

**Enprise Group Limited**

**Half year report**

**for the six month period ended 30 September 2019**

# Enprise Group Limited

## Financial Statements

for the six month period ended 30 September 2019

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# Enprise Group Limited

## Directors' Report

The Directors are pleased to submit to shareholders their interim report and financial statements for the six month period ended 30 September 2019.

### Principal activities

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

Enprise has two joint venture investments:

- Datagate Innovation Limited (Datagate), an early stage business that provides online reporting and billing portals under a Software-as-a-Service (SaaS) model for resellers of Telco/Utility services and hosted service providers in New Zealand, Australia, Canada and the USA. Enprise holds 33.5% of Datagate.
- Kilimanjaro Consulting Pty Limited (Kilimanjaro), the largest solution provider for MYOB Enterprise software in Australia, on 29 September 2017 Enprise took and continues to hold a 47.1% stake.

Enprise also initially invested in an associate, iSell Pty Limited (iSell) in December 2017 and currently holds a 19.9% stake. iSell sells a cloud-based quoting system used by the IT reseller market in Australia, New Zealand and the UK.

### Significant changes in the state of affairs

Enprise subscribed \$176,001 on 29 October 2019 in a heavily oversubscribed rights issue undertaken by Datagate to enable Datagate to continue expansion into international markets, Enprise stake in Datagate was diluted by this raising causing Enprise to recognise a gain on dilution which will show in the 2020 Annual Report.

### Directors

Mr Lindsay Phillips (appointed 1 December 2013) - Chairman  
Mr George Cooper (appointed 10 April 2012) - CEO  
Mr Nicholas Paul (appointed 1 December 2015) – Independent Non-Executive Director  
Mr Ronald Baskind (appointed 31 January 2018) – Non-Executive Director  
Ms Marisa Fong (appointed 1 February 2019) – Independent Non-Executive Director

### Rounding of amounts

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

### Review of operations and outlook

Revenue increased 14.6% from the same six month reporting period in 2018. There has been a decrease in operating profit as Enprise invested in a new Christchurch operation and continued investing in the transition from on premises software to cloud applications.

Enprise continues to leverage its position as the only MYOB EXO and MYOB Advanced reseller with offices in both New Zealand and Australia, to target trans-Tasman businesses. Enprise is well positioned to take advantage of the trend towards cloud while still having a stable, well supported, secure and continually developed on-premises offering. In January 2019, Enprise became a MYOB Advanced Platinum Partner adding to its Platinum Partner status with MYOB for MYOB Exo.

The company has not paid or declared a dividend during the reporting period.

Datagate had sixty five paying customers at 30 September 2019 representing annualised recurring revenue of \$687,720, an increase of 69.4% in the last 12 months. Datagate and is focussed on selling and on-boarding new customers particularly in North America. The Datagate November 2019 rights issue was heavily over-subscribed, raising \$1,010,741. Enprise subscribed all of its rights issue and consequently its ownership reduced to 33.50%. At the rights issue price of \$1.90 per share, Enprise' 1,858,107 shares in Datagate had a notional value of approximately \$3.53 million. This compares favourably to the actual carrying value of Datagate in the Enprise books at 30 September 2019. We remain confident in the future success of the Datagate business.

Enprise acquired 47.1% of Kilimanjaro, the largest reseller of MYOB Exo and Advanced in Australia, in September 2017. This strategic acquisition was made with the expectation that Enprise would gain future synergies due to the similarities in the Kilimanjaro/Enprise business models. To date, we have had to operate both businesses independently, though minor synergies have been gained by merging the Finance functions. Future synergies in regard to the consulting and sales divisions of the business will only be realised if a full merger were to proceed. The initial investment made by Enprise was \$3,168,400. The carrying value of Kilimanjaro is \$2,104,747 at 30 September 2019, this is a gain from 31 March 2019 as Kilimanjaro's operating position has improved in the reporting period. Enprise granted a put option to the Kilimanjaro shareholders to put the remaining 52.71% of Kilimanjaro which they retained in return for 2,854,650 ENS shares. This option can be exercised between 1 September 2019 and 30 August 2020 provided certain conditions are met.

