Enprise Group Limited

Annual Report and Financial Statements

for the year ended 30 June 2023

Enprise Group Limited

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for the year ended 30 June 2023

Contents

Enprise Group Limited

Directors' Report

The Directors are pleased to submit to shareholders their report and financial statements for the year ended 30 June 2023.

Principal activities

Enprise Group Limited (Enprise) has two operating divisions;

- Kilimanjaro Consulting, a solution provider for MYOB Enterprise software in Australia and New Zealand
- iSell Pty Limited (iSell), sell a cloud-based quoting systems (IT Quoter) on a Software-as-a-Service (SaaS) model used by the IT reseller market in Australia, New Zealand, UK & Europe, USA and South Africa.

Enprise is invested in Datagate Innovation Limited (Datagate) 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 in New Zealand, Australia, Canada, USA and Europe. Enprise holds 32.96% of Datagate.

Enprise is invested in Vadacom Holdings Limited (Vadacom), a leading voice over IP (VoIP) telephony solutions provider. Enprise holds 6.35% of Vadacom.

Significant changes in the state of affairs

The Datagate convertible note was exercised on 18 November 2022 increasing Enprise shareholding in Datagate by 237,472 shares. Enprise also participated in the Datagate rights issue in November 2022, taking its approximate pro rata share of the fully subscribed issue of $0.75 million at $2.80 per share. Enprise now holds 2,411,024 shares (32.96%) of Datagate.

Review of operations and outlook

Kilimanjaro Consulting

The mutually acceptable resolution of the MYOB dispute brings to a close a two-year period of uncertainty for Kilimanjaro as annouced to the NZX on 28 September 2023 (Note 25 (b)). This gives Kilimanjaro clear sky to grow and prosper. While the past year has been challenging from a profitability perspective, the business still grew revenue by 11% (last year 16%) to $19.501m for the financial year. The growth in contracted revenues was 25% (last year 20.5%).

	2023	2022
Recurring Revenue	$4.481m	$3.897m
Contracted Revenue	$4.171m	$3.325m
Total Recurring and Contracted Revenue	$8.652m	$7.222m

The dispute had the benefit of cementing the already strong culture of the organisation, the Board expresses its gritítude to shareholders, management, team members and clients for their unwavering support that enabled us to get to this point. The business has a number of revenue streams, but the products are essentially MYOB Enterprise solutions. The MYOB Advanced product is a localised version of the Acumatica Business Management Platform. The product is widely recognised internationally as the best in its class. MYOB is marketing and promoting it strongly, and as it gains traction in the Australian and New Zealand markets, Kilimanjaro will undoubtedly benefit.

Increased competition and consolidation are expected within the partner channel, as the Acumatica product gains popularity. Competition is also being experienced from MYOB themselves, through their direct channel. Kilimanjaro's unique position in the market and the premium pricing model allows it to focus on the larger, more complex implementations. Kilimanjaro's large base of existing Exo users remains core to its strategies. Kilimanjaro aims to continue to provide exceptional service to these Exo clients for at least the next decade. A new initiative will identify clients that wish to move to the cloud, and a separate team will manage the implementations of those Exo clients transitioning from Exo to MYOB Advanced (Acumatica).

iSell

Annual recurring revenue (ARR) increased to $1.22 million (up 18%) and total revenue to $1.2 million (up 10%). Enprise currently owns 75% of iSell. During the year iSell completed the integration to Halo PSA which has increased its addressable market. On 25 August 2023, iSell opened a rights issue which will raise AU$900,000 of which AU$600,000 is Enprise converting its existing loan and AU$300,000 new funds from other iSell shareholders. This will be used to support sales growth as iSell nears completion of development work on the latest version of its software.

Some funds will be used to pay the agreed settlement sum in relation to a legal case taken by a former employee which was settled on 31 July 2023.

Datagate

Datagate Innovation Ltd (Datagate) grew its annual recurring revenue (ARR) to over $3.3 million, an increase of 35%. Datagate continues to be in high growth mode and is keeping its focus on growing revenue and market share. Datagate is forecasting to reach break-even in the last quarter of the 2023 calendar year.

Vadacom

Vadacom Holdings Ltd (Vadacom)'s ARR and contracted revenue was $2.32 million for the year ended 31 March 2023. The cloud PBX phone system 'Next Voice' functionality continues to expand to support new and existing customers directly and through resellers. As a result of a draft independent valuation of Vadacom, Enprise Group realised a $0.175 million decrease in the carrying value of this investment in the period.

George Cooper - Director
Chief Executive Officer - Enprise Group
29 September 2023

Ronald Baskind - Director
Chief Executive Officer - Kilimanjaro Division
29 September 2023

Enprise Group Limited

Our Businesses

Kilimanjaro Consulting is MYOB's number one partner in Australia and New Zealand and is the leading trans-Tasman provider of solutions based on the MYOB Advanced (Acumatica) and MYOB Exo software platforms. It offers a companion product range to extend the power and functionality of MYOB Advanced and MYOB Exo. Kilimanjaro hosts, implements, integrates, manages and supports all of the software it sells. Kilimanjaro services clients in a range of industries through branches in Australia and New Zealand.

iSell is a primary provider of business systems to the IT Reseller market. iSell databases contain over 4.5 million products representing more than 2000 vendors available from 100+ distributors. The products are sent automatically to hundreds of IT Resellers daily, across Australia, New Zealand, UK & Europe, South Africa and USA.

Datagate offers one-stop SaaS telecom billing. Datagate has everything required to make billing telecommunications easy, quick, profitable and compliant, in a single SaaS package. The Datagate online billing portal enables IT Managed Service Providers (MSPs) to bill telecom services optimally at minimal time and cost. Datagate is the online billing portal that integrates with software that's important to MSPs, including ConnectWise and other professional services automation software, tax engines and popular accounting systems like QuickBooks and Xero.

Vadacom specialises in phone system software development and unified communications solutions for Australian and New Zealand businesses. Vadacom is one of New Zealand's leading developers of open source technology and Voice over IP (VoIP) based IP telecoms solutions to businesses of all sizes.

Enprise Group Limited

Board of Directors

Nick Paul is an Enprise Group Non-Executive Director. He is an accomplished senior leadership professional with over 30 years of achievement and success driving sales growth in highly competitive technology related markets.

With over 20 years' experience in the Telco industry Nick has held senior Sales and Distribution roles in Vodafone and Spark. More recently as CEO of Leading Edge Communications – Spark's largest channel partner – he has developed a strong understanding of developing sales channel models and implementation. He has recently used this knowledge to create The Sales Factory, a business consultancy helping organisations create appropriate sales and distribution strategies and channel plans for their businesses

Dr Aneesha Varghese-Cowan is an Enprise Group Non-Executive Director. Aneesha is a specialist technology-driven finance executive with over two decades of experience across a diverse range of industries including Web 3.0, professional services, manufacturing, and supply chain.

Aneesha currently serves on two other boards and one advisory panel. She has specialist expertise in commercial finance, investment evaluation, financial transformation at Board level and organisational change management including Financial Control, Treasury, Banking and Tax oversight. Aneesha also has extensive experience in optimising and leveraging data and digital transformation; KPI and report development.

Ronnie Baskind is an Enprise Group Executive Director. He has more than 30 years' experience as an entrepreneur, management consultant, senior executive, director and agribusiness professional. Ronnie is CEO of the Enprise Group division, Kilimanjaro Consulting.

Ronnie's diverse background, combined with strong analytical and facilitation skills, has given him a deep insight into businesses across most industry sectors and in various stages of development. Ronnie is the founder of Kilimanjaro Consulting Pty Limited, Australia's largest implementer of MYOB's enterprise-level business management solutions.

Lindsay Phillips is an Enprise Group Non-Executive Director. He has been involved in private equity for over 30 years, commencing in 1987 with M.J.H. Nightingale & Co. Limited in London/New York and subsequently Australia since 1995. Lindsay's experience includes seven years (1980-87) with Price Waterhouse and twenty-six years in investment banking/private equity in the United Kingdom, Europe, USA and Australia including five years (2007-12) as Managing Director of Lazard Australia Private Equity. Lindsay is currently Managing Director of two investment funds – Phoenix Development Fund and Nightingale Partners – focused on providing patient expansion capital to family companies. He serves as a Director of most of the companies in which the funds are invested.

Elliot Cooper is CEO of the Enprise Group. He is also co-founder and Executive Director of Enprise Group, and formerly held the Enprise Group CFO role.

In addition to his financial expertise Elliot has extensive experience in the financial software business. He is a qualified accountant with deep experience in financial accounting and financial controller roles.

Elliot was one of the original creators of Exonet Finance (now renamed MYOB Exo), alongside Mark Loveys. Like Mark, Elliot has been involved with the product every step of the way since its inception at PC Direct in the 1990s.

