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dorsaVi Ltd

ABN: 15 129 742 409

ASX Announcement - 2014 Audited Annual Accounts and Date of AGM

29 September 2014

dorsaVi Ltd (**ASX: DVL**) (**dorsaVi** or the **Company**) advises that it has today released its Audited Annual Accounts for the financial year ended 30 June 2014.

The Company further advises that its Annual General Meeting of Shareholders in respect of the financial year ended 30 June 2014, will be held on Thursday, 27 November 2014 at 10:00am in the Tom Wills Room, Level 2, Great Southern Stand, Melbourne Cricket Ground, Brunton Ave, Richmond, Victoria, 3002.

Jerome Whelan
Chief Financial Officer

About dorsaVi

dorsaVi Ltd (ASX:DVL) is an ASX company focused on developing innovative motion analysis device technologies for use in elite sports, occupational health and safety, and clinical applications. dorsaVi Ltd believes its wearable sensor technology enables – for the first time – many aspects of detailed human movement and position to be accurately captured, quantified and assessed outside a biomechanics lab, in both real-time and real situations for up to 24 hours.

Our technology has applications across three sectors:

- **Clinical:** ViMove is transforming the management of patients by providing objective assessment, monitoring outside the clinic and immediate biofeedback. ViMove is currently used by medical and physiotherapy practices in Australia and the United Kingdom and is now available in the United States following FDA 510K clearance.

- **Elite Sports:** ViPerform is allowing coaches and medical teams managing elite athletes and teams to screen athletes and provide objective evidence for decisions on return to play, measure biomechanics and provide immediate biofeedback out on the field, tailor and track training programs and optimise technique and peak performance. ViPerform is being used by AFL and NRL clubs in Australia, clubs in the Barclays Premier League, Australian and Victorian Institutes of Sport, various Olympic teams and athletes internationally, and Cricket Australia.

- **OH&S:** We combine innovation, measurement and quality to reduce workplace incidents, costs, meet compliance and improve brand reputation. ViSafe enables employers to assess risk of injury for employees as well as test the effectiveness of proposed changes to workplace design, equipment or methods based on objective evidence. ViSafe has been used by major corporations including Coles, Woolworths, Toll, Toyota, Orora (formerly Amcor), Crown and BHP Billiton. Australian Workplace Compliance delivers risk mitigation through compliance to OHS, Quality Management Systems, Company Policy and Process.

Further information is available at www.dorsavi.com.

dorsaVi Ltd
and controlled entities
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FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014

dorsaVi Ltd and controlled entities

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

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Corporate Governance Statement

The Board of directors of the Company is responsible for the governance of the Company and its controlled entities. Good corporate governance is a fundamental part of the culture and business practices of the Company. The key aspects of the Company's corporate governance framework and governance practices, which have been in place since the Company listed on the ASX in December 2013 are outlined below.

The Board of directors confirms that the Company's corporate governance framework complies in almost all respects with the ASX's Corporate Governance Council's 'Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition)', 'the ASX Corporate Governance Recommendations', and, where it does not comply, this is due to its recent listing, the current relative size of the Company and scale and nature of its operations. The ASX Corporate Governance Council has recognised that the range in size and diversity of companies listed on the ASX is significant and that smaller companies (such as dorsaVi) may face particular issues in attaining all its recommendations at the outset. The Company provides below a review of its corporate governance framework using the same numbering as adopted for the principles set out in the ASX Corporate Governance Recommendations.

Copies of the Company's charters, codes and policies may be downloaded from the corporate governance section of the Company's website at www.dorsavi.com.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1:
Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board's responsibilities are defined in the Board Charter and there is a clear delineation between the functions reserved to the Board and those conferred upon the CEO and certain other officers of the Company for the day-to-day management of operations.

The responsibilities of the Board include:
- overseeing the company, including its control and accountability systems;
- appointing and removing the CEO;
- monitoring the performance of the CEO;
- where appropriate, ratifying senior executive appointments, organisational changes and senior management remuneration policies and practices;
- approving succession plans for management;
- monitoring senior executives' performance and implementation of strategy, and ensuring appropriate resources are available;
- providing input into and approving management's corporate strategy and performance objectives;
- determining and financing dividend payments;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- reviewing and ratifying systems of risk management, internal compliance and control.

The functions reserved for the Board include:
- appointment of a Chair;
- appointment and removal of the CEO;
- appointment of directors to fill a vacancy or add additional directors;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- review of corporate codes of conduct;

Corporate Governance Statement (cont.)

- approval of budgets, major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management.;
- calling of meetings of shareholders.

A copy of the Company's Board Charter is available on the Company's website at www.dorsavi.com

Recommendation 1.2:
Disclose the process for evaluating the performance of senior executives.

In accordance with the Board Charter, the directors' responsibilities include monitoring the performance of senior executives (including the CEO) and ensuring succession plans are in place. The Board has established a Nomination and Remuneration Committee which is responsible for reviewing executive remuneration and incentive policies and practices, and ensuring that the policies and practices are performance based and aligned with the Company's vision, values and overall business objectives.

The Nomination and Remuneration Committee annually reviews the performance of the CEO and recommends to the Board the key performance targets of the CEO.

All senior executives of the company are subject to an annual performance review. Their key performance targets are aligned to the performance targets set by the Board and are aligned to the overall business goals and the company's requirements. In the case of the CEO, these targets are negotiated between the Nomination and Remuneration Committee and the CEO and signed off by the Board. Remuneration incentives are dependent on the outcome of these evaluations.

Further information regarding executive compensation can be found in the Remuneration Report in this Annual Report.

Recommendation 1.3:
Disclosure of information indicated in the Guide to reporting on Principle 1 of the ASX Governance Recommendations.

The Board and Nomination and Remuneration Committee ensure that an evaluation of the senior management team is undertaken at least annually.

The company complied with Recommendations 1.1 to 1.3 from the date of its listing on the ASX to the end of its 30 June 2014 financial year.

A copy of the Nomination and Remuneration Committee Charter is available on the Company's website at www.dorsavi.com

Principle 2: Structure the Board to add value

Recommendation 2.1:
A majority of the board should be independent directors.

The Company has assessed the independence of its directors regarding the requirements for independence, which are set out in Principle 2 of the ASX Corporate Governance Principles and Recommendations. Each of Mr Herb Elliott, Mr Ash Attia and Mr Greg Tweedly are independent Directors of the Company under the ASX Corporate Governance Principles.

Accordingly, the majority of the Company's Board is comprised of independent directors.

The roles of Chairman and CEO are exercised by two separate individuals. The Company's Chairman is an independent director.

The Board, having regard to the Company's stage of development and the collective expertise of the directors, considers the current composition of the Board is appropriate.

Corporate Governance Statement (cont.)

Recommendation 2.2:
The Chairman should be an independent director.

Mr Herb Elliott is an independent director.

Recommendation 2.3:
The same individual should not exercise the roles of Chairman and Chief Executive Officer.

Dr Andrew Ronchi is the CEO

The names of the directors and their qualifications and experience are stated in the Directors' Report.

A director is independent if he or she is a nonexecutive director, not a member of management and free of any business or other relationship that could materially interfere with (or be perceived to materially interfere with) the independence of his or her judgement. Mr Herb Elliott, Mr Ash Attia and Mr Greg Tweedly are independent directors of the Company. However, Dr Andrew Ronchi and Dr Michael Panaccio are not. Dr Ronchi is the CEO and Dr Michael Panaccio is a director and founder of Starfish Ventures Pty Ltd, which is the manager of Starfish Technology Fund, which is a substantial shareholder in the Company.

The current composition of the Board of directors and length of tenure of each member is as follows:

Name	*Position*	*Date appointed*	*Independent*
Herbert Elliott	Chairman (non-executive)	Oct 2013	YES
Ashraf Attia	Director (non-executive)	July 2008	YES
Michael Panaccio	Director (non-executive)	May 2008	NO
Gregory Tweedly	Director (non-executive)	Oct 2013	YES
Andrew Ronchi	Executive Director	Feb 2008	NO

Recommendation 2.4:
The board should establish a nomination committee.

dorsaVi Ltd established a Nomination and Remuneration Committee on 30 October 2013.

The current members of the Nomination and Remuneration Committee are: Mr Herb Elliott (chair), Dr Michael Panaccio and Mr Greg Tweedly.

Recommendation 2.5:
Disclose the process for evaluating the performance of the board, its committees and individual directors.

There was no formal performance review conducted of the Board, its committees and individual directors in FY2014 as the Company only listed on the ASX in December 2013 and the Board only came together in its current form in October 2013.

A formal process however has been established to review amongst other matters, the Board's performance, conduct at meetings and quality of board papers at each meeting of the Board. Consideration in relation to the establishment of a process to evaluate the performance of individual directors will be given in due course.

Corporate Governance Statement (cont.)

Recommendation 2.6:
Companies should provide the information indicated in the Guide to reporting on Principle 2.

The Company did not comply with all aspects of Recommendation 2.5 but it is planning to do so in the 2015 financial year. It did comply with Recommendations 2.1, 2.2, 2.3, 2.4 and 2.6 from the date of its listing on the ASX to the end of its 30 June 2014 financial year.

Principle 3: Promote ethical and responsible decision-making

Recommendation 3.1:
Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- *the practices necessary to maintain confidence in the company's integrity;*
- *the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and*
- *the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company has adopted a Code of Conduct, which applies to all directors and employees of the Company, as well as a Share Trading Policy.

Copies of the Code of Conduct and the Share Trading Policy are available on the Company's website at www.dorsavi.com

Recommendation 3.2:
Establish a policy concerning diversity and disclose it. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Company has adopted a Diversity Policy. The Diversity Policy confirms that the Board, after taking into account the Company's size, stage of development, the business operating environment and the industry in which it operates, will set measurable objectives.

The Company's operations are currently at the development and initial commercialisation stage and it has only a small number of employees.

As the Company moves closer to achieving its commercialisation goals and increases its number of employees, it will build and develop a broad range of measurable objectives for achieving gender diversity and report on the Company's progress in achieving them.

A copy of the Diversity Policy is available on the Company's website at www.dorsavi.com

Recommendation 3.3:
Disclose the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

As stated above, as the Company moves closer to achieving its commercialisation goals and increases its number of employees, it will further develop and build its measurable objectives for achieving gender diversity and report on the Company's progress in achieving them.

The basic measurable objectives for achieving gender diversity, which have been set by the Board in accordance with the Company Diversity Policy, are set out below:

- the Company will seek to have at least one female potential candidates for each vacant position; and
- as part of any future Board member selection process, the professional consultant or Board committee assisting the Board, will seek to provide at least one credible and suitably experienced female candidate.

Corporate Governance Statement (cont.)

Recommendation 3.4:
Disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

As at the date of the report, the proportion of women in the company as a percentage of its total employees was 9 out of 27, or 33%.

The proportion of women as a total of the senior executive positions was 3 out of 8 or 38%.

There were no women on the Board.

Recommendation 3.5:
Provide the information indicated in the Guide to reporting on Principle 3.

As detailed above, the Company's Code of Conduct, Share Trading Policy and Diversity Policy are available on the Company's website at www.dorsavi.com

The Company did not comply with all aspects of Recommendation 3.3 but it did comply with Recommendations 3.1, 3.2, 3.4 and 3.5 from the date of its listing on the ASX to the end of its 30 June 2014 financial year.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1:
The board should establish an audit committee.

dorsaVi Ltd has established an Audit and Risk Committee on 30 October 2013. The principal functions of the Audit and Risk Committee include:

- helping the Board to achieve its objectives in relation to financial reporting, the application of accounting policies, business policies and practices, legal and regulatory compliance; and internal control and risk management systems;
- promoting a culture of compliance; and
- ensuring effective and external audit functions and communications between the Board and the external auditors.

The Audit and Risk Committee is also responsible for overseeing the establishment and implementation of risk management and internal compliance and control systems.

Recommendation 4.2:
The audit committee should be structured so that it:

- *consists only of non-executive directors;*
- *consists of a majority of independent directors;*
- *is chaired by an independent chair, who is not chair of the board; and*
- *has at least three members.*

Currently, the Audit and Risk Committee consists of three non-executive directors: Mr Greg Tweedly, Mr Ash Attia, and Dr Michael Panaccio. The Audit and Risk Committee is comprised of a majority of independent directors. The Chairman of the Audit and Risk Committee, Mr Greg Tweedly, is an independent director. Two separate individuals exercise the Chairman of the Audit and Risk Committee and the Chairman of the Board.

Corporate Governance Statement (cont.)

Recommendation 4.3:
The audit committee should have a formal charter.

The Audit and Risk Committee has adopted a formal Charter.

The responsibilities of the Committee include:
- assessing the appropriateness and application of the company's accounting policies and principles and any changes to them;
- obtaining an independent judgment from the external auditor;
- assessing any significant estimates or judgments in the financial reports; and
- reviewing any half-yearly and annual financial reports with management, advisers and the external auditors (as appropriate) as recommending their adoption by the Board.

A copy of the Audit and Risk Committee Charter is available on the Company's website at www.dorsavi.com

Recommendation 4.4:
Provide the information indicated in the Guide to reporting on Principle 4.