# Enprise Group Limited

## Directors' Report

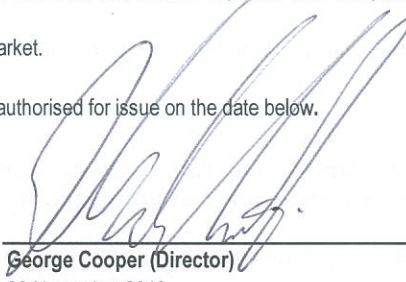
iSell completed most of the components required for the new cloud software as the end of June 2019 and had ninety five customers on the new SaaS cloud software platform as at 30 September 2019 representing \$125,688 in annualised recurring revenue. iSell is in the process of adding new customers to the cloud platform and converting their legacy on premises customers to the new software, which is expected to be completed by the middle of 2020.

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

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



**Lindsay Phillips (Chairman)**  
28 November 2019



**George Cooper (Director)**  
28 November 2019



## Enprise Group Limited

### Consolidated Statement of Comprehensive Income for the six month period ended 30 September 2019

	Note	Six months ended 30 Sept 2019 Unaudited \$'000	Six months ended 30 Sept 2018 Unaudited \$'000	Year ended 31 March 2019 Audited \$'000
<b>Continuing operations</b>				
Revenue from contracts with customers		3,718	3,244	6,714
Cost of providing services		(419)	(268)	(600)
<b>Gross profit</b>		<b>3,299</b>	<b>2,976</b>	<b>6,114</b>
Other operating income		-	14	12
Employee benefit expense		(2,226)	(1,894)	(4,080)
Operating costs		(710)	(646)	(1,343)
Other gains/(losses)		45	8	(40)
<b>Operating profit from continuing operations</b>		<b>408</b>	<b>458</b>	<b>663</b>
Equity earnings from associates and joint ventures	9(c)	(267)	(491)	(1,001)
Write down of carrying value of joint ventures		-	-	(123)
Finance cost - net		5	(31)	(52)
<b>Profit/(loss) before income tax from continuing operations</b>		<b>146</b>	<b>(64)</b>	<b>(513)</b>
Income tax benefit/(expense)	3(a)	62	36	(88)
<b>Profit/(loss) for the period</b>		<b>208</b>	<b>(28)</b>	<b>(601)</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit or loss</i>				
Foreign currency translation differences		(3)	-	10
<i>Items that will not be reclassified to profit or loss</i>				
Changes in the fair value of investments through other comprehensive income		-	-	345
Total other comprehensive income		(3)	-	355
<b>Total comprehensive income for the year</b>		<b>205</b>	<b>(28)</b>	<b>(246)</b>
Total comprehensive income for the year is attributable to:				
Shareholders of the parent		205	(28)	(246)


These interim financial statements should be read in conjunction with the accompanying notes and the 31 March 2019 annual report.

# Enprise Group Limited

## Consolidated Statement of Financial Position as at 31 March 2019

	Note	30 Sept 2019 Unaudited \$'000	30 Sept 2018 Unaudited \$'000	31 March 2019 Audited \$'000
<b>Current assets</b>				
Cash & cash equivalents	8	853	1,310	771
Trade and other receivables		1,348	1,729	1,324
Contract assets		256	80	296
Current tax assets		1	-	1
Other loans and receivables		43	52	54
Right of use assets		69	-	-
Loans to related parties	11(c)	207	-	193
<b>Total current assets</b>		<b>2,777</b>	<b>3,171</b>	<b>2,639</b>
<b>Non-current assets</b>				
Investments in associates, joint ventures	9(b)	3,564	4,205	3,880
Investments in other entities		593	321	593
Other loans and receivables		39	60	33
Property plant and equipment		61	99	83
Intangible assets		1,702	1,727	1,695
Deferred tax asset		442	369	352
Loans to related parties	11(c)	717	-	476
<b>Total non-current assets</b>		<b>7,118</b>	<b>6,781</b>	<b>7,112</b>
<b>Total assets</b>		<b>9,895</b>	<b>9,952</b>	<b>9,751</b>
<b>Current liabilities</b>				
Trade and other payables		1,090	1,182	1,010
Provisions		295	273	233
Contract liabilities		605	-	705
Borrowings	8	470	324	635
Lease liability for right of use assets		95	-	-
Other current liabilities		36	15	15
<b>Total current liabilities</b>		<b>2,591</b>	<b>1,794</b>	<b>2,598</b>
<b>Non-current liabilities</b>				
Borrowings	8	-	471	-
Deferred tax liability		96	29	79
Other non-current liabilities		11	11	4
<b>Total non-current liabilities</b>		<b>107</b>	<b>511</b>	<b>83</b>
<b>Total liabilities</b>		<b>2,698</b>	<b>2,305</b>	<b>2,681</b>
<b>Net assets</b>		<b>7,197</b>	<b>7,647</b>	<b>7,070</b>
<b>Equity</b>				
Share capital	10(a)	6,566	6,566	6,566
Foreign exchange translation reserve		62	-	65
Financial assets at FVOCI reserve		345	-	345
Retained earnings		224	1,081	94
<b>Total equity</b>		<b>7,197</b>	<b>7,647</b>	<b>7,070</b>

