ENPRISE GROUP LIMITED AND SUBSIDIARIES
FINANCIAL STATEMENTS
MARCH 2017

Contents

Directors' Report

The Directors are pleased to submit to shareholders their report and financial statements for the year ended 31 March 2017.

Principal Activities

Enprise Group Limited (**Enprise**) currently has one operating division, Enprise Solutions, which is a solution provider for MYOB Enterprise software in Australia and New Zealand.

Enprise has a joint venture, Datagate Innovation Limited (**Datagate**), an early stage business that provides online reporting and billing portals under a Software-as-a-Service (SaaS) model for resellers of Telco/Utility services and hosted service providers.

Significant Changes in the State of Affairs

Enprise invested a further $250,000 in Datagate on 1 December 2016. The capital raising took place at $1.20 per share. If Enprise's shares in Datagate were valued at the last external issue price, the value of the investment would be $2,050,000. The Datagate capital raising was more than twice oversubscribed raising a total of $1,042,794. As Enprise only took up its entitlement, Enprise's share of Datagate was reduced to 44.19%.

Directors

Mr Lindsay Phillips (appointed 1 December 2013)
Mr George Cooper (appointed 10 April 2012)
Mr Nicholas Paul (appointed 1 December 2015)

Remuneration of Directors

The remuneration of the Directors for the year ended 31 March 2017 is set out below:

	Group	
	2017	2016
	$000	$000
Salaries, bonuses and commissions	**211**	261
Other benefits	**50**	12
Directors fees	**65**	63
Total compensation	**326**	336
Mark Loveys	-	112
George Cooper	**211**	150
Jens Neiser	-	15
Lindsay Phillips	**40**	40
Nicholas Paul	**75**	19
	326	336

Rounding of Amounts

Amounts in the directors' report and financial statements have been rounded off to the nearest thousand dollars.

Review of Operations and Outlook

Enprise is leveraging its position as the only MYOB EXO and MYOB Advanced reseller with offices in both New Zealand and Australia, to target trans-Tasman businesses. Enprise is well positioned to take advantage of the trend towards cloud while still having a stable, well supported, secure and continually developed on-premises offering. The Australian sales increased by 65.3% to $1.8 million, whilst New Zealand sales increased by 5.0% to $6.5 million. Profitability from operations before income tax increased by 35.1% to $816,000. Net tangible assets per share increased 162% to 15.1 cents per share.

The company paid dividends during the year of 5 cents per share. The total dividend for the year was $335,193 of which $168,437 was reinvested through the dividend reinvestment plan.

The company bought back 200,000 shares from Bridge 2 Limited that were issued as part of the purchase of Global Bizpro. The shares were purchased for 40 cents per share on 17 June 2016.

Enprise invested $250,000 in Datagate during the year. Datagate had twenty one paying customers at 31 March 2017 representing annualised recurring revenue of $222,000, a 106% increase from 31 March 2016. The Datagate rights issue in December 2016 was more than twice subscribed. The total cash raised by Datagate was $1,042,429 with external investors subscribing $792,429 and Enprise $250,000. Consequently, Enprise stake in Datagate reduced to 44.19%. If the Enprise shares in Datagate of 1,708,333 were valued at the rights issue price of $1.20 per share, the value of Enprise's Datagate investment would be $2,050,000. The actual carrying value of Datagate is $1,236,606 after a charge for the year of $410,722. The difference between the carrying value and the value at the last investment round is $813,394.

Enprise is actively exploring other opportunities in the SME software market.

Donations

Enprise made donations during the year of $870 (2016: $870).

Directors Interests

	Number of Shares
Lindsay Phillips*	1,493,465
George Cooper	404,523
Nicholas Paul	36,000

Top 10 Shareholdings

	Holding	%
New Zealand Central Securities Depository Limited	1,626,666	23.35
Nightingale Partners Pty Ltd*	1,074,646	15.43
Net Power Solutions Limited	711,408	10.21
Awatea Trust	432,376	6.21
Cooper Trust	319,425	4.59
Amely Zaininger	272,185	3.91
Ironwood Investments Pty Ltd*	214,691	3.08
Donwood Pty Ltd	155,067	2.23
Sarah May Loveys	144,316	2.07
Dixson Trust Pty Limited	89,748	1.29

*Related parties to Lindsay Phillips

The directors' report is signed for and on behalf of the Board, and was authorised for issue on the date below.

Nicholas Paul
Director
28 July 2017

George Cooper
Director
28 July 2017

Statement of Financial Position

As at 31 March 2017

	Note	2017 $000	2016 $000
ASSETS			
Current Assets			
Cash and cash equivalents		**598**	109
Trade and other receivables	11	**1,226**	1,079
Related party receivables	11	**6**	-
Lock Finance		**57**	58
Term deposit		**154**	154
Staff receivables		**8**	5
Total Current Assets		**2,049**	1,405
Non-Current Assets			
Investments in equity accounted joint venture	12	**1,237**	1,397
Property, plant and equipment	13	**104**	108
Staff receivables		**9**	3
Deferred tax asset	27	**325**	61
Intangible assets	14	**1,825**	1,890
Total Non-Current Assets		**3,500**	3,459
TOTAL ASSETS		**5,549**	4,864
LIABILITIES			
Current Liabilities			
Trade and other payables	15	**1,139**	935
Related party payables	15	**-**	2
Provisions	16	**193**	142
Other liabilities		**15**	15
Total Current Liabilities		**1,347**	1,094
Non-Current Liabilities			
Other liabilities		**34**	49
Deferred tax liability	27	**56**	44
Total Non-Current Liabilities		**90**	93
TOTAL LIABILITIES		**1,437**	1,187

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Financial Position (cont)

As at 31 March 2017

	Note	2017 $000	2016 $000
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	17	**2,936**	2,823
Retained earnings		**1,176**	854
TOTAL EQUITY		**4,112**	3,677
TOTAL EQUITY AND LIABILITIES		**5,549**	4,864

For and on behalf of the Board, who authorise the issue of these financial statements on 28 July 2017:

Nicholas Paul
Director
28 July 2017

George Cooper
Director
28 July 2017

Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	2017 $000	2016 $000
Continuing operations			
Revenue			
Software and licences		**4,262**	3,680
Services and support		**3,998**	3,559
Other revenue	6	**85**	38
		8,345	7,277
Cost of Goods Sold		**(3,222)**	(2,447)
Advertising and marketing expense		**(90)**	(128)
Employee benefits expense	7(d)	**(3,100)**	(3,001)
Professional fees	7(b)	**(183)**	(257)
Travel expenses		**(165)**	(72)
Other operating expenses	7(a)	**(631)**	(642)
Finance expense		**(41)**	(41)
Net gain/(loss) on foreign exchange		**3**	44
Depreciation & amortisation	7(c)	**(100)**	(129)
Profit from operations before income tax		**816**	604
Share of loss from equity accounted investment, net of tax	12	**(411)**	(103)
Gain on dilution of equity interest in joint venture		-	557
Gain on earn out of the acquisition of Global Bizpro		-	78
Profit before tax		**405**	1,136
Income (tax)/benefit	8	**252**	109
Net profit from continuing operations		**657**	1,245
Discontinued operations			
Profit (loss) from discontinued operation	25	-	**(562)**
Profit for the period		**657**	683
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		**657**	683

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income (cont)

	Note	2017 $000	2016 $000
Profit (Loss) attributable to:			
Owners of the Parent		**657**	702
Non-controlling interest		**-**	(19)
Profit for the period		**657**	683
Total comprehensive income (loss) attributable to:			
Owners of the Parent		**657**	702
Non-controlling interests		**-**	(19)
Total comprehensive income for the year		**657**	683

	Note	2017	2016
Earnings per share attributable to the ordinary equity holders of the company:	10		
Basic earnings per share		**0.094**	0.103
Diluted earnings per share		**0.094**	0.103
Basic earnings per share from continuing operations *		**0.094**	0.181
Diluted earnings per share from continuing operations *		**0.094**	0.181

* 2016 includes the fair value adjustment of the investment in Datagate of $557,049.