The Company has complied with Recommendations 4.1 to 4.4 from the date of its listing on the ASX to the end of its 30 June 2014 financial year.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1:
Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has adopted a Continuous Disclosure Policy. This Policy sets out the standards, protocols and the detailed requirements expected of all directors, officers, senior management and employees of the Company for complying with the Listing Rules and Corporations Act relating to continuous disclosure.

The Continuous Disclosure Policy is designed to provide equal access to information and to promote quality communications between the Company and third parties such as shareholders, the investment community, the media and ASX.

In addition, the Board assesses its continuous disclosure obligations at each Board meeting.

A copy of the Company's Continuous Disclosure Policy is available on the Company's website at www.dorsavi.com

Recommendation 5.2:
Companies should provide the information indicated in the Guide to reporting on Principle 5.

The Company has complied with Recommendations 5.1 to 5.2 from the date of its listing on the ASX to the end of its 30 June 2014 financial year.

Corporate Governance Statement (cont.)

Principle 6: Respect the rights of shareholders

Recommendation 6.1:
Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Company has adopted a Shareholder Communications Policy for shareholders wishing to communicate with the Board. All shareholders are invited to attend dorsaVi's annual general meeting, either in person or by representative, being the forum in which to discuss issues relevant to the Company. The Board accordingly encourages full participation by shareholders. Shareholders will have an opportunity to submit questions to the Board and auditors at the November 2014 meeting of shareholders.

A copy of the Company's Shareholder Communications Policy is available on the Company's website at www.dorsavi.com

Recommendation 6.2:
Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Company has complied with Recommendations 6.1 to 6.2 from the date of its listing on the ASX to the end of its 30 June 2014 financial year.

Principle 7: Recognise and manage risk

Recommendation 7.1:
Establish policies for the oversight and management of material business risks and disclose a summary of those policies.

In conjunction with the Company's other corporate governance policies, the Company has adopted policies and processes to assist the Company to identify, evaluate and mitigate technological, economic, operational and other risks. dorsaVi has established a Risk Management Policy. A copy of the Risk Management Policy is available on the Company's website at www.dorsavi.com

Recommendation 7.2:
The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Board is responsible for reviewing and ratifying the risk management structure, processes and guidelines, which are developed and maintained by management.

The Board has confirmed that management is responsible for designing and implementing risk management and internal compliance and control systems, which identify material risks for the Company. The Board has overseen the development by management of a process to identify and manage the Company's material business risks.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:
The board should disclose whether it has received assurance from the CEO (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Corporate Governance Statement (cont.)

The CEO and the Chief Financial Officer have, in accordance with section 295A of the Corporations Act, declared in writing to the Board that the financial reporting, risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively during the year. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations of the Company.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. The Company places considerable reliance on the skill, experience and judgement of its employees to make decisions within the policy framework and to communicate openly on all risk related matters.

Recommendation 7.4:
Companies should provide the information indicated in the Guide to reporting on Principle 7.

The Company has complied with Recommendations 7.1 to 7.4 from the date of its listing on the ASX to the end of its 30 June 2014 financial year.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1:
The board should establish a remuneration committee.

The Board established a Nomination and Remuneration Committee on 30 October 2013.

The objective of the Nomination and Remuneration Committee is to help the Board achieve its objective to ensure dorsaVi:
- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders; and
- fairly and responsibly rewards executives having regard to the performance of dorsaVi, the performance of the executives and the general pay environment

The Nomination and Remuneration Committee is responsible for matters including identifying and recommending to the Board nominees for membership of the Board including the CEO and ensuring succession plans are in place to maintain an appropriate balance of skills on the Board and reviewing those plans.

Recommendation 8.2:
The remuneration committee should be structured so that it:
- *consists of a majority of independent directors;*
- *is chaired by an independent chair; and*
- *has at least three members*

Currently, the Nomination and Remuneration Committee consists of three non-executive directors: Mr Herb Elliott, Dr Michael Panaccio and Mr Greg Tweedly. Mr Herb Elliott is Chairman of the Committee and as stated above, he is an independent director. The Nomination and Remuneration Committee is comprised of a majority of independent directors.

Recommendation 8.3:
Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Company has a clear distinction between the structure of non-executive directors' remuneration and that of executive directors and senior executives. Disclosure of the directors' and executives' remuneration can be found in the Remuneration Report in this Annual Report.

Corporate Governance Statement (cont.)

Recommendation 8.4:
Companies should provide the information indicated in the Guide to reporting on Principle 8.

The Company has complied with Recommendations 8.1 to 8.4 from the date of its listing on the ASX to the end of its 30 June 2014 financial year.

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of dorsaVi Ltd and the entities it controlled, for the financial year ended 30 June 2014 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

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

Herbert James Elliott – Non-executive Chairman:
Chairman of dorsaVi Ltd and chairs the Nomination and Remuneration Committee. He was appointed to the Board on 29 October 2013.

Ashraf Attia - Non-executive Director:
Mr. Attia serves on the Audit & Risk Committee. He was appointed to the Board on 14 July 2008.

Michael Panaccio – Non-executive Director:
Mr. Panacccio serves on the Audit & Risk Committee and the Nomination and Remuneration Committee. He was appointed to the Board on 16 May 2008.

Gregory John Tweedly – Non-executive Director:
Mr. Tweedly chairs the Audit & Risk Committee and serves on the Nomination and Remuneration Committee. He was appointed to the Board on 29 October 2013.

Andrew Ronchi – Chief Executive Officer, Director:
Mr Ronchi was appointed to the Board on 18 February 2008.

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

The principal activity of dorsaVi Ltd and its controlled entities during the financial year was distribution of innovative motion analysis technologies. These technologies are commercialised via license or fixed fee consultancy methods. There has been no significant change in the nature of these activities during the financial year.

Results

The consolidated loss after income tax attributable to the members of dorsaVi Ltd was $3,562,000 (2013: $1,659,000).

Review of operations

Initially incorporated as a proprietary company in February 2008, dorsaVi, was converted to a public company on 17 October 2013. dorsaVi Ltd was listed on the ASX in December 2013.

At balance date, 30 June 2014, the Group consisted of three entities:

- dorsaVi Ltd, the listed Parent company
- dorsaVi Europe Ltd, a wholly owned subsidiary incorporated on 3 February 2014 and domiciled in the UK
- dorsaVi USA, Inc, a wholly owned subsidiary incorporated on 19 May 2014 and domiciled in the USA

Revenue for the 2014 financial year was $767,000 (2013: $539,000) driven by 33% growth in sales revenue to $529,000 (2013: $399,000) and a $223,000 growth in interest income to $227,000 (2013: $4,000). The growth in sales and interest income was partially offset by the $125,000 decrease in grant income to $11,000 (2013: $136,000). The loss from continuing operations after income tax for the 2014 financial year was $3,562,000 (2013: $1,659,000).

DIRECTORS' REPORT (CONT.)

These results were in line with expectations as dorsaVi Ltd has invested and will continue to invest in both cultural and physical assets in moving its operations from a research & development focus to one of sales & marketing. While sales revenue grew by 33% year on year, the employee benefits expense grew by 69%. This was mainly due to the investment in key staff in sales across Australia, Europe and the US. These foundation 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 the 2015 financial year. Furthermore, dorsaVi Ltd's product development and marketing teams were also strengthened by a number of significant hires in both departments.

During the 2014 financial year dorsaVi Ltd began to transition its sales method from outright sale, where the goods are transferred to the customer, to a license agreement where the customer leases the goods. These licenses will automatically renew for a 12-month period upon expiry of the initial term. From March 2014 all commercial contracts were made under a license agreement. Previously, 100% of the revenue could be realised in the month in which the goods were sold via an outright sale. Under the license agreement, however, the revenue can only be realised via the straight-line method over the term of the license. This has and will produce a like for like decrease in revenue over the first 12 months of the license-only revenue period from March 2014 to February 2015. The significant long term benefit is that it produces an ongoing annuity revenue stream.

By 30 June 2014 the Group had 101 devices in market globally. Of these, 51 were in market under outright sale and 50 were in market via license. This 101 represented a 110% increase over the 48 in market at 30 June 2013 and, significantly, a 525% increase in the 8 devices under license at 30 June 2013.

Employee benefits expense for the 2014 financial year was $2,334,000 (2013: $1,377,000), which represented a 69% increase year on year. The employee headcount at 30 June 2014 was 23 (2013: 12), which represented a 92% increase year on year. Salaries and benefits represented 48% of the total expenses for the Group for the 2014 financial year.

Consultancy expense for the 2014 financial year was $592,000 (2013: $257,000), which represented a 130% increase year on year. A significant expense in the 1st half of the year was fees incurred to support the Group in the areas of public relations, investor relations, strategic relationships. A significant expense in the 2nd half of the financial year was for consultants used in setting up the Group's US infrastructure and operations. Expenses that flowed throughout the 2014 financial year were to financial consultants in preparing for the IPO and for the subsequent ASX reporting requirements.

The parent, dorsaVi Ltd, and its wholly owned subsidiaries, dorsaVi Europe Ltd and dorsaVi USA, Inc, are the entities that generate revenue for the Group. The three companies have two primary sources of revenue: they enter into agreements to place the ViMove, ViPerform and ViSafe devices with customers; and they provide OH&S Consultancy Services that utilise the ViSafe technology.

Under the licensing agreements for the devices, dorsaVi retains the title to the device and carries it in property, plant and equipment, depreciating it over five years. As the US, European and Australian markets scale up, investment in the devices is expected to have some impact on the working capital needs of the Group, which are expected to be offset by future sales.

Additional revenue is generated when customers purchase adhesives that hold the devices' sensors when performing readings. This additional revenue from consumables is not material in the 2014 financial year but as new license sales increase and their resultant agreements renew this additional revenue stream will become a material factor in both sales volume and profitability.

Australian revenue from the licensing and sales of devices was up 3% in the 2014 financial year over the 2013 financial year. In Europe over the same period revenue from devices was down 25%. Incorporation of the European entity, dorsaVi Europe Ltd, establishment of the subsidiary's headquarters in London and the appointment of Europe's management and sales staff occurred between February and April 2014.

DIRECTORS' REPORT (CONT.)

The Group's push into the United States began with the incorporation of dorsaVi USA, Inc and the appointment of the subsidiary's President in April and May 2014. The sales team was appointed subsequent to the end of the 2014 financial year and dorsaVi USA, Inc signed its first three ViPerform leases in July and August 2014.

A major milestone for the Group's US operations was achieved in July 2014 when the ViMove received 510K clearance by the US Food and Drug Administration (FDA) for measuring, recording and reporting on movement and muscle activity on the lower back / lumbar spine.

Australian revenue for OH&S Consultancy utilising ViSafe technology was up 84% in the 2014 financial year over the 2013 financial year. Subsequent to the end of the 2014 financial year, dorsaVi acquired sole ownership of the OH&S consultancy firm Australian Workplace Compliance Pty Ltd to increase the Company's service offering and client base in the OH&S market. dorsaVi will introduce OH&S Consultancy Services into the U.S and European markets in the 2015 financial year.

Final analysis of the clinical study "*A multi-centre, cluster randomised, placebo-controlled open-label pilot study of the Back Strain Monitor (BSM) with Feedback compared with the BSM without feedback in subjects with moderate lower back pain*" has been completed. Results show the treatment group (BSM with biofeedback) was associated with significant improvements over time in functional ability, as measured by the Roland Morris Disability Questionnaire (RMDQ-23), the Patient-Specific Functional Scale (PSFS), the Patients' Global Impression of Change (PGIC) and severity of pain, as measured by the Quadruple Visual Analogue Scale (QVAS). The final report was completed and submitted to the FDA as part of the ViMove 510K. Leading epidemiologist, Dr Peter Kent, PhD, GradDipManipPhysio, BAppSc(Physio), BAppSc(Chiro), who is the leader of the Quality Assurance and Database unit at the Spine Centre of Southern Denmark is lead author of the manuscript and the final publication is expected before March 2015.

dorsaVi continued to expand on its IP portfolio in the 2014 financial year through both the lodgement of a new patent in September 2013 and the registration of three trademarks in March 2014. dorsaVi currently has six patent families at various stages of grant and five trademarks.

The directors expect revenue in Australia, Europe and the US to grow year on year. Factors impacting and driving this growth include; the roll out of a new global marketing plan, sales from our newly established sales team in the US, product line focus, and customer-focused software development.

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

- dorsaVi relies on its ability to develop and commercialise its movement monitoring intellectual property. A failure to successfully develop and commercialise that intellectual property would lead to a loss of opportunities and adversely impact on the operating results and the financial position of dorsaVi
- Over time, dorsaVi 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's products
- In the medical sector (but not the Elite Sports or OH&S sectors), sales and adoption rates of dorsaVi's system are, in part, likely to be influenced by the availability and level of reimbursement from government and/or insurance payers. Whilst the dorsaVi's products already benefit from reimbursement in some circumstances, there is no guarantee that the use of the dorsaVi'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 the dorsaVi'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's activities will be affected by currency exchange fluctuations.
- dorsaVi is not currently profitable. Proceeds from the float were and are primarily being used to fund the commercial rollout of the dorsaVi's products. There is no guarantee that the commercial rollout will result in profitability for the Company. If the commercial roll out is lower or less successful than planned, dorsaVi may need to raise capital in the future

DIRECTORS' REPORT (CONT.)

