

SenterpriSys Limited

ABN 14 146 845 123

Interim Financial Statements

For the Half Year Ended 31 December 2020

SenterpriSys Limited

ABN 14 146 845 123

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For the Half Year Ended 31 December 2020

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SenterpriSys Limited

ABN 14 146 845 123

Directors' Report For the Half Year Ended 31 December 2020

The directors submit the interim financial report of SenterpriSys Limited ("SenterpriSys" or the "Company") for the half year ended 31 December 2020.

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

Operating results and review of operations for the half year

The Company achieved an operating profit after tax of \$126,984 for the half year ended 31 December 2020 (31 December 2019: \$48,211). The revenue of \$486,580 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 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. SenterpriSys is resolving the last remaining "bugs" in the Software as part of the beta testing of the Software by Tamawood Limited before the Software is released to external users. It is anticipated the release will happen FY22.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Company 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 Company, the results of those operations or the state of affairs of the Company 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 2020 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.



Lev Mizikovsky
Non-executive Chairman

Dated: 26 February 2021

**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 2020 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

Melbourne, 26 February 2021

ACCOUNTANTS & ADVISORS

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Interim Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2020

		31 December 2020	31 December 2019
	Note	\$	\$
Revenue	2	486,580	370,172
Other income	2	100,000	-
Employee benefits expense		(228,882)	(151,849)
Depreciation expense		(17,883)	(2,443)
Professional fees		(98,161)	(74,547)
Information, communication and technology costs		(57,433)	(31,847)
Rent		(11,801)	(12,813)
Director fees		(20,000)	(20,000)
Other operating expenses		(22,926)	(27,670)
Profit before income tax		129,494	49,003
Income tax expense		(2,510)	(792)
Profit from continuing operations		126,984	48,211
Profit for the half year		126,984	48,211
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		126,984	48,211
Earnings per share			
Basic earnings per share		0.18 cents	0.07 cents
Diluted earnings per share		0.18 cents	0.07 cents

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

Interim Statement of Financial Position
As At 31 December 2020

		31 December 2020	30 June 2020
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	33,512	65,599
Trade and other receivables		41,300	30,989
TOTAL CURRENT ASSETS		74,812	96,588
NON-CURRENT ASSETS			
Property, plant and equipment		48,478	66,362
Deferred tax assets		85,587	88,097
Intangible assets		4,013,273	3,786,097
TOTAL NON-CURRENT ASSETS		4,147,338	3,940,556
TOTAL ASSETS		4,222,150	4,037,144
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		134,868	266,986
Provisions		139,648	139,648
Unearned Income		190,149	9
TOTAL CURRENT LIABILITIES		464,665	406,643
NON-CURRENT LIABILITIES			
Provisions		42,780	42,780
Borrowings		615,000	615,000
TOTAL NON-CURRENT LIABILITIES		657,780	657,780
TOTAL LIABILITIES		1,122,445	1,064,423
NET ASSETS		3,099,705	2,972,721
EQUITY			
Issued capital	4	3,009,391	3,009,391
Retained earnings		90,314	(36,670)
Total equity attributable to equity holders of the Company		3,099,705	2,972,721
TOTAL EQUITY		3,099,705	2,972,721

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

Interim Statement of Changes in Equity

For the Half Year Ended 31 December 2020

	Note	Ordinary Shares	Retained Earnings / (Accumulated Losses)	Total
		\$	\$	\$
Balance at 1 July 2020		3,009,391	(36,670)	2,972,721
Profit / (Loss) for the half year		-	126,984	126,984
Transactions with owners in their capacity as owners				
Balance at 31 December 2020		3,009,391	90,314	3,099,705

	Note	Ordinary Shares	Retained Earnings / (Accumulated Losses)	Total
		\$	\$	\$
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