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

  
Lindsay Phillips (Chairman)  
28 November 2019

  
George Cooper (Director)  
28 November 2019

These interim financial statements should be read in conjunction with the accompanying notes and the 31 March 2019 annual report.

## Enprise Group Limited

### Consolidated Statement of Changes in Equity for the six month period ended 30 September 2019

	Share capital	Foreign exchange translation reserve	Financial assets at FVOCI reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2018</b>	6,566	-	-	1,109	7,675
<i>Transactions with shareholders in their capacity as owners</i>					
Dividends paid	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-
<i>Comprehensive income</i>					
Profit for the period	-	-	-	(28)	(28)
Other comprehensive income	-	-	-	-	-
Total comprehensive income net of tax	-	-	-	(28)	(28)
<b>Balance at 30 September 2018 (unaudited)</b>	<b>6,566</b>	<b>-</b>	<b>-</b>	<b>1,081</b>	<b>7,647</b>
<i>Change in accounting policy</i>	-	47	-	(319)	(272)
<b>Restated balance at 30 September 2018</b>	<b>6,566</b>	<b>47</b>	<b>-</b>	<b>762</b>	<b>7,375</b>
<i>Transactions with shareholders in their capacity as owners</i>					
Dividends paid	-	-	-	(95)	(95)
Total transactions with shareholders	-	-	-	(95)	(95)
<i>Comprehensive income</i>					
Profit for the period	-	-	-	(573)	(573)
Other comprehensive income	-	18	345	-	363
Total comprehensive income net of tax	-	18	345	(573)	(210)
<b>Balance at 31 March 2019 (audited)</b>	<b>6,566</b>	<b>65</b>	<b>345</b>	<b>94</b>	<b>7,070</b>
<i>Change in accounting policy</i>	-	-	-	(78)	(78)
<b>Balance at 1 April 2019</b>	<b>6,566</b>	<b>65</b>	<b>345</b>	<b>16</b>	<b>6,992</b>
<i>Transactions with shareholders in their capacity as owners</i>					
Dividends paid	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-
<i>Comprehensive income</i>					
Profit/(loss) for the period	-	-	-	208	208
Other comprehensive income	-	(3)	-	-	(3)
Total comprehensive income net of tax	-	(3)	-	208	205
<b>Balance at 30 September 2019 (unaudited)</b>	<b>6,566</b>	<b>62</b>	<b>345</b>	<b>224</b>	<b>7,197</b>

These interim financial statements should be read in conjunction with the accompanying notes and the 31 March 2019 annual report.



