

SenterpriSys Limited

ABN 14 146 845 123

Interim Financial Statements

For the Half Year Ended 31 December 2021

SenterpriSys Limited

ABN 14 146 845 123

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For the Half Year Ended 31 December 2021

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Executive Chairman's Letter For the Half Year Ended 31 December 2021

The Company recorded a net loss of \$56,541 (31 December 2020: net profit \$126,984). The Company has a negative working capital position of \$22,057 (30 June 2021: \$212,244 positive). We can confirm that 75% of Project DeRisk (formerly BuilderSYS) has been completed and is being used by Tamawood Limited in its daily operations. The balance of Project DeRisk is expected to be completed by June 2022.

The Company has employed a new staff member to focus on business development and generating sales for Project DeRisk. Target markets and geographical locations are being identified.

The knowledge database software has been provided to two companies to beta test. It is anticipated this will be fully operational before December 2022. This software will form the basis for the first version of "QANOTIX" (ISO:9001 quality assurance software) which will be available in FY23 and suitable for use by a number of industries.

Following the recent capital raising, the Company has sufficient working capital to meet its obligations for the next 12 months. In addition, Rainrose Pty Ltd, an entity I control, has signed a letter of support guaranteeing the Company's obligations.



Lev Mizikovsky
Executive Chairman

Dated: 14 March 2022

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Directors' Report For the Half Year Ended 31 December 2021

The directors submit the interim financial report of the Company for the half year ended 31 December 2021.

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 year

The Company achieved an operating loss after tax of \$56,541 for the half year ended 31 December 2021 (31 December 2020: \$126,984 profit). The revenue of \$495,300 was derived from continuing to provide support and maintenance for IT systems of Tamawood Limited, AstiVita 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. SenterpriSys is working with Tamawood Limited to finalise the Software ready for commercial release. It is anticipated the Software will be finalised by June 2022 and commercial release will happen shortly thereafter.

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 2021 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: 14 March 2022

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 2021 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

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

J. C. Luckins

J. C. Luckins
Director

Melbourne, 14 March 2022

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 2021

		31 December 2021	31 December 2020
	Note	\$	\$
Revenue	2	495,300	486,580
Other income	2	-	100,000
Employee benefits expense		(185,068)	(228,882)
Depreciation and amortisation expense		(118,391)	(17,883)
Professional fees		(129,387)	(98,161)
Information, communication and technology costs		(69,774)	(57,433)
Rent		(11,733)	(11,801)
Director fees		(20,000)	(20,000)
Other operating expenses		(23,210)	(22,926)
Profit / (Loss) before income tax		(62,263)	129,494
Income tax benefit / (expense)		5,722	(2,510)
Profit / (Loss) for the half year		(56,541)	126,984
Other comprehensive income, net of income tax			
Total comprehensive income for the year		(56,541)	126,984

Earnings per share

Basic earnings per share	(0.06) cents	0.18 cents
Diluted earnings per share	(0.06) cents	0.18 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 2021

		31 December 2021	30 June 2021
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	346,276	352,947
Trade and other receivables		20,711	56,230
TOTAL CURRENT ASSETS		366,987	409,177
NON-CURRENT ASSETS			
Property, plant and equipment		27,715	30,887
Deferred tax assets		93,798	88,075
Intangible assets		4,465,492	4,289,311
TOTAL NON-CURRENT ASSETS		4,587,005	4,408,273
TOTAL ASSETS		4,953,992	4,817,450
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		116,042	50,478
Provisions		146,233	146,446
Unearned Income		126,769	9
TOTAL CURRENT LIABILITIES		389,044	196,933
NON-CURRENT LIABILITIES			
Provisions		48,579	47,607
Borrowings		606,345	606,345
TOTAL NON-CURRENT LIABILITIES		654,924	653,952
TOTAL LIABILITIES		1,043,968	850,885
NET ASSETS		3,910,024	3,966,565
EQUITY			
Issued capital	4	3,714,817	3,714,817
Retained earnings		195,207	251,748
Total equity attributable to equity holders of the Company		3,910,024	3,966,565
TOTAL EQUITY		3,910,024	3,966,565

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 2021

	Ordinary Shares	Retained Earnings / (Accumulated Losses)	Total
Note	\$	\$	\$
Balance at 1 July 2021	3,714,817	251,748	3,966,565
Total comprehensive income for the half year	-	(56,541)	(56,541)
Transactions with owners in their capacity as owners			
Balance at 31 December 2021	3,714,817	195,207	3,910,024