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 March 2017

	Note	2017 $000	2016 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**9,249**	8,681
Payments to suppliers and employees (inclusive of GST)		**(8,293)**	(8,158)
Interest paid		**(2)**	(41)
Interest received		**21**	12
Net cash flows from operating activities	18	**975**	494
Cash flows from investing activities			
Purchase of property, plant and equipment		**(15)**	(19)
Purchase of intangibles		**-**	(520)
Loans given to staff		**(25)**	-
Loans repaid by staff		**15**	29
Purchase of Global Bizpro		**-**	(296)
Proceeds for sale of Enprise Software		**51**	400
Investments in joint venture		**(250)**	-
Net cash outflow on disposal of subsidiary following loss of control		**-**	(488)
Net cash flows used in investing activities		**(224)**	(894)
Cash flows from financing activities			
Encap Loan		**-**	(100)
Nightingale Partners Loan		**-**	(336)
Dividends paid		**(335)**	
Proceeds from issue of shares		**193**	-
Share buyback		**(80)**	
Capital Raising – Datagate		**-**	650
Lock Finance		**1**	(77)
Insurance loan		**(35)**	1
Net receipts from related parties		**-**	15
Net cash flows used in financing activities		**(256)**	153
Net increase/(decrease) in cash and cash equivalents		**495**	(247)
Net foreign exchange differences		**(6)**	(23)
Cash and cash equivalents at beginning of period		**109**	379
Cash and cash equivalents at end of period		**598**	109

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

					2016
Group	Note	Share capital $000	Retained earnings $000	Non-controlling interest $000	Total equity $000
Balance at 1 April 2015		2,823	171	-	2,994
Net profit / (loss) for the period		-	702	(19)	683
Other comprehensive income		-	-	-	-
Transferred on dilution of equity interest in joint venture		-	(19)	19	-
Total comprehensive income for the period		-	683	-	683
Balance at 31 March 2016		2,823	854	-	3,677

				2017
Group	Share capital $000	Retained earnings $000	Non-controlling interest $000	Total equity $000
Balance at 1 April 2016	2,823	854	-	3,677
Net profit / (loss) for the period:	-	657	-	657
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	657	-	657
Transactions with owners, recorded directly in equity	113	(335)	-	(222)
Balance at 31 March 2017	2,936	1,176	-	4,112

The above statement of changes in equity should be read in conjunction with the accompany notes.

Notes to the Financial Statements

For the year ended 31 March 2017

1 Corporate information

The financial statements represented are those for the Enprise Group Limited.

Enprise Group Limited is a company limited by shares incorporated and domiciled in New Zealand whose shares are publicly traded on the New Zealand Alternative Market (NZAX).

The nature of the operations and principal activities of the Group are described in the Directors' Report section of this annual report.

2 Summary of significant accounting policies

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(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

(b) Changes in accounting policies

All policies have been applied on a basis consistent with the previous year.

(c) Statement of compliance

Enprise Group Limited is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and its financial statements comply with these acts. The company is listed on the New Zealand Stock Exchange Alternate Market.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), as appropriate for profit-oriented entities. They also comply with International Financial Reporting Standards ("IFRS").

(d) New accounting standards and interpretations

Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 31 March 2017. These are outlined in the table below.

Reference	Title	Summary of requirements	Effective date – periods beginning on or after	Impact on Group financial report	Application date for Group*
NZ IFRS 9	Financial Instruments: Classification and Measurement	This standard includes a new framework for classification and measurement of financial instruments and a forward-looking expected-loss impairment model. It requires all financial assets to be: (a) Classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. (b) Initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs (c) Subsequently measured at amortised cost or fair value.	1 January 2018	Due to the nature of the Group's financial assets and liabilities the introduction of a new classification (and associated measurement) framework is not expected to have a material impact on the financial instruments of the Group. The forward-looking impairment requirements are also unlikely to materially impact the financial statements as extended credit terms are rarely provided and the Group has not had a significant history of bad debts in the past. The Group also has extensive credit control policies and procedures in place that ensure that credit is only provided to good quality customers.	1 April 2018

NZ IFRS 15	Revenue from Contracts with Customers	The core principle of the Standard is to recognise revenue for the amount of consideration due to an entity in exchange for goods and services provided to the customer. This is done following a 5 step process: (1) Identify the contract with the customer (2) Identify the performance obligations in the contract (3) Determine the transaction price (4) Allocate the transaction price to the performance obligations in the contract and (5) Recognise revenue when (or as) the entity satisfies a performance obligation by transferring control of an asset to a customer. This may be at a point in time or over time. The standard is expected to have a significant impact on the timing of revenue recognition for the software industry.	1 January 2018	The Group has commenced a NZ IFRS 15 implementation project. It recognises that even where the new standard appears to be similar to existing requirements, its approach can be subtly different and result in significant change in relation to revenue recognition. A comprehensive review is needed of existing and planned sales contracts and therefore at this stage it is not possible to reliably quantify the impact of the new standard.	1 April 2018
NZ IFRS 16	Leases	NZ IFRS 16 removes the classification of leases as either operating or finance leases – for the lessee – effectively treating all leases as finance leases. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. Measures such as reported EBITDA will improve because what are currently accounted for as operating lease expenses will become depreciation and interest charges.	1 January 2019	The Group has a number of lease commitments which are likely to be required to be capitalised on the statement of financial position when the new standard is introduced. If NZ IFRS 16 were introduced at the current reporting date the leasing asset and associated liability would be a maximum of the net present value of the commitments disclosed in note 21.	1 April 2019

(e) Basis of consolidation

The consolidated financial statements of Enprise Group Limited ("the Group") comprise the financial statements of the parent and its subsidiaries (as outlined in note 19) as at 31 March each year.

Subsidiaries are all entities over which the parent has control. Control is obtained when the parent has power over the investee, is exposed to or has rights to variable returns from its investment and has the ability to use its power to affect returns.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method. The acquisition method involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquirer. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration is goodwill.