## Enprise Group Limited

### Consolidated Statement of Cash Flow for the six month period ended 30 September 2019

	Note	30 Sept 2019 Unaudited \$'000	30 Sept 2018 Unaudited \$'000	31 March 2019 Audited \$'000
<b>Operating activities</b>				
Cash was provided from:				
Receipts from customers		5,711	4,599	10,354
Interest received		16	1	8
Income tax refund received			-	4
		5,727	4,600	10,366
Cash was applied to:				
Payments to suppliers & employees		5,236	4,065	9,969
Interest paid		18	31	56
		5,254	4,096	10,025
<b>Net cash inflow (outflow) from operating activities</b>	<b>12</b>	<b>473</b>	<b>504</b>	<b>341</b>
<b>Investing activities</b>				
Cash was provided from:				
Loans repaid by staff		32	29	51
Repayments by related parties		73	-	-
		105	29	51
Cash was applied to:				
Purchase of property, plant and equipment		28	17	30
Investment in equity accounted joint venture		-	-	100
Investment in equity accounted associate		-	-	232
Investments in other entities		-	-	24
Advances to related parties		272	320	97
		300	337	483
<b>Net cash inflow (outflow) from investing activities</b>		<b>(195)</b>	<b>(308)</b>	<b>(432)</b>
<b>Financing activities</b>				
Cash was provided from:				
Proceeds from issue of shares		-	-	-
Proceeds from borrowings		-	-	-
		-	-	-
Cash was applied to:				
Dividends paid		-	-	95
Other loans and receivables		28	-	-
Repayment of borrowings		165	157	314
		193	157	409
<b>Net cash inflow (outflow) from financing activities</b>		<b>(193)</b>	<b>(157)</b>	<b>(409)</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>		<b>85</b>	<b>39</b>	<b>(500)</b>
Net foreign exchange differences		(3)	6	6
Cash and cash equivalents at beginning of the period		771	1,265	1,265
<b>Cash and cash equivalents at end of the period</b>		<b>853</b>	<b>1,310</b>	<b>771</b>

These interim financial statements should be read in conjunction with the accompanying notes and the 31 March 2019 annual report.



# Enprise Group Limited

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2019

### 1 BASIS OF PREPARATION

#### (a) Reporting entity

Enprise Group Limited (the company) and its subsidiaries (together the Group) is a solution provider for MYOB enterprise software in Australia and New Zealand. The company is a limited liability company incorporated and domiciled in New Zealand and is listed on the New Zealand Stock Exchange (NZX) (formally listed on the New Zealand Alternative Market (NZAX)). 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 unaudited interim condensed consolidated financial statements for the six month period ended 30 September 2019 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), which is the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). They comply with NZ IAS34: Interim Financial Reporting and should be read in conjunction with the 31 March 2019 annual report.

#### (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.

#### (d) Changes in Accounting Policies

The accounting policies and computation methods applied in the preparation of the interim financial statements are consistent with those applied in the last annual financial statements with the exception of the following:

NZ IFRS 16: Leases (effective for annual periods beginning on or after 1 January 2019).

This standard replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The profit and loss will also be impacted by the recognition of an interest expense and a depreciation expense and the removal of the current rental expense.

This standard will affect primarily the accounting for the Group's operating leases. Applying the new standard will impact our net profit. Rental and lease expenses are effectively reclassified into a depreciation component and an interest component to reflect the implied financing in the lease.

#### Recognition and measurement

- Initially the right-of-use (ROU) asset would be measured at its carrying amount as if NZ IFRS 16 had been applied since the commencement of the lease, but discounted using the Group's borrowing rate.
- Recognition of a lease liability which would reflect the initial measurement of the present value of lease payments, including reasonably certain renewals.
- The ROU would be subsequently measured through depreciating the asset based on NZ IAS 16: 'Property, plant and equipment'.
- The lease liability will be reduced when payments are made and interest taken up based on the effective interest method, using a discount rate determined at lease commencement.

The Group has elected to adopt the cumulative effect approach under which the Group will not restate comparative information.

Impact on statement of financial position	30 Sept 2019	1 April 2019
	\$'000	\$'000
Right-of-use Asset	69	118
Lease liability	(95)	(157)
Change in net assets	(26)	(39)

Impact on statement of comprehensive income	30 Sept 2019
	\$'000
Decrease in rental expense	(67)
Increase in depreciation expense	48
Increase in finance costs	4
Net effect, decrease/(increase) on income	(15)

# Enprise Group Limited

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2019

### 2 SEGMENT INFORMATION

The Group is organised into two reportable operating segments based on geographical location, namely New Zealand and Australia. 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. There were no inter segment sales during the period (last year: nil).

The Board of Directors are 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.

The Group's principal subsidiaries are set out below. 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.

