dorsaVi Ltd and controlled entities
ABN 15 129 742 408

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2016.

Rule 4.2A.3

Appendix 4D

Half-Year Report for the six months ended 31 December 2016

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

ABN: 15 129 742 409

1. Reporting period

Report for the half-year ended: **31 December 2016**

Previous corresponding periods: Financial year ended 30 June 2016
Half-year ended 31 December 2015

2. Results for announcement to the market

Revenues from ordinary activities *(item 2.1)*	up	46%	to	1,953,606
Loss from ordinary activities after tax attributable to members (*item 2.2*)	down	59%	to	1,263,208
Loss for the period attributable to members *(item 2.3)*	down	59%	to	1,263,208

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Interim dividend	0¢	0¢
Final dividend	0¢	0¢
Previous corresponding period	0¢	0¢
Record date for determining entitlements to the dividend *(item 2.5)*	N/A	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*: N/A

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

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.06	0.06

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

Control gained over entities

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

Loss of control of entities

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

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Interim dividend year ended 30 June 2016	N/A	$0
Final dividend year ended 30 June 2015	N/A	$0

Amount per security

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

Total dividend on all securities

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

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

N/A

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A

7. Details of associates and joint venture entities *(item 7)*

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

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

Group's share of associates' and joint venture entities':	2016 $	2015 $
Profit (loss) from ordinary activities before tax Income tax on ordinary activities	N/A	N/A
Net profit (loss) from ordinary activities after tax Adjustments	N/A	N/A
Share of net profit (loss) of associates and joint venture entities	N/A	N/A

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

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

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

dorsaVi Ltd
and controlled entities
ABN: 15 129 742 409

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2016

dorsaVi Ltd and controlled entities
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2016

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

The directors present their report together with the condensed financial report of the consolidated entity consisting of dorsaVi Ltd (the Company) and the entities it controlled, for the half-year ended 31 December 2016 and independent review report thereon.

Directors' names

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

Name	Period of directorship
Herbert James Elliott (chairman)	Director since 29 October 2013
Ashraf Attia	Director since 14 July 2008
Michael Panaccio	Director since 16 May 2008
Gregory John Tweedly	Director since 29 October 2013
Andrew James Ronchi	Director since 18 February 2008

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

Review of operations

Revenue for the six months to December 2016 was $1,953,606 (2015: $1,341,938) driven by 33.8% growth in sales revenue to $1,728,724 (2015: $1,291,989).

The loss from continuing operations after income tax for the six months to December 2016 was $1,263,208, a 59% reduction on the six months to 31 December 2015 ($3,109,328). These results were in line with expectations as dorsaVi Ltd continues to drive its sales and marketing focus. Whilst sales revenue grew by 33.8%, operating expenses reduced by 21.2% compared with the same period last year.

The directors expect revenue to continue to grow year on year in particular in Europe and the United States (US). Factors driving this growth include; the continued roll out of the global marketing plan, increasing sales from our team in the US, new product releases with major functional improvements and ongoing customer-focused software development.

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

- dorsaVi Ltd relies on its ability to enhance its movement monitoring intellectual property. A failure to meet future customer requirements would lead to a loss of opportunities and adversely impact operating results and the financial position of dorsaVi Ltd.

- Over time, dorsaVi Ltd may be subjected to increased competition if potential competitors develop new technologies or make scientific or systems advances that compare with or compete with dorsaVi Ltd's products.

- In the medical sector (but not the Elite Sports or OHS sectors), sales and adoption rates of dorsaVi Ltd's system are, in part, likely to be influenced by the availability and level of reimbursement from government and/or insurers. Whilst dorsaVi Ltd's products already benefit from reimbursement in some circumstances, there is no guarantee that the use of dorsaVi Ltd's products will receive further reimbursement.

- General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on dorsaVi Ltd's activities, as well as on its ability to fund those activities. In particular, much of its future income is expected to come from the US and European markets and therefore dorsaVi Ltd's activities will be affected by currency exchange fluctuations.

- dorsaVi Ltd is not currently profitable. Proceeds from the capital raising during the half-year ended 31 December 2016 was and is primarily being used to fund: the recruitment and signing of additional Organisational Health and Safety agents in the US; the development and launch of the new v6 product (myViSafe and ViMove 2); and to provide general working capital. There is no guarantee that the recruitment of agents and the rollout of v6 (myViSafe and ViMove 2) will result in profitability for the Company. If either the recruitment or rollout are lower or less successful than planned, dorsaVi may need to raise further capital in the future.

