

SenterpriSys Limited

ABN 14 146 845 123

Interim Financial Statements

For the Half Year Ended 31 December 2019

SenterpriSys Limited

ABN 14 146 845 123

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For the Half Year Ended 31 December 2019

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SenterpriSys Limited

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Directors' Report

For the Half Year Ended 31 December 2019

The directors submit the interim financial report of SenterpriSYS Limited ("SenterpriSYS") or the "Group") for the half year ended 31 December 2019.

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
Laurie Lefcourt	Non-executive Director
Michael Fennell	Managing Director
Company secretary	
Geoff Acton	(B.Com, ACA, GAICD)
Narelle Lynch	("Cert Gov Prac")

Operating results and review of operations for the year

The Group achieved an operating profit after tax of \$48,211 for the half year ended 31 December 2019 (31 December 2018: \$33,870 loss). SenterpriSYS continues to develop small enterprise management software ("Software") which will be commercially saleable. The revenue of \$370,172 was derived from continuing to provide support and maintenance for IT systems of Tamawood Limited, AstiVita Limited and Advance NanoTek Limited as well as licensing fees for the use of the 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 2019 has been received and can be found on page 2 of the interim financial report.

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



Director: Lev Mizikovsky

Dated 28 February 2020

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SENTERPRISYS LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019 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.



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



J. C. Luckins
Director

Dated this 28th day of February, 2020

ACCOUNTANTS & ADVISORS

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SenterpriSys Limited

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Interim Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 31 December 2019

		31 December 2019	31 December 2018
	Note	\$	\$
Revenue	2	370,172	250,054
Employee benefits expense		(151,849)	(48,933)
Depreciation expense		(2,443)	(7,123)
Professional fees		(74,547)	(151,836)
Information, communication and technology costs		(31,847)	(62,284)
Rent		(12,813)	(13,487)
Directors fees		(20,000)	-
Other expenses		(27,670)	(23,276)
Profit / (Loss) before income tax		49,003	(56,885)
Income tax benefit / (expense)		(792)	23,015
Profit / (Loss) for the half year		48,211	(33,870)
Other comprehensive income, net of income tax			
Total comprehensive income for the year		48,211	(33,870)
Earnings per share			
Basic earnings per share		0.07 cents	(0.047) cents
Diluted earnings per share		0.07 cents	(0.047) cents

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

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Interim Statement of Financial Position As At 31 December 2019

		31 December 2019	30 June 2019
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	-	93,880
Trade and other receivables		24,737	35,585
TOTAL CURRENT ASSETS		24,737	129,465
NON-CURRENT ASSETS			
Property, plant and equipment		74,520	91,988
Deferred tax assets		86,475	81,395
Intangible assets		3,285,080	2,725,308
TOTAL NON-CURRENT ASSETS		3,446,075	2,898,691
TOTAL ASSETS		3,470,812	3,028,156
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		75,995	45,853
Borrowings	5	12,603	-
Provisions		132,531	118,537
Unearned Income		326,460	9
TOTAL CURRENT LIABILITIES		547,589	164,399
NON-CURRENT LIABILITIES			
Provisions		39,297	33,914
Deferred Tax Liability		5,872	-
TOTAL NON-CURRENT LIABILITIES		45,169	33,914
TOTAL LIABILITIES		592,758	198,313
NET ASSETS		2,878,054	2,829,843
EQUITY			
Issued capital	4	3,009,391	3,009,391
Accumulated losses		(131,337)	(179,548)
TOTAL EQUITY		2,878,054	2,829,843

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

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Interim Statement of Changes in Equity

For the Half Year Ended 31 December 2019

	Ordinary Shares	Accumulated losses	Total
Note	\$	\$	\$
Balance at 1 July 2019	3,009,391	(179,548)	2,829,843
Profit / (Loss) for the half year	-	48,211	48,211
Transactions with owners in their capacity as owners			
Balance at 31 December 2019	3,009,391	(131,337)	2,878,054

	Ordinary Shares	Accumulated losses	Total
Note	\$	\$	\$
Balance at 1 July 2018	866,638	(185,556)	681,082
Profit / (Loss) for the half year	-	(33,870)	(33,870)
Transactions with owners in their capacity as owners			
Issue of shares	1,502,595	-	1,502,595
Balance at 31 December 2018	2,369,233	(219,426)	2,149,807

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

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Interim Statement of Cash Flows For the Half Year Ended 31 December 2019

	31 December 2019	31 December 2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	715,699	17,428
Payments to suppliers and employees (including GST)	(258,122)	(381,725)
Interest received	261	2,339
Net cash provided by/(used in) operating activities	<u>457,838</u>	<u>(361,958)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(4,549)	(8,802)
Investment in software	(559,772)	(573,329)
Net cash provided by/(used in) investing activities	<u>(564,321)</u>	<u>(582,131)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	-	(700,000)
Proceeds from issue of shares	-	1,502,595
Net cash provided by/(used in) financing activities	<u>-</u>	<u>802,595</u>
Net increase/(decrease) in cash and cash equivalents held	(106,483)	(141,494)
Cash and cash equivalents at beginning of year	93,880	167,695
Cash and cash equivalents at end of the half year	3 <u>(12,603)</u>	<u>26,201</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 2019

1 Summary of Significant Accounting Policies

(a) Basic of Preparation

This condensed interim financial report for the reporting period ending 31 December 2019 has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: 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" or the "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 2019.