Name of Entity	Country of incorporation	Principal activity	Percentage ownership	
			2019	2018
Enprise Group Limited	New Zealand	Parent company	n/a	n/a
Enprise Solutions Limited	New Zealand	Software sales and solutions	100	100
Enprise Australia Pty Limited	Australia	Software sales and solutions	100	100
Enprise Limited	New Zealand	Software sales and solutions	100	100
Global Bizpro Limited	New Zealand	Software sales and solutions	100	100

#### (a) Operational performance

Six months ended	Revenue		Operating profit	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	\$'000	\$'000	\$'000	\$'000
New Zealand	2,768	2,525	256	337
Australia	950	719	152	121
	3,718	3,244	408	458
Equity earnings of associates and joint ventures			(267)	(491)
Finance cost - net			5	(31)
Profit/(loss) before taxation			146	(64)
Income tax			62	36
Net profit/(loss) attributable to shareholders			208	(28)

#### (b) Revenue information

	30 Sept 2019	30 Sept 2018
	\$'000	\$'000
Revenue from software and licences	979	969
Revenue from services and support	2,428	2,073
Revenue from other fees	311	202
	3,718	3,244

Revenue by geographical location	Revenue from software and licences	Revenue from services and support	Revenue from other fees	Total
	\$'000	\$'000	\$'000	\$'000
<b>Six months ended 30 Sept 2018</b>				
New Zealand	734	1,703	89	2,526
Australia	235	370	113	718
	969	2,073	202	3,244
<b>Six months ended 30 Sept 2019</b>				
New Zealand	798	1,812	158	2,768
Australia	180	616	154	950
	978	2,428	312	3,718



## Enprise Group Limited

### Notes to the Consolidated Financial Statements for the six month period ended 30 September 2019

#### 2 SEGMENT INFORMATION (continued)

##### (b) Interest, depreciation and amortisation

Six months ended	Interest revenue		Interest expense		Depreciation and amortisation expense	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Zealand	27	4	22	35	111	56
Australia	-	-	-	-	-	-
	27	4	22	35	111	56

##### (c) Balance sheet information

As at	Total assets		Total liabilities	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	\$'000	\$'000	\$'000	\$'000
New Zealand	6,262	6,358	2,145	1,776
Australia	4,661	4,564	1,581	1,499
	10,923	10,922	3,726	3,275
Inter-segment elimination	(1,028)	(970)	(1,028)	(970)
	9,895	9,952	2,698	2,305

#### 3 TAXATION

##### (a) Income tax recognised in profit or loss

	30 Sept 2019	30 Sept 2018
	\$'000	\$'000
Current tax		
Current tax on profits for the year	-	-
Total current tax expense	-	-
Deferred income tax		
Decrease/(increase) in deferred tax assets	(90)	(27)
Increase/(decrease) in deferred tax liabilities	17	(9)
Impact of the adoption of NZ IFRS 16	11	-
Total deferred tax expense/(benefit)	(62)	(36)
Total income tax expense/(benefit)	(62)	(36)

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

	30 Sept 2019	30 Sept 2018
	\$'000	\$'000
Profit before income tax	146	(64)
Tax at the New Zealand domestic tax rate of 28%	41	(18)
Adjusted for the tax effect of:		
Non deductible expenses	84	139
Non assessable income	-	(2)
Difference in overseas tax rates	(3)	(2)
Differences relating to origination and reversal of temporary differences	-	27
Previously unrecognised tax losses now recouped to reduce current tax expense	(184)	(180)
Total deferred tax expense/(benefit)	(62)	(36)
Total income tax expense/(benefit)	(62)	(36)

## Enprise Group Limited

### Notes to the Consolidated Financial Statements for the six month period ended 30 September 2019

#### 4 EARNINGS PER SHARE

	30 Sept 2019	30 Sept 2018
	\$'000	\$'000
Earnings for the purpose of basic and diluted earnings per share:		
Net profit attributable to shareholders	208	(28)
Weighted average number of ordinary shares for basic earnings per share	9,578	9,578
Basic and diluted earnings (cents per share)	2.17	(0.29)

#### 5 NET TANGIBLE ASSET

	30 Sept 2019	30 Sept 2018
	\$'000	\$'000
Net tangible assets per share	5,495	5,920
Weighted average number of ordinary shares for basic earnings per share	9,578	9,578
Net tangible assets (cents per share)	57.37	61.81

#### 6 PROPERTY PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the group acquired tangible assets to the value of \$28,517 (last year: \$17,277). The Group has commitments for further asset purchases of \$64,800.