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Revenue from contracts with customers	**3**	20,751	18,744
Employee expense	**4(d)**	(15,784)	(15,057)
Other operating costs	**4(c)**	(7,403)	(5,501)
Other gains/(losses) - net	**4(a)**	(77)	32
Operating profit/(loss)		(2,513)	(1,782)
Equity earnings/(losses) from associates and joint ventures	**13**	(330)	(556)
Other gains/(losses) related to associates and joint ventures	**13**	-	8
Impairment of intangible assets	**16**	(6,786)	-
Finance cost - net	**4(b)**	(219)	(90)
Profit/(loss) before income tax		(9,848)	(2,420)
Income tax benefit	**5(a)**	(904)	227
Profit/(loss) for the period		**(10,752)**	**(2,193)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		(40)	155
Items that will not be reclassified to profit or loss			
Changes in the fair value of investments through other comprehensive income	**14**	(175)	(60)
Total comprehensive income/(loss) for the period		**(10,967)**	**(2,098)**
Profit/(loss) for the period is attributable to:			
Non-Controlling Interest		(473)	(357)
Owners of Enprise Group Limited		(10,279)	(1,836)
		(10,752)	**(2,193)**
Total comprehensive income/(loss) for the period is attributable to			
Non-Controlling Interest		(473)	(357)
Owners of Enprise Group Limited		(10,494)	(1,741)
		(10,967)	**(2,098)**
Earnings per share from profit/(loss) for the period attributable to ordinary shareholders of the Enprise Group Limited			
Basic and diluted earnings/(loss) per share (see note 6) cents per share		(60.82)	(11.36)

Enprise Group Limited

Consolidated Statement of Financial Position
as at 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Current assets			
Cash and cash equivalents	**18**	1,178	1,546
Trade and other receivables	**7**	3,911	3,190
Contract assets	**8**	669	831
Current tax assets	**5(c)**	24	-
Staff receivables		12	-
Total current assets		**5,794**	**5,567**
Non-current assets			
Investments in associates, joint ventures	**13**	912	285
Investments in other entities	**14**	452	627
Staff receivables		17	-
Property plant and equipment	**15**	388	348
Intangible assets	**16**	2,948	11,231
Right-of-use assets	**17**	1,098	1,340
Deferred tax asset	**5(d)**	1,267	2,197
Loans to related parties	**21(e)**	32	73
Other non-current assets	**9**	36	552
Total non-current assets		**7,150**	**16,653**
Total assets		**12,944**	**22,220**
Current liabilities			
Trade and other payables	**10**	3,430	2,963
Provisions	**11**	1,985	1,696
Contract liabilities	**12**	1,689	2,582
Current tax liabilities	**5(c)**	-	19
Borrowings	**18**	2,096	1,183
Lease liabilities	**19**	498	495
Other current liabilities		-	-
Total current liabilities		**9,698**	**8,938**
Non-current liabilities			
Provisions	**11**	356	302
Lease liabilities	**19**	734	970
Deferred tax liability	**5(d)**	710	656
Other non-current liabilities		-	-
Total non-current liabilities		**1,800**	**1,928**
Total liabilities		**11,498**	**10,866**
Net assets		**1,446**	**11,354**

Consolidated Statement of Financial Position
as at 30 June 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Equity			
Share capital	**20(a)**	12,080	11,010
Foreign exchange translation reserve		311	351
Financial assets at FVOCI reserve		353	528
Retained earnings / (accumulated losses)		(10,985)	(696)
Equity attributable to the owners of Enprise Group Limited		1,759	11,193
Non-controlling interests	**22**	(313)	161
Total equity		**1,446**	**11,354**

These financial statements have been authorised for issue by the Directors.
For and on behalf of the Board:

George Cooper - Director
Chief Executive Officer - Enprise Group
29 September 2023

Ronald Baskind - Director
Chief Executive Officer - Kilimanjaro Division
29 September 2023

Enprise Group Limited

Consolidated Statement of Changes in Equity
for the year ended 30 June 2023

	Share capital	Foreign exchange translation reserve	Financial assets at FVOCI reserve	Retained earnings / (accumulated losses)	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	11,010	196	588	1,444	555	13,793
Transactions with shareholders in their capacity as owners						
Dividends paid	-	-	-	(404)	-	(404)
Transactions with non-controlling interests (note 22)	-	-	-	100	(37)	63
Total transactions with shareholders	-	-	-	(304)	(37)	(341)
Comprehensive income						
Profit for the period	-	-	-	(1,836)	(357)	(2,193)
Other comprehensive income	-	155	(60)	-	-	95
Total comprehensive income net of tax	-	155	(60)	(1,836)	(357)	(2,098)
Balance at 30 June 2022	**11,010**	**351**	**528**	**(696)**	**161**	**11,354**
Balance at 1 July 2022	11,010	351	528	(696)	161	11,354
Transactions with shareholders in their capacity as owners						
Dividends paid	-	-	-	-	-	-
New shares issued (note 20)	1,070	-	-	-	-	1,070
Transactions with non-controlling interests (note 22)	-	-	-	(10)	(1)	(11)
Total transactions with shareholders	1,070	-	-	(10)	(1)	1,059
Comprehensive income		-				
Profit/(loss) for the period	-	-	-	(10,279)	(473)	(10,752)
Other comprehensive income/(loss)	-	(40)	(175)	-	-	(215)
Balance at 30 June 2023	**12,080**	**311**	**353**	**(10,985)**	**(313)**	**1,446**

Enprise Group Limited

Consolidated Statement of Cash Flows
for the year ended 30 June 2023

	Note	30 June 2023	30 June 2022
		$'000	$'000
Operating activities			
Cash was provided from:			
Receipts from customers		21,616	21,047
Government assistance		-	4
Interest received		6	1
		21,622	21,052
Cash was applied to:			
Payments to suppliers & employees		22,105	21,056
Interest paid		239	122
Income tax paid		3	20
		22,347	21,198
Net cash inflow/(outflow) from operating activities	**23**	**(725)**	**(146)**
Investing activities			
Cash was provided from:			
Loans repaid by staff		2	-
Loans repaid by related parties		42	16
		44	16
Cash was applied to:			
Purchase of property, plant and equipment		77	181
Software development costs		516	305
Investment in equity accounted investment		434	-
Convertible note		-	500
Purchase of business	-	-	325
		1,027	1,311
Net cash inflow/(outflow) from investing activities		**(983)**	**(1,295)**
Financing activities			
Cash was provided from:			
Proceeds from issue of shares		1,040	-
Proceeds from bank borrowings		723	1,000
Proceeds from issue of shares in iSell Pty Limited to non-controlling interests			136
		1,763	1,136
Cash was applied to:			
Dividends paid		-	404
Purchase of shares in iSell Pty Limited from non-controlling interests		11	74
Repayment of lease liabilities		595	612
Repayment of bank borrowings		388	188
Repayment of other borrowings		42	12
		1,036	1,290
Net cash inflow/(outflow) from financing activities		**727**	**(154)**
Net increase/(decrease) in cash and cash equivalents held		**(981)**	**(1,595)**
Net foreign exchange differences		(6)	5
Cash and cash equivalents at beginning of the period		1,216	2,806
Cash and cash equivalents at end of the period	**18**	**229**	**1,216**

1 BASIS OF PREPARATION

(a) Reporting entity

Enprise Group Limited (the company) and its subsidiaries (together the Group) is a high-tech software and services investment company. The company is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX). The Group is registered under the Companies Act 1993 and is a FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act (FMCA) 2013. The address of its registered office is 16 Hugo Johnston Drive, Penrose, Auckland.

(b) Compliance statement

These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the Companies Act 1993, the FMCA 2013 and NZX listing rules. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS). The Group is a for-profit entity for the purposes of complying with NZ GAAP.

(c) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities at fair value.

The consolidated financial statements are presented in New Zealand dollars which is the Company's functional currency and the Group's presentation currency. All financial information has been prepared in thousands, unless otherwise stated.

The principal accounting policies adopted in the preparation of the financial report are set out in the accompanying notes and indicated by the shaded text. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(d) Principles of consolidation

The consolidated financial statements comprise the financial statement of the company and its subsidiaries.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the policies adopted by the Company.

Name of Entity	Country of incorporation	Principal activity	Percentage ownership	
			30 June 2023	30 June 2022
Kilimanjaro Consulting Limited	New Zealand	Software sales and solutions	100.00	100.00
Kilimanjaro Consulting Pty Limited	Australia	Software sales and solutions	100.00	100.00
Enprise Australia Pty Limited	Australia	Software sales and solutions	100.00	100.00
Enprise Limited	New Zealand	Software sales and solutions	100.00	100.00
Global Bizpro Limited	New Zealand	Non-trading	100.00	100.00
Team Tiger KC Limited	New Zealand	Non-trading	100.00	100.00
iSell Pty Limited	Australia	Software sales and solutions	75.25	75.03
IT Quoter Limited	New Zealand	Non-trading	75.25	75.03
IT Quoter North America Inc	United States	Non-trading	75.25	75.03
iSell Philippines Inc	Philippines	Software development	75.25	75.03

(e) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For the iSell Pty Limited business combination, the non-controlling interest in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

1 BASIS OF PREPARATION (CONTINUED)

(e) Business Combinations (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

(f) Foreign currency translation

The consolidated financial statements are presented in New Zealand dollars, which is the Group's presentation currency. Items included in the financial statements of each of the subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The results and financial position of entities that have a different functional currency are translated to NZD as follows: assets and liabilities are translated at the exchange rate at balance date and income statement items are translated at the average exchange rates for the year. Exchange differences are recognised in other comprehensive income as a currency translation reserve movement.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

(g) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: 'fair value through other comprehensive income' and 'amortised cost'. The classification depends on the business model and contractual terms of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

1 BASIS OF PREPARATION (CONTINUED)

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

Derecognition of financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, is recognised in profit or loss.

Financial liabilities
Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Critical accounting judgements and estimates
In the process of applying the Group's accounting policies and the application of accounting standards, a number of estimates and judgements have been made. The estimates and underlying assumptions are based on historical experience and adjusted for current market conditions and other factors, including expectations of future events that are considered to be reasonable under the circumstances. If outcomes within the next financial period are significantly different from assumptions, this could result in adjustments to carrying amounts of the asset or liability affected.

Judgements and estimates which are material to the financial statements are found in the following notes:
(a) Revenue recognition (note 3).
(b) Taxation (note 5(d)).
(c) Intangible assets (note 16).
(d) Investments in other entities (note 14).
(e) Lease liabilities (note 19).
(f) Impairment (note 16).
(g) Going concern assumption.

(i) Going concern assumption
At 30 June 2023, the Group had incurred a loss of $10.752m and had net working capital deficiency of $3.904m. In addition, the Group was in breach of its banking covenants. The Group had prepared a budget for the 2024 year that indicated a significant improvement in performance of the Kilimanjaro division, which is expected to enable the Group to comply with its banking covenants for the year to 30 June 2024. However as of the date of this report, it has not yet obtained an agreement from BNZ to extend its existing facilities beyond their current expiry date of 31 October 2023.

The Group requires significant improvement in profitability and cash flow generation within the Kilimanjaro division, to be able to comply with its banking covenants. This cashflow generation is also required for capital investment within the Group's other investments, including iSell Pty Limited. These conditions create significant doubt as to the ability of the Group to operate as a going concern.