Significant changes in the state of affairs

Cash and cash equivalents increased to $13.9 million at 30 June 2014 (2013: $0.3 million) due to capital raising activities during the year. Net cash used in operating activities during the 2014 financial year was $3.2 million, an increase of $1.9 million (2013: $1.3 million).

Cash flow from financing activities generated $17.1 million in the 2014 financial year (2013: $1 million) from the issuance of convertible notes in August, October and December 2013, and the issuance of ordinary shares in December 2013. Issued capital increased to $23.4 million at 30 June 2014 (2013: $5.8 million). Total equity increased to $14.6 million at 30 June 2014 (2013: $0.0 million). Total liabilities decreased to $0.7 million at 30 June 2014 (2013: $1.4 million).

The following outlines the capital raised during the years ended 30 June 2014 and 30 June 2013:

- $1 million on 27 February 2013 through the issue of convertible notes to Starfish Technology Fund at an issue price of $1 for each note
- $0.25 million on 14 August 2013 through the issue of convertible notes to Starfish Technology Fund at an issue price of $1 for each note
- $0.25 million on 30 October 2013 through the issue of convertible notes to Starfish Technology Fund at an issue price of $1 for each note
- $1.5 million on 29 November 2013 through the issue of convertible notes to Starfish Technology Fund at an issue price of $1 for each note
- $15.1 million, net of transaction costs, on 11 December 2013 through the issue of 41,250,000 fully paid ordinary shares at an issue price of $0.40 per share

After balance date events

On 3 July 2014, dorsaVi Ltd entered into a contract to acquire 100% of the issued capital of Australian Workplace Compliance Pty Ltd. This increased the Group's service offering and client base in the occupational health and safety (OH&S) market. The purchase price was $120,000 in cash and is not considered a material transaction for financial reporting purposes. As part of the acquisition the founder of Australian Workplace Compliance, Mark Heaysman, joined dorsaVi Ltd in the capacity as a full time employee. If his employment ceases within 12 months, Mark Heaysman grants to dorsaVi Ltd a put option to sell the shares in Australian Workplace Compliance Pty Ltd and the business name back to Mark Heaysman. As at the date of the financial report, acquisition accounting for the business combination had not been finalised.

On 3 July 2014, dorsaVi Ltd announced the issue of 250,000 fully paid ordinary shares under the Employee Share Ownership Plan. The Company provided Mark Heaysman with a non-recourse interest free loan to assist the executive to subscribe for the shares. These shares were issued at a market price of 46 cents. These shares carry a full entitlement to dividends and capital returns. There is no ability for the company to offset dividends paid against the non-recourse loan. These shares are subject to restriction agreements such that Mr Heaysman is not able to trade them within 12 months of issuance. After 12 months, 1/3rd of the issued shared can be traded. Shares become available for trading at a rate of 1/36th of the issued shares over the remaining 24 months, contingent upon his continued employment with the Company.

On 8 July 2014, the Group announced that regulatory approval was received from Medsafe, the New Zealand Medicines and Medical Devices Safety Authority, for the use and sale of ViMove in New Zealand.

On 15 July 2014, the Group announced the US launch following 510K clearance by the US Food and Drug Administration (FDA) for measuring, recording, and reporting on movement and muscle activity of the lower back / lumbar spine.

On 23 July 2014, the Group announced its first US customer with support from leading pain specialist Dr Mehul J. Desai. Dr Desai offers ViPerform assessments at the Metro Orthopaedics and Sports Therapy practice in Maryland.

DIRECTORS' REPORT (CONT.)

On 2 September 2014, dorsaVi Ltd issued 200,000 options with an expiry date of 1st September 2019, to newly hired US sales staff. The strike price per Option is $0.40 which is equal to the closing price of dorsaVi Ltd's ordinary shares on the date of grant (2 September 2014). The options granted will vest over a three-year period, with one-third of the shares subject to vesting one year from 2nd September 2014 and the remaining shares vesting monthly over the following two years; contingent upon the option holders' continued employment with the Group.

Likely developments

The following likely developments in the business of the Group are expected to influence its financial results in the near term:

The Group expects an increase in revenue growth, year on year, in the US market from new license agreements of ViMove devices following 510K clearance by the US Food and Drug Administration (FDA).

As new license agreements for ViMove and ViPerform are signed so will the resulting revenue from adhesives associated with use of the devices. The Group expects an increase in revenue growth, year on year, in all markets for ViMove and ViPerform products.

The Group expects an increase in revenue growth, year on year, in the Australian and US markets from its OH&S consultancy revenue stream following the acquisition of Australian Workplace Compliance Pty Ltd.

Environmental regulation

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the financial year.

Share options

Options over unissued ordinary shares granted by dorsaVi Ltd during or since the financial year end to executives were as follows:

Executives	Options granted
John Kowalczyk	1,000,000

There were no options over unissued ordinary shares granted to directors during or since the financial year end. Further details regarding options granted as remuneration are provided in the Remuneration Report below.

Shares under option

Unissued ordinary shares of dorsaVi Ltd under option at the date of this report are as follows:

Date options granted	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
8 April 2014	1,000,000	$0.51	7 April 2019
2 September 2014	200,000	$0.40	1 September 2019

No option holder has any right under the options to participate in any other share issue of the company.

Shares issued on exercise of options

To the date of this report, there have been no shares issued during or since the end of the year as a result of the exercise of an option over unissued shares.

DIRECTORS' REPORT (CONT.)

Information on directors and company secretary

Herbert James Elliott, AC MBE, MA (Cantab) – Non-executive Chairman
Herb Elliott is the Chairman of dorsaVi Ltd and chairs the Nomination and Remuneration Committee. He was appointed to the Board on 29 October 2013.

Herb is the deputy chairman and an independent director of Fortescue Metals Group Limited (ASX: FMG). He has been a director of Fortescue since October 2003 and was company chairman from 2007 to 2011. He has been a chairman of Telstra Foundation Limited (March 2002 to December 2010). No other Directorships of listed companies were held during the three years to 30 June 2014. Herb is a former director of Ansell Limited (February 2001 to October 2006).

Herb was the inaugural chairman of the National Australia Day Committee, a Commissioner of the Australian Broadcasting Commission and deputy chairman of the Australian Sports Commission.

Herb was also a director of the World Olympians Association and was a gold medallist (1500 metres athletics) at the Rome 1960 Olympics. Previous executive roles include president of PUMA North America. Herb is an honorary Doctor of the Queensland University of Technology.

Ashraf Attia, BSc (Eng)(Hons), MSc (Biomed. Eng), Dip (Mktg), FAICD – Non-executive Director
Ash Attia serves on the Audit & Risk Committee. He was appointed to the Board on 14 July 2008.

Ash has had senior management experience in multinational operations for over 20 years within the medical devices, biotechnology and diagnostics industries. He is the Managing Director, Asia Pacific of Thoratec Corporation, a company with global revenues of over US$500 million, which manufactures and sells heart assist devices for use by patients with heart failure. Ash has consulted to several organisations in the areas of business development, strategic marketing, sales and marketing management, and distribution strategies.

No other directorships of listed companies were held during the three years to 30 June 2014

Michael Panaccio, BSc (Hons), MBA, PhD, FAICD – Non-executive Director
Michael Panaccio serves on the Audit & Risk Committee and the Nomination and Remuneration Committee. He was appointed to the Board on 16 May 2008.

Michael is one of the founders of Starfish Ventures Pty Ltd, an Australian based venture capital manager. He was formerly an Investment Manager with JAFCO Investment (Asia Pacific). Prior to joining JAFCO, Michael was Head of the Department of Molecular Biology at the Victorian Institute of Animal Sciences. Michael has been a director of numerous technology businesses in Australia and the USA including SIRTeX Medical Ltd and Energy Response Pty Ltd.

He is currently a director of ImpediMed Ltd (ASX:IPD) since January 2007. No other Directorships of listed companies were held during the three years to 30 June 2014. Michael is also a director of Protagonist Inc, MuriGen Pty Ltd, NeuProtect Pty Ltd and Ofidium Pty Ltd.

Gregory John Tweedly, B.Com, CPA, GAICD – Non-executive Chairman
Greg Tweedly chairs the Audit & Risk Committee and serves on the Nomination and Remuneration Committee. He was appointed to the Board on 29 October 2013.

Greg is a Director of the Emergency Services and Telecommunications Authority and was a Director and CEO of the Victorian WorkCover Authority (WorkSafe) from 2003 to 2012. Prior to joining WorkSafe Greg was an executive with the Transport Accident Commission from 1996 to 2002 in various senior roles including Chief Operating Officer. He was formerly a Director of the Institute of Safety Compensation and Recovery Research, a Director of the Personal Injury Education Foundation, a Director and Chair of the Victorian Trauma Foundation, Chair of the Heads of Workers' Compensation Authorities of Australia and New Zealand and Member of SafeWork Australia and its predecessor organisation.

No other directorships of listed companies were held during the three years to 30 June 2014

DIRECTORS' REPORT (CONT.)

Andrew Ronchi, B.App.Sci (Physio), PhD (RMIT Eng), GAICD – Chief Executive Officer, Director
Andrew Ronchi was appointed to the Board on 18 February 2008.

Before co-founding dorsaVi, Andrew was a practising physiotherapist both at an AFL club and in private practice. He is a founding partner in two physiotherapy centres, the largest of these employing 28 staff (including 13 physiotherapists). Prior to the formation of dorsaVi, Andrew undertook a PhD in Computer and Systems Engineering, investigating the reliability and validity of transducers for measuring lumbar spine movement. As CEO of dorsaVi Ltd, Andrew is responsible for all aspects of the Group's operations.

No other directorships of listed companies were held during the three years to 30 June 2014

Brendan Case, MComLaw (Melb), BEc, CPA, Grad Dip App Fin, Dip FP, FCIS
Brendan Case has served as dorsaVi Ltd's secretary since October 2013 and has more than 20 years of company secretarial, corporate governance and finance experience. He is a former Associate Company Secretary of National Australia Bank Limited (NAB), former secretary of NAB's Audit and Risk Committees and has held senior management roles in risk management and regulatory affairs.

Directors' meetings
The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit & Risk Committee	
	Eligible to attend	**Attended**	**Eligible to attend**	**Attended**
Mr Herb Elliott	8	8	-	-
Mr Ashraf Attia	9	8	1	1
Dr Michael Panaccio	9	9	1	1
Mr Greg Tweedly	8	8	1	1
Dr Andrew Ronchi	9	9	-	-

	Nomination & Remuneration Committee	
	Eligible to attend	**Attended**
Mr Herb Elliott	-	-
Mr Ashraf Attia	-	-
Dr Michael Panaccio	-	-
Mr Greg Tweedly	-	-
Dr Andrew Ronchi	-	-

Directors' interest in shares or options

Names of Holders	Ordinary Shares of dorsaVi Ltd
Michael Panaccio	80,543,119
Andrew James Ronchi	8,246,482
Ashraf Attia	189,491
Herbert James Elliott	75,000
Gregory John Tweedly	62,500

The directors have no interests in options over shares in dorsaVi Ltd as at the date of this report.

DIRECTORS' REPORT (CONT.)

Directors' interest in contracts
Starfish Ventures Pty. Ltd is a related party of dorsaVi Ltd, as it is connected with a director of dorsaVi Ltd. During the year, Starfish Ventures Pty. Ltd on-charged rent, incidentals and car parking to dorsaVi Ltd. Total value of these transactions were $51,145 (2013: $34,858). Increase due to dorsaVi requesting additional office space. The rent was charged to dorsaVi Ltd on normal terms and conditions. The balance outstanding at balance date was $NIL (2013: $3,490).

Indemnification and insurance of directors and officers
The Group has insured its Directors, Secretary and executive officers for the financial year ended 30 June 2014. Under the Group's Directors and Officers Liability Insurance Policy, the Group cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium.

The Group also indemnifies every person who is or has been an officer of the Group against any liability (other than for legal costs) incurred by that person as an officer of the Group where the Group requested the officer to accept appointment as Director.

To the extent permitted by law and subject to the restrictions in section 199A and 199B of the Corporations Act 2001, the Group indemnifies every person who is or has been an officer of the group against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Group.

Indemnification and insurance of auditors
No indemnities have been given or insurance premiums paid during or since the end of the financial year for any auditors of the consolidated entity.

Proceedings on behalf of the consolidated entity
No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Non-audit services
Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. Non-audit services were provided by the auditors of entities in the consolidated group during the year, namely Pitcher Partners Melbourne, network firms of Pitcher Partners, and other non-related audit firms, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

	2014 $'000	2013 $'000
(a) Amounts paid and payable to Pitcher Partners Melbourne for non-audit services:		
Investigating Accountants Report	39	-
Taxation & Other Compliance Services	36	6
Total remuneration for non-audit services	75	6

Remuneration report (Audited)
The Directors present the consolidated entity's 2014 Remuneration Report, which details the remuneration information for dorsaVi Ltd's Non-Executive Directors, Executive Directors, and other Key Management Personnel.

