

SenterpriSys Limited

ABN 14 146 845 123

Interim Financial Statements

For the Half Year Ended 31 December 2023

SenterpriSys Limited

ABN 14 146 845 123

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For the Half Year Ended 31 December 2023

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Executive Chairman's Letter For the Half Year Ended 31 December 2023

The Company recorded a net loss of \$15,869 (FY23 net loss: \$16,744). The Company has a negative working capital position of \$96,388 (FY23 negative working capital: \$75,760).

2023 Commentary

- The importance of AI on our ability to improve and stabilise our software is profound in particular by allowing us to increase productivity, resolve numerous outstanding issues and streamlining the delivery of the Project DeRisk software.
- We anticipate ISO9001:2016 Quality Assurance Certification, will be completed in early 2024.
- Rainrose Pty Ltd, an entity controlled by me, has confirmed it will continue to support the Company and advance further funds during the next 12 months if required and has provided a letter of support to SenterpriSYS Limited ("SPS").

2024 Outlook

- The focus now is on re-releasing and marketing Project DeRisk with its improved performance. This will include a new website interface.
- Linking QANOTIX quality assurance registers to the Project DeRisk project management software.
- Replacing current accounting functions with QuickBooks integration.
- Modifying Project DeRisk and QANOTIX to allow their use across multiple industries and languages.
- Offer QANOTIX templates / reports to businesses operating in a broad range of industries who are seeking ISO9001 Quality Assurance Certification, with the added ability to select a number of languages.



Lev Mizikovsky
Executive Chairman

Dated: 12 March 2024

SenterpriSys Limited

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Directors' Report For the Half Year Ended 31 December 2023

The directors submit the interim financial report of the Group for the half year ended 31 December 2023.

Directors

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

Names	Position
Lev Mizikovsky	Executive Chairman
Rade Dudurovic	Non-executive Director and Chair of the Audit Committee
Michael Fennell	Managing Director

Company secretary

Mr Geoff Acton	(B.Com, ACA, GAICD)
Miss Narelle Lynch	("Cert Gov Prac")

Operating results and review of operations for the year

The Group achieved an operating loss after tax of \$15,869 for the half year ended 31 December 2023 (31 December 2022: \$16,744 loss). The revenue of \$372,676 was derived from continuing to provide support and maintenance for IT systems of Tamawood Limited and Advance ZincTek Limited as well as licensing fees for the use of the Company's software ("Software") by Tamawood Limited.

There are no contracts in place and this revenue is derived on a month by month basis as the services of SenterpriSys are required by these companies.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the half year.

Matters or circumstances arising after the end of half year

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2023 has been received and can be found on page 3 of the interim financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Lev Mizikovsky
Executive Chairman

Dated: 12 March 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of SenterpriSys Limited

As lead auditor for the review of SenterpriSys Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of SenterpriSys Limited and the entities it controlled during the period.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



C. L. Sweeney

Director

Melbourne, 12 March 2024

SenterpriSys Limited

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Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2023

		31 December 2023	31 December 2022
	Note	\$	\$
Revenue	2	372,676	430,338
Other income	2	-	2,844
Employee benefits expense		(101,754)	(87,119)
Depreciation and amortisation expense		(163,918)	(165,108)
Professional fees		(72,656)	(79,610)
Information, communication and technology costs		(28,099)	(43,461)
Rent		-	(7,422)
Director fees		(10,000)	(18,667)
Other operating expenses		(7,671)	(27,051)
Profit / (Loss) before income tax		(11,422)	4,744
Income tax expense		(4,447)	(21,488)
Profit / (Loss) for the half year		(15,869)	(16,744)
Other comprehensive income, net of income tax			
Total comprehensive income for the year		(15,869)	(16,744)

Earnings per share

Basic earnings per share	(0.02) cents	(0.02) cents
Diluted earnings per share	(0.02) cents	(0.02) cents

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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Consolidated Interim Statement of Financial Position As At 31 December 2023

		31 December 2023	30 June 2023
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	30,407	17,301
Trade and other receivables		3,314	14,551
TOTAL CURRENT ASSETS		33,721	31,852
NON-CURRENT ASSETS			
Property, plant and equipment		9,958	11,490
Deferred tax assets		53,934	58,381
Intangible assets		5,035,561	4,938,673
TOTAL NON-CURRENT ASSETS		5,099,453	5,008,544
TOTAL ASSETS		5,133,174	5,040,396
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		66,766	35,100
Provisions		63,343	72,512
TOTAL CURRENT LIABILITIES		130,109	107,612
NON-CURRENT LIABILITIES			
Provisions		29,708	43,558
Borrowings (Non-Current)		1,206,345	1,106,345
TOTAL NON-CURRENT LIABILITIES		1,236,053	1,149,903
TOTAL LIABILITIES		1,366,162	1,257,515
NET ASSETS		3,767,012	3,782,881
EQUITY			
Issued capital	4	3,719,817	3,719,817
Retained earnings		47,195	63,064
Total equity attributable to equity holders of the Company		3,767,012	3,782,881
TOTAL EQUITY		3,767,012	3,782,881

The Statement of Financial Position should be read in conjunction with the accompanying notes.