1 BASIS OF PREPARATION (CONTINUED)

(i) Going concern assumption (continued)

In order to mitigate the risks presented to the Group, Kilimanjaro management along with the Enprise board, are currently revisiting the strategic plan of this division including diversification and a range of cost reduction measures. To satisfy the future capital investment and liquidity requirements of the Enprise Group, the board completed a capital raise in September 2023 (note 25). The board is confident that the capital raised along with the budgeted improved financial performance of Kilimanjaro will be sufficient for the Group's foreseeable cashflow requirements.

The directors consider that there is a reasonable expectation the Group will have sufficient funds, in conjunction with the intended capital raise, to enable it to continue to trade for the foreseeable future and be able to continue to meet its liabilities as they fall due. Taking this into account, it is the considered view of the directors that the Group remains a going concern.

However:

- the heightened degree of uncertainty around the level of future revenues and profitability, and

- the need to maintain or replace the debt facilities with BNZ together with strategic and cost reduction initiatives within the Kilimanjaro division, indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of operations.

2 SEGMENT INFORMATION

The Group is organised into two reportable operating segments based on the business segments. These segments form the basis of internal reporting used by management and the Board of Directors to monitor and assess performance and assist with strategic decisions. The Board of Directors is the Group's chief operating decision maker (CODM). 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.

(a) Operational performance

	Revenue		Operating profit	
Business segments	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
	$'000	$'000	$'000	$'000
Kilimanjaro Consulting	19,501	17,618	234	351
iSell	1,201	1,093	(2,290)	(1,249)
Corporate	49	33	(750)	(884)
	20,751	18,744	(2,806)	(1,782)
Equity earnings of associates and joint ventures			(330)	(548)
Impairment of intangible assets			(6,493)	-
Net interest expense			(219)	(90)
Profit/(loss) before taxation			(9,848)	(2,420)
Income Tax			(904)	227
Net profit/(loss) attributable to shareholders			(10,752)	(2,193)

	Revenue	
Geographic segments	**30 June 2023**	**30 June 2022**
	$'000	$'000
New Zealand	6,868	6,066
Australia	13,711	12,474
EMEA*	154	152
North America	16	9
Asia	2	43
	20,751	18,744

** Europe, Middle East and Africa*

2 SEGMENT INFORMATION (CONTINUED)

(b) Interest, deprecation and amortisation

	Interest revenue		Interest expense		Depreciation and amortisation expense	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	$'000	$'000	$'000	$'000	$'000	$'000
New Zealand	17	22	200	92	290	292
Australia	3	-	39	20	2,515	1,062
	20	22	239	112	2,805	1,354

(c) Balance sheet information

	Non-current assets other than financing and deferred tax		Total assets		Total liabilities	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	$'000	$'000	$'000	$'000	$'000	$'000
Kilimanjaro Consulting	3,011	9,052	9,727	16,688	9,937	11,374
iSell	1,424	3,867	1,618	4,150	1,998	878
Corporate	912	285	4,417	5,227	2,381	2,459
	5,347	13,204	15,762	26,065	14,316	14,711
Inter-segment elimination	-	-	(2,818)	(3,845)	(2,818)	(3,845)
	5,347	13,204	12,944	22,220	11,498	10,866
New Zealand	2,858	3,119	7,817	9,832	4,906	5,566
Australia	2,489	10,085	7,346	15,764	8,811	8,676
	5,347	13,204	15,163	25,596	13,717	14,242
Inter-segment elimination	-	-	(2,219)	(3,376)	(2,219)	(3,376)
	5,347	13,204	12,944	22,220	11,498	10,866

3 REVENUE

Revenue from contracts with customers

The Group's primary activity is providing software solutions within Australia and New Zealand. From these activities the Group generates the following streams of revenue:

- Enterprise software licence revenue
- Support services revenue
- Implementation and consulting revenue
- Other fees such as hosting fees and hardware sales
- iSell revenue

Each of the above streams delivered to customers are considered separate performance obligations, even though for practical reasons they may be governed by a single legal contract with the customer. Revenue recognition for each of the above revenue streams is as follows:

Revenue stream	Performance obligation	Timing of recognition
Enterprise software licence revenue	Initial access or continued access to the software	Software licence revenue under NZ IFRS 15 is recognised through an agency arrangement and therefore the agency revenue margin is recognised in the statement of comprehensive income. The revenue is calculated based on commission margin percentages agreed between the Group and the third-party licenser. The agency commission is recognised at a point in time when the customer gains access to the software or is provided with continued use of the software, generally through providing a code to enable continued access. Customers are typically invoiced annually (but sometimes monthly) for recurring software licences and commissions are recognised once the performance obligation has been satisfied.
Services and support revenue - Support contracts	Closure of support query or standing ready to provide support	Support contract revenue is recognised at a point in time as the services are delivered. The contract is between the customer and Enprise, as principal. Revenue from providing support services is recognised in the accounting period in which the services are rendered. Revenue is calculated based on time and cost incurred, a fixed monthly charge or a combination of both. Recognition is determined based on the contract with the customer. This can be: - actual labour hours spent to resolve the query, - an agreed monthly charge plus actual labour hours spent to resolve the query not covered by the monthly agreed charge, or - an agreed monthly charge. Customers are typically invoiced monthly when the job has been closed. Consideration is payable when invoiced and corresponds directly to the performance completed to date in respect to this revenue stream.
Services and support revenue - Implementation and consulting revenue	At completion of data conversions, user acceptance testing (UAT) or specific solution provided.	Revenue is recognised at a point and time when the solution has been delivered . Revenue provided from services is recognised in the accounting period in which the solution has been provided. Recognition is determined based on the contract, either a fixed price or actual labour hours spent. Revenue is recognised in full at the end of the project when go-live has occurred. Customers are typically invoiced throughout the project and consideration is payable when invoiced. The invoiced amount is shown as a contract liability on the balance sheet until such time as the performance obligation has been met and recognised in revenue.
iSell Revenue - Software licence revenue cloud system	Right to access the software	Revenue is recognised throughout the licence period and in the period in which the service occurs. Customers are typically invoiced in arrears for usage rendered. The revenue is shown as a contract asset on the balance sheet as the performance obligation has been met and released to the statement of comprehensive income but the client has not yet been invoiced. Clients invoiced annually are held on the balance sheet and the revenue released monthly as the performance obligation occurs.
iSell Revenue - Software licence revenue legacy system	Right to use the software	Revenue is recognised at a point in time, and in the period in which the software has been invoiced. Customers are typically invoiced for a period of time for expected upcoming usage as they are typically not yet able to use or be migrated to the new cloud system. Annual charges for legacy system customers invoiced after 1 January 2021 comes with the promise of a credit if the customer transitions to the new cloud system during the invoiced period. Revenue with this promise is deferred and recognised monthly.
iSell Revenue - Other	- Onboarding fees - Data services	Revenue is recognised during the period in which the services have been rendered or the goods supplied.
ExoHosted Revenue	- Hosting services	Revenue is recognised during the period in which the services have been rendered or the goods supplied.
Other fees	- Training - Hardware	Revenue is recognised during the period in which the services have been rendered or the goods supplied.

3 REVENUE (CONTINUED)

	30 June 2023	30 June 2022
	$'000	$'000
Revenue from Enterprise software and licences	5,298	4,852
Revenue from services and support	12,488	11,398
Revenue from iSell	1,201	1,093
Revenue from hosting services	1,762	1,388
Revenue from other fees	2	13
	20,751	18,744

Revenue by geographical location 30 June 2023	Revenue from software and licences	Revenue from services and support	Revenue from iSell	Revenue from hosting services	Revenue from other fees	Total
	$'000	$'000	$'000	$'000	$'000	$'000
New Zealand	1,605	4,379	179	703	2	6,868
Australia	3,693	8,109	850	1,059	-	13,711
EMEA*	-	-	154	-	-	154
North America	-	-	16	-	-	16
Asia	-	-	2	-	-	2
	5,298	12,488	1,201	1,762	2	20,751

** Europe, Middle East and Africa*

Revenue by geographical location 30 June 2022	Revenue from software and licences	Revenue from services and support	Revenue from iSell	Revenue from hosting services	Revenue from other fees	Total
	$'000	$'000	$'000	$'000	$'000	$'000
New Zealand	1,870	3,466	124	598	8	6,066
Australia	2,982	7,932	765	790	5	12,474
EMEA*	-	-	152	-	-	152
North America	-	-	9	-	-	9
Asia	-	-	43	-	-	43
	4,852	11,398	1,093	1,388	13	18,744

Kilimanjaro Consulting revenue	30 June 2023	30 June 2022
	$'000	$'000
Recurring revenue from Enterprise software licences	4,481	3,897
Contracted revenue from hosting and support agreements	4,171	3,325
Revenue from other services	10,849	10,396
	19,501	17,618

iSell revenue	30 June 2023	30 June 2022
	$'000	$'000
Recurring revenue from iSell software licences	1,097	974
Revenue from other services	104	119
	1,201	1,093

Corporate revenue	30 June 2023	30 June 2022
	$'000	$'000
Revenue from services	49	33
	49	33

Critical accounting judgements and estimates

Some contracts include multiple deliverables, such as software licences and implementation services. However, because the implementation does not include material customisation to the software and could be provided by another party, the implementation services are accounted for as a separate performance obligation from software licences. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices.

The group does not expect to recognise any revenue on existing contracts outside the 12 months post year end.

4 OPERATING EXPENSES

(a) Other gains and losses

	30 June 2023 $'000	30 June 2022 $'000
Net foreign exchange gains/(losses)	(77)	32

(b) Finance income and costs

Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or liability and allocates the interest income over the relevant period.

Interest expense

Interest costs are expensed in the period in which they are incurred.

	30 June 2023 $'000	30 June 2022 $'000
Finance income		
Interest from financial assets held for cash management purposes	20	1
Interest from loans to related parties	-	20
Interest from other loans and receivables	-	1
	20	22
Finance costs		
Interest on bank overdrafts and loans	(239)	(24)
Interest on lease liabilities	-	(88)
	(239)	(112)
Net finance income and costs	(219)	(90)

(c) Other operating expenses

Low-value and short-term lease costs:

Leases that are not classified as a right-of-use asset have been classified as low-value and short-term leases. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise ITequipment and small items of office furniture.