A. Details of the Key Management Personnel

Directors	**Period of Responsibility**	**Position**
Herb Elliott	Appointed 29 October 2013	Chairman, Non-Executive Director
Ashraf Attia	Full Year	Independent, Non-Executive Director
Michael Panaccio	Full Year	Director
Greg Tweedly	Appointed 29 October 2013	Independent, Non-Executive Director
Executive Director		
Andrew Ronchi	Full Year	Chief Executive Officer/Director
Executives		
Daniel Ronchi	Full Year	Chief Technical Officer
Jerome Whelan	Appointed 7 May 2014	Chief Financial Officer
Jarrod Sculli	Appointed 16 September 2013	National Sales Manager
Sarah Riseley	Full Year	Marketing Director
Zoë Whyatt	Appointed 17 March 2014	Chief of Operations of dorsaVi Europe
Meagan Blackburn	Full Year	Global Clinical & Sports Innovation
John Kowalczyk	Appointed 8 April 2014	President of dorsaVi USA

The following changes occurred after 30 June 2014 and the date the financial report was authorised for issue:

- Jarrod Sculli's (National Sales Manager) employment terminated effective 3 July 2014.
- Mark Heaysman (Head of Occupational Health & Safety) was appointed 1 July 2014.

B. Remuneration Policies

Nomination & Remuneration Committee
The Nomination & Remuneration Committee of the Board of Directors was formed on 30 October 2013 and is responsible for making recommendations to the Board on the remuneration arrangements for each Non-Executive Directors (NED), Executive Director/Chief Executive Officer (CEO) and Executives reporting to the CEO. Prior to this date the Board along with the CEO were responsible for determining appropriate appointments, remuneration levels and incentives. The current members of the Nomination & Remuneration Committee are: Herb Elliott, Michael Panaccio and Greg Tweedly.

The Nomination & Remuneration Committee will assess the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality, high performing directors and executive team. In determining the level and composition of executive remuneration, the Nomination & Remuneration Committee may also engage external consultants to provide independent advice.

The primary responsibility of the Nomination & Remuneration Committee is to review and recommend to the Board:

- Executive remuneration and incentive policies and practices;
- The Executive Director's total remuneration having regard to remuneration and incentive policies;
- The design and total proposed payments from any executive incentive plan and reviewing the performance hurdles for any equity based plan;
- The remuneration and related policies of Non-Executive Directors for serving on the board and any committee (both individually and in total); and
- Any other responsibilities as determined by the Nomination & Remuneration Committee or the Board from time to time.

Remuneration Strategy

dorsaVi Ltd's remuneration strategy is designed to attract, motivate and retain employees, Executives and Non-Executive Directors in Australia, the United States and Europe by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Company.

To this end, the key objectives of the Company's reward framework are to:

- Align remuneration with the Company's business strategy;
- Offer an attractive mix of remuneration benchmarked against the applicable market's region and country practices;
- Provide strong linkage between individual and Company performance and rewards;
- Offer remuneration based on internal equity with other employees and individual skill matching the role requirements with their experience and responsibilities;
- Align the interests of executives and shareholders and share the success of the Company with the employees; and
- Support the corporate mission statement, values and policies through the approach to recruiting, organizing and managing people.

Remuneration Structure

In accordance with best practice corporate governance, the structure of the non-executive directors and executive remuneration is separate and distinct.

Non-Executive Director Remuneration Structure

The ASX Listing Rules specify that an entity must not increase the total aggregate amount of remuneration of Non-Executive Directors without the approval of holders of its ordinary securities.

The Board, and since its inception the Nomination & Remuneration Committee, considers the level of remuneration required to attract and retain Directors with the necessary skills and experience for the Company's Board. This remuneration is reviewed with regard to market practice and Directors' duties and accountability.

The constitution provides that the Non-Executive Directors are entitled to remuneration for their services as determined by the Board up to an aggregate limit of $500,000 (which may be increased with Shareholder approval). The Company has obtained advice about remuneration levels for Directors of listed companies and, based on that advice, set the following annual non-executive Directors' fees:

- Chairman: $76,576;
- Other Directors: $54,625; and
- Further fees for acting as chairman of a committee: $5,462.50 per committee.

The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration for Executives, by resolution. The remuneration received by the Non-Executive Directors for the year ended 30 June 2014 is detailed in Table 1 of this report.

Non-executive directors receive fees and do not receive options or bonus payments.

Executive Remuneration Structure

The Company provides a remuneration package that incorporates both cash based remuneration and share-based remuneration. The contracts for service between the Company and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment thereby aligning director and shareholder interests.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary and superannuation); and
- Variable remuneration – short term incentives (STI) in the form of an annual incentive plan and long term equity incentive (LTI)

Fixed Remuneration

Objective

Fixed remuneration is reviewed annually by the Nomination & Remuneration Committee. The process consists of a review of the Company and individual performance, relevant comparative remuneration from external and internal sources and where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and allowances such as motor vehicle allowance. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Remuneration – short-term incentive (STI)

Objective

The key objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets.

Structure

Any STI payments granted depends on the extent to which specific targets set at the beginning of the financial year or on appointment are met. The Key Milestones or Key Performance Indicators (KPI's) cover individual, team and organisational financial measures of performance. Typically included are measures such as: achieving sales/revenue targets and/or growth, and meeting Company compliance requirements. These measures were chosen as they represent the key drivers for the short-term success of dorsaVi as it continues to look for growth in its niche market space.

The Company has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. Either on an annual or financial year basis, after consideration of performance against the Key Milestones or KPIs, the Nomination & Remuneration Committee, in line with their responsibilities determines the amount, if any, of the STI to be paid to each Executive. This process usually occurs within one month after the trigger date.

The annual STI payments available for executives across the Company are subject to the approval of the Nomination & Remuneration Committee.

Variable Remuneration – long-term incentive (LTI)

Objective

The objectives of providing long term incentives are: to motivate and retain key dorsaVi's employees; to attract quality employees; to create commonality of purpose between dorsaVi and its employees; to add wealth for all shareholders of the Company through the motivation of dorsaVi's employees; and by allowing dorsaVi's employees to share the rewards of the success of dorsaVi through the acquisition of, or entitlements to, shares and options.

Structure

The Board offers LTIs to reward the performance of employees, which is in alignment with shareholders interests, and the long-term benefit of the Company. LTI awards are made under the Employee Share Option Plan (ESOP) and are delivered in the form of share options. Each option entitles the holder to one fully paid ordinary share of dorsaVi Ltd at an exercise price to be determined in an employee's employment agreement or by determination by the Nomination & Remuneration Committee.

Where an LTI participant ceases employment prior to vesting in their award, the options are forfeited unless the Board applies its discretion to allow vesting at or post cessation of employment in appropriate circumstances.

Options were granted under the ESOP plan during the financial year 2014 to John Kowalczyk (see Table B – Executives' Remuneration) with a number of shares being granted to Executives as part of the initial listing of the Company. Shares in accordance with the ESOP plan were also issued to Jarrod Sculli (100,000) and Jerome Whelan (100,000) during the year at an average market price of 49 cents.

Employment Agreements
The Company has entered into Employment Agreements with all executives, including the CEO. The Company may terminate the Executive's Employment Agreements by providing at least one month's written notice or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). The Company may terminate the contact at any time without notice if serious misconduct has occurred.

The following key management personnel have notice periods greater than one month:

Name	**Notice Period**
John Kowalczyk	12 months
Andrew Ronchi	6 months
Jerome Whelan	3 months
Meagan Blackburn	8 weeks notice until 3 years of continuous employment 1 additional week for each completed year of continuous employment up to a maximum of 12 weeks notice
Zoë Whyatt	8 weeks notice until 3 years of continuous employment After 3 completed years the Executive must give not less than 12 weeks notice

CEO Remuneration
Under Andrew Ronchi's employment agreement his fixed remuneration is $250,000 per annum (plus superannuation giving a total of $267,775). In addition, Andrew Ronchi is also eligible to receive a bonus of up to $100,000 per annum where key performance indicators and targets (as agreed with the Company) are achieved. Andrew may also be granted options over ordinary shares, such shares are not to exceed 1.5% of the issued share capital of the Company, under the Company's Employee Share Ownership Plan and subject to achieving the following targets:

- one third of the options (i.e. up to 0.5%) will be granted to Andrew Ronchi if the Company's revenue (excluding any acquired revenue) equals or exceeds $5 million in the 2014 calendar year;
- the remaining two thirds (or 1% of the 1.5% in options) will be granted to Andrew Ronchi if the Company's revenue equals (excluding any acquired revenue) or exceeds $15 million in the 2015 calendar year; and
- provided Andrew Ronchi remains CEO for the relevant year in which those revenue targets are met.

Any options granted to Andrew Ronchi will be subject to shareholder approval under the ASX Listing Rules at a $0.40 exercise price per share.

Upon termination of Andrew Ronchi's employment contract, he will be subject to a restraint of trade for a maximum of 12 months.

President dorsaVi USA
Under John Kowalczyk's Employment Agreement his fixed remuneration is US$200,000 per annum.

He is eligible to receive an annual bonus of up to US$100,000, the amount of such bonus to be determined by the Company's CEO, in his sole discretion, based on John Kowalczyk's achievement of milestones to be established by the Company's CEO; provided, however, that the Company agrees that his annual bonus for his first year of employment shall not be less than US$50,000. The initial bonus is due to be paid on 8 April 2015.

Subject to the authorisation of such grant by the Nomination & Remuneration Committee of the Board of Directors the Company has agreed to grant John Kowalczyk an option under the Company's Employee Share Ownership Plan 2013 to purchase 1,000,000 ordinary shares of the Company. The option grant shall vest over a three-year period, with one-third of the shares subject to such option vesting as of the first anniversary of effective date (being 8 April 2014) and the remaining shares vesting monthly over the following two years, contingent upon his continued employment with the Company.

The exercise price of the options is $0.51 that was equal to the average per share list price of the Company's ordinary shares on the 20 trading days prior to the date of grant. As a condition of the option grant, John Kowalczyk will be required to execute an individual stock option agreement in the form to be provided to him by the Company at the time such option is authorized by the Nomination & Remuneration Committee of the Board of Directors.

Chief Technical Officer
The Company agrees to issue to Daniel Ronchi, at his request, an option to purchase 20,000 ordinary shares at the conclusion of his employment contract at the price of $1.00 per share. The terms and conditions of these options have not been agreed and will be supplied by the company prior to the end of the term of the employment contract.

C. Details of key management personnel remuneration

(a) Non-Executive Directors' remuneration: Table 1

2014	Short-Term				Post employment			Long-term	Share-based payments	TOTAL	Total perform-ance related	Options as % of total
	Salary fees $	Cash bonus $	Non-monetary $	Other $	Super-annuation $	Retirement benefits $	Termination benefits $	Incentive plans $	Options $	$	%	%
Non-Executive Directors												
Herb Elliott (i)	58,662	-	-	-	-	-	-	-	-	58,662	-	-
Ashraf Attia (ii)	44,247	-	-	-	-	-	-	-	-	44,247	-	-
Michael Panaccio (iii)	30,249	-	-	-	-	-	-	-	-	30,249	-	-
Greg Tweedly (iv)	42,966	-	-	-	-	-	-	-	-	42,966	-	-
	176,124	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**176,124**	**-**	**-**

(i): Appointed 13 October 2013
(ii): Full year appointment. The Director's fee increased from $2,200 per month to $4,553 per month inc. of superannuation effective 13 October 2013.
(iii): Full year appointment. No Director's fees charged prior to 11 Dec 2014. Michael Panaccio provides his services via Starfish Technology Fund II, LP.
(iv): Appointed 13 October 2013. Greg Tweedly provides his services via Silverlake Pty Ltd.

2013	Short-Term				Post employment			Long-term	Share-based payments	TOTAL	Total perform-ance related	Options as % of total
	Salary fees $	Cash bonus $	Non-monetary $	Other $	Super-annuation $	Retirement benefits $	Termination benefits $	Incentive plans $	Options $	$	%	%
Non-Executive Directors												
Ashraf Attia	26,400	-	-	-	-	-	-	-	-	26,400	-	-
Michael Panaccio (i)	-	-	-	-	-	-	-	-	-	-	-	-
	26,400	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26,400**	**-**	**-**

(i): Michael Panaccio did not charge any fees for his role as a Director in 2013.

