250	-
Provisions	4,566	25,106
Total non-current liabilities	1,275,738	260,576
Total liabilities	3,448,246	2,239,440
Net assets	1,504,713	6,989,294
Equity		
Share capital	40,751,700	40,381,715
Reserves	(129,560)	(77,193)
Accumulated losses	(39,117,427)	(33,315,228)
Total equity	1,504,713	6,989,294

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 2019**

Consolidated Entity	Share capital	Reserves	Accumulated losses	Total Equity
	\$	\$	\$	\$
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
Balance as at 1 July 2019				
Balance as at 1 July 2019	40,381,715	(77,193)	(33,315,228)	6,989,294
Loss for the half-year	-	-	(5,855,929)	(5,855,929)
Exchange differences on translation of foreign operations, net of tax	-	(126,521)	-	(126,521)
Total comprehensive income for the half-year	-	(126,521)	(5,855,929)	(5,982,450)
Transactions with owners in their capacity as owners:				
Issue of shares	386,760	-	-	386,760
Share issue expenses	(16,775)	-	-	(16,775)
Employee share ownership plan	-	127,884	-	127,884
Options lapsed	-	(53,730)	53,730	-
	369,985	74,154	53,730	497,869
Balance as at 31 December 2019	40,751,700	(129,560)	(39,117,427)	1,504,713

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 Dec 2019	31 Dec 2018
	\$	\$
Cash flow from operating activities		
Receipts from customers	1,224,485	1,981,919
Payments to suppliers and employees	(3,037,208)	(3,481,917)
Grant and other income received	8,100	71,697
Interest received	94,259	24,698
Finance costs	(26,829)	-
Income tax refunded	579,057	862,905
Net cash used in operating activities	<u>(1,158,136)</u>	<u>(540,698)</u>
Cash flow from investing activities		
Payment for plant and equipment	(2,443)	(27,679)
Payment for intangibles	(449,047)	(589,961)
Net cash used in investing activities	<u>(451,490)</u>	<u>(617,640)</u>
Cash flow from financing activities		
Proceeds from share issue	386,760	2,088,616
Proceeds from convertible note issue	1,155,000	-
Cost of raising capital and issuing convertible note	(74,525)	(30,317)
Payment of lease liability	(61,548)	-
Net cash provided by financing activities	<u>1,405,687</u>	<u>2,058,299</u>
Net increase/(decrease) in cash and cash equivalents	(203,939)	899,961
Cash and cash equivalents at beginning of the half-year	<u>2,766,419</u>	<u>3,966,857</u>
Cash and cash equivalents at end of the half-year	<u>2,562,480</u>	<u>4,866,818</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 2019 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 2019 and the corresponding half-year.

(b) Going Concern

During the half year ended 31 December 2019, the Group incurred a loss from ordinary activities after income tax of \$5,855,929 (2018: \$1,907,290) after providing for the impairment of intangible assets of \$4,068,962 (2018: \$nil). The Group had a net decrease in cash held over the six months to 31 December 2019 of \$203,939 after raising additional share capital of \$386,760 and issuing convertible notes totalling \$1,155,000 before costs. As at 31 December 2019, the Group's current assets exceed current liabilities by \$2,301,513 (30 June 2019: \$2,602,260).

The Group has continued its strategic focus on: increasing penetration into the US market and building annuity revenue streams. This focus is having, and is expected to continue to have, a short-term financial impact on the Group through cash burn and lower growth in revenue. In the longer term, however, the size of the US market and the scalability of annuity products, is expected to continue 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 continue to be required to obtain additional working capital through further capital raises, alternative means of financial support including merger and acquisition opportunities, or, both as well as contingency plans in place to further reduce expenses if required.

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.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unsuccessful with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

(c) 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

Management differentiates operating segments based on product categories. The operating segments have been identified based on internal reports reviewed by the Group'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	Segment 2	Segment 3
Clinical	Workplace	Projects

(b) Segment information

The Group'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.