Other operating expenses include:	30 June 2023 $'000	30 June 2022 $'000
Advertising and marketing	338	287
Amortisation	1,965	566
Auditors' remuneration	136	133
Bad and doubtful debts expense	120	71
Communications	161	167
Depreciation	840	788
Hosting costs	1,351	1,067
Insurance	86	98
Legal fees	330	98
Low-value and short-term lease costs	141	142
Professional services	134	59
Subcontractors	662	962
Travel expenses	245	84
Other operational expenses	894	979
	7,403	5,501

4 OPERATING EXPENSES (CONTINUED)

(i) Amortisation

	30 June 2023 $'000	30 June 2022 $'000
Amortisation of software (note 16)	1,719	315
Amortisation of customer relationships (note 16)	181	186
Amortisation of intellectual property (note 16)	65	65
	1,965	566

(ii) Auditors' remuneration

	30 June 2023 $'000	30 June 2022 $'000
For auditing the Group financial statements		
RSM Hayes Audit	31	131
UHY Haines Norton	103	-
Other Services		
Audit of iSell Philippines (R.P. Mora Accounting and Law Office)	2	2
	136	133

(iii) Bad and Doubtful Debts

	30 June 2023 $'000	30 June 2022 $'000
Bad debts recognised	1	57
Bad debts recovered	-	(6)
Changes in provision for bad and doubtful debts	119	20
	120	71

(iv) Depreciation

	30 June 2023 $'000	30 June 2022 $'000
Property plant and equipment (note 15)	234	140
Right-of-use assets (note 17)	606	648
	840	788

(d) Employee benefit expense

	30 June 2023 $'000	30 June 2022 $'000
Wages and salaries	14,668	14,060
Superannuation	1,028	905
Directors fees	88	92
	15,784	15,057

5 TAXATION

(a) Income tax recognised in profit or loss

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.

	30 June 2023 $'000	30 June 2022 $'000
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax on prior periods	-	38
Total current tax expense	-	38
Total deferred tax expense/(benefit)	904	(265)
Total income tax expense/(benefit)	904	(227)

(b) Reconciliation of income tax expense to prima facie tax payable

	30 June 2023 $'000	30 June 2022 $'000
Profit before income tax	(9,848)	(2,420)
Tax at the New Zealand domestic tax rate of 28%	(2,757)	(678)
Adjusted for the tax effect of:		
Non deductible expenses	719	308
Non assessable income	-	(2)
Difference in overseas tax rates	(29)	(50)
Impairment of intangible assets	1,818	-
Reversal of previously recognised tax losses	783	-
Other unrecognised timing differences and tax losses	370	195
Total deferred tax expense/(benefit)	904	(227)
Total income tax expense/(benefit)	904	(227)

(c) Current tax assets and liabilities

	30 June 2023 $'000	30 June 2022 $'000
Current tax assets		
Income tax refundable/(payable)	24	(19)
	24	(19)

5 TAXATION (CONTINUED)

(d) Deferred tax balances

Deferred tax asset	**30 June 2023** $'000	**30 June 2022** $'000
The balance comprises temporary differences attributable to:		
Future benefit of losses incurred	-	783
Future benefit of provisions and accruals	234	207
Employee benefits	453	451
Contract liabilities	250	363
Lease liabilities	330	393
Total deferred tax asset	1,267	2,197

Deferred tax liability	**30 June 2023** $'000	**30 June 2022** $'000
The balance comprises temporary differences attributable to:		
Customer relationships	(58)	(99)
Contract asset	(155)	(199)
Future liability of provisions and accruals	(204)	-
Right-of-use asset	(293)	(358)
Total deferred tax liability	(710)	(656)

Movements	**Right-of use assets & lease liabilities** $'000	**Customer relationships** $'000	**Tax losses** $'000	**Provisions & accruals** (inc employee benefits) $'000	**Total** $'000
At 1 July 2021	26	(137)	680	686	1,255
(Charged)/credited					
to profit or loss	9	38	103	136	286
At 30 June 2022	35	(99)	783	822	1,541

Movements	**Right-of use assets & lease liabilities** $'000	**Customer relationships** $'000	**Tax losses** $'000	**Provisions & accruals** (inc employee benefits) $'000	**Total** $'000
At 1 July 2022	35	(99)	783	822	1,541
(Charged)/credited					
to profit or loss	2	41	(783)	(244)	(984)
At 30 June 2023	37	(58)	-	578	557

Critical accounting judgements and estimates

The Group has recognised a deferred tax asset on its statement of financial position as at the 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.

Judgement is required to assess the deferred tax asset in relation to losses available. The balance represents the reasonable benefit that the Group is expected to utilise in the next two financial years. The Directors have not recognised the benefit of unutilised tax losses beyond two years due to uncertainty with regards to future shareholder continuity. This assessment was determined based on the budgeted profitability of the Group, but does not take into account the potential impact of the dispute with MYOB on future profitability as detailed in note 26.

Subject to the various income tax legislations being met the losses carried forward at 30 June 2023 are estimated to be $5,024,567 (NZ $3,893,681, AUS $1,130,886) (last year: $4,310,063) of which $Nil has been recognised as a deferred tax asset (last year: $2,840,620). Deferred tax losses are not recognised in relation to iSell Pty Limited, which has an estimated AUD4,860,965 of losses to carry forward (last year: AUD3,833,789).

(e) Imputation credits available for use

Subject to the provisions of the Income Tax Act 2007, the benefit of these credits may be passed to the shareholders as imputed tax paid on future dividends.

	30 June 2023 $'000	**30 June 2022** $'000
New Zealand imputation credits available	10	-

6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

There are no instruments that could potentially dilute earnings per share.

	30 June 2023	30 June 2022
Earnings for the purpose of basic and diluted earnings per share:		
Net profit/(loss) attributable to shareholders ($'000)	(10,279)	(1,836)
Weighted average number of ordinary shares for basic earnings per share (000s)	16,901	16,158
Basic and diluted earnings per share (cents)	(60.82)	(11.36)

7 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised at cost less any provision for impairment. All trade and other receivables have been classified as current assets.

	30 June 2023	30 June 2022
	$'000	$'000
Trade receivables	2,756	2,992
Related party receivable (note 21(d)).	3	4
Other receivables	1,057	144
Provision for impairment	(241)	(122)
	3,575	3,018
Prepayments	336	172
	3,911	3,190

Allowance for impairment loss

The average credit period on sales of licences and services is 40 days. No interest is charged on outstanding trade receivables.

The Group measures the loss allowance on the balance of trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix referring to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions in which the debtors operate and an assessment of both the current and forecast direction of conditions at the reporting date.

Bad debts are written-off when they are considered to have become uncollectable.

The aging of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for impairment	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
			$'000	$'000	$'000	$'000
0-30 days	1.0%	1.0%	2,037	2,244	20	21
31-60 days	5.0%	5.0%	425	410	21	21
61-90 days	50.0%	10.0%	93	110	47	11
+91 days	75.0%	30.0%	204	232	153	69
			2,759	2,996	241	122

Movements in the provision for impairment loss were as follows:	30 June 2023	30 June 2022
	$'000	$'000
At period start	(122)	(102)
Additional provisions recognised	(125)	(80)
Receivables written off during the year	6	60
At period end	(241)	(122)

8 CONTRACT ASSETS

A contract asset is recognised for amounts relating to services rendered but not yet recognised. The costs recognised as contract assets are released to the statement of comprehensive income when the related revenue for the contract is released.

	30 June 2023 $'000	30 June 2022 $'000
Contract assets	669	831

The reconciliation of the values at the beginning and end of the current and previous financial year are set out below:

	30 June 2023 $'000	30 June 2022 $'000
Balance at the beginning of the period	831	713
Transfer from contract assets to expenses	(831)	(713)
Costs incurred for work performed but not yet recognised	669	831
Balance at the end of the period	669	831

9 OTHER ASSETS

	30 June 2023 $'000	30 June 2022 $'000
Security deposits	36	34
Convertible note	-	518
	36	552
Classified as		
Current	-	518
Non-current	36	34
	36	552

10 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

	30 June 2023 $'000	30 June 2022 $'000
Trade payables	1,516	1,278
Related party payables (note 21(d)).	19	45
Payroll taxes and other statutory liabilities	658	707
Other payables and accruals	1,237	933
	3,430	2,963

11 PROVISIONS

Wages, salaries, annual leave, long service 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. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

	30 June 2023 $'000	30 June 2022 $'000
Employee benefits	2,180	1,998
Leashold Make Good Provision	161	
	2,341	1,998
Classified as		
Current	1,985	1,696
Non-current	356	302
	2,341	1,998

12 CONTRACT LIABILITIES

A contract liability is recognised for amounts received or due relating to services performed or expected to be performed. The Group's revenue recognition policy is stated at Note 3 which details when each class of revenue is released to the profit and loss.

	30 June 2023 $'000	30 June 2022 $'000
Contract liabilities	1,452	1,882
Deposits from customers	237	700
Contract liabilities	1,689	2,582

The reconciliation of the values at the beginning and end of the current and previous financial period are set out below:

	30 June 2023 $'000	30 June 2022 $'000
Balance at the beginning of the period	2,582	2,362
Decrease due to revenue recognised from performance obligations satisfied	(2,582)	(2,244)
Invoices raised for work performed but not yet recognised	1,689	2,464
Balance at the end of the period	1,689	2,582

13 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in joint ventures and associates are accounted for using the equity method and are measured in the statement of financial position at cost adjusted for the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Goodwill relating to associates and joint ventures is included in the carrying amount of the investment.

On acquisition of the investment in an associate or 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.

If the carrying amount of the equity accounted investment exceeds its recoverable amount, it is written down to the latter. When the Group's share of accumulated losses in an associate or joint venture equals or exceeds its carrying value, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

The requirements of NZ IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with NZ IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that 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.