(f) Investment in subsidiaries

Subsidiary	31 March 2017	31 March 2016
Datasquirt (Australia) Pty Limited	100%	100%
Enprise Australia Pty Limited	100%	100%
Enprise Solutions Limited	100%	100%
Enprise Limited	100%	100%
GlobalBizpro Limited	100%	100%

(g) Investment in equity accounted investments – refer note 12

Joint Venture	Percentage Held	Balance Date
Datagate Innovation Limited	44.19%	31 March

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of NZ IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with NZ IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Enprise reduced its equity stake in Datagate on 5 November 2015 to 69.75%. Datagate became a joint venture on 11 December 2015 when a further 569,000 shares were issued in conjunction with a Datagate shareholders agreement resulting in the Company losing control but maintaining joint control. This triggered a fair value adjustment to the carrying value of Enprise's investment in Datagate. The capital raising took place at $1.00 per share, valuing the Company's equity interest at $1,500,000. On 4th February 2016 a further 242,000 shares were issued in Datagate reducing the Enprise share to 50.65%. The company later reduced its equity stake in Datagate on 1 December 2016 when a capital raising took place at $1.20 per share, valuing Enprise's Datagate shares at $2,050,000. On 23 December 2016 the capital raising was completed, the total cash raised in December 2016 was $1,042,794, reducing Enprise's share to 44.19%.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

(h) Segment reporting – refer note 5

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(i) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Enprise Group Limited is New Zealand dollars ($). The subsidiaries' and joint venture's functional currency is the local currency which is translated to presentation currency (see below).

(ii) Transactions & balances

Subsidiary/Joint Venture	Functional Currency	Presentation Currency
Datasquirt (Australia) Pty Limited	Australian dollars ($)	New Zealand dollars ($)
Enprise Australia Pty Limited	Australian dollars ($)	New Zealand dollars ($)
Enprise Solutions Limited	New Zealand dollars ($)	New Zealand dollars ($)
Enprise Limited	New Zealand dollars ($)	New Zealand dollars ($)
GlobalBizpro Limited	New Zealand dollars ($)	New Zealand dollars ($)
Datagate Innovation Limited	New Zealand dollars ($)	New Zealand dollars ($)

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(iii) Translation of Group Companies functional currency to presentation currency

The results of the subsidiaries are translated into New Zealand dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(k) Trade and other receivables – refer note 11

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

(l) Property, plant and equipment – refer note 13

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. The cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the specific assets:

Computer equipment – 20% to 50%
Office furniture and equipment – 10% to 50%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

(m) Leases – refer note 21

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(n) Intangibles – refer note 14

Goodwill

Goodwill that arises on the acquisition of subsidiaries are initially measured at cost of the business combination, being the excess of the consideration transferred over the fair value of the Subsidiaries' net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at the amount recognised at acquisition date less any accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. See note 14.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated intangible assets, is recognised in the statement of comprehensive income as incurred.

Except for goodwill, intangible assets are amortised on a straight-line basis in the statement of comprehensive income over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Software licenses 3-5 years
- Customer relationships 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Research and development costs
Research costs are expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated depreciation and accumulated impairment losses.

(o) Trade and other payables – refer note 15

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions and employee benefits – refer note 16

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Employee leave benefits

Wages, salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Revenue includes software implementation and support services.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The stage of completion of the transaction at the balance date can be measured reliably; and
- The cost incurred for the transaction and the costs to complete the transaction can be measured reliably

Contract revenue is also recognised under the percentage of completion method. A percentage of the revenue is recognised in the accounting period in which the services are rendered. The stage of completion is assessed by reference to surveys of work performed and delivered. When the outcome of an implementation and provisioning contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Contract income, which includes license fees, hosting fees and transaction fees, is recognised in the statement of comprehensive income in the accounting period in which the service is rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided.

(ii) Sale of goods

Revenue includes sales of software licenses.

The revenue from the sale of third party software is recognised at the time of sale. Revenue from in-house developed software is recognised on acceptance by the client.

The revenue from the maintenance on software developed by the Group is recognised over the period that the maintenance applies.

(iii) Interest revenue

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

(iv) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the rental income, over the term of the lease.

(r) Income tax and other taxes – refer note 8

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unutilised tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Temporary differences that can reasonably be foreseen in the next accounting period have been recognised as a deferred tax asset.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

i. when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
ii. receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and including the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(s) Earnings per share – refer note 10

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted number of ordinary shares and dilutive potential ordinary shares.

(t) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. The Group performs its impairment testing as at 31 March each year using the value in use method based on expected future revenue. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Key assumptions used in determining the future cash flows from each segment over the next 5 years with a terminal value. The terminal value is based on a 2% perpetual growth rate after 5 years. These assumptions are based on continued growth in new products and services being delivered by Enprise to both new and existing customers. The Australian growth rate is higher than New Zealand as Enprise has assumed increased customer acquisition off a smaller base, therefore a higher rate as a percentage.
The discount rate was estimated based on the weighted average cost of capital of similar public listed companies.

31 March 2017	Growth Rate	Discount Rate
Enprise Services – New Zealand	5%	20%
Enprise Services – Australia	10%	20%

31 March 2016	Growth Rate	Discount Rate
Enprise Services – New Zealand	5%	20%
Enprise Services – Australia	10%	20%

Management has performed sensitivity analysis on the key assumptions and believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of goodwill to be materially lower than its recoverable amount

(u) Contributed equity – refer note 17

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Discontinued operation – refer to note 5 and 25

A discontinued operation is a component of the Group's business, the operation and cash flows of which can be clearly distinguished from the rest of the Group and which:
· represents a separate major line of business or geographical area of operations;
· is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
· is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(w) Classification of investments

Financial assets
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.
Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through the profit and loss.

Financial instruments
Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. Financial assets at fair value through profit or loss are financial assets representing investments in units or convertible notes. Financial assets are designated in this category if they are managed and performance is evaluated on a fair value basis, in accordance with the Group's investment strategy. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as noncurrent. No financial assets were impaired in profit and loss account for the year ended 31 March 2017.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.
The Group's loans and receivables comprise receivables and cash and cash equivalents. Interest income is recognised by applying the effective interest rate.

Financial assets measurement
Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.
Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the period in which they arise.
The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

3 Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate, liquidity risk and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of the risks identified below, foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

Risk exposures and responses
Interest rate risk
The Group's exposure to market interest rates relates primarily to the Group's cash deposited in interest-bearing call accounts. Interest rates are monitored although there is generally no significant variation in interest rates offered by the different major banks.

The local operational bank accounts do not earn interest.

At 31 March 2017, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	**Post Tax Profit Higher/(Lower)**		**Equity Higher/(Lower)**	
	2017	2016	**2017**	2016
	$000	$000	**$000**	$000
Group				
+1% (100 basis points)	**8**	**3**	**8**	**3**
- 1% (100 basis points)	**(8)**	**(3)**	**(8)**	**(3)**

Credit risk
Credit risk arises from the financial assets of the Group, being trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2017	2016
	$000	$000
Loans and receivables	**1,307**	1,145
Cash and cash equivalents	**598**	109
Term deposits	**154**	154
Total	**2,059**	1,408

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

3 Financial risk management objectives and policies (cont)

The only significant concentration of credit risk within the Group exists in relation to cash and cash equivalents, the majority being held with two major trading banks.

Foreign currency risk

Each entity in the Group conducts the majority of its transactions in its functional currency.

The currency exposure of the Group arises from the effect of any substantial movements in currency rates on the transfer of funds (the large proportion being in Australian dollars) to the local currency of the subsidiary to fund operations.

The net exposure is not significant due to the size of the foreign operations and is mitigated by the regular transfer of small advances to spread the currency risk over time. Although each subsidiary or geographic segment is subject to variations in foreign currency rates, each segment is not material. Refer to note 5 on segment reporting.