(ix) ***Executives' remuneration:***

2014	Short-Term				Post employment			Long-term	Share-based payments	TOTAL	Total performance related	Share based payments as % of total
	Salary fees $	Cash bonus $	Non-monetary $	Other $	Super-annuation $	Retirement benefits $	Term benefits $	Incentive plans $	$	$	%	%
Executive Director												
Andrew Ronchi	219,580	50,000	-	-	25,556	-	-	-	-	295,136	16.9	-
Executives												
Daniel Ronchi	147,729	20,000	-	-	16,037	-	-	-	-	183,766	10.9	-
Jerome Whelan (i)	27,461	-	-	-	2,540	-	-	-	18,407	48,408	-	38.0
Jarrod Sculli (ii)	92,497	2,012	-	14,743	8,742	-	-	-	18,407	136,401	1.5	13.5
Sarah Riseley (iii)	103,321	7,500	-	10,448	10,573	-	-	-	-	131,842	5.7	-
Meagan Blackburn (iv) (v)	118,283	-	-	-	-	-	-	-	-	118,283	-	-
Zoë Whyatt (iv) (vi)	39,166	-	-	-	-	-	-	-	-	39,166	-	-
John Kowalczyk (vii) (viii)	37,759	-	-	-	-	-	-	-	47,075	84,834	-	55.5
	785,796	**79,512**	**-**	**25,191**	**63,448**	**-**	**-**	**-**	**83,889**	**1,037,836**	**7.7**	**8.1**

(i) Appointed 7 May 2014
(ii) Appointed 16 September 2013
(iii) Employed 3 days per week up to 26 August 2013. Since that date has been employed 4 days per week.
(iv) Converted into AUD from GBP at the exchange rate at 30 June 2014. (1 GBP = 1.8077 AUD)
(v) Employed 4 days per week.
(vi) Appointed 17 March 2014. Amounts include salary as a KMP from appointment date.
(vii) Non-monetary benefits for US based employees include the payment of certain health and disability related insurance premiums as is customary in the US market. This arrangement begins in Q1 2014/2015.
(viii) Appointed 8 April 2014 in US
(ix) Share based payments granted to Jerome Whelan & Jarrod Sculli comprise shares granted under the dorsaVi Ltd's ESOP and are backed by an interest free, non-recourse loan. For accounting purposes these are valued the same as options.

2013	Short-Term				Post employment			Long-term	Share-based payments	TOTAL	Total perform-ance related	Share-based paymen-ts as % of total
	Salary fees $	Cash bonus $	Non-monetary $	Other $	Super-annuation $	Retirement benefits $	Term benefits $	Incentive plans $	$	$	%	%
Executive Director												
Andrew Ronchi	144,671	-	-	-	13,020	-	-	-	-	157,691	-	-
Executives												
Daniel Ronchi	160,550	-	-	-	14,450	-	-	-	-	175,000	-	-
Sarah Riseley (i)	60,944	-	-	7,500	5,485	-	-	-	-	73,929	-	-
Meagan Blackburn (i)	73,638	-	-	-	-	-	-	-	-	73,638	-	-
	439,803	**-**	**-**	**7,500**	**32,955**	**-**	**-**	**-**	**-**	**480,258**	**-**	**-**

(i): Appointed September 2012.

D. Relationship between remuneration and company performance

(a) Remuneration not dependent on satisfaction of performance condition

The non-executives remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

(b) Remuneration dependent on satisfaction of performance condition

A portion of the Executive Remuneration is based on attainment of performance conditions. Performance-based remuneration includes short-term cash bonus and long-term incentive plan.

The following table summarises the performance conditions for performance-linked bonus:

KMP	Performance conditions
Andrew Ronchi	Key Milestones as determined and at the discretion of the Board
Daniel Ronchi	Key Milestones as determined and at the discretion of the Board
John Kowalczyk	Key Milestones as determined and at the discretion of the Board
Jerome Whelan	Key Milestones: (A) delivering a budget in accordance with Board directions and deadlines and (B) meeting all reporting requirements of the ASX at 31 December 2014.
Jarrod Sculli	Achievement of individual sales goals and sales team goals.
Sarah Riseley	Commission paid on achievement of physio sales, physio licences and medical sales.

These performance conditions were selected to promote the creation of shareholder wealth during the period and to enable the Company's dividend policy to be continued.

The following table sets out the terms and conditions of each grant of the performance-linked bonus affecting compensation in current and future years:

2014	Amount included in Remuneration $	Awarded / Guaranteed %	Forfeited %	Estimated Maximum total value of Bonus
Andrew Ronchi	100,000	50%	0%	100,000
John Kowalczyk	108,695 (i)	50%	0%	108,695 (i)
Jerome Whelan	40,000	0%	0%	40,000
Jarrod Sculli	40,000	5%	82.5%	7,000

(i) USD 100,000

(ii) Performance linked bonuses not yet awarded/guaranteed and not yet forfeited are still eligible to be awarded and are subject to the discretion of the board as described above.

(c) Consequences of Company's performance on shareholder wealth

The following table summarises Company performance and key performance indicators:

	2014	2013
Revenue ('000)	$767,000	$539,000
% increase in revenue	42%	n/a
Loss before tax ('000)	($4,122,000)	($2,173,000)
% increase in loss before tax	90%	n/a
Change in share price (%)	10%	n/a
Dividend paid to shareholders ('000)	-	-
Return of capital ('000)	-	-
Total remuneration of KMP ('000)	$1,204,574	$506,658
Total performance based remuneration ('000)	$79,512	-

E. Key management personnel's share-based compensation

(a) Details of compensation Options

The Company has agreed to grant John Kowalczyk an option under the Company's Employee Share Ownership Plan 2013 to purchase 1,000,000 ordinary shares of the Company.

The exercise price of the options is $0.51 that was equal to the average per share list price of the Company's ordinary shares on the 20 trading days prior to the date of grant. As a condition of the option grant, John Kowalczyk will be required to execute an individual stock option agreement in the form to be provided to him by the Company at the time such option is authorized by the Nomination & Remuneration Committee of the Board of Directors.

	Grant Date	Granted Number	Value per option at grant date $	Vest Number During the Year	Year in which option may be vested	Vest %	Value Exercised During the year	Value Lapsed during the year	Forfeited %	Terms and conditions for each grant			
										Exercise Price $	Expiry Date	First Exercise Date	Last Exercise Date
2014													
Executives													
John Kowalczyk	8 April 2014	1,000,000	0.047075	-	2015 (i)	-	-	-	-	0.51	7 April 2019	-	-
		1,000,000		-		-	-	-	-	-	-	-	-

(i): The option grant shall vest over a three-year period, with one-third of the shares subject to such option vesting as of the first anniversary of effective date (being 8 April 2014) and the remaining shares vesting monthly over the following two years, contingent upon his continued employment with the Company.

As at 30 June 2014, no options have been exercised, and accordingly no shares have been issued as a result of compensation options previously issued.

No other grant of options was provided to any KMP for the year 2014.

F. Key management personnel's equity holdings

(a) Number of options held by key management personnel

John Kowalczyk as at June 2014 holds an option under the Company's Employee Share Ownership Plan 2013 to purchase 1,000,000 ordinary shares of the Company.

(b) Number of shares held by key management personnel (consolidated)

On 6 May 2014, Jerome Whelan and Jarrod Sculli were issued 100,000 shares each, the subscription price for which was funded by an interest-free non-recourse loan from the company with an exercise price of $0.49 per share. The relevant interest of each key management personnel in the share capital of the Company at 30 June 2014 is as follows:

2014	Balance 1/07/13	ESOP Allocation	Total Ordinary Shares Post Conversion (ii)	Received as Remuneration	Exercise of options	Net change Other	Balance 30/06/14
Directors							
Herb Elliott	-	-	-	-	-	75,000	75,000
Ashraf Attia	-	*20,000*	126,991	-	-	62,500	189,491
Michael Panaccio	6,000,000 (i)	-	53,097,345	-	-	7,872,500 (iii)	60,969,845
Michael Panaccio (relevant interest)	-	-	-	-	-	19,573,274	19,573,274
Greg Tweedly	-	-	-	-	-	62,500	62,500
Executive Director							
Andrew Ronchi	20,000 (i) 1,078,000 (ii)	*185,000*	7,021,814	-	-	1,224,668	8,246,482
Executives							
Daniel Ronchi	20,000 (i) 1,078,000 (ii)	*185,000*	7,021,814	-	-	1,224,668	8,246,482
Jerome Whelan	-	-	-	100,000 (iv)	-	-	100,000
Jarrod Sculli	-	-	-	100,000 (iv)	-	-	100,000
Sarah Riseley	-	*100,000*	634,956	-	-	-	634,956
Meagan Blackburn	-	*40,000*	253,982	-	-	-	253,982
Zoë Whyatt	-	*10,000*	63,496	-	-	-	63,496
John Kowalczyk	-	-	-	-	-	-	-
	8,196,000	***540,000***	**68,220,398**	**200,000**	**-**	**30,095,110**	**98,515,508**

(i) Preference Shares converted at 2.5 then at 6.349557522 for a total of 8.8495

(ii) Ordinary Shares converted at the rate of 6.349557522

(iii) Includes 7,500,000 Shares issued to Starfish Technology Fund following conversion of existing Convertible Notes at the Offer Price

(iv) Employee Loan Shares

G. ***Loans to key management personnel***

(a) Aggregate of loans made

The following table sets out the details of the aggregate of loans made, guaranteed or secured, directly or indirectly, by the group and any of its subsidiaries, in the financial year to all key management personnel, their close family members and entities related to them:

	Balance 1/7/2013	Interest paid and payable	Interest not charged	Balance 30/6/2014	Number in group 30/6/2014
2014	-	-	Not Applicable	638,000	8

(b) Aggregate of loans made is greater than $100,000

The following table sets out the details of the aggregate of loans made, guaranteed or secured, directly or indirectly, by the group and any of its subsidiaries, in the financial year to a particular key management person, close members of the family of the key management person and an entity entities related to them is greater than $100,000:

2014	Balance 1/7/2013 $	Interest paid and payable $	Interest not charged $	Balance 30/6/2014 $	Highest indebtedness during the year $
Ashraf Atttia (i)	-	-	Not Applicable	20,000	20,000
Andrew Ronchi (i)	-	-	Not Applicable	185,000	185,000
Daniel Ronchi (i)	-	-	Not Applicable	185,000	185,000
Jerome Whelan	-	-	Not Applicable	49,000	49,000
Jarrod Sculli	-	-	Not Applicable	49,000	49,000
Sarah Riseley (i)	-	-	Not Applicable	100,000	100,000
Meagan Blackburn (i)	-	-	Not Applicable	40,000	40,000
Zoë Whyatt (i)	-	-	Not Applicable	10,000	10,000
	-	-	-	**638,000**	**638,000**

(i) Pre IPO ESOP shares were granted on 1 November 2013 with a corresponding interest-free non-recourse loan. These arrangements have been accounted for as an option. The fair value of these options at grant date was $0.00.

The Company has provided each KMP named above with an interest free loan via an Employee Share Ownership Loan Agreement to assist the KMP to subscribe for the shares offered to the KMP by the Company. By entering this agreement the KMP irrevocably directed the Company to apply the Loan Amount towards payment of the Offer Price for the shares offered. The Offer Price is the amount equal to the opening price for the Company's fully paid ordinary shares quoted on the stock market of ASX as at the date of each agreement.

The KMP may pay to the Company all or any of the Principal Outstanding at any time before the date on which the KMP ceases to be employed by the Company. If the KMP ceases to be employed by the Company before the 5th anniversary of the date of their agreement, then upon that employment ceasing the KMP must pay to the Company all of the Principal Outstanding.

If the Principal Outstanding has not been paid to the Company in full by the due date for repayment the KMP irrevocably authorises the Company to sell and transfer the Shares and apply the proceeds of sale in repayment of the Principal Outstanding

The KMP agrees that upon the sale of the Shares by the Company the Company will apply the net sale proceeds in repayment of the Principal Outstanding, and if there is any excess the Company must pay it to the KMP.

H. Other transactions with key management personnel

(a) Transactions with key management personnel of the entity or its parent and their personally related entities

Pro-Active Industries Pty Ltd is a related party as Andrew Ronchi controls it.

During the year ended 30 June 2014, Pro-Active Industries Pty Ltd paid and was reimbursed for expenses incurred on behalf of dorsaVi Ltd. Total value of these goods and services was $65,677 (2013: $26,947). The goods and services supplied were in the normal course of business and on normal terms and conditions.

dorsaVi provided a loan of $1,000 to Pro-Active Industries Pty Ltd during the year ended 30 June 2013.

(b) Transactions with other related parties

Starfish Ventures Pty Ltd is a related party as it is connected with Michael Panaccio.

During the year ended 30 June 2014, Starfish Ventures Pty Ltd on-charged rent to dorsaVi. Total value of these rental charges was $59,735 (2013: $34,858). The rent was charged to dorsaVi on normal terms and conditions.

I. Use of remuneration consultants

No remuneration consultants were engaged during the course of the 2014 or 2013 financial years.

-------------------------------------*end of the remuneration report*--

J. Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors

………………………………………..	…………………………………………
Herb Elliott	Andrew Ronchi
Director & Chairman	Director & CEO
Melbourne	Melbourne
Date: 29 September 2014	Date: 29 September 2014

dorsaVi Ltd

ACN 129 742 409

and controlled entities

Auditor's Independence Declaration
to the directors of dorsaVi Ltd

In relation to the independent audit for the year ended 30 June 2014, 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 any applicable code of professional conduct.