Cash and cash equivalents increased to $8,726,634 at 31 December 2016 (30 June 2016: $6,029,185) mainly due to an $8,000,000 share capital raising (before costs) during the current half-year of which $5,000,000 was banked before 31 December 2016. A further $3,000,000 was raised in January 2016 (refer below).

Significant changes in the state of affairs

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

- On 18 August 2016, dorsaVi Ltd announced that it had entered into a partnership with a leading US-based sports injury expert to develop an Athletic Movement Index (AMI) to be used on the ViPerform platform to optimise athletic performance in college and school athletes.

- On 29 September 2016, dorsaVi Ltd announced that they had been awarded a Victorian Government Future Industries grant of $350,000 to assist in the implementation, over an eighteen-month period ended 28 February 2018, of new manufacturing technologies and processes.

- On 27 October 2016, dorsaVi Ltd announced the launch of a US based patient registry to recruit low back pain patients to produce a series of medial publications and to form part of dorsaVi's reimbursement strategy for the US market.

- On 29 November 2016, at dorsaVi Ltd's annual general meeting, shareholders approved the grant of 900,000 performance rights to the Chief Executive Officer, Andrew Ronchi pursuant to the dorsaVi Employee Share Ownership Plan (ESOP). The performance rights are subject to performance and vesting conditions. The performance rights will be granted to Dr Ronchi before 29 November 2017 but will not be fully vested until 31 October 2019 if performance and vesting conditions are fully satisfied.

- On 6 December 2016, dorsaVi Ltd launched myViSafe, a complete manual handling movement analysis training and education solution for the workplace. Crown Resorts Ltd will be the first to manage its manual handling risk using myViSafe.

- On 6 December 2016, dorsaVi Ltd announced that it had signed a 12-month distribution agreement with Connect Healthcare Collaboration. Under this agreement Connect will act a sales agent for the dorsaVi workplace solution, ViSafe.

- On 13 December 2016, dorsaVi Ltd issued 10,869,565 fully paid ordinary shares to various institutional and sophisticated investors under a private placement. The shares were issued at $0.46 per share and raised $5,000,000 before costs.

- On 13 December 2016, dorsaVi Ltd announced the intention to complete a private placement of 4,347,828 fully paid ordinary shares to major shareholder, Starfish Technology Fund II Trust A and Starfish Technology Fund II Trust B. This private placement is subject to shareholder approval at a general meeting of shareholders to be held on 20 January 2017. Refer below for details of the outcome of the meeting.

- On 13 December 2016, dorsaVi Ltd also announced the offer, to eligible shareholders, of ordinary shares under a Share Purchase Plan (SPP) at the same price offered to institutional and sophisticated investors. This offer is subject to a maximum aggregate raising limit of $1,000,000 (Maximum 2,173,913 shares) with the SPP closing at 5pm on 19 January 2017 (refer below).

- On 19 December 2016, dorsaVi Ltd announced that it had signed a twelve-month agreement with Heathrow Airport to assist it with its plans to implement new manual handling aids across all its terminals.

- On 19 January 2017, the SPP, announced on 13 December 2016, closed. The SPP was oversubscribed and resulted in the issue of 2,173,850 fully paid ordinary shares at $0.46 per share raising $999,971.

- On 20 January 2017, dorsaVi Ltd shareholders, at a general meeting, approved the issue of 4,347,828 fully paid ordinary shares, at $0.46 per share, to major shareholder, Starfish Technology Fund II Trust A and Starfish Technology Fund II Trust B. This share issue raised $2,000,001.

