

**Senternet Technologies Inc.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited without review by auditor)

	June 30, 2011	December 31, 2010	January 31, 2010
<b>Assets</b>			
<b>Current:</b>			
Cash	\$96	\$1,084	\$514
Accounts receivable	728	439	177
Deposit (Note 4)	5,000	5,000	5,000
	<u>5,824</u>	<u>6,523</u>	<u>5,691</u>
<b>Non-current:</b>			
<b>Marketable Securities</b>			
(100,000 common shares – All World Resources Corp.)	10,000	10,000	10,000
	<u>\$15,824</u>	<u>\$16,523</u>	<u>\$15,691</u>
<b>Equity and liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$178,938	\$168,120	\$168,120
<b>Equity attributable to the owners:</b>			
<b>Capital Stock</b>			
Authorized:			
Unlimited common shares			
Issued:			
6,694,330 common shares	3,036,071	3,036,071	3,036,071
Deficit	(3,199,185)	(3,187,668)	(3,170,947)
	<u>(163,114)</u>	<u>(151,597)</u>	<u>(134,876)</u>
	<u>\$15,824</u>	<u>\$16,523</u>	<u>\$16,523</u>

# Senternet Technologies Inc.

## CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

For the Six Month Period Ended June 30, 2011

(Unaudited without review by auditor)

	2011	2010
<b>Expenses:</b>		
Corporate services and accommodation	\$ 3,600	\$ 4,240
Shareholders' information	3,157	2,914
Transfer agent's fees and expenses	2,460	2,620
Legal and audit	<u>2,300</u>	<u>400</u>
<b>Net loss and comprehensive loss for the period</b>	<u>\$ 11,517</u>	<u>\$ 10,174</u>
<b>Loss per common share</b>	<u>\$ 0.002</u>	<u>\$ 0.002</u>

# Senternet Technologies Inc.

## CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

For the Three Month Period Ended June 30, 2011

(Unaudited without review by auditor)

	2011	2010
<b>Expenses:</b>		
Corporate services and accommodation	\$ 3,157	\$ 2,914
Shareholders' information	1,800	1,800
Transfer agent's fees and expenses	464	400
Legal and audit	<u>1,200</u>	<u>1,373</u>
<b>Net loss and comprehensive loss for the period</b>	\$ <u>6,621</u>	\$ <u>6,487</u>
<b>Loss per common share</b>	\$ <u>0.001</u>	\$ <u>0.001</u>

# Senternet Technologies Inc.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS

For the Six Month Period Ended June 30, 2011

(Unaudited without review by auditor)

	2011	2010
<b>Cash Provided by (Used in):</b>		
<b>Operating Activities:</b>		
Net loss	\$ (11,517)	\$ (10,174)
Increase in accounts receivable	(289)	(108)
Increase in accounts payable	<u>10,818</u>	<u>9,897</u>
<b>Decrease in cash</b>	(988)	(385)
<b>Cash, beginning of period</b>	<u>1,084</u>	<u>514</u>
<b>Cash, end of period</b>	<u>\$ 96</u>	<u>\$ 129</u>

# Senternet Technologies Inc.

*Condensed Interim Statements of Changes in Equity  
For the six month period ended June 30, 2011  
(Unaudited without review by auditor)*

	Common Shares	Amount	Deficit	Total
Balance , January 1, 2011	6,694,330	\$3,036,071	\$(3,187,668)	\$(151,597)
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>(11,517)</u>	<u>(11,517)</u>
Balance, June 30, 2011	<u>6,694,330</u>	<u>\$3,036,071</u>	<u>\$(3,199,185)</u>	<u>\$(163,114)</u>
Balance, January 1, 2010	6,694,330	\$3,036,071	\$(3,170,947)	\$(134,876)
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>(10,174)</u>	<u>(10,174)</u>
Balance, June 30, 2010	<u>6,694,330</u>	<u>\$3,036,071</u>	<u>\$(3,181,121)</u>	<u>\$(145,050)</u>

# Senternet Technologies Inc.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

June 30, 2011

*(Unaudited without review by auditor)*

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### 1. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS

These condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”) and IFRS 1 First-Time Adoption of International Financial Reporting Standards (“IFRS 1”).

The policies applied in these condensed interim financial statements based on the IFRS are expected to be in effect as of December 31, 2011. The Board of Directors approved these condensed interim financial statements on August 23, 2011.

Subject to the application of the transition elections disclosed in Note 8, the Company has consistently applied the same accounting policies from the opening IFRS statement of financial position as at January 1, 2010 (the Company’s “Transition Date”) and throughout all periods presented, as if these policies had always been in effect. These condensed consolidated interim financial statements should be read in conjunction with the Company’s Canadian GAAP annual financial statements.

The impact of the transition from Canadian GAAP to IFRS is explained in Note 8, including the effects of the transition to IFRS on equity and total comprehensive loss for the comparative periods.

### 2. FUTURE OPERATIONS

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company has sustained losses in recent years and has accumulated a deficit of \$3,199,185 at June 30, 2011. The ability of the Company to continue as a going concern is dependent on the Company’s ability to generate future profitable operations and receive the continued financial support of the shareholders and obtain additional financing.

The financial statements do not reflect adjustments that would be necessary if the “going concern” assumption were not appropriate. If the “going concern” basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying values of the assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on account and demand deposits.

## **Loss Per Share**

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share is computed using the weighted average number of common and potential common shares outstanding during the year. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options using the treasury stock method.

## **Use of Estimates**

The preparation of these financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

## **Stock based compensation**

The Company uses the Black-Scholes to estimate the fair value of the options at the date of grant. For graded vested share options, IFRS 2 requires the use of the attribution method, which requires that the Company treat each installment as a separate share option grant with a different fair value. Upon transition to IFRS, the Company provided for an estimate of the forfeiture rates determining the total share based compensation expense.