F V RUSSO
Partner
29 September 2014

PITCHER PARTNERS
Melbourne

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

	Notes	2014 $000	2013 $000
Revenue			
Sales revenue	4	529	399
Grant income	4	11	136
Interest income	4	227	4
		767	539
Less: expenses			
Changes in inventories		4	47
Cost of sales	5	(42)	(189)
Advertising expense		(208)	(199)
Conference expense		(135)	(1)
Consultancy expense		(592)	(257)
Depreciation and amortisation expense	5	(42)	(27)
Device development expenditure		(228)	(233)
Directors fees		(179)	(24)
Employee benefits expense	5	(2,334)	(1,377)
Finance costs	5	(1)	(2)
Occupancy expense	5	(64)	(45)
Pilot study expense		(43)	(53)
Professional fees		(360)	(64)
Travel expenses		(284)	(105)
Other expenses		(381)	(183)
		(4,889)	(2,712)
Loss before income tax benefit		(4,122)	(2,173)
Income tax benefit	6	560	514
Loss from continuing operations		(3,562)	(1,659)
Other comprehensive income for the year		-	-
Total comprehensive income		(3,562)	(1,659)

Earnings per share for loss from continuing operations attributable to equity holders of the entity:

	Notes	2014	2013
Basic loss per share	21	(3.64 cents)	(20.13 cents)
Diluted loss per share	21	(3.64 cents)	(20.13 cents)

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014 $000	2013 $000
Current assets			
Cash and cash equivalents	8	13,938	274
Receivables	9	713	691
Inventories	10	190	186
Other assets	11	42	27
Total current assets		14,883	1,178
Non-current assets			
Intangible assets	12	258	142
Plant and equipment	13	198	76
Total non-current assets		456	218
Total assets		15,339	1,396
Current liabilities			
Payables	14	494	261
Borrowings	15	-	1,017
Provisions	16	211	95
Total current liabilities		705	1,373
Non-current liabilities			
Provisions	16	14	9
Total non-current liabilities		14	9
Total liabilities		719	1,382
Net assets		14,620	14
Equity			
Share capital	17	23,835	5,751
Reserves	18	84	-
Accumulated losses	18	(9,299)	(5,737)
Total equity		14,620	14

The above statement should be read in conjunction with the accompanying notes.

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**

The above statement should be read in conjunction with the accompanying notes.

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

	Notes	2014 $000	2013 $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	19(b)	(3,179)	(1,286)
Cash flow from investing activities			
Payment for plant and equipment		(108)	(32)
Payment for intangibles		(127)	(47)
Net cash used in investing activities		(235)	(79)
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		17,078	979
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	19(a)	13,938	274

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The 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. dorsaVi Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors on the date of the director's report.

Compliance with IFRS

The consolidated financial statements of dorsaVi Ltd also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The 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.

Critical accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which the parent entity controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

(d) Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered to have passed to the buyer at the time of delivery of the goods to the customer.

Revenue from grants is recognised in accordance with the recognition and measurement requirements of AASB 120 "Accounting for Government Grants and Disclosure of Government Assistance".

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Device rental income is recognised on a straight-line basis over the rental term.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity.

(g) Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment
Plant and equipment is measured on a cost basis.

Depreciation
The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rates	Depreciation basis
Testing equipment at cost	10-66.67%	Diminishing value
Leased devices at cost	20%	Straight line
Office equipment at cost	10-66.67%	Diminishing value
Furniture, fixtures and fittings at cost	10-20%	Diminishing value
Tooling at cost	10%	Straight line

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

(i) Intangibles

Patents

Patents, trademarks and licences are recognised at cost and depreciated on a straight line basis over their effective lives.

(j) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(k) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(l) Provision

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

(m) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations
The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

(iv) Share-based payments
The consolidated entity operates share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the market bid price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

(v) Bonus plan

The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

(n) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Borrowing costs are expensed as incurred.

(o) Financial instruments

Classification

The company classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter company balances and loans from or other amounts due to director related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment.

For loans and receivables, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

(p) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of the company are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial period.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re statement are recognised as revenues and expenses for the financial period.

Foreign subsidiaries

Entities that have a functional currency different to the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparatives

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

(s) Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Class Order CO 98/0100 and accordingly, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(t) Adoption of new and amended accounting standards that are first operative at 30 June 2014

(a) AASB 10: Consolidated Financial Statements

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated entity concluded that the adoption of AASB 10 did not change the consolidation status of its subsidiaries. Therefore, no adjustments to any of the carrying amounts were required.

(b) AASB 12: Disclosure of Interests in Other Entities

AASB 12 sets new minimum disclosure requirements for interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures required under AASB 12 are provided in Note 24: Subsidiaries of the group & related party disclosures.

(c) AASB 13: Fair Value Measurement

AASB 13 introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the company's fair value measurements.

(d) AASB 119: Employee Benefits

The amendments to AASB 119 revise the definitions of short term and long-term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The group has assessed its impact and concludes that the adoption of AASB 119 has no material effect on the amounts recognised in current or prior years.

No other new and amended accounting standards effective for the financial year beginning 1 July 2013 affected any amounts recorded in the current or prior year.

(u) Accounting standards and interpretations Issued but not Operative at 30 June 2014

A number of new accounting standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However the assessment of impact has not yet been completed.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

Employee benefits

The calculation of long term employment benefits requires estimation of the retention of staff, future wage levels and timing of the settlement of employee entitlements. The estimates are based on historical trends.

NOTE 3: FINANCIAL RISK MANAGEMENT

The company is exposed to a variety of financial risks comprising:

(a) Currency risk
(b) Interest rate risk
(c) Credit risk
(d) Liquidity risk

The board of directors have overall responsibility for identifying and managing operational and financial risks.

The company holds the following financial instruments:

	2014 $000	2013 $000
Financial assets		
Cash and cash equivalents	13,938	274
Trade receivables	82	150
Other receivables	604	514
Related party receivables	27	27
	14,651	965
Financial liabilities		
Trade payables	208	152
Related party payables	1	6
Premium finance liability	-	17
Convertible notes	-	1,000
Other payables	285	103
	494	1,278

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company does not have a material exposure to currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The company's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2014

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**	
	$000	**$000**	**$000**		
Financial assets					
Cash	338	-	338	2.9%	Floating
Rolling Deposit	3,360	-	3,360	3.7%	Fixed
Term Deposit	1,240	-	1,240	3.0%	Fixed
Flexi Deposit	9,000	-	9,000	3.6%	Fixed
Trade receivables	-	82	82	0.0%	
Other receivables	-	604	604	0.0%	
Related party receivables	-	27	27	0.0%	
	13,938	713	14,651		
Financial liabilities					
Trade payables	-	208	208	0.0%	
Other payables	-	285	285	0.0%	
Related Party Payables	-	1	1	0.0%	
	-	494	494		

2013

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**	
	$000	**$000**	**$000**		
Financial assets					
Cash	274	-	274	0.2%	Floating
Trade receivables	-	150	150	0.0%	
Other receivables	-	514	514	0.0%	
Related party receivables	-	27	27	0.0%	
	274	691	965		
Financial liabilities					
Convertible notes	-	1,000	1,000	0.0%	
Trade payables	-	152	152	0.0%	
Related party payables	-	6	6	0.0%	
Premium finance liability	17	-	17	7.3%	Fixed

Other payables	-	103	103	0.0%
	17	1,261	1,278	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 100 basis points for the year from actual rates, then the impact on loss for the year and equity is as follows:

	2014	2013
+/- 100 basis points	**$'000**	**$'000**
Impact on loss after tax	98	2
Impact on equity	98	2

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in statement of financial position and notes to financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

The company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with number of known and existing customers and reputable organisations.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Trade receivables

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

The aging analysis of trade and other receivables is provided in Note 9. As the company undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit risk.

(iii) Other receivables

Other receivables relate to Research and Development tax concessions receivable from the Australian Taxation Office and do not pose a material credit risk.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. All financial liabilities are expected to be settled within 6 months of year end.

The company does not have any material exposure to liquidity risk.

(e) Fair value

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

	2014	2013
	$'000	$'000

NOTE 4: REVENUE AND OTHER INCOME

	2014	2013
Revenue from continuing operations		
Device and consumable sales	110	210
Device rental income	117	16
Consulting income	302	173
	529	399
Other revenue		
Grant income	11	136
Interest income	227	4
	238	140
	767	539

NOTE 5: LOSS FROM CONTINUING OPERATIONS

Losses before income tax has been determined after:

	2014	2013
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
	31	20
Amortisation of patents	11	7
Employee benefits expense		
- Share based payments	84	-
- Other employee benefits	2,250	1,377
	2,334	1,377
Operating lease rental	64	45
Research and development expense	1,244	1,161

NOTE 6: INCOME TAX

	2014 $'000	2013 $'000
(a) Components of tax benefit		
Current tax	(560)	(514)
	(560)	(514)
(b) Prima facie tax payable		
The prima facie tax refundable on loss before income tax is reconciled to the income tax benefit as follows:		
Prima facie income tax refundable on loss before income tax at 30.0% (2012: 30.0%)	(1,236)	(652)
Add tax effect of:		
- Accounting R&D expenditure	373	348
- Other non-allowable items	1	5
- Share based payments expense	25	-
- Tax losses not recognised	898	297
- Deferred tax assets not recognised	32	10
	1,329	660
Less tax effect of:		
- Amortisation of capital raising costs	93	8
- R&D tax offset	560	514
	653	522
Income tax benefit attributable to loss	(560)	(514)
(c) Deferred tax assets not brought to account		
Temporary differences	93	61
Operating tax losses	1,311	413
	1,404	474

NOTE 7: DIVIDENDS .

There were no dividends paid during the period.

NOTE 8: CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash at bank and on hand	338	274
Deposits at call	13,600	-
	13,938	274

	2014 $'000	2013 $'000

NOTE 9: RECEIVABLES

	2014 $'000	2013 $'000
CURRENT		
Trade receivables	82	150
Other receivables	44	-
R&D tax offset refundable	560	514
	686	664
Amounts receivables from:		
- Superspine Forrest Hill Unit Trust	27	27
	713	691

Trade receivables ageing analysis at 30 June is:

	Gross 2014 $000	Impairment 2014 $000	Gross 2013 $000	Impairment 2013 $000
Not past due	24	-	84	-
Past due 31-60 days	17	-	7	-
Past due 61-90 days	5	-	20	-
Past due more than 91 days	36	-	39	-
	82	-	150	-

Trade receivables are non-interest bearing with 30 days terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Trade receivables not impaired are expected to be received.

NOTE 10: INVENTORIES

	2014 $'000	2013 $'000
CURRENT		
At cost		
Raw materials	-	23
Finished goods	190	133
Stock in transit	-	30
	190	186
Write downs of inventories to net realisable value recognised as an expense during the year	-	-

NOTE 11: OTHER ASSETS

	2014 $'000	2013 $'000
Prepayments	42	27

	2014 $'000	2013 $'000

NOTE 12: INTANGIBLE ASSETS

	2014 $'000	2013 $'000
Patents at cost	285	158
Less accumulated amortisation	(27)	(16)
	258	142

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	2014 $'000	2013 $'000
Patents at cost		
Opening balance	142	102
Additions	127	47
Amortisation expense	(11)	(7)
Closing balance	258	142

NOTE 13: PLANT AND EQUIPMENT

Plant and equipment

	2014 $'000	2013 $'000
Testing equipment at cost	98	55
Accumulated depreciation	(36)	(29)
	62	26
Leased devices at cost	56	7
Accumulated depreciation	(4)	-
	52	7
Office equipment at cost	130	76
Accumulated depreciation	(71)	(54)
	59	22
Furniture, fixtures and fittings at cost	11	4
Accumulated depreciation	(2)	(1)
	9	3
Tooling at cost	22	22
Accumulated depreciation	(6)	(4)
	16	18
Total plant and equipment	198	76

NOTE 13: PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial year

	2014 $'000	2013 $'000
Testing equipment		
Opening carrying amount	26	11
Additions	43	19
Depreciation expense	(7)	(4)
Closing carrying amount	62	26
Leased Devices		
Opening carrying amount	7	-
Additions	4	7
Transfers from Inventory	45	-
Depreciation expense	(4)	-
Closing carrying amount	52	7
Office equipment		
Opening carrying amount	22	32
Additions	54	4
Depreciation expense	(17)	(14)
Closing carrying amount	59	22
Furniture, fixtures and fittings		
Opening carrying amount	3	1
Additions	7	2
Depreciation expense	(1)	-
Closing carrying amount	9	3
Tooling		
Opening carrying amount	18	20
Additions	-	-
Depreciation expense	(2)	(2)
Closing carrying amount	16	18
Total plant and equipment		
Opening carrying amount	76	64
Additions	108	32
Transfers from Inventory	45	-
Depreciation expense	(31)	(20)
Closing carrying amount	198	76

NOTE 14: PAYABLES .

	2014 $'000	2013 $'000
CURRENT		
Unsecured liabilities		
Trade payables	208	152
Unearned Income	75	68
Sundry creditors and accruals	210	35
Loan from related parties:	1	6
	494	261

NOTE 15: BORROWINGS

		2014 $'000	2013 $'000
CURRENT			
Unsecured liabilities			
Convertible notes	(a)	-	1,000
Premium finance liability		-	17
		-	1,017

(a) Terms and conditions relating to the above convertible notes

The company issued the 1 million convertible notes on 27 February 2013 at an issue price of $1.00 per note with a maturity date of 27 February 2014. The notes entitled the holder to convert to preference shares of dorsaVi Ltd at any time at a 10% discount to the last round or automatically if more than $2 million is raised by the company at a 10% discount to the terms of the new round.

During the period from August to November 2013, the company issued a further 2 million convertible notes at an issue price of $1.00 per note. These notes carried the same terms and conditions as the previous convertible notes issued.