Carrying amount of joint ventures and associates	30 June 2023 $'000	30 June 2022 $'000
Carrying amount at the beginning of the period	285	833
New investment in joint ventures and associates	957	-
Equity earnings/(losses) from associates and joint ventures	(330)	(556)
Other gains/(losses) related to associates and joint ventures	-	8
	912	285

Investment by joint venture or associate	30 June 2023 $'000	30 June 2022 $'000
Datagate Innovation Limited	912	285
	912	285

(a) Joint ventures and associates

The Group's joint venture and associates at 30 June 2023 are set out below. The country of incorporation or registration is New Zealand, their principal places of business are New Zealand and North America.

Name of Entity	Country of incorporation	Principal Activity	Percentage ownership 30 June 2023	 30 June 2022
Datagate Innovation Limited	New Zealand	Software sales	32.96	31.95

13 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Summary financial information

Datagate Innovation Limited	**30 June 2023** $'000	**30 June 2022** $'000
Net assets/(liabilities)	227	(1,131)
Proportion of the Group's ownership interest in the equity accounted investment	75	(361)
Goodwill	837	646
Carrying amount of the Group's interest in the equity accounted investment	912	285

Summary of joint venture's financial statements	**30 June 2023** $'000	**30 June 2022** $'000
Assets and liabilities of joint ventures are as follows:		
Current assets	1,032	1,299
Non-current assets	18	45
Current liabilities	(388)	(2,027)
Non-current liabilities	(435)	(448)
	227	(1,131)
Results of equity accounted investment	$'000	$'000
Revenue	3,169	2,243
Losses after taxation	(1,032)	(1,739)
Total comprehensive income	(1,032)	(1,739)
Group share of loss	(330)	(556)
The Enprise Group recorded the following within its statement of comprehensive income for the period related to Datagate :		
Gain on dilution	-	8
Share of operating loss	(330)	(556)
Total recognised within the group's profit	(330)	(548)

Other key financial information	**30 June 2023** $'000	**30 June 2022** $'000
Balance sheet		
Cash and cash equivalents	586	955
Trade and other receivables	444	344
Trade and other creditors	(388)	(195)
Property, plant and equipment	16	26
Intangible assets	2	19
Profit and loss		
Depreciation and amortisation	25	82
Interest income	10	2

Datagate Innovation Limited (Datagate) is a software company which provides online billing solutions for telecommunication services and other usage based services.

Datagate is a limited liability company whose legal form confers separation between the shareholders and the company itself. Datagate is governed by a Shareholder Agreement. The Shareholders Agreement states that at least 75% of the board of directors are required to approve all relevant activities. Up to March 2021, Enprise had the ability to appoint one out of three directors and therefore previously had joint control. Furthermore, the parties to the joint arrangement have rights to the net assets of the arrangement on wind up. As a result of an additional director being appointed to the Board in March 2021, Enprise is no longer considered to have joint control, but retains significant influence over this investment. The investment remains accounted for under the equity method however.

Datagate has been involved in a number of capital raising events, the last being in November 2022 where the Group acquired an additional 92,610 shares. Enprise acquired 70,545 shares from a former Datagate director for $175,363.

The group participated in the convertible note offering in December 2021. Details of the convertible note are disclosed in Note 10. The convertible note was excercised on 18 November 2022, as a result Enprise acquired an additional 237,472 shares.

The Board is comfortable that there is no impairment to the carrying value of Datagate. Recent share trades at $2.486 per share would value Datagate at $18,182,492. Enprise's share would have an implied value of $5,993,806 which would be substantially higher than the carrying value. If the Board decided to liquidate this asset the recovery is expected to be significantly higher than the carrying value.

14 INVESTMENTS IN OTHER ENTITIES

The Group has made a decision to adopt NZ IFRS 9 to measure the equity investment in Vadacom Holdings Limited at fair value through other comprehensive income (FVOCI).

Management continues to hold the assets for the medium to long term and the assets are therefore recognised as non-current. The Group revalued the investments at fair market value at the end of the financial year.

Carrying amount of investments in other entities	**30 June 2023** $'000	**30 June 2022** $'000
Carrying amount at the beginning of the year	627	687
Changes in fair value of other investments	(175)	(60)
Share buy back	-	-
	452	627

	30 June 2023 $'000	**30 June 2022** $'000
Vadacom Holdings Limited	452	627

Vadacom Holdings Limited

In November 2017, the Group acquired a 6.49% shareholding in Vadacom Holdings Limited, a cloud based VOIP phone and virtual PABX provider. Subsequent changes in shares since has resulted in a reduction of Enprise's shareholding to 6.35% at balance date.

During the 2021 financial year Vadacom Limited purchased back shares through a share buy back. Enprise considers this repayment a recovery of part of the cost of the investment. A portion of the buyback was repaid during the year, the balance has been deferred and is recorded as a related party loan (refer note 22(e)).

At 30 June 2023, the shares in Vadacom Holdings Limited have been independently valued at $9.55 (last year: $13.47) resulting in a loss of $175,365 (last year: loss of $59,579). This gain/loss has been recognised as other comprehensive income.

The table below summarises the quantitative information about the significant unobservable inputs used in this level 3 fair value measurement.

Unobservable inputs	**Range of inputs** **2023**	**2022**	**Relationship of unobservable inputs to fair value**
Recurring revenue ($'000)	2,276	2,578	Increasing recurring revenue, non recurring revenue, the recurring revenue multiple, and the non recurring revenue multiple each by 5% would increase fair value by $51,020 (last year: 5%; $70,990). Lowering each of the above inputs by 5% would decrease fair value by $48,530 (last year: 5%; $67,530).
Non recurring revenue ($'000)	897	1,037	
Recurring revenue multiple	3.05x	3.91x	
Non recurring revenue multiple	1.0x	1.0x	

15 PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment is 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 on fixed assets is calculated using the diminishing value method to allocate their costs, net of their residual values over their estimated useful lives as follows:

Computer equipment	20-50%
Furniture and fittings	10-50%
Office equipment	10-50%

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

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

	Leasehold Improvements	Computer equipment	Furniture and fittings	Office equipment	Total
		$'000	$'000	$'000	$'000
At 1 July 2021					
Cost		452	293	128	873
Accumulated depreciation		(275)	(200)	(94)	(569)
Net book value		177	93	34	304
Period ended 30 June 2022					
Opening net book value amount		177	93	34	304
Additions		165	2	14	181
Depreciation charge		(107)	(19)	(14)	(140)
Gain/loss on disposal		(5)	-	-	(5)
Foreign exchange gain/(loss)		5	2	1	8
Closing net book value		235	78	35	348
As at 30 June 2022					
Cost		622	297	143	1,062
Accumulated depreciation		(387)	(219)	(108)	(714)
Net book value		235	78	35	348
Year ended 30 June 2023					
Opening net book value amount	-	235	78	35	348
Additions	183	62	-	14	259
Disposals	-	-	-	-	-
Depreciation charge	(85)	(119)	(14)	(16)	(234)
Gain/loss on disposal	-	-	-	-	-
Foreign exchange gain/(loss)	-	16	-	(1)	15
Closing net book value	98	194	64	32	388
As at 30 June 2023					
Cost	183	700	295	156	1,334
Accumulated depreciation	(85)	(506)	(231)	(124)	(946)
Net book value	98	194	64	32	388

16 INTANGIBLE ASSETS

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration paid above the fair value of the net identifiable assets, liabilities and contingent consideration acquired.

Goodwill is assessed as having an indefinite useful life and is not amortised but is subject to impairment testing annually or whenever there are indications of impairment.

For the purpose of impairment testing, goodwill has been allocated to the cash-generating units (CGU). The impairment test is based on either an estimated recoverable amount (value in use) or the fair value less costs. Estimated future cash flow projections are based on the Group's five-year business plan for the business units.

Customer relationships

Customer relationship costs are carried at cost (being assessed from value on acquisition) 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 method over a period of 5 years. The amortisation has been recognised in the statement of comprehensive income within depreciation and amortisation expense. 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. No impairment has been assessed for the current financial year (last year: nil).

Software

"In-house" developed or acquired software costs are capitalised on completion and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-5 years. Employment costs associated with developing the software are capitalised when the costs are incurred. The amount of the charges capitalised is based on the proportionate time each employee spends on developing the software.

The amortisation of the intangible asset, Software has been made which reflects the boards view that the estimated useful life of the internally generated asset is 4 years not 10 years as used in prior financial statements.

	Intellectual Property	Software	Customer relationships	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000
At 1 July 2021					
Cost	-	3,086	1,264	7,538	11,888
Accumulated amortisation and impairment	-	(373)	(625)	-	(998)
Net book value	-	2,713	639	7,538	10,890
Period ended 30 June 2022					
Opening net book value amount	-	2,713	639	7,538	10,890
Additions	325	305	-	-	630
Exchange differences	-	83	12	182	277
Amortisation charge	(65)	(315)	(186)	-	(566)
Closing net book value	260	2,786	465	7,720	11,231
At 30 June 2022					
Cost	325	3,474	1,276	7,720	12,795
Accumulated amortisation and impairment	(65)	(688)	(811)	-	(1,564)
Net book value	260	2,786	465	7,720	11,231
Year ended 30 June 2023					
Opening net book value amount	260	2,786	465	7,720	11,231
Additions	-	517	-	-	517
Exchange differences	-	(42)	(7)	-	(49)
Amortisation charge	(65)	(1,719)	(181)	-	(1,965)
Impairment charge	-	(165)	(128)	(6,493)	(6,786)
Closing net book value	195	1,377	149	1,227	2,948
At 30 June 2023					
Cost	325	3,949	1,269	1,227	6,770
Accumulated amortisation and impairment	(130)	(2,572)	(1,120)	-	(3,822)
Net book value	195	1,377	149	1,227	2,948

16 INTANGIBLE ASSETS (CONTINUED)

Significant intangible assets held are as follows:

	Carrying amount $'000	Remaining amortisation period
Customer relationships - Kilimanjaro Consulting Pty Limited	103	18 months
Customer relationships - iSell Pty Limited	46	23 months
Software - ITQuoter	1,339	12-48 months
Intellectual Property	233	36 months

The carrying amounts of goodwill allocated to the cash generating units are outlined below:

	30 June 2023 $'000	30 June 2022 $'000
Kilimanjaro Consulting - New Zealand	1,227	1,227
Kilimanjaro Consulting - Australia	-	5,455
iSell	-	1,038
	1,227	7,720

(a) Impairment Testing - Kilimanjaro

An independent assessment of the fair value of the Kilimanjaro cash generating units (CGU's) was conducted at 30 June 2023, for the purpose of considering the fair value less cost of disposal of the CGU. The Level 3 fair value estimate was lower than the carrying value of the Kilimanjaro AU cash generating unit, but higher than the NZ cash generating unit. Information pertaining to each CGU is presented below.