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2017	2016
In thousands translated from Australian Dollars	**NZD $000**	NZD $000
Cash and cash equivalents	**63**	57
Trade and other receivables	**225**	132
Trade and other payables	**(379)**	(151)
Net statement of financial position exposure	**(91)**	38

The following significant exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2017	2016	**2017**	2016
Australian Dollars	**0.9383**	0.9191	**0.9174**	0.9023

At 31 March 2017, if exchange rates had moved with all other variables held constant, the impact to the post tax profit and equity would not be material.

Liquidity risk

Liquidity risk represents the Group's ability to meet its financial obligations on time. The Group's cash flow enables it to make timely payments. The Management evaluates the Group's liquidity requirements on an ongoing basis. The following tables set out the contractual cash flows for all financial liabilities:

Group – 2017

In thousands on New Zealand Dollars	**Carrying amount**	**Contractual cash flow**	**6 months or less**	**6 – 12 months**	**1 – 2 years**	**2 – 5 years**
Trade and other payables	1,139	1,139	1,139	-	-	-
Related party payables	-	-	-	-	-	-
Other liabilities	49	49	8	7	15	19
Total	**1,188**	**1,188**	**1,147**	**7**	**15**	**19**

Group – 2016

In thousands on New Zealand Dollars	**Carrying amount**	**Contractual cash flow**	**6 months or less**	**6 – 12 months**	**1 – 2 years**	**2 – 5 years**
Trade and other payables	935	935	935	-	-	-
Related party payables	2	2	2	-	-	-
Other liabilities	64	64	8	7	15	34
Total	**1,001**	**1,001**	**945**	**7**	**15**	**34**

Financial instruments classification

Group 31 March 2017	Non-derivative financial liabilities $000	Loans and receivable $000	Fair value through profit or loss $000	2017 Total $000
Financial Assets:				
Cash and cash equivalents	-	598	-	**598**
Trade and other receivables	-	1,226	-	**1,226**
Related party receivables	-	6	-	**6**
Lock Finance	-	57	-	**57**
Staff receivables	-	17	-	**17**
Term deposit	-	-	154	**154**
Total	-	1,904	154	**2,058**
Financial Liabilities:				
Trade and other payables	1,139	-	-	**1,139**
Related party payables	-	-	-	**-**
Other liabilities	49	-	-	**49**
Total	1,188	-	-	**1,188**

Group 31 March 2016	Non-derivative financial liabilities $000	Loans and receivable $000	Fair value through profit or loss $000	2016 Total $000
Financial Assets:				
Cash and cash equivalents	-	109	-	109
Trade and other receivables	-	1,079	-	1,079
Lock finance	-	58	-	58
Staff receivables	-	8	-	8
Term deposit	-	-	154	154
Total	-	1,254	154	1,408
Financial Liabilities:				
Trade and other payables	935	-	-	935
Related party payables	2	-	-	2
Other liabilities	64	-	-	64
Total	1,001	-	-	1,001

The Lock Finance facility is secured over Trade Receivables of Enprise Solutions Limited and Enprise Australia Pty Limited.

4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 14. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 2(t))

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. The Group follows the guidance of NZ IAS 36 to determine if a non-financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, external sources of information, such as significant changes with adverse effect and market rates, as well as internal sources of information, such as evidence of obsolescence or physical damage.

Recognition of the deferred tax asset

The Group has recognised a deferred tax asset on its statement of financial position as at reporting date. Significant judgement is required in determining if the utilisation of deferred tax assets is probable. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

The Group has recognised the benefit of a deferred tax asset for unutilised tax losses for one years' forecast taxable profit in New Zealand. The Directors have not recognised the benefit of unutilised tax losses beyond one year due to uncertainty with regards to future shareholder continuity.

Classification of Datagate as a joint venture

Datagate is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, the parties are bound by a shareholder agreement that governs each party's rights and obligations. There are no other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Datagate is classified as a joint venture of the Group. Refer to note 27 for details

5 Segment information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Board of Directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board of Directors and the Chief Executive Officer for the purposes of allocating resources and assessing performance.

The geographic segments are described in the table below:

Legal Entity	**Location**	**Geographic region**
Enprise Group Limited *(Parent)*	New Zealand	New Zealand
Enprise Solutions Limited	New Zealand	New Zealand and Worldwide
Enprise Australia Pty Limited	Australia	Australia
Datasquirt (Australia) Pty Limited *(Non-Trading)*	Australia	Australia
Enprise Limited *(Non-Trading)*	New Zealand	New Zealand
Global Bizpro Limited *(Non-Trading)*	New Zealand	New Zealand
Datagate Innovation Limited *	New Zealand	New Zealand

* Datagate has been recognised as a subsidiary until 11 December 2015 when the company lost control. From 11 December 2015, Datagate has been recognised as a joint venture as the Company has joint control.

5 Segment information (cont)

Geographic segments

The following table presents revenue, profit, and certain asset information regarding the subsidiaries' performance for the year.

Year ended 31 March 2017	New Zealand $000	Australia $000	Asia $000	North America $000	EMEA $000	TOTAL $000
Continued operations						
Revenue	6,382	1,797	81	-	-	8,260
Other income	64	-	-	-	-	64
Interest Received	21	-	-	-	-	21
Total segment revenue	6,467	1,797	81	-	-	8,345
Inter-segment elimination	-	-	-	-	-	-
Total group revenue	6,467	1,797	81	-	-	8,345
Share of loss from equity accounted associate	(411)	-	-	-	-	(411)
Inter-segment elimination	-	-	-	-	-	-
Net profit	526	131	-	-	-	657
Depreciation & amortisation	100	-	-	-	-	100
Capital expenditure	31	-	-	-	-	31
Segment assets – current	2,610	290	-	-	-	2,900
Investments in equity accounted associate	1,237	-	-	-	-	1,237
Segment assets – other non-current	1,780	158	-	-	-	1,938
Inter-segment elimination	(526)	-	-	-	-	(526)
Total group assets	5,101	448	-	-	-	5,549
Liabilities	1,057	906	-	-	-	1,963
Inter-segment elimination	-	(526)	-	-	-	(526)
Total group liabilities	1,057	380	-	-	-	1,437

Year ended 31 March 2016	New Zealand $000	Australia $000	Asia $000	North America $000	EMEA $000	TOTAL $000
Revenue	6,122	1,087	30	-	-	7,239
Other income	26	-	-	-	-	26
Interest received	12	-	-	-	-	12
Total segment revenue	6,160	1,087	30	-	-	7,277
Inter-segment elimination	-	-	-	-	-	-
Total group revenue	6,160	1,087	30	-	-	7,277
Discontinued operations						
Revenue	37	62	2	218	71	390
Interest received	-	-	-	-	-	-
Total group revenue	37	62	2	218	71	390
Total foreign sourced revenue	-	-	-	-	-	-
Inter-segment elimination	-	-	-	-	-	-

5 Segment information (cont)

Year ended 31 March 2016	New Zealand $000	Australia $000	Asia $000	North America $000	EMEA $000	TOTAL $000
Share of loss from equity accounted associate	(103)	-	-	-	-	(103)
Inter-segment elimination	-	-	-	-	-	-
Net profit	692	(9)	-	-	-	683
Depreciation & amortisation	129	-	-	-	-	129
Capital expenditure	468	-	-	-	-	468
Segment assets – current	1,997	190	-	-	-	2,187
Investments in equity accounted associate	1,397	-	-	-	-	1,397
Segment assets – other non-current	1,846	155	-	-	-	2,001
Inter-segment elimination	(721)	-	-	-	-	(721)
Total group assets	4,519	345	-	-	-	4,864
Liabilities	1,023	885	-	-	-	1,908
Inter-segment elimination	-	(721)	-	-	-	(721)
Total group liabilities	1,023	164	-	-	-	1,187