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

Half-year - 31 Dec 2019	Clinical	Workplace	Projects	Total
	\$	\$	\$	\$
Segment revenue				
Segment revenue from external source	576,824	582,385	-	1,159,209
Non-segment revenue	-	-	-	206,155
Total revenue				<u>1,365,364</u>
Segment result				
Segment result from external source	517,906	550,140	-	1,068,046
Non-segment revenue	-	-	-	206,155
Non-segment expenses	-	-	-	(7,411,946)
Income tax benefit	-	-	-	281,816
Loss from continuing operations				<u>(5,855,929)</u>

Included in the clinical and workplace segment revenue above is \$790,510 of recurring revenue (2018: \$658,989).

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				<u>1,831,096</u>
Segment result				
Segment result from external source	491,785	393,262	106,370	991,417
Non-segment revenue	-	-	-	542,607
Non-segment expenses	-	-	-	(3,733,914)
Income tax benefit	-	-	-	292,600
Loss from continuing operations				<u>(1,907,290)</u>

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION (cont.)

I Major customers

No external revenue was derived from one major customer where the revenue was greater than 10% of the Group's revenue (2018: \$215,867). Where such revenue arises, this revenue is included in clinical and workplace segments.

NOTE 3: INTANGIBLE ASSETS

	31 Dec 2019	30 June 2019
	\$	\$
Patents, at cost	1,109,173	1,045,537
Less accumulated amortisation	(227,440)	(197,440)
Less provision for impairment	(881,733)	-
	-	848,097
Development expenditure, at cost	4,975,375	4,589,964
Less accumulated amortisation	(1,788,146)	(1,368,146)
Less provision for impairment	(3,187,229)	-
	-	3,221,818
	-	4,069,915

(30) Reconciliation

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the half-year ending 31 December 2019 are provided below:

	Patents	Intangibles	Total
	\$	\$	\$
Opening balance	848,097	3,221,818	4,069,915
Additions	63,636	385,411	449,047
Amortisation expense	(30,000)	(420,000)	(450,000)
Impairment provision	(881,733)	(3,187,229)	(4,068,962)
Closing balance	-	-	-

The Group have assessed carrying value of its intangible assets for impairment based on value in use calculations. Given the recent change in the Group's business strategy (i.e. transition to a SaaS recurring revenue strategy), the Group's forecasts have been updated based upon reasonable and prudent assumptions including growth rates, discount rates and terminal values. This has resulted in a provision for impairment of \$4,068,962. Should future performance exceed Group forecasts, the current impairment provision may be reversed in future periods.

NOTE 4: LEASE LIABILITY

	31 Dec 2019	30 June 2019
	\$	\$
CURRENT		
Lease liability	125,524	125,524
NON-CURRENT		
Lease liability	173,922	235,470

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 5: BORROWINGS

	31 Dec 2019	30 June 2019
	\$	\$
NON-CURRENT		
Convertible note	1,155,000	-
Cost of issuing convertible note	<u>(57,750)</u>	<u>-</u>
	<u>1,097,250</u>	<u>-</u>

1,115,000 convertible notes were issued during the half-year with a face value of \$1 each maturing on 6 December 2022.

In accordance with Accounting Standards, the convertible notes are considered a financial liability with a host debt contract, held at amortised cost, and an embedded derivative liability, held at fair value through profit and loss.

NOTE 6: CONTRIBUTED CAPITAL

(a) Movements in shares on issue of the Parent Entity

	Half-year		Year	
	31 Dec 2019		30 June 2019	
	No of Shares	\$	No of Shares	\$
Beginning of the period	204,016,783	40,381,715	167,918,222	38,455,224
Movement during the period:				
- Employee share scheme	-	-	87,941	-
- Shares issued in capital raising	14,077,408	386,760	36,010,620	2,088,616
- Cost of raising capital	-	<u>(16,775)</u>	-	<u>(162,125)</u>
End of the period	<u>218,094,191</u>	<u>40,751,700</u>	<u>204,016,783</u>	<u>40,381,715</u>

During the half-year ended 31 December 2019, the Company issued 7,407,408 shares, at \$0.27 each, through a private placement and issued 6,670,000 shares, at \$0.028 each, to existing shareholders under a share purchase plan.