Australian Cash Generating Unit

	30 June 2023
Recoverable Amount	270
Carrying Amount	5,869
Impairment Loss	(5,599)

The table below summarises the quantitative information about the significant unobservable inputs used in this level 3 fair value measurement.

The valuation technique has been adjusted from a earnings multiple valuation methodology in the prior year to a discounted cash flow methodology in the current year. This revised methodology was adopted to more accurately capture expected future changes in the various revenue streams of the entity, and their divergent impact on profitability.

The discounted cash flow valuation used to determine the CGU's recoverable amount in the current period uses 5 years of projected cash flows and a terminal value.

Key Assumption

	Value	Basis for determining value assigned to key assumptions
Growth Rate	3.21%	Determined based on historical trend growth and management's future expectations
Weighted average cost of capital	13.47%	Determined primarily based on external sources of information, adjusted for entity specific risks.

Sensitivity Analysis

	Current Value	Reasonably possible change	Impact of change
Growth Rate	3.21%	Decrease by 3%	Additional impairment loss of $270,000
Weighted average cost of capital	13.47%	Increase by 1%	N/A, terminal cash flow estimate is negative

16 INTANGIBLE ASSETS (CONTINUED)

New Zealand Cash Generating Unit

The table below summarises the quantitative information about the significant unobservable inputs used in this level 3 fair value measurement.

Key Assumption

	Value	Basis for determining value assigned to key assumptions
Growth Rate	2.93%	Determined based on historical trend growth and management's future expectations
Weighted average cost of capital	14.49%	Determined primarily based on external sources of information, adjusted for entity specific risks.

Sensitivity Analysis

	Current Value	Reasonably possible change
Growth Rate	2.93%	No reasonably possible change which would cause an impairment loss
Weighted average cost of capital	14.49%	No reasonably possible change which would cause an impairment loss

(b) Impairment Testing - iSell Pty Limited

An independent assessment of the fair value of the iSell cash generating unit (CGU's) was conducted at 30 June 2023, for the purpose of considering the fair value less cost of disposal of the CGU. The Level 2 fair value estimate was lower than the carrying value of the cash generating unit. Information pertaining to each CGU is presented below.

	30 June 2023
Recoverable Amount	2,039
Carrying Amount	3,620
Impairment Loss	(1,581)

The table below summarises the quantitative information about the significant inputs used in this level 2 fair value measurement.

The valuation technique has been adjusted from a earnings multiple valuation methodology in the prior year to a comparable sales methodology in the current year. This revised methodology was adopted as a capital raising conducted after year end provided more direct and comparable valuation evidence as to the value of iSell shares.

Key Assumption

	Value	Basis for determining value assigned to key assumptions
Value per share	A$0.12	Determined based on capital raise conducted subsequent to year end

Sensitivity Analysis

	Current Value	Reasonably possible change	Impact of change
Value per share	A$0.12	Decrease by 10%	Additional impairment loss of $204,000

17 RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, and any initial direct costs incurred by the lease.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

The Group's right-of use assets consist only of property leases which up until 31 March 2019 were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a lease liability at the lease commencement date.

	Property	Total
	$'000	$'000
At 1 July 2021		
Cost	2,147	2,147
Accumulated depreciation	(579)	(579)
Net book value	1,568	1,851
Year ended 30 June 2022		
Opening net book value amount	1,568	1,568
Additions	490	490
Lease Adjustments	(83)	(83)
Exchange differences	13	13
Depreciation charge	(648)	(648)
Closing net book value	1,340	1,340
At 30 June 2022		
Cost	2,296	2,296
Accumulated amortisation and impairment	(956)	(956)
Net book value	1,340	1,340
Year ended 30 June 2023		
Opening net book value amount	1,340	1,340
Additions	373	373
Lease Adjustments	-	-
Exchange differences	(9)	(9)
Depreciation charge	(606)	(606)
Closing net book value	1,098	1,098
At 30 June 2023		
Cost	2,648	2,648
Accumulated amortisation and impairment	(1,550)	(1,550)
Net book value	1,098	1,098

The sale of the Walker Street, Sydney office building to a new landlord presented an opportunity to renegotiate and relinquish a portion of the occupancy. The new lease commenced on 1 February 2023 and is for 24 months.

The Wellington lease expired in May 2023 and has moved to a month by month arrangement. There were no other long term leases negotated during the year.

18 BORROWINGS

Cash on hand and at bank

Cash and cash equivalents in the statement of financial position are comprised 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 on hand and at bank.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the net proceeds and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

	30 June 2023 $'000	30 June 2022 $'000
Current cash on hand / (borrowings)		
Cash on hand and at bank	1,178	1,546
Bank overdraft	(949)	(330)
Cash and cash equivalents	229	1,216
Bank borrowings	(1,147)	(812)
Other borrowings	-	(41)
Current borrowings	(918)	363
Non-current borrowings	-	-
Net cash on hand	(918)	363

(a) Summary of borrowing arrangements

The Bank of New Zealand (BNZ) has provided the following facilities to Enprise Group Limited:
- An overdraft facility of $1,000,000
- A commercial loan of $2,000,000 of which $nil is available to redraw at 30 June 2023 (last year: $723,385). The loan matures on 31 October 2023 and requires the next quarterly payment of $99,900. The bank's debt is secured by PPSR over all the assets of Enprise Group Limited, Kilimanjaro Consulting Pty Limited and Kilimanjaro Consulting Limited (formerly Enprise Solutions Limited).

The Group is currently under the notice of covenant non-waiver issued by the BNZ in September 2023 in respect of the breaches to both the interest cover and financial debt ratios. The year end results have further continued to have these two covenants breached at year end. See note 26 for details of notice of covenant non-waiver subsequent to balance date.

The Group acquired historical unsecured borrowings and amounts owing to third parties on the acquisition of iSell Pty Limited.
- The ex-employee debt of AU$37,467 was repaid during the year, it was part of an original settlement on 30 June 2015 of AU$120,000.

The other borrowing in the prior period refers to the recognised liability to a former iSell employee who was claiming a higher balance that iSell is defending. This has been settled subsequent to balance date and included as an accrual in the financial statements.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s statement of cash flows as cash flows from financing activities:

	Bank borrowings $'000	Other borrowings $'000	Lease Liabilities $'000
At 1 July 2021	-	50	1,659
Non-cash changes	-	3	402
Financing cash inflows	1,000	-	-
Financing cash outflows	(188)	(12)	(612)
Exchange differences	-	-	16
Balance as at 30 June 2022	**812**	**41**	**1,465**
Non-cash changes	-	-	373
Financing cash inflows	723	-	-
Financing cash outflows	(388)	(42)	(595)
Exchange differences	-	1	(11)
Balance as at 30 June 2023	1,147	-	1,232

19 LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

	30 June 2023 $'000	30 June 2022 $'000
Lease liabilities	1,232	1,465
Classified as		
Current	498	495
Non-current	734	970
	1,232	1,465

(a) Remaining contractual cash flows

Maturity analysis of the contractual undiscounted cash flows are as follows:

	30 June 2023 $'000	30 June 2022 $'000
Not later than one year	551	562
Later than one year but not later than 5 years	821	939
Later than 5 years	-	158
	1,372	1,659

(b) Amounts recognised in statement of comprehensive income

	30 June 2023 $'000	30 June 2022 $'000
Interest on lease liabilities	78	88
Expenses relating to short term leases	146	142
	224	230

(c) Amounts recognised in statement of cash flows

Cash outflows recognised within cash flows from operating activities	30 June 2023 $'000	30 June 2022 $'000
Interest element of lease payments	78	88
Cash outflows recognised within cash flows from financing activities		
Principal elements of lease payments	595	612

(d) Critical accounting judgements and estimates

Lease Term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

20 EQUITY

(a) Share capital

Share capital comprises of ordinary shares only. 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.

All shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value.

	Number of authorised shares		Share capital	
Contributed equity - ordinary shares	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
	shares	shares	$'000	$'000
Opening ordinary shares	16,157,699	16,157,699	11,010	11,010
Rights issue	1,210,662	-	1,017	-
Staff share issue	61,700	-	53	
	17,430,061	16,157,699	12,080	11,010

On 24 November 2022, 1,210,662 shares were issued in the rights issue at $0.85 per share. On 1 March 2023, 61,700 shares were issued to staff under the staff share purchase scheme at $0.85 per share.

(b) Dividends

	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	cents per share	cents per share	$'000	$'000
Final dividend for the period ended 30 June 2021	-	2.50	-	404
Interim dividend for the period ended 30 June 2022	-	-	-	-
Final dividend for the period ended 30 June 2022	-	-	-	-
Interim dividend for the period ended 30 June 2023	-	-	-	-
	-	2.50	-	404

21 RELATED PARTY TRANSACTIONS

(a) Interest in other Entities

The Group's principal subsidiaries are set out in note 1(d). Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group. The country of incorporation or registration is also their principal place of business.

(b) Ultimate Parent

The ultimate parent entity and controlling party is Enprise Group Limited. The Parent is domiciled in New Zealand.

(c) Transactions with Related Parties

During the period, the Group entered into the following trading transactions with related parties.