*EMEA (Europe, Middle East and Africa)

	Enprise Services	Enprise Software	Datagate	Corporate	Total
31 March 2017					
Revenue	8,260	-	-	-	8,260
Other income	64	-	-	-	64
Total segment revenue	8,324	-	-	-	8,324
Interest received	15	-	-	6	21
Total group revenue	8,339	-	-	6	8,345
Interest expense	-	-	-	(2)	(2)
Depreciation and amortisation	(100)	-	-	-	(100)
Total group expense	(100)	-	-	(2)	(102)
Software impairment	-	-	-	-	-
Gain on dilution of equity interest in joint venture	-	-	-	-	-
Share on sale – loss on sale	-	-	-	-	-
Non-controlling interest	-	-	-	-	-
Share of loss from equity accounted associated	-	-	-	(411)	(411)
Net profit / (loss)	1,185	-	-	(528)	657

5 Segment information (cont)

31 March 2016					
Revenue	7,182	390	57	-	7,629
Other income	25	-	-	-	25
Total segment revenue	7,207	390	57	-	7,654
Interest received	-	-	1	12	13
Total group revenue	7,207	390	58	12	7,667
Interest expense	(41)	-	-	-	(41)
Depreciation and amortisation	(113)	(39)	(16)	-	(168)
Total group expense	(154)	(39)	(16)	-	(209)
Software impairment	-	(213)	-	-	(213)
Gain on dilution of equity interest in joint venture	-	-	-	557	557
Share on sale – loss on sale	-	(227)	-	-	(227)
Non-controlling interest	-	-	19	-	19
Share of loss from equity accounted associated	-	-	-	(103)	(103)
Net profit / (Loss)	1,269	(562)	(153)	129	683

Assets and liabilities are not reported by segment to the Board of Directors. They are reported on a consolidated group basis.
Enprise Software is a discontinued operation. Enprise Software was sold to ProjectLine on 1 November 2015.

6 Other revenue

	2017 **$000**	2016 $000
Interest income	**21**	13
Rent income	**64**	25
	85	38

7 Expenses

	2017 $000	2016 $000
(a) Other operating expenses		
Communications	**60**	73
Premises (operating lease)	**194**	189
Other	**377**	380
	631	642
(b) Professional fees		
Directors fees	**65**	63
Accountancy	**23**	24
Auditor's remuneration (See note 24)	**88**	66
Legal	**7**	104
	183	257
(c) Depreciation and amortisation		
Depreciation	**35**	20
Amortisation – Customer Relationship	**65**	65
Amortisation – Software	**-**	44
	100	129
(d) Employee benefits expense		
Wages and salaries	**3,028**	2,922
Superannuation	**72**	79
	3,100	3,001

8 Income tax

	2017 $000	2016 $000
(a) **Income tax expense**		
Statement of comprehensive income		
Current income tax benefit	**(252)**	(109)
(b) **Reconciliation between tax at statutory rate and tax expense in the statement of comprehensive income**		
Profit before tax from continuing operations	**405**	1,136
Loss before tax from discontinuing operations	**-**	(562)
	405	574
Parent and Subsidiaries Profit taxed at 28%	**286**	583
Australian Subsidiary Profit (Loss) taxed at 30%	**119**	(9)
	405	574
Statutory tax at 28% to 30% thereon	**116**	160
Temporary Differences	**(252)**	(109)
Non-deductible items	**103**	148
Non-assessable items	**-**	(121)
Tax losses utilised	**(219)**	(187)
Income tax expense reported in the statement of comprehensive income	**(252)**	(109)
(c) **Unrecognised temporary differences and tax losses**		
Unrecognised temporary differences are not material		
Accumulated tax losses	**(8,819)**	(10,009)
(d) Aggregate temporary differences from investments in subsidiaries and associates for which no deferred tax asset has been recognized:	**-**	94
(e) Imputation credits available in subsequent period	**15**	15

9 Dividends paid

A final dividend of 3.5 cents (2016: 3 cents) per share was declared on 2 June 2017, the record date is 3 July 2017. The dividend amount was $243,383 and paid on 17 July 2017. The dividend reinvestment plan will not apply.

An interim dividend of 2.0 cents per share was paid on 18 November 2016. The dividend amount was $137,445. The dividend reinvestment plan applied resulting in 94,397 new shares being issued.

10 Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

	2017 $000	2016 $000
(a) Earnings used in calculating earnings per share		
For basic earnings per share:		
Net profit attributable to ordinary equity holders of the parent	**657**	702
For diluted earnings per share:		
Net profit attributable to ordinary equity holders of the parent (from basic EPS)	**657**	702
Net profit attributable to ordinary equity holders of the parent	**657**	702

(b) Weighted average number of shares	**2017 Thousands**	2016 Thousands
Balance as at 1 April	**6,791**	6,791
Issue of ordinary shares – Staff	**50**	-
Cancellation of ordinary shares – Global Bizpro	**(200)**	-
Issue of ordinary shares – Dividend Reinvestment Plan	**325**	-
Balance at end of year	**6,966**	6,791
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares	**6,837**	6,791

	2017 Cents per share	**2016 Cents per share**
Basic earnings per share for the continued operation	9.6	10.3
Basic loss per share for the discontinued operation	-	(8.3)
Diluted earnings per share for the continued operation	9.6	10.3
Diluted loss per share for the discontinued operation	-	(8.3)

The earnings and weighted average number of ordinary issued shares used in the calculation of basic earnings per share are as follows:

	$000
Net Profit attributable to ordinary equity holders	657
	No.
Weighted average number of shares for the purpose of basic earnings per share	6,837,122

10 Earnings per share (cont)

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

11 Current assets - trade and other receivables

		2017	2016
		$000	$000
Trade receivables		**1,227**	1,033
Allowance for impairment loss	(a)	**(88)**	(87)
Other receivables		**87**	133
Carrying amount of trade and other receivables		**1,226**	1,079
Related party receivables	(b)		
Subsidiaries		**-**	-
Associate		**6**	-
		6	-

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for bad debts is recognised when there is objective evidence that an individual trade receivable is impaired.

Bad debts of $18,767 (2016: $36,748) have been recognised by the Group and bad debts recovery of $42,007 (2016: 17,017) by the Group in the current year. These amounts have been included in the other operating expenses item.

Movements in the provision for impairment loss were as follows:

	2017	2016
At 1 April	**(87)**	(66)
Charge for the year	**(43)**	(46)
Amounts Recovered	**42**	25
At 31 March	**(88)**	(87)

At 31 March 2017, the aging analysis of trade receivables is as follows:

		Total	**0 – 30 days**	**31 – 60 days**	**61- 90 days PDNI***	**+91 days PDNI***	**+91 days CI***
2017	Group	1,227	738	250	48	124	67
2016	Group	1,033	684	176	42	44	87

* Past due not impaired (PDNI) Considered impaired (CI)

11 Current assets - trade and other receivables (cont)

(b) Related Party Receivables

For terms and conditions of related party receivables refer to note 19.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(d) Foreign exchange and interest risk

For further information on the management of foreign exchange and interest risk refer to note 3.