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

Interim Statement of Cash Flows

For the Half Year Ended 31 December 2020

	31 December 2020	31 December 2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	788,988	715,699
Payments to suppliers and employees (including GST)	(593,976)	(258,122)
Interest received	77	261
Net cash provided by/(used in) operating activities	195,089	457,838
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(4,549)
Capitalised software development costs	(227,176)	(559,772)
Net cash provided by/(used in) investing activities	(227,176)	(564,321)
Net increase/(decrease) in cash and cash equivalents held	(32,087)	(106,483)
Cash and cash equivalents at beginning of year	65,599	93,880
Cash and cash equivalents at end of the half year	33,512	(12,603)

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 2020

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

This condensed interim financial report for the half year reporting period ended 31 December 2020 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. As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Company. 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 Company for the year ended 30 June 2020,

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 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 2020 the consolidated entity had a net current liability position of \$389,853 (30 June 2020: \$310,055). For the half year ended 31 December 2020 the consolidated entity recorded a decrease in net cash flows for the period of \$32,087 (2019: \$106,483) and at 31 December 2020 had a deficiency of net tangible assets of \$999,155 (30 June 2020: \$901,473).

The Company'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 Company and advance further funds in 2021 if required and has provided a letter of support to the Company.

Accordingly, the directors believe that the Company 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 classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

SenterpriSys Limited

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Notes to the Financial Statements For the Half Year Ended 31 December 2020

2 Revenue and Other Income

	31 December 2020 \$	31 December 2019 \$
Sales revenue		
- Rendering of services	<u>486,503</u>	<u>369,911</u>
Other revenue		
- interest received	<u>77</u>	<u>261</u>
Total revenue	<u>486,580</u>	<u>370,172</u>
Other income		
- Government grant – ATO cashflow boost	<u>100,000</u>	<u>-</u>
Total other income	<u>100,000</u>	<u>-</u>

Notes to the Financial Statements
For the Half Year Ended 31 December 2020**3 Cash and Cash Equivalents**

	31 December 2020	30 June 2020
	\$	\$
Cash at bank and in hand	33,512	65,599

4 Issued Capital

	31 December 2020	30 June 2020
	\$	\$
Ordinary shares	3,009,391	3,009,391

5 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2020 (31 December 2019:None).

6 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. 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.

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

6 Related Parties

(b) Transactions with related parties

(i) Sales of goods and services

	31 December 2020	31 December 2019
	\$	\$
AstiVita Limited		
- IT Services	22,612	20,822
Advance NanoTek Limited		
- IT Services	46,226	31,874
Tamawood Limited		
- IT Services	417,665	317,215

(ii) Purchase of goods and services

	31 December 2020	31 December 2019
	\$	\$
Tamawood Limited		
- Rental of premises & related occupancy costs	11,801	13,487
- Other administration costs	4,249	2,364
CyberGuardAU Pty Ltd.		
- Other administration costs	7,814	14,838
Winothai Pty Ltd.		
- Management services	225	3,675

7 Events Occurring After the Reporting Date

The interim financial report was authorised for issue on 26 February 2021 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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

SenterpriSys Limited

ABN 14 146 845 123

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

8 Statutory Information

Registered office

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

SenterpriSys Limited
15 Suscatand Street
Rocklea QLD 4106

Directors' Declaration

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 3 - 10 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 2020 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
Non-executive Chairman

Dated: 26 February 2021

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 2020, 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 2020 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*.

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 Company in accordance with 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 in the financial report, which indicates that the entity had a net current liability position at 31 December 2020 of \$389,853 (30 June 2020: \$310,055); recorded a decrease in net cash flows for the period of \$32,087 (2019: \$106,483) and had a deficiency of net tangible assets of \$999,155 (30 June 2020: \$901,473) during the half year ended 31 December 2020. 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.

ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

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Responsibilities of the Directors' 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 is free from material misstatement, whether due to fraud or error.

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. 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 Company's financial position as at 31 December 2020 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.

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, appearing to be "J. C. Luckins".

J. C. Luckins
Director

Melbourne, 26 February 2021