	Sale of services		Purchase of services	
Name of Entity	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
	$'000	$'000	$'000	$'000
Vadacom Limited*	36	37	-	-
Next Telecom*	-	-	35	32
Datagate Innovation Limited	13	-	-	-
Nicholas Paul (Director) - consultancy fees (see note 21(f))	-	-	-	73
	49	37	35	105

** Vadacom Limited and Next Telecom Limited are subsidiaries of Vadacom Holdings Limited*

21 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

Name of Entity	Amounts owed by related parties 30 June 2023 $'000	Amounts owed by related parties 30 June 2022 $'000	Amounts owed to related parties 30 June 2023 $'000	Amounts owed to related parties 30 June 2022 $'000
Next Telecom Limited	-	-	7	5
Vadacom Limited	3	4	-	-
Nightingale Partners (Lindsay Phillips)	-	-	12	40
	3	4	19	45

(e) Loans to/from related parties

The following balances are outstanding at the end of the reporting period.

Name of Entity	Amounts owed by related parties 30 June 2023 $'000	Amounts owed by related parties 30 June 2022 $'000	Amounts owed to related parties 30 June 2023 $'000	Amounts owed to related parties 30 June 2022 $'000
Vadacom Holdings Limited	32	73	-	-
Datagate Innovation Limited	-	518	-	-
	32	591	-	-
Current	-	-	-	-
Non-Current	32	591	-	-
	32	591	-	-

(f) Key management personnel

Key management compensation to directors of the Group was as follows:

	30 June 2023 $'000	30 June 2022 $'000
Salaries, bonuses and commissions	517	582
Superannuation	36	34
Other post-employment benefits	8	19
Consultancy fees	-	73
Directors' fees	88	92
	649	800

Key management did not receive any termination benefits during the period (last year: nil).

Key management received post-employment or long term benefits of $43,146 (last year: $49,750).

(g) Directors' fees

Directors received director's fees as detailed below:

	30 June 2023 $'000	30 June 2022 $'000
L Phillips	25	40
G Cooper	-	-
N Paul	35	25
R Baskind	-	-
M Fong	13	27
Dr A Varghese-Cowan	15	-
	88	92

22 SUBSIDIARIES WITH NON CONTROLLING INTERESTS

iSell Pty Limited

Enprise Group Limited consolidates 100% of iSell's results and presents the portion of profit/(loss) and other comprehensive income attributable to a non-controlling interest (NCI).

Enprise Group Limited acquired a controlling stake in iSell on 27 May 2020. Subsequent to this date, Enprise has purchased shares from non controlling interests and engaged in rights issues that have increased Enprise's shareholding in iSell, ultimately resulting in a non-controlling interest percentage of 24.97% at 30 June 2023 (last year: 24.97%).

Transactions with non-controlling interests recognised in equity	**Attributable to the parent**	**Non-controlling interests**	**Total**
	$'000	$'000	$'000
Purchase from non-controlling interests	(10)	(1)	(11)
Proceeds from rights issue in iSell Pty Limited to non-controlling interests	-	-	-
Total transactions with non-controlling interests	(10)	(1)	(11)

(a) Summary of financial position

	30 June 2023	**30 June 2022**
	$'000	$'000
Assets		
Cash and cash equivalents	44	70
Trade and other receivables	73	151
Contract assets	68	52
Staff receivables	-	-
Property plant and equipment	39	30
Intangible assets	1,406	3,837
Right-of-use assets	-	-
Deferred tax asset	4	-
Other non-current assets	9	10
Total assets	1,643	4,150
Liabilities		
Trade and other payables	(445)	(207)
Contract liabilities	(175)	(180)
Provisions	(201)	(197)
Borrowings	-	(41)
Lease liabilities	-	-
Related party payable	(1,175)	(253)
Total liabilities	(1,996)	(878)
Net assets	(353)	3,272

(b) Summary of financial performance

	30 June 2023	**30 June 2022**
	$'000	$'000
Revenue from contracts with customers	1,199	1,093
Net profit/(loss)	(1,745)	(1,422)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(1,745)	(1,422)

	30 June 2023	**30 June 2022**
	24.97% - 24.75%	*28.86% - 24.97%*
	$'000	$'000
Total comprehensive income/(loss) attributable to NCI	(473)	(357)

(c) Summary of statement of cash flows

During the year iSell Pty Limited incurred total operating cash outflows of $AU69,948 (last year: $1,262,516) total investing outflows of $AU493,459 (last year: $328,861) and total financing inflows of $AU539,442 (last year: $1,042,755).

23 CASH FLOW RECONCILIATION

Cash flows are included in the statement of cash flows on a gross basis and includes 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.

Reconciliation of net profit to net cash flows from operations:	30 June 2023 $'000	30 June 2022 $'000
Profit/(Loss)	(10,752)	(2,193)
Adjustments for:		
Depreciation on property plant and equipment	234	118
Loss on disposal of property plant and equipment	-	5
Depreciation on right-of-use assets	606	648
Amortisation on intangible assets	1,965	588
Net loss/(gain) on foreign exchange	20	5
Impairment of intangible assets	6,786	-
Share of loss from equity accounted investments	330	548
Movement in current and deferred tax	904	(227)
Movements in working capital		
(Increase)/decrease in trade and other receivable	(826)	(326)
(Increase)/decrease in contract assets	95	(100)
(Increase)/decrease in income taxes receivable	(43)	18
Increase/(decrease) in trade and other payables	435	357
Increase/(decrease) in provisions	133	245
Increase/(decrease) in contract liabilities	(612)	168
Net cash inflow/(outflow) from operating activities	(725)	(146)

24 CONTINGENT LIABILITIES

There were no material contingent liabilities or assets at balance date (last year: nil).

25 SUBSEQUENT EVENTS AFTER BALANCE DATE

(a) Notice of non-waiver of banking covenants

Enprise was in breach of their BNZ Loan covenants at year end. BNZ has provided a notice of non-waiver of the 30 June 2023 banking interest cover and leverage covenant on 15 September 2023. BNZ advised that it does not waive or give up its rights to any breach obligation, however BNZ advise that they will not be taking any action at this time and thier right to take action regading this breach of obligation continues in full.

(b) Dispute with MYOB

Kilimanjaro Consulting Pty Ltd ("Kilimanjaro"), has resolved its dispute with MYOB Australia Pty Ltd on terms that will see the parties continue as committed partners in the marketing of the MYOB Advanced and Exo products. The terms, which are confidential, will result in the termination of the litigation commenced by Kilimanjaro in the Federal Court of Australia, with each party paying its own legal costs. Kilimanjaro is confident that, with this litigation now resolved, it will be able to apply all its energy towards maintaining and growing its position as one of the major Channel Partners of MYOB.

(c) Rights Issue

Enprise concluded a 1 for 5 rights issue on 22 Septemeber 2023 issuing 2,637,996 new shares ranking pari pasu with the existing issued capital at 50 cents per share which raised $1,318,998 as per the NZX annoucement dated 29 September 2023.

(d) iSell Rights Issue

iSell closed applications for a rights issue on 14 Septemeber 2023 at 12 cents per share. The under writing is subject to confidential conditions that are yet to be fullfilled. The valuation of the rights issue was utilised in assessing the iSell impairment (see Note 16 (b))

26 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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.

(a) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash deposited in interest-bearing call accounts, the bank overdraft and term loans. 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.

Funds with financial institutions are held on call or short term deposits. The majority of funds are held across three major Australasian trading banks all with a Standard and Poor's credit rating of AA-.

At 30 June 2023, 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:

	Profit		Equity	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	$'000	$'000	$'000	$'000
+1% (100 basis points)	(6)	3	(6)	3
- 1% (100 basis points)	6	(3)	6	(3)

(b) Credit risk

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 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.

Management have reviewed the customer base for industry segments based on SIC codes and have evaluated the credit risk for each segment. There are no significant concentrations of trade receivable counterparties.

(c) Liquidity risk

Liquidity risk is the risk of an unforeseen event or miscalculation in the required liquidity level that will result in the Group foregoing investment opportunities or not being able to meet its obligations in a timely manner, and therefore gives rise to lower investment income or to higher borrowing costs than otherwise. Prudent liquidity risk management includes maintaining sufficient cash, and ensuring the availability of adequate amounts of funding from credit facilities.

The table below analyses the Group's financial liabilities collated/grouped into relevant maturity bands, based on the remaining period from balance date to the contractual maturity date.

Contractual maturity analysis	less than 6 mths	6 - 12 months	1 - 3 years	> 3 years	Total
30 June 2023	$'000	$'000	$'000	$'000	$'000
Trade and other payables	3,430	-	-	-	3,430
Bank overdraft	949	-	-	-	949
Term loan	1,147	-	-	-	1,147
Lease liabilities	277	274	496	325	1,372
Total	5,803	274	496	325	6,898

26 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

Contractual maturity analysis 30 June 2022	less than 6 mths $'000	6 - 12 months $'000	1 - 3 years $'000	> 3 years $'000	Total $'000
Trade and other payables	2,963	-	-	-	2,963
Bank overdraft	330	-	-	-	330
Term loan	812	-	-	-	812
Lease liabilities	356	206	540	557	1,659
Other borrowings	-	41	-	-	41
Total	4,461	247	540	557	5,805

(d) Financial instrument classification

Financial assets	30 June 2023 $'000	30 June 2022 $'000
Financial asset at fair value through other comprehensive income	452	627
Financial asset at fair value	-	518
Amortised Cost		
Cash and cash equivalents	1,178	1,546
Trade receivables (excluding prepayments)	3,575	3,018
Staff and related party receivables	61	73
	5,266	5,782

Financial liabilities at amortised cost	30 June 2023 $'000	30 June 2022 $'000
Trade and other payables	3,430	2,963
Borrowings	2,096	1,183
	5,526	4,146

(e) 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 (predominantly in Australian dollars) to the local currency of the subsidiary to fund operations. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1 per cent change in foreign currency rates.

At 30 June 2023, if currency 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:

Australian dollars	Profit		Equity	
	30 June 2023 $'000	30 June 2022 $'000	30 June 2023 $'000	30 June 2022 $'000
+10% (1000 basis points)	(148)	(65)	(42)	618
- 10% (1000 basis points)	148	65	(42)	(618)

Statutory Information

The Directors are pleased to submit to shareholders their report and financial statements for the year ended 30 June 2023. In order to comply with the Companies Act 1993, the directors report as follows:

Directors

Lindsay Phillips	appointed 1 December 2013	Non-Executive Director
Nicholas Paul	appointed 1 December 2015	Independent Non-Executive Chairperson
George Cooper	appointed 10 April 2012	Chief Executive Officer - Enprise Group
Ronald Baskind	appointed 31 January 2018	Chief Executive Officer - Kilimanjaro Division
Dr Aneesha Varghese-Cowan	appointed 24 November 2022	Independent Non-Executive Director
Marisa Fong	resigned 24 November 2022	Independent Non-Executive Director

Dr Aneesha Varghese-Cowan, Nicholas Paul and Elliot Cooper comprise the members of the Audit, Finance and Risk Committee.