Auditor's independence declaration

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

Rounding of amounts

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

Signed in accordance with a resolution of the directors:

Herb Elliott
Chairman
Melbourne
Date; 16 February 2017

dorsaVi Ltd and controlled entities

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF DORSAVI LTD

In relation to the independent auditor's review for the half-year ended 31 December 2016, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110: *Code of Ethics for Professional Accountants.*

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

F V RUSSO
Partner

16 February 2017

PITCHER PARTNERS
Melbourne

CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31-Dec 2016 $	31-Dec 2015 $
Revenue and other income		
Sales revenue	1,728,724	1,291,989
Interest income	49,882	49,949
Other income	175,000	-
	1,953,606	1,341,938
Less: Expenses		
Changes in inventories	(108,991)	(47,209)
Cost of sales	(344,516)	(353,741)
Advertising expenses	(100,584)	(138,097)
Conference expenses	(11,305)	(17,700)
Consultancy expenses	(148,831)	(260,742)
Depreciation and amortisation expenses	(67,000)	(54,000)
Device development expenditure	(78,699)	(32,952)
Employee benefits expenses	(1,956,074)	(2,558,272)
Finance costs	-	(2,065)
Occupancy expenses	(93,501)	(97,496)
Professional fees	(220,107)	(256,644)
Regulatory expenses	(59,417)	(143,458)
Software expenses	(67,575)	(87,889)
Travel expenses	(175,149)	(207,128)
Other expenses	(264,653)	(433,542)
	(3,696,402)	(4,690,935)
Loss before income tax benefit	(1,742,796)	(3,348,997)
Income tax benefit	479,588	239,669
Loss from continuing operations	**(1,263,208)**	**(3,109,328)**
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign subsidiaries net of tax	(12,967)	(122,509)
Other comprehensive income for the half-year	(12,967)	(122,509)
Loss for the half-year	**(1,276,175)**	**(3,231,837)**

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

CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 $	31 Dec 2015 $
Loss per share from continuing operations attributable to equity holders of the parent entity:		
Basic loss per share	(0.84 cents)	(2.20 cents)
Diluted loss per share	(0.84 cents)	(2.20 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	31 Dec 2016 $	30 June 2016 $
Current assets		
Cash and cash equivalents	8,726,634	6,029,185
Receivables	1,507,234	1,820,958
Inventories	373,627	246,781
Other current assets	354,078	136,056
Total current assets	**10,961,573**	**8,232,980**
Non-current assets		
Intangible assets	1,796,485	1,059,871
Plant and equipment	325,140	310,242
Total non-current assets	**2,121,625**	**1,370,113**
Total assets	**13,083,198**	**9,603,093**
Current liabilities		
Payables	650,946	714,005
Provisions	363,292	279,114
Total current liabilities	**1,014,238**	**993,119**
Non-current liabilities		
Provisions	18,132	18,892
Total non-current liabilities	**18,132**	**18,892**
Total liabilities	**1,032,370**	**1,012,011**
Net assets	**12,050,828**	**8,591,082**
Equity		
Share capital	35,445,717	30,709,796
Reserves	80,529	93,496
Accumulated losses	(23,475,418)	(22,212,210)
Total equity	**12,050,828**	**8,591,082**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Consolidated Entity	Share capital $	Reserves $	Accumulated losses $	Total Equity $
Balance as at 1 July 2015	23,855,099	78,697	(17,317,080)	6,616,716
Loss for the half-year	-	-	(3,109,328)	(3,109,328)
Exchange differences on translation of foreign operations, net of tax	-	(122,509)	-	(122,509)
Total comprehensive income for the half-year	-	**(122,509)**	**(3,109,328)**	**(3,231,837)**
Transactions with owners in their capacity as owners:				
Issue of shares	7,179,800	-	-	7,179,800
Share issue expenses	(381,538)	-	-	(381,538)
Employee share ownership plan	-	89,336	21,955	111,291
Options lapsed	-	(229,804)	229,804	-
	6,798,262	**(140,468)**	**251,759**	**6,909,553**
Balance as at 31 December 2015	**30,653,361**	**(184,280)**	**(20,174,649)**	**10,294,432**
Balance as at 1 July 2016	30,709,796	93,496	(22,212,210)	8,591,082
Loss for the half-year	-	-	(1,263,208)	(1,263,208)
Exchange differences on translation of foreign operations, net of tax	-	(12,967)	-	(12,967)
Total comprehensive income for the half-year	-	**(12,967)**	**(1,263,208)**	**(1,276,175)**
Transactions with owners in their capacity as owners:				
Issue of shares	5,000,000	-	-	5,000,000
Share issue expenses	(292,079)	-	-	(292,079)
Employee share ownership plan	28,000	-	-	28,000
	4,735,921	-	-	**4,735,921**
Balance as at 31 December 2016	**35,445,717**	**80,529**	**(23,475,418)**	**12,050,828**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 $	31 Dec 2015 $
Cash flow from operating activities		
Receipts from customers	1,986,835	1,304,823
Payments to suppliers and employees	(3,274,532)	(4,867,378)
Interest received	49,882	49,949
Net cash used in operating activities	(1,237,815)	(3,512,606)
Cash flow from investing activities		
Payment for plant and equipment	(39,043)	(9,416)
Payment for intangibles	(761,614)	(62,358)
Net cash used in investing activities	(800,657)	(71,774)
Cash flow from financing activities		
Proceeds from share issue	5,000,000	7,179,800
Share issue expenses	(292,079)	(381,538)
Employee share ownership contribution	28,000	-
Repayment of finance facility	-	(38,252)
Net cash provided by financing activities	4,735,921	6,760,010
Net increase in cash and cash equivalents	2,697,449	3,175,630
Cash and cash equivalents at beginning of half-year	6,029,185	5,743,513
Cash and cash equivalents at end of the half-year	**8,726,634**	**8,919,143**