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Consolidated Interim Statement of Changes in Equity

For the Half Year Ended 31 December 2023

	Ordinary Shares	Retained Earnings	General Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2023	3,719,817	63,064	-	3,782,881
Profit / (Loss) for the half year	-	(15,869)	-	(15,869)
Transactions with owners in their capacity as owners				
Balance at 31 December 2023	3,719,817	47,195	-	3,767,012

	Ordinary Shares	Retained Earnings	General Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 July 2022	3,714,817	128,406	-	3,843,223
Profit / (Loss) for the half year	-	(16,744)	-	(16,744)
Transactions with owners in their capacity as owners				
Balance at 31 December 2022	3,714,817	111,662	-	3,826,479

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Consolidated Interim Statement of Cash Flows For the Half Year Ended 31 December 2023

	31 December 2023	31 December 2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	400,541	601,951
Payments to suppliers and employees (including GST)	(228,898)	(368,432)
Interest received	736	502
Net cash provided by/(used in) operating activities	<u>172,379</u>	<u>234,021</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capitalised software development costs	<u>(259,273)</u>	(353,180)
Net cash provided by/(used in) investing activities	<u>(259,273)</u>	(353,180)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceed of loans	<u>100,000</u>	100,000
Net cash provided by/(used in) financing activities	<u>100,000</u>	100,000
Net increase/(decrease) in cash and cash equivalents held	13,106	(19,159)
Cash and cash equivalents at beginning of year	<u>17,301</u>	33,114
Cash and cash equivalents at end of the half year	3 <u><u>30,407</u></u>	<u><u>13,955</u></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements For the Half Year Ended 31 December 2023

1 Material Accounting Policy Information

(a) Basis of Preparation

This condensed interim financial report for the half year reporting period ending 31 December 2023 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of SenterpriSys Limited ("SenterpriSys", "Company" or "Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the half year.

Accounting Policies

Unless otherwise stated, the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(b) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) Going concern

The financial report has been prepared on a going concern basis, which assumes the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. For the half-year ended 31 December 2023 the Group incurred a net loss of \$15,869 (31 December 2022: loss \$167,441). As at 31 December 2023 the Group had net tangible liabilities of \$1,322,483 (30 June 2023: net tangible liabilities of \$1,214,173) and current liabilities exceeded current assets by \$96,388 (30 June 2023: \$75,760)

These factors indicate a material uncertainty exists which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Group's ability to continue as a going concern is dependent on its ability to reverse the currently occurring operating position by restructuring operations, increasing sales, and obtaining replacement debt or equity funding. Rainrose Pty Ltd, a related party, has advanced \$1,206,345 as at 31 December 2023 (30 June 2023: \$1,106,345). Rainrose Pty Ltd has confirmed it will continue to support the Group for a period of at least 12 months from the date of signing and advance further funds in 2024 if required and has provided a letter of support to the Group.

Accordingly, management believe that the Group will be able to pay its debts as and when they fall due for a period of at least 12 months from the date of the financial statements. As a consequence of the above, the directors believe that notwithstanding the results for the year, the Group will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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Notes to the Financial Statements For the Half Year Ended 31 December 2023

2 Revenue and Other Income

Revenue from continuing operations

	31 December 2023 \$	31 December 2022 \$
Sales revenue		
- Rendering of services	371,940	429,836
Other revenue		
- interest received	736	502
Total revenue	372,676	430,338
Other income		
- other income	-	2,844
Total other income	-	2,844

3 Cash and Cash Equivalents

	31 December 2023 \$	30 June 2023 \$
Cash at bank and in hand	30,407	17,301

4 Issued Capital

	31 December 2023 \$	30 June 2023 \$
93,981,612 Ordinary shares	3,719,817	3,719,817

5 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2023 (30 June 2023: None).

6 Operating Segments

The Group has one operating segment, being support, maintenance and licensing fees for IT systems, and one geographical location, being Australia.

**Notes to the Financial Statements
For the Half Year Ended 31 December 2023****7 Related Parties**

The Company's main related parties are as follows:

1. Tamawood Limited and its controlled entities;
2. Lev Mizikovsky (Director) and Rainrose Pty Ltd;
3. Michael Fennell (Director);
4. Rade Dudurovic (Director);
5. Geoff Acton (Company Secretary) and G&S Quality Systems Pty Ltd;
6. Advance ZincTek Limited;
7. Veganic SKN Limited;
8. Winothai Pty Limited

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

(b) Transactions with related parties**(i) Sales of goods and services**

	31 December 2023	31 December 2022
	\$	\$
Advance ZincTek Limited		
- IT Services	40,059	46,578
Tamawood Limited		
- IT Services	331,881	383,258
Veganic SKN Limited		
- IT Services	4,806	-

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Notes to the Financial Statements For the Half Year Ended 31 December 2023

7 Related Parties (Cont'd)

(b) Transactions with related parties (Cont'd)

(ii) Purchase of goods and services

	31 December 2023	31 December 2022
	\$	\$
Advance ZincTek Limited		
- Expenses on charged at cost	21,020	-
Tamawood Limited		
- Rental of premises & related occupancy costs	-	5,466
- Other administration costs	-	-
Winothai Pty Ltd.		
- Management services	5,200	5,200

8 Events Occurring After the Reporting Date

The interim financial report was authorised for issue on 11 March 2024 by the board of directors.

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

9 Statutory Information

Registered office

The registered office and principal place of business of the company is:

SenterpriSys Limited
81 Shettleston Street
Rocklea QLD 4106

SenterpriSys Limited

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Directors' Declaration

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 4-11 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company 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 Board of Directors.



Lev Mizikovsky
Executive Chairman

Dated: 12 March 2024

Independent auditor's review report to the members of SenterpriSys Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of SenterpriSys Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the half-year financial report which indicates that the Group has incurred a net loss of \$15,869 for the period ended 31 December 2023 and as at 31 December 2023 the Group had net tangible liabilities of \$1,322,483 and a net deficiency of current assets of \$96,388. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the 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 responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 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*.

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.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



C. L. Sweeney
Director
Melbourne, 12 March 2024