	Ordinary Shares	Retained Earnings / (Accumulated Losses)	Total
Note	\$	\$	\$
Balance at 1 July 2020	3,009,391	(36,670)	2,972,721
Total comprehensive income 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

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 2021

	31 December 2021	31 December 2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (including GST)	675,933	788,988
Payments to suppliers and employees (including GST)	(391,240)	(593,976)
Interest received	36	77
Net cash provided by/(used in) operating activities	<u>284,729</u>	<u>195,089</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(6,879)	-
Capitalised software development costs	(284,521)	(227,176)
Net cash provided by/(used in) investing activities	<u>(291,400)</u>	<u>(227,176)</u>
Net increase/(decrease) in cash and cash equivalents held	(6,671)	(32,087)
Cash and cash equivalents at beginning of year	<u>352,947</u>	<u>65,599</u>
Cash and cash equivalents at end of the half year	3 <u>346,276</u>	<u>33,512</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 2021

1 Summary of Significant Accounting Policies

(a) Basic of Preparation

This condensed interim financial report for the half year reporting period ended 31 December 2021 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 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 2021, 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. There was no impact for the Group based on adoption of these standards.

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. For the half year ended 31 December 2021 the Group made a net loss of \$56,541 (2021: \$126,984 profit), a reduction of cash of \$6,671 and had net tangible liabilities of \$649,266 (30 June 2021: \$410,821).

The Group's ability to continue as a going concern is dependent on its ability to reverse the currently occurring operating position after funding software development costs by restructuring operations, increasing sales, and, if necessary, obtaining replacement debt or equity funding. In addition, Rainrose Pty Ltd, a related party has advanced \$606,345 in funding, with the amount outstanding unchanged from 30 June 2021. Rainrose Pty Ltd has confirmed it will continue to support the Group and advance further funds in the next 12 months if required and has provided a letter of support to the Company.

In the event that the Group is unable to satisfy the above, a material uncertainty would arise that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the ordinary course of business.

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.

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

2 Revenue and Other Income

Revenue from continuing operations

	31 December 2021	31 December 2020
	\$	\$
Sales revenue		
- Rendering of services	495,264	486,503
Other revenue		
- interest received	36	77
Total revenue	<u>495,300</u>	<u>486,580</u>
Other income		
- other income	-	100,000
Total other income	<u>-</u>	<u>100,000</u>

3 Cash and Cash Equivalents

	31 December 2021	30 June 2021
	\$	\$
Cash at bank and in hand	46,276	52,947
Short-term deposits	300,000	300,000
	<u>346,276</u>	<u>352,947</u>

4 Issued Capital

	31 December 2021	30 June 2021
	\$	\$
94,056,612(2021: 94,056,612) Ordinary shares	<u>3,714,817</u>	<u>3,714,817</u>

5 Contingencies

In the opinion of the Directors, the Company did not have any contingencies as at 31 December 2021 (30 June 2021: 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.

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

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. Laurie Lefcourt (Director)
6. Geoff Acton (Company Secretary) and G&S Quality Systems Pty Ltd
7. Advance ZincTek 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.

(b) Transactions with related parties

(i) Sales of goods and services

	31 December 2021 \$	31 December 2020 \$
AstiVita Limited		
- IT Services	23,159	22,612
Advance ZincTek Limited		
- IT Services	25,864	46,226
Tamawood Limited		
- IT Services	420,940	417,665

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Notes to the Financial Statements For the Half Year Ended 31 December 2021

7 Related Parties

(b) Transactions with related parties

(ii) Purchase of goods and services

	31 December 2021	31 December 2020
	\$	\$
Tamawood Limited		
- Rental of premises & related occupancy costs	13,553	11,801
- Other administration costs	17,837	4,249
CyberGuardAU Pty Ltd		
- Other administration costs	27,568	7,814
Winothai Pty Ltd		
- Management services	6,930	225

8 Events Occurring After the Reporting Date

The interim financial report was authorised for issue on 14 March 2022 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.

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 4 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 2021 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: 14 March 2022

SenterpriSys Limited

Independent auditor's review 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 2021, 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 directors' declaration.

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 2021 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 loss of \$56,541 (2021: \$126,984 profit) recorded a decrease in cash for the period of \$6,671 and had a deficiency of net tangible assets at 31 December 2021 of \$649,266 (30 June 2021: \$410,821). 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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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 2021 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 that reads 'J. C. Luckins'.

J. C. Luckins
Director

Melbourne, 14 March 2022