(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 2019 and 31 December 2019, no loan shares were issued.

(ii) Options over shares

Options to purchase 2,371,191 ordinary shares in the Company were granted in the six months ended 31 December 2019 (December 2018: nil).

(iii) Performance rights

1,260,000 performance rights were granted during the six months to 31 December 2019 (December 2018: nil). During the six months, no ordinary shares were issued on the vesting of performance rights previously granted (December 2018: 87,941). During the six months, 1,755,530 treasury shares were transferred to employees on the vesting of 1,755,530 performance rights. The balance of treasury shares as at 31 December 2019 was 1,071,071 (2018: 2,826,601).

At 31 December 2019, 430,000 performance rights had yet to vest or expire.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 6: CONTRIBUTED CAPITAL (cont.)

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

Grant date	Expiry date	Exercise price	Balance at 1/07/2019	Granted during period	Exercised during period	Cancelled/expired during period	Balance at half year-end	Exercisable at half year-end
5/11/2014	5/11/2019	\$0.40	20,000	-	-	-	20,000	20,000
25/02/2015	25/02/2020	\$0.36	50,000	-	-	-	50,000	50,000
24/03/2016	24/03/2021	\$0.40	200,000	-	-	-	200,000	100,000
29/11/2016	1/10/2019	-	150,000	-	(63,000)	(87,000)	-	-
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	24,166	-	-	-	24,166	24,166
15/05/2017	1/10/2019	-	39,000	-	(21,530)	(17,470)	-	-
15/05/2017	1/07/2019	-	117,000	-	(117,000)	-	-	-
5/06/2017	1/10/2019	-	125,000	-	(75,750)	(49,250)	-	-
5/06/2017	1/07/2019	-	200,000	-	(200,000)	-	-	-
18/09/2019	18/09/2019	-	-	760,000	(760,000)	-	-	-
18/09/2019	1/10/2019	-	-	70,000	(68,250)	(1,750)	-	-
18/09/2019	1/10/2020	-	-	115,000	-	-	115,000	-
18/09/2019	1/10/2021	-	-	115,000	-	-	115,000	-
18/09/2019	18/09/2022	-	-	200,000	-	-	200,000	-
4/12/2019	4/12/2024	\$0.086	-	1,280,488	-	-	1,280,488	1,280,488
4/12/2019	4/12/2024	\$0.072	-	1,116,703	-	-	1,116,703	1,116,703
Total			1,980,166	3,657,191	(1,755,530)	(155,470)	3,726,357	3,196,357

Half-year ended 31 December 2018

Grant date	Expiry date	Exercise price	Balance at 1/07/2018	Exercised during period	Cancelled/expired 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 7: SUBSEQUENT EVENTS

Material events subsequent to the end of the half-year that have not been recognised in the half-year financial statements:

- On 28 January 2020, a general meeting of shareholders approved the allotment of 13,333,333 fully paid ordinary shares to related parties of dorsaVi Ltd raising \$360,000 before costs.

DIRECTORS' DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 6 to 15, 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 2019 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: 25 February 2020

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

Report on the Half-Year Financial Report

We have reviewed 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 2019, 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 dorsaVi Ltd 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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 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 dorsaVi Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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

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 the Group is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group incurred a net loss before tax of \$6,137,745, for the period ending 31 December 2019 and had a net decrease in cash held over the six months to 31 December of \$203,939 after raising additional share capital of \$386,760 and issuing convertible notes totalling \$1,155,000 before costs. As at 31 December 2019, the Group's current cash reserves are \$2,562,479. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



S SCHONBERG
Partner

25 February 2020



PITCHER PARTNERS
Melbourne