

dorsaVi Ltd and controlled entities

APPENDIX 4E
PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014
Provided to the ASX under listing rule 4.3A

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Preliminary Financial Report

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Details of the reporting period and the previous corresponding period

Reporting period: Year ended 30 June 2014

Previous corresponding period: Year ended 30 June 2013

Results for announcement to the market

	June 2014 (\$'000)	June 2013 (\$'000)	Change (\$'000)	Change (%)
Revenue and other income	767	539	228	42
Loss before tax	(4,122)	(2,173)	(1,949)	(90)
Loss after tax attributable to members of dorsaVi Ltd	(3,562)	(1,659)	(1,903)	(114)

	June 2014 (cents)	June 2013 (cents)	Change (cents)
Net Tangible Asset per share	11.83	(1.55)	13.38

Explanation of Results

dorsaVi Ltd's Earnings per Share has improved from a loss of 20.13 cents per share to a loss of 3.60 cents per share as a result of the IPO during the financial year. The losses after tax increased by 114% whereas the weighted average number of shares increased by 1085%. The options granted during the year were not considered dilutionary at year end.

dorsaVi Ltd has invested and will continue to invest in both cultural and physical assets in moving its operations from a Research & Development environment to one focused on Sales & Marketing. Key factors impacting dorsaVi Ltd during the financial year included the investment in key staff in Sales across Australia, Europe and the USA. These key hires were made ahead of the revenue curve. There were no sales in the US preceding the appointment of our US sales team but sales will begin to flow from the 1st quarter of 2014 / 2015 financial year. Furthermore, dorsaVi Ltd's Product Development and Marketing teams were also strengthened by number of significant hires in both departments. While revenue grew by 42% year on year, the investment in headcount as detailed above grew by 67% year on year. This growth in expenses was off a much larger base than the revenue base driving pre tax losses up \$1,949,000 year on year.

During the financial year there were no returns to shareholders in any form.

This report should be read in conjunction with any public announcements made by dorsaVi Ltd in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A

Statement of Comprehensive Income

Refer to the attached statement

Statement of Financial Position

Refer to the attached statement

Statement of Changes in Equity

Refer to the attached statement

Statement of Cash Flows

Refer to the attached statement

Dividends

The board has declared no dividend at this time

Statement of Retained Earnings

	Consolidated Entity		Parent Entity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at the beginning of year	(5,737)	(4,078)	(5,737)	(4,078)
Net loss attributable to members of the parent entity	<u>(3,562)</u>	<u>(1,659)</u>	<u>(2,962)</u>	<u>(1,659)</u>
Total available for appropriation	(9,299)	(5,737)	(8,699)	(5,737)
Dividends paid	-	-	-	-
Balance at end of year	<u><u>(9,299)</u></u>	<u><u>(5,737)</u></u>	<u><u>(8,699)</u></u>	<u><u>(5,737)</u></u>

Details of entities over which control has been gained or lost during the period

dorsaVi Ltd gained control over dorsaVi Europe Ltd following its incorporation on 3 February 2014. dorsaVi Europe Ltd generated a loss after tax of \$395k from incorporation date to 30 June, 2014 (2013: not applicable)

dorsaVi Ltd gained control over dorsaVi USA, Inc. following its incorporation on 19 May 2014. dorsaVi USA, Inc generated a loss after tax of \$205k from incorporation date to 30 June, 2014 (2013: not applicable)

Audit of the financial report

The financial report is in the process of being audited. The financial report is not likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph.

Date: 28 August 2014

Jerome Whelan
CFO
dorsaVi Ltd

APPENDIX 4E - YEAR ENDED 30 JUNE 2014

**CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$000	2013 \$000
Revenue			
Sales revenue	1	529	399
Grant income	1	11	136
Interest income	1	227	4
		<u>767</u>	<u>539</u>
Less: expenses			
Changes in inventories		4	47
Cost of sales	2	(42)	(189)
Advertising expense		(208)	(199)
Conference expense		(135)	(1)
Consultancy expense		(592)	(257)
Depreciation and amortisation expense	2	(42)	(27)
Device development expenditure		(228)	(233)
Directors fees		(179)	(24)
Employee benefits expense	2	(2,334)	(1,377)
Finance costs	2	(1)	(2)
Occupancy expense	2	(64)	(45)
Pilot study expense		(43)	(53)
Professional fees		(360)	(64)
Travel expenses		(284)	(105)
Other expenses		(381)	(183)
		<u>(4,889)</u>	<u>(2,712)</u>
Loss before income tax benefit		(4,122)	(2,173)
Income tax benefit		560	514
		<u>(3,562)</u>	<u>(1,659)</u>
Loss from continuing operations		(3,562)	(1,659)
Other comprehensive income for the year		-	-
Total comprehensive income		<u>(3,562)</u>	<u>(1,659)</u>
Earnings per share for loss from continuing operations attributable to equity holders of the entity:			
Basic loss per share		(3.60 cents)	(20.13 cents)
Diluted loss per share		(3.60 cents)	(20.13 cents)

CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT 30 JUNE 2014

	2014	2013
	\$000	\$000
Current assets		
Cash and cash equivalents	13,938	274
Receivables	713	691
Inventories	190	186
Other assets	42	27
Total current assets	<u>14,883</u>	<u>1,178</u>
Non-current assets		
Intangible assets	258	142
Plant and equipment	198	76
Total non-current assets	<u>456</u>	<u>218</u>
Total assets	<u>15,339</u>	<u>1,396</u>
Current liabilities		
Payables	494	261
Borrowings	-	1,017
Provisions	211	95
Total current liabilities	<u>705</u>	<u>1,373</u>
Non-current liabilities		
Provisions	14	9
Total non-current liabilities	<u>14</u>	<u>9</u>
Total liabilities	<u>719</u>	<u>1,382</u>
Net assets	<u>14,620</u>	<u>14</u>
Equity		
Share capital	23,835	5,751
Reserves	84	-
Accumulated losses	(9,299)	(5,737)
Total equity	<u>14,620</u>	<u>14</u>

CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated Entity	Share capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total Equity \$'000
Balance as at 1 July 2012	5,751	-	(4,078)	1,673
Loss for the year	-	-	(1,659)	(1,659)
Total comprehensive income for the year	-	-	(1,659)	(1,659)
Transactions with owners in their capacity as owners:	-	-	-	-
Balance as at 30 June 2013	5,751	-	(5,737)	14
Balance as at 1 July 2013	5,751	-	(5,737)	14
Loss for the year	-	-	(3,562)	(3,562)
Total comprehensive income for the year	-	-	(3,562)	(3,562)
Transactions with owners in their capacity as owners:				
Conversion of convertible notes	3,000	-	-	3,000
Issue of shares	16,500	-	-	16,500
Cost of raising capital	(1,416)	-	-	(1,416)
Employee share ownership plan	-	84	-	84
	18,084	84	-	18,168
Balance as at 30 June 2014	23,835	84	(9,299)	14,620

CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$000	\$000
Cash flow from operating activities		
Receipts from customers	707	537
Payments to suppliers and employees	(4,620)	(2,644)
Interest received	220	4
Income tax refunded	514	817
Net cash used in operating activities	<u>(3,179)</u>	<u>(1,286)</u>
Cash flow from investing activities		
Payment for plant and equipment	(108)	(32)
Payment for intangibles	(127)	(47)
Net cash used in investing activities	<u>(235)</u>	<u>(79)</u>
Cash flow from financing activities		
Proceeds from share issue	16,500	-
Proceeds from convertible note issue	2,000	1,000
Cost of raising capital	(1,416)	-
Net loans to related parties	(6)	(21)
Net cash provided by financing activities	<u>17,078</u>	<u>979</u>
Reconciliation of cash		
Cash at beginning of the financial year	274	660
Net increase / (decrease) in cash held	13,664	(386)
Cash at end of financial year	<u><u>13,938</u></u>	<u><u>274</u></u>

Notes to the Preliminary Financial Report for the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
NOTE 1: REVENUE AND OTHER INCOME		
Revenue from continuing operations		
Prototype/device and consumable sales	110	210
Device rental income	117	16
Consulting income	302	173
	<u>529</u>	<u>399</u>
Other revenue		
Interest income	227	4
Grant income	11	136
	<u>238</u>	<u>140</u>
	<u>767</u>	<u>539</u>
NOTE 2: LOSS FROM CONTINUING OPERATIONS		
Losses before income tax has been determined after:		
Cost of sales	42	189
Finance costs	1	2
Depreciation		
- Testing equipment	7	4
- Leased devices	4	-
- Office equipment	17	14
- Furniture, fixtures & fittings	1	-
- Tooling	2	2
	<u>31</u>	<u>20</u>
Amortisation of patents	11	7
Employee benefits expense		
- Share based payments	84	-
- Other employee benefits	2,250	1,377
	<u>2,334</u>	<u>1,377</u>
Operating lease rental	64	45
Research and development expense	1,244	1,161

NOTE 3: SUBSEQUENT EVENTS

On 3 July 2014, the Company completed the acquisition of 100% of the issued capital of Australian Workplace Compliance Pty Ltd. This increases the Company's service offering and client base in the occupational health and safety (OH&S) market.

The purchase price was \$120,000 in cash. There is no contingent consideration in respect of this transaction. As part of the acquisition, the founder, Mark Heaysman has joined dorsaVi Ltd in the capacity as a full time employee. If his employment ceases within 12 months, dorsaVi Ltd will sell the company back to him at cost.

As at the date of the preliminary financial report, acquisition accounting for the business combination has not been finalised.

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