12 Non-current assets – investments in equity accounted associate

	2017	2016
	$000	$000
Opening balance	**1,398**	-
Investments in associate for the year	**250**	1,500
Share of loss for the year	**(411)**	(103)
	1,237	1,397

Please refer to note 26 – Joint Venture.

The accounted associate is not a publicly listed entity and consequently does not have published price quotation.

The company reduced its equity stake in Datagate on 23 December 2016 to 44.19%. Enprise invested a further $250,000 in a capital raising. The capital raising took place at $1.20 per share, valuing the Company's equity interest at $2,050,000.

Datagate is an early stage software company that is incurring losses however it is actively marketing its product. The recoverability of the investment in the joint venture is dependent on the joint venture meeting its profit forecast. If the joint venture were unable to meet its profit forecast, adjustments may need to be made to the carrying value of the investment in joint venture. Further details on the joint venture is provided in note 26.

Reconciliation of the net assets of the joint venture

Net assets of the joint venture	2,213
Proportion of the Group's ownership interest in the joint venture 44.19%	978
Goodwill	259
Carrying amount of the Group's interest in the joint venture	1,237

13 Non-current assets – property, plant and equipment

	Computer equipment $000	Furniture and fittings $000	Office equipment $000	Total $000
Year ended 31 March 2017				
Cost	165	171	84	**420**
Accumulated depreciation and impairment	(149)	(94)	(69)	**(312)**
Carrying value at beginning of the year	16	77	15	**108**
Additions	31	-	-	**31**
Disposals	(1)	-	-	**(1)**
Depreciation charge for the year	(13)	(17)	(4)	**(34)**
Carrying value at the end of the year	33	60	11	**104**
At 31 March 2017				
Cost	150	171	84	**405**
Accumulated depreciation and impairment	(117)	(111)	(73)	**(301)**
Net carrying amount	33	60	11	**104**

	Computer equipment $000	Furniture and fittings $000	Office equipment $000	Total $000
Year ended 31 March 2016				
Cost	154	171	84	**409**
Accumulated depreciation and impairment	(129)	(76)	(64)	**(269)**
Carrying value at beginning of the year	25	95	20	**140**
Additions	19	-	-	**19**
Disposals	(8)	-	-	**(8)**
Depreciation charge for the year	(20)	(18)	(5)	**(43)**
Carrying value at end of year	16	77	15	**108**
At 31 March 2016				
Cost	165	171	84	**420**
Accumulated depreciation and impairment	(149)	(94)	(69)	**(312)**
Net carrying amount	16	77	15	**108**

14 Non-current assets – intangible assets

	Customer relationship $000	Goodwill $000	Software licences $000	Total $000
Year ended 31 March 2017				
Cost	329	1,626	-	**1,955**
Accumulated amortisation and impairment	(65)	-	-	**(65)**
Carrying value at the beginning of the year	264	1,626	-	**1,890**
Amortisation charge for the year	(65)	-	-	**(65)**
Carrying value at end of year	199	1,626	-	**1,825**
At 31 March 2017				
Cost	329	1,626	-	**1,955**
Accumulated amortisation and impairment	(130)	-	-	**(130)**
Net carrying amount	199	1,626	-	**1,825**

	Customer Relationship $000	Goodwill $000	Software licences $000	Total $000
Year ended 31 March 2016				
Cost	329	2,145	1,838	4,312
Accumulated amortisation and impairment	-	-	(700)	(700)
Carrying value at the beginning of the year	329	2,145	1,138	3,612
Additions	-	-	449	449
Disposal of business	-	(532)	(1,314)	(1,846)
Impairment	-	-	(213)	(213)
Amortisation charge for the year	(65)	-	(60)	(125)
Effect of foreign exchange differences	-	13	-	13
Carrying value at end of year	264	1,626	-	1,890
At 31 March 2016				
Cost	329	1,626	-	1,955
Accumulated amortisation and impairment	(65)	-	-	(65)
Net carrying amount	264	1,626	-	1,890

The carrying amount of goodwill allocated to Australia's CGU is $417,244 and the carrying amount of goodwill for New Zealand's is $1,209,080.

Due to the divestment of Enprise Software and Datagate, goodwill decreased during the prior reporting period.

Description of the Group's intangible assets

Customer Relationships

Customer relationship costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line value method over a period of 5 years. The amortisation has been recognised in the statement of comprehensive income in the line item depreciation and impairment. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

15 Current liabilities - trade and other payables

		2017 $000	2016 $000
Trade payables		520	387
Payroll liabilities		72	69
Insurance loan		-	35
Other payables		547	444
Carrying amount of trade and other payables		1,139	935
Related party payables	(a)		
Subsidiaries		-	-
Other related parties (note 19)		-	2
		-	2

(a) Related party payables

For terms and conditions relating to related party payables refer to note 19.

(b) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(c) Foreign exchange and liquidity risk

For further information on the management of foreign exchange and liquidity risk refer to note 3.

16 Current liabilities – provisions

	2017 $000	2016 $000
Employee entitlements	**193**	142
At 31 March	**193**	142

The staff leave entitlements which consist of holiday pay are due and payable, it is expected that they will be paid within the following 12 month period.

17 Contributed equity

	2017 $000	2016 $000
Ordinary shares		
Issued and fully paid	**2,936**	2,823

Ordinary shares have no par value. Each share entitles the holder to one vote and the right to dividends. On wind up each share has equal share of residual assets.

	Thousands	$000
Movement in ordinary shares on issue		
At 1 April 2016	**6,791**	2,823
Cancellation of ordinary shares	**(200)**	(80)
Issue of ordinary shares	**230**	113
Issue of ordinary shares	**50**	25
Issue of ordinary shares	**95**	55
At 31 March 2017	**6,966**	2,936

On 1 February 2015, 200,000 shares were issued to Global Bizpro. The shares were issued at a price of $0.50 per share. These shares were brought back on 17 June 2016 at a price of 40 cents and subsequently cancelled.

On 22 July 2016, 230,231 shares were issued pursuant to a dividend reinvestment plan offered to eligible shareholders. The shares were issued at a price of $0.494 per share.

On 9 September 2016, 50,420 shares were issued in a private placement to staff. The shares were issued at a price of $0.50 per share.

On 18 November 2016, 94,397 shares were issued pursuant to a dividend reinvestment plan offered to eligible shareholders. The shares were issued at a price of $0.5795 per share.

The Group's objectives when managing capital, that is share capital, foreign translation reserve and retained earnings, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

The Group is not subject to any externally imposed capital requirements.