Accounting Policies

Except as described below in Note (b), 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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Group has a single lease in place for office space for its (seven) 7 employees for term of a further twelve 12 months with the lease expiring in February 2021. The Group is presently considering relocation to other premises.

Notes to the Financial Statements

For the Half Year Ended 31 December 2019

1 Summary of Significant Accounting Policies

The Group has shown lease expenses for the six months ended 31 December 2019 in the figure for Rent in the Interim Statement of Profit and Loss and Other Comprehensive Income. The amounts calculated pursuant to AASB 16 are not considered material and, accordingly, the disclosures required under AASB 16 have not been made.

Going Concern

The financial statements have 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. As at 31 December 2019 the consolidated entity had a net current liability position of \$522,852 (30 June 2019: \$34,934). For the half year ended 31 December 2019 the consolidated entity earned a net profit of \$48,211 (2018: loss (\$33,870)) had net cash inflows from operating activities for the current year totalled \$457,838 (2018: \$361,958 outflows).

The Group's ability to continue as a going concern is dependent on its ability to generate revenue from non-related parties, the ongoing support of related parties, and, if necessary, obtaining debt or equity funding. Rainrose Pty Ltd has confirmed it will continue to support the Group and advance further funds in 2020 if required and has provided a letter of support to the Group. Subsequent to 31 December 2019, the Board has considered all means of sourcing further funding and is considering undertaking a Rights Issue to raise approximately \$1.9 million in May 2020.

Accordingly, the directors 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 these financial statements. These financial statements do not include adjustments relating to the recoverability and co 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 2019

2 Revenue and Other Income

Revenue from continuing operations

	31 December 2019	31 December 2018
	\$	\$
Sales revenue		
- Rendering of services	<u>369,911</u>	<u>247,715</u>
Other revenue		
- Interest received	<u>261</u>	<u>2,339</u>
Total revenue	<u><u>370,172</u></u>	<u><u>250,054</u></u>

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Notes to the Financial Statements For the Half Year Ended 31 December 2019

3 Cash and Cash Equivalents

	31 December 2019	30 June 2019
	\$	\$
Cash at bank and in hand	-	93,880

Cash and cash equivalents at the end of the financial year in the statement of cash flows is made up as follows:

Cash at bank and on hand	-	93,880
Bank overdraft	5 (12,603)	-
	<u>(12,603)</u>	<u>93,880</u>

4 Issued Capital

	31 December 2019	30 June 2019
	\$	\$
Ordinary shares	3,009,391	3,009,391

5 Borrowings

	31 December 2019	30 June 2019
	\$	\$
Bank Overdraft	12,603	-

6 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2019 (31 December 2018: None).

Notes to the Financial Statements
For the Half Year Ended 31 December 2019

7 Related Parties

The Group'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. Laurie Lefcourt (Director);
6. Geoff Acton (Company Secretary) and G&S Quality Systems Pty Ltd;
7. Advance NanoTek Limited;
8. AstiVita Limited;
9. CyberguardAU Pty Ltd;
10. Winothai Pty Ltd.

(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.

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Notes to the Financial Statements For the Half Year Ended 31 December 2019

7 Related Parties

(b) Transactions with related parties

(i) Sales of goods and services

	31 December 2019	31 December 2018
	\$	\$
AstiVita Limited		
- IT Services	20,822	15,000
Advance NanoTek Limited		
IT Services	31,874	12,000
Tamawood Limited		
IT Services	317,215	220,715

(ii) Purchase of goods and services

	31 December 2019	31 December 2018
	\$	\$
Tamawood Limited		
- Rental of premises & related occupancy costs	13,487	13,487
- Other administration costs	2,364	-
CyberGuardAU Pty Ltd		
- Other administration costs	14,838	72,011
Winothai Pty Ltd		
- Professional services	3,675	-

8 Events Occurring After the Reporting Date

The interim financial report was authorised for issue on 28 February 2020 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.

SenterpriSys Limited

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Notes to the Financial Statements For the Half Year Ended 31 December 2019

9 Statutory Information

Registered office

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

SenterpriSys Limited
15 Suscatand 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 3 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 2019 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.



Director: Lev Mizikovsky

Dated 28 February 2020

SenterpriSys Limited

Independent auditor's report to the members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of SenterpriSys Limited, which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 declaration by the directors of the responsible entity (SenterpriSys Limited).

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 SenterpriSys Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the entity had a net current liability position at 31 December 2019 of \$522,852 (30 June 2019: \$34,934); made a profit of \$48,211 (31 December 2018: \$33,870 loss); and had net cash inflows from operations of \$457,838 (31 December 2018: \$361,958 outflow) during the half year ended 31 December 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors' for the Half-Year Financial Report

The directors of the responsible entity 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 is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Auditor's Responsibilities for the Review of the Half-Year Financial Report

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 financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of SenterpriSys Limited, 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*.

A handwritten signature in blue ink that reads 'William Buck'.

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

A handwritten signature in blue ink that reads 'J. C. Luckins'.

J. C. Luckins

Director

Dated this 28th day of February 2020