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

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

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

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

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by dorsaVi Ltd during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

This condensed half-year financial report covers dorsaVi Ltd and controlled entities as a consolidated entity. dorsaVi Ltd is a company limited by shares, incorporated and domiciled in Australia. The address of dorsaVi Ltd's principal place of business is level 1, 120 Jolimont Road, Melbourne East, Victoria. dorsaVi Ltd is a for-profit entity for the purpose of preparing the financial statements.

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

(a) Basis of preparation

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

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

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2016 and the corresponding half-year except as described in note 1(b).

(b) Summary of the significant accounting policies

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of these new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below.

(c) Accounting standards issued but not yet effective

— AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the consolidated entity on initial application of AASB 9 and associated amending Standards include:

— simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;

- — permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- — simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- — introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- — requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the consolidated entity's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 15: Revenue from Contracts with Customers, AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15 and AASB 2016-3: Amendments to Australian Accounting Standards – Clarifications to AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the consolidated entity's reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- — right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
  - o investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
  - o property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the consolidated entity's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

(d) Fair value measurement

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

(e) Comparatives

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

NOTE 2: DIVIDENDS

There were no dividends paid during the period.

NOTE 3: SEGMENT INFORMATION

(a) Description of segments

dorsaVi Ltd and the controlled entities is comprised of 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 results to assess the financial performance of each operating segment.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 3: SEGMENT INFORMATION (cont.)

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 reasonable be allocated to the segment based on the operations of the segment. There have been no inter-segment revenue or expenses during the period.

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

Half-Year – 31 Dec 2016	**Australia $**	**Europe $**	**USA $**	**Total $**
Segment revenue				
Total segment revenue	1,123,894	312,010	517,702	1,953,606
Segment revenue from external source	1,123,894	312,010	517,702	1,953,606
Segment result				
Total segment result	(939,800)	(91,016)	(232,392)	(1,263,208)
Segment result from external source	(939,800)	(91,016)	(232,392)	(1,263,208)
Items included within the segment result:				
Foreign exchange loss	(49,549)	-	-	(49,549)
Grant income	175,000	-	-	175,000
Interest income	49,874	8	-	49,882
Depreciation and amortisation expense	(67,000)	-	-	(67,000)
Income tax benefit	479,588	-	-	479,588
Total segment assets	19,692,649	916,806	602,719	21,212,174
Elimination				(8,128,976)
Consolidated segment assets				13,083,198
Total assets include:				
Additions to non-current assets	818,512	-	-	818,512
Total segment liabilities	(750,289)	(2,920,030)	(5,491,027)	(9,161,346)
Elimination				8,128,976
Consolidated segment liabilities				(1,032,370)

Half-Year – 31 Dec 2015	**Australia $**	**Europe $**	**USA $**	**Total $**
Segment revenue				
Total segment revenue	928,564	209,770	153,655	1,291,989
Segment revenue from external source	928,564	209,770	153,655	1,291,989
Segment result				
Total segment result	(1,994,703)	(314,642)	(799,983)	(3,109,328)
Segment result from external source	(1,994,703)	(314,642)	(799,983)	(3,109,328)

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 3: SEGMENT INFORMATION (cont.)