18 Statement of cash flows reconciliation

	2017	2016
	$000	$000
Reconciliation of net profit to net cash flows from operations		
Net profit	**657**	683
Adjustments for non-cash items:		
Depreciation and amortisation	**100**	168
Net loss / (gain) on foreign exchange	**(3)**	(44)
Gain on Datagate Joint Venture	-	(557)
Income tax benefit	**(252)**	109
Gain on earn out of Global Bizpro	-	(78)
Loss on sale of Enprise Software	-	440
Share of loss from equity accounted Joint Venture	**411**	103
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**(153)**	255
(Decrease)/increase in trade and other payables	**230**	(629)
Decrease in other liabilities	**(15)**	(15)
Net liabilities disposed of on dilution of Datagate	-	59
Net cash from operating activities	**975**	494

19 Related party disclosure

(a) Subsidiaries and joint venture

The consolidated financial statements include the financial statements of Enprise Group Limited, the subsidiaries and the joint venture, as listed in the following table:

Subsidiary name	Country of incorporation	Principal Activity	% of equity interest		Investment ($000)	
			2017	2016	**2017**	2016
Datasquirt (Australia) Pty Limited *	Australia	Software sales	-	100	-	-
Enprise Solutions Limited	New Zealand	Software sales	**100**	100	**2,075**	2,075
Enprise Australia Pty Limited	Australia	Software sales	**100**	100	-	-
Enprise Limited	New Zealand	Software sales	**100**	100	-	-
Global Bizpro Limited	New Zealand	Software sales	**100**	100	-	-

* Datasquirt (Australia) Pty Limited was deregistered in January 2017.

Joint Venture name	Country of incorporation	Principal Activity	% of equity interest		Investment ($000)	
			2017	2016	**2017**	2016
Datagate Innovation Limited	New Zealand	Software Sales	**44.19**	50.65	**1,352**	1,397

(b) Ultimate parent

Enprise Group Limited is the ultimate New Zealand parent entity and the ultimate parent of the Group.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 20.

(d) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade receivables and payables at year-end, refer to notes 11 and 15 respectively):

Related Party		Sales to related parties $000	Purchases from related parties $000	Amounts owed by related parties $000	Amounts owed to related parties $000
Group					
Datagate Innovation Limited	**2017**	**58**	-	**6**	-
	2016	38	-	-	-
Nicholas Paul (Director)*	**2017**	-	**50**	-	-
	2016	-	-	-	2

*The outstanding balance from The Sales Factory within creditors is related by Nicholas Paul, who is a common director for both companies.

' The outstanding balance from Symetri Ltd is related by Lindsay Phillips, who is a common director for both companies. A balance of $300K was advanced and repaid in the 2017 financial year.

19 Related party disclosure (cont)

Terms and conditions of transactions with related parties:

(i) Shareholders and other related parties

During the year, the group provided and received services on standard commercial terms with related parties.

(ii) Subsidiaries

The transactions between the parent, Enprise Group Limited, and its subsidiaries, are comprised of cash advances from the subsidiaries to the parent ($193k), and purchases made on behalf of the subsidiaries by the parent ($750k).

20 Key management personnel

Compensation for key management personnel

	2017 **$000**	2016 $000
Salaries, bonuses and commissions	**211**	261
Other benefits	**-**	12
Directors fees	**65**	63
Total compensation	**276**	336

During the year, the number of employees or former employees, not being non-executive directors of Enprise Group Limited received remuneration and the value of other benefits that exceeded $100,000 as follows:

	2017	2016
	Number of employees	
100,001 – 110,000	3	3
110,001 – 120,000	1	5
120,001 – 130,000	4	-
130,001 – 140,000	-	1
140,001 – 150,000	-	1
150,001 – 160,000	-	1
160,001 – 170,000	1	-
170,001 – 180,000	1	-
210,001 – 220,000	1	-

21 Commitments

(i) Leasing commitments
Lease commitments
The Group has commercial lease commitments.

- Enprise Solutions Limited – Auckland Office

  The lease of Enprise Solutions Limited, Auckland Office, is for an initial term of 8 years, commencing 21 June 2012 with a renewal of a further six years. The renewal date is 21 June 2020. The final expiry date of the lease is 20 June 2026.

- Enprise Solutions Limited – Wellington Office

  The lease of Enprise Solutions Limited, Wellington office, is for a term of 12 months, commencing on the 1st February 2017. The lease expires on 31st January 2018 with a renewal of a further one year.

- Enprise Solutions Limited – Hamilton Office

  The lease of Enprise Solution Limited, Hamilton office, commenced on the 5th November 2007. The lease agreement continues to operate until terminated by either party by way of 3 months' notice in writing.

- Enprise Australia Pty Limited – Melbourne Office

  The lease of Enprise Australia Pty Limited, Melbourne office, commenced on the 1st December 2016 and is for a minimum term of 6 months expiring 31st May 2017. The lease agreement continues to operate until terminated by either party by way of 3 months' notice in writing.

The total expense recognised for the year ended 31 March 2017 in relation to operating commitments is $194,339 (2016: $189,861).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	2017	2016
	$000	$000
Within one year	**139**	124
After one year but not more than five years	**288**	390
After more than five years	-	-
Total minimum lease payments	**427**	514

(ii) Property, plant and equipment commitments
The Group had no contractual obligations to purchase plant and equipment at balance date. (2016: $nil).

22 Contingencies

There were no known material contingent liabilities at 31 March 2017 (2016: $nil).

23 Events after the reporting date

A final dividend of 3.5 cents (2016: 3 cents) per share was declared on 2 June 2017, the record date is 3 July 2017. The dividend amount was $243,383 and paid on 17 July 2017.

24 Auditor's remuneration

	2017 $000	2016 $000
Amounts received or due and receivable by Staples Rodway Auckland for 2016 and UHY Haines Norton Auckland for 2015:		
Audit fees – UHY Haines Norton Auckland	-	18
Audit of financial statements – Staples Rodway Auckland		
Current year	57	48
Prior year	31	-
	88	66

The auditor of Enprise Group Limited is Staples Rodway Auckland. UHY Haines Norton Auckland resigned as the auditor on 29 March 2016.

25 Discontinued Operations

On 1st November 2016 Enprise sold its SAP Software add-on division, Enprise Software for a sale price of $451,045. The consideration was received in cash.

Identifiable assets acquired and liabilities sold		
In thousands of New Zealand Dollars	**2017 $000**	2016 $000
Software Licenses		311
Fixed Assets – Computer Equipment	-	3
Subscriptions in advance	-	(9)
Total identifiable net assets	-	**305**
Results of discontinued operation		
Revenue	-	390
Expenses	-	(512)
Results from operating activities	-	**(122)**
Attributable income tax expense	-	-
	-	**(122)**
Loss on disposal of Enprise Software	-	(227)
Software impairment	-	(213)
Loss for the year from discontinued operations	-	**(562)**
Depreciation and amortisation for the year	-	**(39)**

Goodwill

1 April 2015	411
Sale proceeds	(184)
Loss on Sale of Enprise Software	**(227)**

Cash Flow included in these financial statements

	2017 $000	2016 $000
Receipts from customers	-	246
Payments to suppliers and employees	-	(556)
Net cash flows used in operating activities	-	**(310)**
Purchase of property, plant and equipment	-	(3)
Purchase of intangibles	-	(121)
Proceeds from asset sale	-	400
Net cash flows used in investing activities	-	**276**
Net increase/(decrease) in cash and cash equivalents	**-**	**(34)**

26 Joint Venture

Datagate is a New Zealand based company and was classified as a subsidiary until 11 December 2015, when the Company change the classification to a Joint Venture. The company reduced its equity stake in Datagate on 5 November 2015 to 69.75%. Datagate became a joint venture on 11 December 2015 when a further 569,000 shares were issued in conjunction with a Datagate shareholders agreement resulting in the Company losing control but maintaining joint control. This triggered a fair value adjustment to the carrying value of the Company's investment in Datagate. The capital raising took place at $1.00 per share, valuing the Company's equity interest at $1,500,000. On 4th February 2016 a further 242,000 shares were issued in Datagate reducing the Enprise share to 50.65%.The investment in the joint venture is measured using the fair value method.