## **Future Income Taxes**

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, future income taxes are recognized for temporary differences between the tax and financial statement bases of assets and liabilities and for certain carry forward items. Future income tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

## **Measurement Uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results would differ from those estimates.

## **Foreign Currency Translation**

The Company translates its foreign denominated monetary assets and liabilities at the exchange rate prevailing at year-end. Non-monetary assets and liabilities are translated at historic rates. Revenues and expenses are translated at the rate of exchange in effect at the time of the transaction. Exchange gains or losses are included in operations.

## **Accounting standards issued but not yet applied**

At the date of approval of these condensed interim financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted as an accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standard, amendment and interpretation that is expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

### **IFRS 9 – Financial instruments: classification and measurement**

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost only in such instances that the entity is holding the financial asset to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, the financial asset must be measured at fair value through the statement of income. The new standard was also updated to included guidance on financial liabilities and de-recognition of financial instruments. The new standard is effective for years beginning on or after January 1, 2013. The Company has not yet considered the impact that this new standard will have on its consolidated financial statements.

## **4. DEPOSIT**

At the annual and special meeting of shareholders held May 1, 2006, a resolution was approved, to acquire up to 49% of the common shares of Real Fun Gifts Inc., a company that has interests in lifestyle properties. A deposit of \$5,000 towards the acquisition was paid.

## **5. INCOME TAXES**

The company has losses for income tax purposes which are available to reduce taxable income in future periods. Such benefits will be recorded as an adjustment to the income tax provision in the year realized.

- Non-capital losses of \$180,228 available for application against future years' income, which will expire over the years to 2012
- Capital losses of \$917,398 available for application against future years' capital gains, with no expiry date.
- Resource expenditures of \$1,264,962 available for application against future years' income, with no expiry date.



## **6. RELATED PARTY TRANSACTIONS**

During the period, the company paid \$6,060 to companies controlled by directors for administration, accounting and office services (2010- \$6,860)

## **7. STOCK OPTIONS**

The company maintains a share option plan (the "Plan") for the benefit of management, directors, officers and employees. The Plan provides that the aggregate number of common shares available for issuance pursuant to options granted under the Plan is limited to 5,000,000 common shares. In general, the maximum number of common shares reversed for issuance in respect of any one individual may not exceed 5.0%, or in respect of insiders of the company, may not exceed 10.0% of the number of common shares issued and outstanding.

Options are granted under the Plan at the discretion of the Board of Directors at exercise prices determined as the trading prices of the company's common shares on the day preceding the effective date of the grant. In general, options granted under the Plan vest over the period of up to a maximum of five years from the grant date and expire no later than the fifth anniversary of the date of grant. As of the balance sheet date, there are no stock options issued or outstanding.

## **8. CONVERSION TO IFRS**

These unaudited condensed interim financial statements are prepared in accordance with IAS 34, using accounting policies consistent with IFRS. The accounting policies described in Note 1 have been selected to be consistent with IFRS as is expected to be effective or available on December 31, 2011, the Company's first annual IFRS reporting date. These policies have been applied in the preparation of these unaudited condensed interim financial statements, including all comparative information.

### **First-time adoption of IFRS – exceptions and exemptions applied**

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening statement of financial position on the Company's Transition Date. However, IFRS 1 also dictates certain mandatory exceptions and allows certain optional exemptions from full retrospective application on the transition to IFRS. In preparing its Transition Date statement of financial position, the Company has applied the following mandatory exceptions:

- The estimates established by the Company in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles,
- Financial assets and liabilities that had been de-recognized before January 1, 2010 under previous GAAP have not been recognized under IFRS. The Company applied by anticipation the modification to IFRS 1 related thereto with respect to the application date of the exception, which is January 1, 2010.

The Company has also elected to apply the following exemptions:

- To apply IFRS 2 Share Based Payments, only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date;

### **Changes to accounting policies resulting from the conversion to IFRS**

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available on December 31, 2011, the Company's first annual IFRS reporting date. The impact of the changes to accounting policies on the recognition and measurement of assets, liabilities, equity, revenue and expenses within the Company's financial statements are presented below.

The following summarized the significant changes to the Company's accounting policies on adoption of IFRS.

#### **I) Share Based Payments**

The guidance provided by IFRS 2 is largely consistent with Canadian GAAP and requires estimates of the fair value of stock options to be made at the date of the grant and the recognition of the related expense in income as the options vest. The use of the Black-Scholes model is an acceptable method to estimate the fair value of the options at the date of grant. For graded vested share options, IFRS 2 requires the use of the attribution method, which requires that the Company treat each installment as a separate share option grant with a different fair value. In accordance with Canadian GAAP, the Company had previously applied the straight line method. Also, under Canadian GAAP, the Company previously recorded forfeitures as they occur, however upon transition to IFRS, the Company provided for an estimate of the forfeiture rates determining the total share based compensation expense. The Company's accounting policy related to share-based payments has been adjusted to reflect these differences.

#### **II) Impairment of Non-financial Assets**

IFRS requires a write down of assets if the higher of the fair value less cost to sale and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Canadian GAAP required a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets was less than its carrying value. The Company's accounting policies related to impairment of non-financial assets for impairment at the Transition Date (January 1, 2010) with the result that no impairment was required.

The changes in accounting policies resulting from the Company's adoption of IFRS had no impact on the unaudited condensed statements of financial position dated December 31, 2010 and January 1, 2010, the unaudited condensed statements of comprehensive loss for the six months ended June 30, 2010 and the three months ended June 30, 2010 and the unaudited condensed statement of cash flows for the six months ended June 30, 2010.