All notes converted to ordinary shares at IPO.

NOTE 16: PROVISIONS

		2014 $'000	2013 $'000
CURRENT			
Employee benefits	(a)	211	95
NON CURRENT			
Employee benefits	(a)	14	9
(a) Aggregate employee benefits liability		225	104
(b) Number of employees at year end		**23**	**12**

NOTE 17: SHARE CAPITAL

The company issued 41,250,000 ordinary shares during the year ended 30 June 2014 for $0.40 per share raising $16,500,000 with costs of raising capital totalling $1,416,000.

Movements in shares on issue

Ordinary Shares

	Parent Equity 2014		Parent Equity 2013	
	No of Shares	$'000	No of Shares	$'000
Beginning of the financial year	2,200,000	64	2,200,000	64
Issued during the financial year				
- Preference shares converted to ordinary shares	53,451,327	5,687	-	-
- Conversion of ordinary shares	11,769,027	-	-	-
- Employee share scheme (A) (B)	5,279,646	-	-	-
- Convertible note conversion to ordinary shares	7,500,000	3,000	-	-
- Shares issued in IPO	41,250,000	16,500	-	-
- Cost of raising capital	-	(1,416)		
End of the financial year	121,450,000	23,835	2,200,000	64

(A) Pre-IPO Shares issued under the Employee Share Ownership Plan:
800,000 ordinary shares were issued to employees of the company at nil value prior to listing under the Employee Share Ownership Plan. On listing these ordinary shares converted at a factor of 6.3495 to 5,079,646 ordinary shares in the company. Refer to note 22(b) Employee Share Ownership Plan (ESOP).

(B) Post-IPO Shares issued under the Employee Share Ownership Plan:
200,000 ordinary shares were issued to employees of the company at an average market price of 49 cents. These shares are subject to a non-recourse loan. Refer to note 22(b) Employee Share Ownership Plan (ESOP).

Preference Shares

	Parent Equity 2014		Parent Equity 2013	
	No of Shares	$'000	No of Shares	$'000
Beginning of the financial year	6,040,000	5,687	6,040,000	5,687
Shares converted to Ordinary Shares	(6,040,000)	(5,687)	-	-
End of the financial year	-	-	6,040,000	5,687

NOTE 17: SHARE CAPITAL (CONTINUED)

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
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.

Capital management
When managing capital, management's objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.
During 2014, management paid $nil dividends (2013: $nil).

Employee Share Ownership Plan (ESOP)
The consolidated entity continued to offer employee participation in short-term and long-term incentive schemes as part of the remuneration packages for the employees of the consolidated entity. Refer to Note 22, Share Based Payments, for detailed disclosures.

	Notes	2014	2013
		$'000	$'000
NOTE 18: RESERVES AND ACCUMULATED LOSSES			
Share-based payment reserve	18(a)	84	-
		84	-
Accumulated losses	18(b)	(9,299)	(5,737)

(a) Share-based payment reserve

(i) Nature and purpose of reserve

This reserve is used to record the fair value of options and shares issued to employees as part of their remuneration. The balance is transferred to share capital when options are granted and balance is transferred to retained earning when options lapse.

(ii) Movements in reserve

	2014	2013
Balance at beginning of year	-	-
Movement taken to comprehensive income during the year	84	-
Balance at end of year	84	-

(b) Accumulated losses

	2014	2013
Balance at the beginning of year	(5,737)	(4,078)
Net loss attributable to members of dorsaVi Ltd	(3,562)	(1,659)
Balance at end of year	(9,299)	(5,737)

NOTE 19: CASH FLOW INFORMATION

	2014	2013
	$'000	$'000
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
Cash at bank and on hand	338	274
Cash on deposit	13,600	-
	13,938	274
(b) Reconciliation of cash flow used in operations with loss after income tax		
Loss from ordinary activities after income tax	(3,562)	(1,659)
Adjustments and non-cash items		
Amortisation	11	7
Depreciation	31	20
Share Based Payments	84	-
Changes in assets and liabilities		
(Increase) / decrease in receivables	24	(66)
(Increase) / decrease in other assets	(15)	178
Increase in inventories	(49)	(47)
Increase / (decrease) in payables	222	(61)
(Increase) / decrease in R&D tax offset receivable	(46)	302
Increase in provisions	121	40
	383	373
Cash flows used in operating activities	(3,179)	(1,286)

	2014 $'000	2013 $'000

NOTE 20: COMMITMENTS & CONTINGENCIES

(a) Operating lease commitments

	2014 $'000	2013 $'000
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	70	40
- later than one year and not later than five years	-	38
	70	78

Description of leasing arrangement:
Operating lease of premises – Expires 31 May 2015.

(b) Contingent asset and liabilities
There are no contingent assets or contingent liabilities at balance date.

NOTE 21: EARNINGS PER SHARE

	2014 $'000	2013 $'000
Reconciliation of earnings used in calculating earnings per share:		
Loss from continuing operations	(3,562)	(1,659)
Loss used in calculating basic earnings per share	(3,562)	(1,659)
Earnings used in calculating diluted earnings per share	(3,562)	(1,659)

	2014 No of Shares	2013 No of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	97,677,625	8,240,000
Effect of dilutive securities:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	97,677,625	8,240,000

NOTE 22: SHARE BASED PAYMENTS

(a) Employee Share Ownership Plan (ESOP)

The Board has established an employee share ownership plan (ESOP). This plan was established by the Company to facilitate the acquisition of Shares and Options by those employed, or otherwise engaged by, or holding a position or office in, dorsaVi.

The key objective of the plan is to provide an incentive for employees to align their interests with those of the shareholders. Other objectives of the ESOP include:

- to attract, motivate and retain quality employees and Directors of dorsaVi;
- to create a commitment and united purpose between the employees and Directors and dorsaVi; and
- to add wealth for all shareholders of dorsaVi through the motivation of dorsaVi's employees and Directors.

The plan allows for dorsaVi to offer employees non-recourse and interest-free loans to acquire fully paid Shares. On 20 September 2013, the Company's shareholders approved the giving of such financial assistance.

Only a person who is an Eligible Person may be invited and authorised by the Board to participate in this plan. An Eligible person means:

- an employee of dorsaVi or a subsidiary of dorsaVi; or
- a Director of dorsaVi or a subsidiary of dorsaVi who holds a salaried employment or office in dorsaVi or a subsidiary of dorsaVi; or
- a contractor engaged by a dorsaVi or a subsidiary of dorsaVi and whom the Company has determined is an Eligible Person to participate in this plan.

There is no maximum limit on the number of Securities that may be acquired by Eligible Persons under the ESOP. However, the Board intends to restrict further issues of Securities to no more than 5% of the Company's issued share capital. This limit will be maintained unless shareholder approval is subsequently sought to increase this level.

Initial ESOP

Initially, employees had acquired 800,000 Shares (which converted at IPO to 5,079,646 Shares) at $1.00 each under the ESOP at a total value of $800,000. The Company has agreed to fund this acquisition by way of non-recourse, interest free loans.

Under the terms of issue of Shares under the ESOP to those employees, the Shares are fully paid ordinary shares in the Company, which entitle the holders to participate in any dividends or bonus issues of Shares pro rata with other shareholders. However, the Initial ESOP Shares are subject to restriction agreements such that the holders of those Shares are not able to dispose of them within 24 months of listing (unless ASX otherwise approves). If any of these employees cease to be employed by dorsaVi for any reason, the person must repay the outstanding balance of the loan made to them. If they do not, the Company may sell those Shares to repay the non-recourse loan owed to it by the departing employee (with any excess funds from the sale being paid to the departing employee).

Post IPO ESOP

Between the IPO and 30 June 2014, a further 200,000 Shares were granted to employees under the ESOP at an average market price of 49 cents, subject to a non-recourse loan. These shares carry a full entitlement to dividends and capital returns. There is no ability for the company to offset dividends paid against the non-recourse loan.

The post IPO ESOP Shares are subject to restriction agreements such that the holders of those Shares are not able to trade them within 12 months of issuance. After 12 months, 1/3rd of the issued shared can be traded. Shares become available for trading at a rate of 1/36th of the issued shares over the remaining 24 months, contingent upon continued employment with the Company.

(b) Employee option plan

Under the Company's Employee Share Ownership Plan 2013, dorsaVi agreed to grant an option to purchase 1,000,000 ordinary shares of the Company. The option grant vests over a three-year period. One-third of the shares are subject to vesting on 8 April 2015. The remaining shares vest monthly over the following two years, contingent upon ongoing employment with dorsVi.

The exercise price of the options is $0.51, which is equal to the average per share list price of the Company's ordinary shares on the 20 trading days prior to the date of grant. As a condition of the option grant an individual stock option agreement will need to be executed as authorised by the Remuneration Committee of the Board of Directors.

Details of the options granted are provided below:

2014								
Grant Date	**Expiry Date**	**Exercise price**	**Balance at 01/07/13**	**Granted during the year**	**Exercised during the year**	**Expired during the year**	**Balance at year end**	**Exercisable at year end**
08/04/14	08/04/17	$0.51	0	1,000,000	0	0	1,000,000	0

Other additional information associated with this option grant include:

- The weighted average remaining contractual life for share options outstanding at the end of the period was 2.8 years.
- The weighted average value of the Options at grant date was $0.30. This excluded any consideration of the impact of the exercise (or vesting) conditions
- The fair value was determined using the binomial American option-pricing model.
- This Share price at grant date: $0.445
- Expected price volatility of the company's shares: 85%
- Dividends: nil
- Risk free interest rate: 4.1%

(c) Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions was recorded within employee benefits expense in the statement of comprehensive income were as follows:

	Notes	2014	2013
		$'000	$'000
Options issued under employee option plan		47	
Shares issued under employee option plan		37	-
Total expenses recognised from share-based payment transactions		84	-

NOTE 23: DIRECTORS' AND EXECUTIVES' COMPENSATIONS

Compensation by category

Short-term employment benefits	1,067	474
Post-employment benefits	63	33
Share-based payments	84	-
	1,214	507

NOTE 24: SUBSIDIARIES OF THE GROUP & RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of dorsaVi Ltd and its controlled entities listed below:

	Country of incorporation	Ownership interest held by DVL	
		2014 %	2013 %
dorsaVi Europe Ltd	UK	100	-
dorsaVi USA, Inc	USA	100	-

dorsaVi Europe Ltd was incorporated on 3 February 2014.

dorsaVi USA, Inc. was incorporated on 19 May 2014.

(a) The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Transactions with entities with associates:

Superspine Forrest Hill Unit Trust is considered an associate of dorsaVi Ltd, as dorsaVi Ltd has a 25% ownership in the entity. During the year dorsaVi Ltd provided $NIL (2013: $26,607) of start up funding. There is a loan receivable from Superspine Forrest Hill Unit Trust of $26,607 (2013: $26,607) at year-end.

Transactions with directors, key management personnel and other related parties:

Pro-Active Industries Pty. Ltd. is a related party of dorsaVi Ltd, as a director of dorsaVi Ltd controls it. During the year, Pro-Active Industries Pty. Ltd. paid and was reimbursed for expenses incurred on behalf of dorsaVi Ltd. Total value of these transactions were $78,035 (2013: $26,947). The expenses were incurred in the normal course of business and on normal terms and conditions. The balance outstanding at balance date was $14,472 (2013: $3,114) included in Trade Payables at Note 14.

Starfish Ventures Pty. Ltd is a related party of dorsaVi Ltd, as it is connected with a director of dorsaVi Ltd. During the year, Starfish Ventures Pty. Ltd on-charged rent, incidentals and car parking to dorsaVi Ltd. Total value of these transactions were $51,145 (2013: $34,858). The rent was charged to dorsaVi Ltd on normal terms and conditions. The balance outstanding at balance date was $NIL (2013: $3,490) included in Loans from Related Parties at Note 14.

NOTE 25: AUDITOR'S REMUNERATION

(b) Amounts paid and payable to Pitcher Partners Melbourne for:

	Notes	2014 $'000	2013 $'000
(i) Audit and other assurance services			
An audit or review of the financial report of the entity and any other entity in the consolidated entity		60	22
Total remuneration for audit and other assurance services		60	22
(ii) Other non-audit services			
Investigating Accountants Report		39	-
Taxation & other Compliance Services		36	6
Total remuneration for non-audit services		75	6
Total remuneration of Pitcher Partners Melbourne		135	28

NOTE 26: PARENT ENTITY INFORMATION

Summarised presentation of the parent entity, dorsaVi Ltd, financial statements:

	2014 $'000	2013 $'000
(a) Summarised statement of financial position		
Assets		
Current assets	15,311	1,178
Non-current assets	444	218
Total assets	15,755	1,396
Liabilities		
Current liabilities	568	1,373
Non-current liabilities	14	9
Total liabilities	582	1,382
Net assets	15,173	14
Equity		
Contributed capital	23,835	5,751
Share-based payment reserve	84	-
Accumulated Losses	(8,746)	(5,737)
Total equity	15,173	14
(b) Summarised statement of comprehensive income		
Loss for the year	(3,009)	(1,659)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(3,009)	(1,659)

NOTE 27: SEGMENT INFORMATION

(a) Description of segments

The consolidated entity's chief operating decision maker has identified the following reportable segments:

- Segment 1: Australia
- Segment 2: Europe
- Segment 3: United States of America

Management differentiates operating segments based on geographical areas and regulatory environments. The type of products and services from which each reportable segment derives its revenue is considered the same.