The company invested $250,000 in Datagate at $1.20 per share on 1 December 2016. The capital raising total of $1,042,794 reduced the company's share of Datagate to 44.19% and valued the company's investment at $2,050,000.

The following is summarised financial information for Datagate Innovation, based on its financial statements prepared in accordance with IFRS.

In thousands of New Zealand Dollars	**2017 $000**	**2016 $000**
Revenue	**227**	103
Profit / (Loss) from continuing operation's	**(862)**	(368)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	**(862)**	**(368)**
Current assets	**1,035**	953
Non-current assets	**1,341**	1,150
Current liabilities	**(163)**	(83)
Non-current liabilities	-	-
Net assets	**2,213**	**2,020**

Identifiable assets acquired and liabilities on derecognition

Trade and other Debtors	24
Cash	488
Trade Creditors	(81)
Fixed Assets	4
Software Licenses	1,003
Net Assets	**1,438**

Financial Information as at 31 March 2017

	2017	2016
	000's	000's
Trade and other Debtors	**48**	26
Cash	**999**	927
Trade Creditors	**(168)**	(83)
Fixed Assets	**14**	4
Software Licenses	**1,250**	1,145
Net Assets	**2,143**	**2,019**

Charges to the Statement of Comprehensive Income of Datagate

	2017	2016
	000's	000's
Depreciation and Amortisation	**(297)**	(89)
Interest Income	**14**	6
Interest expense	**-**	(5)
Income Tax	**-**	-

27 Deferred Tax Balances

	2016	Recognised in profit	**2017**
Deferred tax assets (liabilities) in relation to			
Customer relationships	(74)	18	(56)
Doubtful debts	18	-	25
Employee benefits and entitlements	37	8	51
Tax losses carried forward	-	-	222
Audit fee accrual	-	-	15
Depreciation of Impaired Assets	36	(24)	12
Total deferred tax recognised	17	2	**269**

Non-current deferred tax	
Customer relationships	(56)
Doubtful debts	25
Employee benefits and entitlements	51
Tax losses carried forward	222
Audit fee accrual	15
Depreciation of Impaired Assets	12
	269

Corporate Information

New Zealand company number	1562383
ARBN (Australian Registered Body Number)	125 825 792
ABN (Australian Business Number)	41 125 825 792

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	Lindsay Phillips	*Chairman*
	Nicholas Paul	*Non-executive Director*

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Enprise Group Limited shares are listed on the New Zealand Stock Exchange Alternative Market

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Lawyer	Hudson Gavin Martin, Auckland, New Zealand Sean Joyce, Auckland, New Zealand
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staplesrodway
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Enprise Group Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Enprise Group Limited and its subsidiaries ('the Group') on pages 6 to 46, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our report is made solely to the Shareholders of Enprise Group Limited, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Enprise Group Limited and the Shareholders of Enprise Group Limited, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Enprise Group Limited or any of its subsidiaries.

staplesrodway
CHARTERED ACCOUNTANTS

Emphasis of Matter

We draw attention to Note 12 of the consolidated financial statements, which describes the uncertainty regarding the recoverability of the investment in the joint venture. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters are selected from the matters communicated with the Directors, but are not intended to represent all matters that were discussed with them.

Key Audit Matter	How our audit addressed the key audit matter
Impairment testing of Goodwill As disclosed in Note 14 of the Group's consolidated financial statements, the Group has goodwill of $1.6m allocated across three of the Group's cash-generating units ('CGUs'). Goodwill was significant to our audit due to the size of the asset and the subjectivity, complexity and uncertainty inherent in the measurement of the recoverable amount of these CGUs' for the purpose of the required annual impairment test. The measurement of a CGUs recoverable amount includes the assessment and calculation of its 'value-in-use'. Management has completed the annual impairment test for each of these three CGUs as at 31 March 2017. This annual impairment test involves complex and subjective estimation and judgement by Management on the future performance of the CGUs, discount rates applied to future cash flow forecasts, and future market or economic conditions.	Our audit procedures among others included: • Evaluating Management's determination of the Group's three CGUs based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also analysed the internal reporting of the Group to assess how CGUs are monitored and reported. • Challenging Management's assumptions and estimates used to determine the recoverable value of its goodwill, including those relating to forecasted revenue, cost, capital expenditure, discount rates, by adjusting for future events and corroborating the key market related assumptions to external data. Procedures included: o Evaluating the logic of the value-in-use calculations supporting their annual impairment test and testing the mathematical accuracy of these calculations; o Evaluating Management's process regarding the preparation and review of forecasts; o Comparing forecasts to Board approved forecasts; o Evaluating the historical accuracy of the Group's forecasting to actual historical performance; o Evaluating the forecast growth assumptions; o Evaluating the inputs to the calculation of the discount rates applied; o Engaging our own internal valuation experts to evaluate the discount rates applied; o Evaluating Management's sensitivity analysis' for reasonably possible changes in key assumptions; and o Performing our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions. • Evaluating the related disclosures about indefinite life intangible assets which are included in Note 2(t) and Note 14 in the Group's consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Accounting for joint venture As disclosed in Note 12 of the Group's consolidated financial statements, the Group's interest in Datagate Innovation Limited is accounted for as a joint venture using the equity method of accounting. The Group's share of the net loss after tax of Datagate Innovation Limited for the year ended 31 March 2017 was $411k. The carrying value of the Group's investment in Datagate Innovation Limited at 31 March 2017 was $1.2m. The joint venture was significant to our audit due to the size of the joint venture related balances and complexity inherent in accounting for a joint venture using the equity method. Management has completed the equity accounting for the joint venture for the year ended and as at 31 March 2017. Management has completed the annual impairment test of the investment in the joint venture as at 31 March 2017. The determination of the classification of the Group's interest in Datagate Innovation Limited requires subjective judgement by Management. The assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amounts of the CGUs require subjective estimation and judgement by Management.	Our audit procedures among others included: • Performing audit procedures on key balances of Datagate Innovation Limited (including intangible assets and revenue). • Evaluating Management's accounting treatment of Datagate Innovation Limited to ensure compliance with NZ IAS 28 Investments in Associates and Joint Ventures. • Evaluating Management's assessment of the indicators of impairment based on our understanding of the joint venture, as its auditors, and current economic data. • Evaluating the related disclosures about investments in equity accounted joint ventures which are included in Note 12 and Note 27 in the Group's consolidated financial statements.
Revenue Recognition The Group has two distinct categories of revenue, being revenue from software and licences and revenue from services and support. Revenue recognition in relation to services and support is based on Management's estimate of the stage of completion with reference to the underlying contract. We believe this is a key audit matter because of its significance to profit, the high volume of transactions and the judgement required by Management in recognising revenue from service and support.	Our audit procedures among others included: • Evaluating a sample of contracts and making enquiries of Management for each contract to understand the specific terms which then allowed us to assess the recognition of revenue. • Evaluating contract performance in the period since year end to the date of our audit opinion to reflect on year end revenue recognition judgements. • Evaluating the related disclosures about revenue recognition which are included in Note 2(q) in the Group's consolidated financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2017 (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is D I Searle.

Staples Rodway

STAPLES RODWAY AUCKLAND
Auckland, New Zealand
28 July 2017