Half-Year – 31 Dec 2015 (cont.)	Australia $	Europe $	USA $	Total $
Items included within the segment result:				
Foreign exchange loss	(64,735)	-	-	(64,735)
Interest income	49,922	27	-	49,949
Interest expense	(2,065)	-	-	(2,065)
Depreciation and amortisation expense	(54,000)	-	-	(54,000)
Income tax benefit	239,669	-	-	239,669
At 30 June 2016:				
Total segment assets	16,870,149	1,082,326	816,183	18,768,658
Elimination				(9,165,565)
Consolidated segment assets				9,603,093
Total assets include:				
Additions to non-current assets	636,690	-	-	636,690
Total segment liabilities	(1,773,465)	(3,257,191)	(5,146,920)	(10,177,576)
Elimination				9,165,565
Consolidated segment liabilities				(1,012,011)

(c) Major customers

There were no major customers who accounted for a revenue value greater than 10% of the consolidated entity's revenue.

NOTE 4: PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 31 December 2016 the Group acquired assets with a cost of $56,898 (31 December 2015: $82,054) which included $39,043 purchased externally (31 December 2015: $9,416) and $17,855 of devices transferred from inventories (31 December 2015: $72,638).

No assets were disposed of during the period ended 31 December 2016.

NOTE 5: INTANGIBLE ASSETS	31 December 2016 $	30 June 2016 $
Patents, at cost	692,878	597,084
Less accumulated amortisation	(88,383)	(71,383)
Development expenditure, at cost	1,094,905	429,085
Less accumulated amortisation	(15,025)	(7,025)
Goodwill, at cost	112,110	112,110
	1,796,485	1,059,871

NOTE 5: INTANGIBLE ASSETS (Cont.)

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the half-year ending 31 December 2016 are provided below:

	Goodwill $	Patents $	Intangibles $	Total $
Opening balance	112,110	525,701	422,060	1,059,871
Additions	-	95,794	665,820	761,614
Amortisation expense	-	(17,000)	(8,000)	(25,000)
Closing balance	112,110	604,495	1,079,880	1,796,485

NOTE 6: CONTRIBUTED CAPITAL

During the half-year ended 31 December 2016, the company issued 10,869,565 shares, at $0.46 each, through a placement of shares with sophisticated and institutional investors.

During the half-year ended 31 December 2015, the company issued 27,614,616 shares, at $0.26 each, through a rights issue and the placement of shares with sophisticated and institutional investors.

During the half-year ended 31 December 2016, the company did not issue any additional shares (31 December 2015: 500,000) through the employee share ownership plan (ESOP).

(a) Movements in shares on issue

	Parent Equity Half-year 31 Dec 2016		Parent Equity Half-year 31 Dec 2015	
	No of Shares	$	No of Shares	$
Beginning of the half-year	149,914,616	30,709,796	121,800,000	23,855,099
Movement during the half-year				
– Employee share scheme	-	28,000	500,000	-
– Shares issued in capital raising	10,869,565	5,000,000	27,614,616	7,179,800
– Cost of raising capital	-	(292,079)	-	(381,538)
End of the half-year	**160,784,181**	**35,445,717**	**149,914,616**	**30,653,361**

(b) Employee Share Ownership Plan (ESOP)

As disclosed in previous Annual Reports, 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 of office in, dorsaVi Ltd.

(i) Loan Shares

Between 30 June 2016 and 31 December 2016, no loan shares were issued.

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 6: CONTRIBUTED CAPITAL (cont.)

(ii) Options over shares

dorsaVi Ltd may grant options under the Company's Employee Share Ownership Plan 2013. dorsaVi Ltd did not grant any options to purchase ordinary shares in the Company during the six months ended 31 December 2016 (December 2015: 1,027,778).

(iii) Performance rights

On 29 November 2016, at dorsaVi Ltd's annual general meeting, shareholders approved the grant of 900,000 performance rights to the Chief Executive Officer, Andrew Ronchi, pursuant to the dorsaVi Employee Share Ownership Plan (ESOP). The performance rights are subject to performance and vesting conditions.