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.

(b) Segment information

The consolidated entity's chief operating decision maker's use segment revenue and segment result to assess the financial performance of each operating segment. Due to the infancy of segment operations (i.e. both dorsaVi Europe Ltd & dorsaVi USA Inc. subsidiaries incorporated during the year), the chief operating decision makers only receive aggregated financial information for assets and liabilities. Accordingly there are no disclosures for the individual segment's financial positions at year end.

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 has been no Inter-segment revenue or expenses during the year.

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

2014	**Australia**	**Europe**	**USA**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Segment revenue				
Total segment revenue	762	5	-	767
Segment revenue from external source	762	5	-	767
Segment result				
Total segment result	(3,009)	(395)	(158)	(3,562)
Segment result from external source	(3,009)	(395)	(158)	(3,562)
Items included within the segment result:				
Interest income	227	-	-	227
Interest expense	(1)	-	-	(1)
Depreciation and amortisation expense	(42)	-	-	(42)
Income tax benefit	560	-	-	560

There is no prior year comparative segment financial information given the geographical subsidiaries were incorporated during the 2014 financial year. Refer Subsidiaries of the group & related party disclosures at Note 24

(c) **Major customers**

The total amount of external revenue derived from one major customer where the revenue is greater than 10% of the consolidated entity's total revenue was $172,000 (2013: $104,000). Revenue from this customer is included in the Australian segment.

NOTE 28: SUBSEQUENT EVENTS

On 3 July 2014, dorsaVi Ltd entered into a contract to acquire 100% of the issued capital of Australian Workplace Compliance Pty Ltd. This increased the Group's service offering and client base in the occupational health and safety (OH&S) market. The purchase price was $120,000 in cash and is not considered a material transaction for financial reporting purposes. As part of the acquisition the founder of Australian Workplace Compliance, Mark Heaysman, joined dorsaVi Ltd in the capacity as a full time employee. If his employment ceases within 12 months, Mark Heaysman grants to dorsaVi Ltd a put option to sell the shares in Australian Workplace Compliance Pty Ltd and the business name back to Mark Heaysman. As at the date of the financial report, acquisition accounting for the business combination had not been finalised.

On 3 July 2014, dorsaVi Ltd announced the issue of 250,000 fully paid ordinary shares under the Employee Share Ownership Plan. The Company provided Mark Heaysman with a non-recourse interest free loan to assist the executive to subscribe for the shares. These shares were issued at a market price of 46 cents. These shares carry a full entitlement to dividends and capital returns. There is no ability for the company to offset dividends paid against the non-recourse loan. These shares are subject to restriction agreements such that Mr Heaysman is not able to trade them within 12 months of issuance. After 12 months, 1/3rd of the issued shared can be traded. Shares become available for trading at a rate of 1/36th of the issued shares over the remaining 24 months, contingent upon his continued employment with the Company.

On 8 July 2014, the Group announced that regulatory approval was received from Medsafe, the New Zealand Medicines and Medical Devices Safety Authority, for the use and sale of ViMove in New Zealand.

On 15 July 2014, the Group announced the US launch following 510K clearance by the US Food and Drug Administration (FDA) for measuring, recording, and reporting on movement and muscle activity of the lower back / lumbar spine.

On 23 July 2014, the Group announced its first US customer with support from leading pain specialist Dr. Mehul J. Desai. Dr Desai offers ViPerform assessments at the Metro Orthopaedics and Sports Therapy practice in Maryland.

On 2 September 2014, dorsaVi Ltd issued 200,000 options with an expiry date of 1st September 2019, to newly hired US sales staff. The strike price per Option is $0.40 which is equal to the closing price of dorsaVi Ltd's ordinary shares on the date of grant (2 September 2014). The options granted will vest over a three-year period, with one-third of the shares subject to vesting one year from 2nd September 2014 and the remaining shares vesting monthly over the following two years; contingent upon the option holders' continued employment with the Group.

DIRECTOR'S DECLARATION

The directors declare that the financial statements and notes set out on pages 32 to 62 in accordance with the *Corporations Act 2001*:

(a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;

(b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that dorsaVi Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

This declaration is made in accordance with a resolution of the directors.

…………………………………..
Herb Elliott
Director & Chairman

Melbourne
Date: 29 September 2014

……………………………………….
Andrew Ronchi
Director & CEO

Melbourne
Date: 29 September 2014

dorsaVi Ltd
and controlled entities
ABN: 15 129 742 409

Independent Auditor's Report
to the members of
dorsaVi Ltd and controlled entities

Report on the Financial Report

We have audited the accompanying financial report of dorsaVi Ltd and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PITCHER PARTNERS

dorsaVi Ltd
and controlled entities
ABN: 15 129 742 409

Independent Auditor's Report
to the members of
dorsaVi Ltd and controlled entities

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of dorsaVi Ltd and controlled entities is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 30 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of dorsaVi Ltd for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

F V RUSSO

Partner

29 September 2014

PITCHER PARTNERS

Melbourne

Shareholder Information

Overview

The Company's securities are listed for quotation in the form of Ordinary Shares on the Australian Securities Exchange (ASX) and trade under the symbol "DVL".

The shareholder information below was applicable as at 2 September 2014.

The Company's share capital was as follows:

Type of Security	Number of Securities	Number of Holders
Ordinary Shares (Shares)	121,700,000	632
Options	1,200,000	3

Substantial holders

Names of Holders	Number of Shares Held	% of Total Shares
Starfish Technology Fund II, LP, Starfish Ventures, Michael Panaccio* and Christiana Panaccio and Micana Family Trust	80,543,119 shares	66.18%
AR BSM Pty Ltd as Trustee for the AR BSM Trust and Andrew James Ronchi	8,246,482 shares	6.78%
DR BSM Pty Ltd As Trustee for the DR BSM Trust and Daniel Ronchi	8,246,482 shares	6.78%

***** Michael Panaccio and related parties have, for the purposes of the substantial holding provisions of the Corporations Act, a relevant interest in 19,573,274 (16.08% of the total shares) that are subject to mandatory and voluntary escrow arrangements between dorsaVi Ltd and those various registered entered into as a condition of listing on the ASX. This relevant interest arises because the agreements contain specific restrictions on the disposal of these securities.

Distribution schedule

Number of Shares	Number of Holders
1 -1,000	11
1,001 – 5,000	111
5,001 – 10,000	87
10,001 – 100,000	344
100,001 and over	79
Total	**632**

Unmarketable Parcels

Based on the closing market price 2 September 2014, there were 13 shareholders holding less than a marketable parcel (i.e. a parcel of securities of less than $500).

dorsaVi's Top 20 Shareholders
Set out below is a schedule of the 20 largest holders of each class of securities quoted, including the number and percentage of each class of securities held by those holders.

	Name of registered holder	No. of Shares held	% of total Shares
1.	Starfish Technology Fund II LP	60,597,345	49.79
2.	AR BSM PTY LTD <AR BSM A/C>	7,021,814	5.77
3.	DR BSM PTY LTD <DR BSM A/C>	7,021,814	5.77
4.	HSBC Custody Nominees (Australia) Limited-GSCO ECA	4,411,947	3.63
5.	HSBC Custody Nominees (Australia) Limited - A/C 3	2,072,801	1.70
6.	UBS Nominees Pty Ltd	1,930,000	1.59
7.	HSBC Custody Nominees (Australia) Limited	1,648,632	1.35
8.	Citicorp Nominees Pty Limited	1,581,800	1.30
9.	Sandhurst Trustees Ltd <Australian New Horizons A/C>	1,407,039	1.16
10.	National Nominees Limited	1,344,780	1.10
11.	Andrew Ronchi	1,174,668	0.97
12.	Daniel Ronchi	1,174,668	0.97
13.	J P Morgan Nominees Australia Limited	1,097,720	0.90
14.	Muhammad Umer	825,442	0.68
15.	Citicorp Nominees Pty Limited <DPSL A/C>	818,344	0.67
16.	Edgar Charry	634,956	0.52
17.	Sarah Riseley	634,956	0.52
18.	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	582,485	0.48
19.	Bannaby Investments Pty Ltd <Bannaby Super Fund A/C>	572,765	0.47
20.	Dr Nick Samaras	500,000	0.41
Total Shares held by top 20 Shareholders		97,053,976	79.75
Total Shares held by all other Shareholders		**24,646,024**	20.25

Options (not listed on ASX)
There were 1,200,000 unquoted options on issue to purchase ordinary shares under the Company's Incentive Stock Option Agreement. The Options have been issued to three employees and were issued in accordance with the terms and conditions of the dorsaVi Ltd 2013 Share Ownership Plan.

Restricted Securities & Escrow Agreements
The following Shareholders were required to enter into restriction agreements with the Company which restrict them from dealing with the following Shares, such as selling or encumbering them, for 24 months following the Shares being quoted on ASX (except in limited circumstances with ASX's consent)

Shareholder	Number of Shares
AR BSM Pty Ltd as Trustee for the AR BSM TRUST (An Entity controlled by Andrew Ronchi, CEO, Director)	6,893,414
DR BSM Pty Ltd as Trustee for the DR BSM Trust (An entity controlled by Daniel Ronchi)	6,893,414
Starfish Technology Fund (An entity associated with Michael Panaccio, a director of the Company)	38,097,345
Andrew Ronchi	712,168
Daniel Ronchi	712,168
Ashraf Attia (a director of the Company)	76,991
Total	**53,385,500**

The following Shareholders entered voluntarily into restriction agreements with the Company which restrict them from dealing with the following Shares, such as selling or encumbering them, for 24 months following the Shares being quoted on ASX.

Shareholder	Number of Shares
AR BSM Pty Ltd as Trustee for the AR BSM TRUST (An Entity controlled by Andrew Ronchi, CEO, Director)	128,400
DR BSM Pty Ltd as Trustee for the DR BSM Trust (An entity controlled by Daniel Ronchi)	128,400
Starfish Technology Fund (An entity associated with Michael Panaccio, a director of the Company)	15,000,000
Andrew Ronchi	462,500
Daniel Ronchi	462,500
Ashraf Attia (a director of the Company)	50,000
Shares issued to other employees under the employee share ownership plan.	2,603,319
Total	**18,835,119**

In summary, 72,220,619 (or 59.34%) Shares are subject to restrictions on sale and other dealings for a period of 24 months from quotation. This 24 month period expires on 11 December 2015.

Voting Rights
At a general meeting, each Shareholder present (in person or by proxy, attorney or representative) has one vote on a show of hands and one vote for each Share held when voting is done via a poll.

Proxy forms will be included in each notice of meeting sent to Shareholders.

Holders of issued but unexercised options are not entitled to vote.

Required Statements

(a) There is no current on-market buy-back of the Company's securities.

(b) The Company's securities are not quoted on any exchange other than the ASX.

(c) The Company has used the cash (and assets in a form readily convertible to cash) that it had at the time of admission to the ASX in a manner consistent with its business objectives (as described in the Prospectus lodged with the Australian Securities and Investments Commission with respect to the Company's initial public offering) from the time of admission to the ASX on 11 December 2013 through to 30 June 2014.

(e) The name of the Company Secretary is Mr Brendan Case.

(f) The address and telephone number of our principal registered office in Australia is:
C/- Pitcher Partners, Level 19, 15 William Street, Melbourne, Victoria, 3000
tel: +61 3 8610 5000

(g) Register of securities
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067
GPO BOX 242, Melbourne, Victoria, 3001
Phone: + 61 3 9415 5000

Corporate Directory

Board of Directors and Company Secretary Mr Herbert Elliott — Chairman Mr Ashraf Attia — Non Executive Director Dr Michael Panaccio — Non Executive Director Dr Andrew Ronchi & Executive Director — Chief Executive Officer Mr Gregory Tweedly — Non Executive Director Mr Brendan Case — Company Secretary	**Executive Team** Dr Andrew Ronchi — Chief Executive Officer Mr Jerome Whelan — Chief Financial Officer Ms Meagan Blackburn Mr Mark Heaysman Mr John Kowalczyk Ms Sarah Riseley Mr Daniel Ronchi Ms Zoe Whyatt
Registered Office in Australia C/- Pitcher Partners, Level 19, 15 William Street, Melbourne, Victoria, 3000 Tel. +61 3 8610 5000	**Principal Administrative Office** L1, 120 Jolimont Rd, Melbourne East, VIC 3002 Tel. 1800 367 7284
Auditor Pitcher Partners Level 19, 15 William Street, Melbourne, Victoria, 3000	**Share Registry** Computershare Investor Services Pty Limited GPO BOX 242, Melbourne, Victoria, 3001 Phone: + 61 3 9415 5000
Investor Relations Ms Rebecca Wilson Buchan Consulting T: +61 3 9866 4722	**Annual General Meeting Date & Place** The Annual General Meeting will be held Thursday, 27 November 2014 at 10:00 am at: Tom Wills Room, Level 2, Great Southern Stand, Melbourne Cricket Ground, Brunton Ave, Richmond, Victoria, 3002.