Mr Paul is considered to be an independent director as he has a small holding in Enprise. Dr Varghese-Cowan is considered to be an independent director as she has no shareholding in Enprise and has no other remuneration or influence which would affect her decision making in a material way.

	30 June 2023	30 June 2022
Male Directors	4	4
Female Directors	1	1
Male Officers	3	2
Female Officers	-	1

Directors interests at 30 June 2023

	Number of Shares
Lindsay Phillips	3,400,032
Ronald Baskind	2,938,403
George Cooper	243,242
Nicholas Paul	50,273
Dr Aneesha Varghese-Cowan	-

The following entries are recorded in the period ending 30 June 2023:

• Lindsay Phillips ceased as a director of Control Bionics Pty Limited, Leed Group Holdings Limited, Old Bull and Box Holdings Pty Limited, Leed Manufacturing Pty Limited and Larki Pty Limited. Lindsay Phillips was appointed as director of Fabulate Pty Limited and OK Group (APCA) Pty Limited.

• Dr Aneesha Varghese-Cowan is an shareholder and director of, Better World Australia Pty Limited, FACS Family Holdings Pty Limited, FACS Family Nominees Pty Limited. She is a director of Aviation Aerospace Australia Limited and of Family Life Limited. Aneesha is a member of Victoria Advisory Panel for the Chartered Accountants Australia and New Zealand. She is an shareholder in Sita Properties Limited.

Remuneration of directors

The remuneration of the Directors for the period ended 30 June 2023 is set out below:

	30 June 2023 $'000	30 June 2022 $'000
George Cooper	248	270
Lindsay Phillips	25	40
Nicholas Paul	35	98
Ronald Baskind	313	365
Dr Aneesha Varghese-Cowan	15	-
Marisa Fong	13	27
	649	800

Total compensation of the directors is disclosed in note 21(f).

The following discloses the remuneration arrangements in place for chief executives for the period ended 30 June 2023: .

	$'000 Base per annum	$'000 Incentive	$'000 Superannuation	$'000 Total
George Cooper	230	20	8	258
Ronald Baskind	280	22	33	335

Incentives are discretionary and assessed by the Board based on the profitability of the company.

Enprise Group Limited

Statutory Information

Employee remuneration

The number of employees or former employees, not being directors of the Group, that received remuneration and other benefits that exceeded $100,000 per annum is as follows:

	30 June 2023	30 June 2022
	Number of employees	
100,001 – 110,000	14	8
110,001 – 120,000	6	4
120,001 – 130,000	7	10
130,001 – 140,000	7	7
140,001 – 150,000	11	4
150,001 – 160,000	3	7
160,001 – 170,000	6	7
170,001 – 180,000	10	2
180,001 – 190,000	2	1
190,001 – 200,000	1	-
210,001 – 220,000	1	3
220,001 – 230,000	2	-
230,001 – 240,000	-	-
240,001 – 250,000	1	1
250,001 – 260,000	1	-
260,001 - 270,000	1	1
270,001 - 280,000	-	1
280,001 - 290,000	1	1
300,001 - 310,000	1	-
310,001 - 320,000	1	-
340,001 - 350,000	-	1

Twenty largest shareholders as at 8 August 2023

	Holding	Holding %
New Zealand Central Securities Depository Ltd	3,587,287	20.58%
Nightingale Partners Pty Limited*	3,400,032	19.51%
Red Cow Investments Pty Limited~	2,671,276	15.33%
Reitham Finanz Gmbh & Co Kg	861,471	4.94%
Dr Jens Neiser	681,159	3.91%
Custodial Services Limited	505,193	2.90%
New Zealand Depository Nominee	453,308	2.60%
Amely Zaininger	399,614	2.29%
Bernard Israel Fridman	318,145	1.83%
Carjon Investments Pty Limited	291,071	1.67%
Savgas Pty Limited	291,071	1.67%
Deansand Pty Limited	290,692	1.67%
Ronald Ivor Baskind	267,127	1.53%
Donwood Pty Limited	253,000	1.45%
Net Power Solutions Limited	249,893	1.43%
George Elliot Cooper	243,242	1.40%
Bernard Fridman	181,767	1.04%
Sarah May Loveys	141,052	0.81%
Jason Patrick Fegan	129,864	0.75%
Roger John Williams	124,686	0.72%

*Related parties to Lindsay Phillips
~Related party to Ronald Baskind

Statutory Information

Geographic distribution of shareholders as at 8 August 2023

Country	Holders	Holder %	Issued capital	Issued capital %
New Zealand	261	65.58%	6,730,298	38.61%
Australia	107	26.88%	9,805,670	56.26%
Germany	17	4.27%	870,763	5.00%
USA	8	2.01%	16,263	0.09%
Great Britain	3	0.75%	6,667	0.04%
Philippines	1	0.25%	200	0.00%
Switzerland	1	0.25%	200	0.00%
Total	**398**	**99.99%**	**17,430,061**	**100.00%**

Distribution of shareholders as at 8 August 2023

Range	Holders	Holding quantity	Holding %
1-1000	134	63,502	0.36%
1001-5000	150	378,642	2.17%
5001-10000	36	272,640	1.56%
10001-50000	56	1,226,088	7.03%
50001-100000	2	148,239	0.85%
Greater than 100000	20	15,340,950	88.03%
Total	**398**	**17,430,061**	**100.00%**

Substantial security holders

At 30 June 2023, the following security holders had given notices in accordance with the Financial Markets Conduct Act 2013 that they were a substantial product holder in the Company. The number of shares shown below are as recorded for all the relevant interests recorded on the Company's share register.

	Holding
L Phillips	3,400,032
R Baskind	2,938,403
Dr J Neiser	3,000,630

Corporate governance

The directors have complied with the corporate governance code which can be found on the following link.
https://enprisegroup.com/s/201125-eg-corporate-governance-statement-4sx6.pdf

Enprise Group Limited

Directory

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

Contact Details

New Zealand
Level 2, 16 Hugo Johnston Drive
Penrose, Auckland 1061
PO Box 62262
Sylvia Park
Auckland 1644
Phone: +64 9 829 5500
Fax: +64 9 829 5501

Principal place of business
Level 2, 16 Hugo Johnston Drive
Penrose, Auckland 1061
Phone: +64 9 829 5500

Registered office
Level 2, 16 Hugo Johnston Drive
Penrose, Auckland 1061

Australia
Level 4, 122 Walker Street
North Sydney
NSW 2060
Phone: +61 2 8355 7055
Fax: +61 2 8355 7045

Principal place of business – Australia
Level 4, 122 Walker Street
North Sydney, NSW 2060

Website www.enprisegroup.com
Email info@enprisegroup.com

Board of Directors

Nicholas Paul (Chair)
Dr Aneesha Varghese-Cowan
Lindsay Phillips
George Cooper
Ronald Baskind

Share Register

Link Market Services Limited
Level 30, PwC Tower
15 Customs Street West
Auckland, New Zealand
Phone: +64 9 375 5990

Enprise Group Limited shares are listed on the NZX. The Group's share register is maintained by Link Market Services Limited. Link is your first point of contact for any queries regarding your investment in Enprise Group.

Auditor

UHY Haines Norton
Level 11
1 York Street
Sydney, NSW 2001
Phone : +61 2 9256 6600

Lawyer

Hudson Gavin Martin, Auckland, New Zealand
Chapman Tripp, Auckland, New Zealand
Ash Street, Sydney, Australia

Principal Bankers

BNZ Bank Limited, Auckland, New Zealand

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Independent Auditor's Report

To the Shareholders of Enprise Group Limited

Disclaimer of Opinion

I was engaged to audit the consolidated financial statements of Enprise Group Limited ("the Company") and its subsidiaries ("the Group"), which comprises:

- the consolidated statement of financial position as at 30 June 2023;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements including a summary of significant accounting policies.

I am a partner with UHY Haines Norton Chartered Accountants Sydney (the Firm) and I have used the staff and resources of the Firm to perform the audit of the Group.

I do not express an opinion on the accompanying consolidated financial statements of the Group on pages 6 to 40. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Going Concern

Note 1(i) on pages 13 and 14 to the consolidated financial statements discloses conditions that indicate the existence of material uncertainties relating to matters surrounding the continuing use of the going concern assumption in the preparation of these financial statements.

Due to the significant level of uncertainty associated with forecasting the Group's future cashflows and in determining the likely outcome of the ongoing negotiations with the Bank Of New Zealand to extend the existing debt facilities expiring at the end of October 2023, or to obtain suitable replacement financing as detailed in note 1(i), I was unable to obtain sufficient appropriate audit evidence to enable me to form an opinion as to whether the use of the going concern assumption is appropriate. Consequently, I was unable to determine whether any adjustments were necessary in respect of the consolidated statement of financial position of the Group as at 30 June 2023, the consolidated statement of comprehensive income or consolidated statement of changes in equity.

I consider the impact of the above matters to be material and pervasive to the consolidated financial statements of the Group.

Directors' Responsibilities 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 New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of 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

My responsibility is to conduct an audit of the Group's financial statements in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)") issued by the New Zealand Auditing and Assurance Standards Board and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other than in my capacity as auditor, neither myself, the firm or the firm's staff have no relationship with, or interests in, the Group.

Restriction on use of my report

This report is made solely to the Group's shareholders, as a body. My audit work has been undertaken so that I might state to the Group's shareholders, as a body those matters which I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Group and the Group's shareholders, as a body, for my audit work, for this report or for the opinion I have formed.

Vikas Gupta
Audit Partner - UHY Haines Norton Chartered Accountants Sydney
Signed at Sydney, Australia on 29 September 2023