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

Half-year ended 31 December 2016

Grant Date	Expiry Date	Exercise price	Balance at 1/07/2016	Granted during period	Exercised during period	Cancelled /expired during period	Balance at half year end	Exercisable at half-year end
03/07/2014	03/07/2019	$0.46	250,000	-	-	-	250,000	250,000
02/09/2014	01/09/2019	$0.40	100,000	-	-	-	100,000	75,000
31/10/2014	30/10/2019	$0.40	900,000	-	-	(900,000)	-	-
05/11/2014	05/11/2019	$0.40	20,000	-	-	-	20,000	20,000
25/02/2015	25/02/2020	$0.36	80,000	-	-	-	80,000	80,000
17/08/2015	17/08/2020	$0.26	500,000	-	-	-	500,000	500,000
30/09/2015	30/09/2020	$0.28	250,000	-	-	-	250,000	250,000
30/09/2015	30/09/2021	$0.28	250,000	-	-	-	250,000	250,000
30/09/2015	30/09/2022	$0.28	250,000	-	-	-	250,000	-
11/12/2015	11/12/2016	$0.38	277,778	-	-	(277,778)	-	-
24/03/2016	24/03/2021	$0.40	200,000	-	-	-	200,000	100,000
08/06/2016	08/06/2021	$0.34	50,000	-	-	-	50,000	14,583
29/11/2016	01/10/2017	-	-	150,000	-	-	150,000	-
29/11/2016	01/10/2018	-	-	150,000	-	-	150,000	-
29/11/2016	01/10/2019	-	-	150,000	-	-	150,000	-
29/11/2016	29/11/2019	-	-	450,000	-	-	450,000	-
Total			**3,127,778**	**900,000**	**-**	**(1,177,778)**	**2,850,000**	**1,539,583**

Half-year ended 31 December 2015

Grant Date	Expiry Date	Exercise price	Balance at 1/07/2015	Granted during period	Exercised during period	Cancelled /expired during period	Balance at half year end	Exercisable at half-year end
08/04/2014	07/04/2017	$0.51	1,000,000	-	-	(1,000,000)	-	-
02/09/2014	01/09/2019	$0.40	100,000	-	-	(100,000)	-	-
03/07/2014	03/07/2019	$0.46	250,000	-	-	-	250,000	250,000
02/09/2014	01/09/2019	$0.40	100,000	-	-	-	100,000	41,664
31/10/2014	30/10/2019	$0.40	900,000	-	-	-	900,000	-
05/11/2014	05/11/2019	$0.40	20,000	-	-	-	20,000	20,000
25/02/2015	25/02/2020	$0.36	80,000	-	-	-	80,000	80,000
17/08/2015	17/08/2020	$0.26	-	500,000	-	-	500,000	500,000
30/09/2015	30/09/2020	$0.28	-	250,000	-	-	250,000	250,000
30/09/2015	30/09/2021	$0.28	-	250,000	-	-	250,000	-
30/09/2015	30/09/2022	$0.28	-	250,000	-	-	250,000	-
11/12/2015	11/12/2016	$0.38	-	277,778	-	-	277,778	277,778
Total			**2,450,000**	**1,527,778**	**-**	**(1,100,000)**	**2,877,778**	**1,419,442**

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

NOTE 7: SUBSEQUENT EVENTS

On 19 January 2017, the Share Purchase Plan (SPP), announced on 13 December 2016 closed. This SPP resulted in the issue of 2,173,850 fully paid ordinary shares at $0.46 per share raising $999,971.

On 20 January 2017, dorsaVi Ltd shareholders, at a general meeting, approved the issue of 4,347,828 fully paid ordinary shares, at $0.46 per share, to major shareholder, Starfish Technology Fund II Trust A and Starfish Technology Fund II Trust B. This share issue raised $2,000,001.

NOTE 8: CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since 30 June 2016.

DIRECTORS' DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 7 to 19, are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

   (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance for the half-year ended on that date.

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

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

Herb Elliott
Chairman
Melbourne
Date: 16 February 2017

DORSAVI LTD
ABN 15 129 742 408
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
DORSAVI LTD

We have reviewed the accompanying half-year financial report of dorsaVi Ltd and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of dorsaVi Ltd and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PITCHER PARTNERS

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DORSAVI LTD

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of dorsaVi Ltd and controlled entities is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

F V RUSSO
Partner

16 February 2017

PITCHER PARTNERS
Melbourne