#### 7 INTANGIBLE ASSETS

On 1 May 2019, Enprise entered into an agreement to acquire a small customer base of 10 sites. It is now expected that only 8 sites will be party to the transaction at an estimated deferred consideration value of \$38,468. The final cost of the acquisition will not be known until all sites have transitioned successfully. Management have used their best judgement in calculating the deferred consideration value and applying the cost between customer relationships and goodwill.

#### 8 BORROWINGS

The losses incurred by joint ventures and associates during the year ended 31 March 2019 has seen us in technical breach of our banking covenant in respect of interest cover ratio. The bank has provided a waiver of this breach, however as the bank is now within its rights to call the loan. The loan has remained classified as a current liability despite improvements to the interest cover ratio.

	30 Sept 2019	30 Sept 2018	31 March 2019
	\$'000	\$'000	\$'000
<i>Current cash on hand / (borrowings)</i>			
Cash on hand and at bank	853	1,310	771
Bank borrowings	(470)	(324)	(635)
	383	986	136
<i>Non-current borrowings</i>			
Bank borrowings	-	(471)	-
Non-current borrowings	-	(471)	-
Net cash (debt)	383	515	136



# Enprise Group Limited

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2019

### 9 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

#### (a) Joint ventures and associates

The Group's joint venture partners and associates at 30 September 2019 are set out below. The country of incorporation or registration is also their principal place of business.

Name of Entity	Country of incorporation	Principal Activity	Percentage ownership	
			30 Sept 2019	30 Sept 2018
Datagate Innovation Limited	New Zealand	Software sales	35.21	39.29
Kilimanjaro Consulting Pty Limited	Australia	Software sales & support	47.09	47.09
iSell Pty Limited	Australia	Software sales	19.87	14.60

#### (b) Carrying amount of joint ventures and associates

	30 Sept 2019	30 Sept 2018	31 March 2019
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the year	3,880	4,696	4,696
Impact of changes in carrying amount as a result of new accounting standards	(49)	-	(119)
	3,831	4,696	4,577
New investment in joint ventures and associates	-	-	427
Share of profits / (losses) of joint ventures and associates	(267)	(491)	(1,001)
Write down of carrying value of joint venture	-	-	(123)
	3,564	4,205	3,880

Investment by joint venture or associate	30 Sept 2019	30 Sept 2018	31 March 2019
	\$'000	\$'000	\$'000
<i>Investment in equity accounted joint venture</i>			
Datagate Innovation Limited	529	801	799
Kilimanjaro Consulting Pty Limited	2,065	2,659	2,037
<i>Investment in equity accounted associate</i>			
iSell Pty Limited	970	745	1,044
	3,564	4,205	3,880

#### (c) Equity earnings from associates and joint ventures

Share of earnings (losses) from joint venture or associate	30 Sept 2019	30 Sept 2018	31 March 2019
	\$'000	\$'000	\$'000
<i>Investment in equity accounted joint venture</i>			
Datagate Innovation Limited	(270)	(279)	(382)
Kilimanjaro Consulting Pty Limited	77	(218)	(596)
<i>Investment in equity accounted associate</i>			
iSell Pty Limited	(74)	6	(23)
	(267)	(491)	(1,001)

# Enprise Group Limited

## Notes to the Consolidated Financial Statements for the six month period ended 30 September 2019

### 10 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.

Contributed equity - ordinary shares	Number of authorised shares		Share capital	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	shares	shares	\$'000	\$'000
Opening ordinary shares	9,577,570	9,577,570	6,566	6,566
	9,577,570	9,577,570	6,566	6,566

#### (b) Dividends

There is to be no payment of a final dividend for the year ended 31 March 2019.

### 11 RELATED PARTY TRANSACTIONS

#### (a) Transactions with Related Parties

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

Name of Entity	Sale of services		Purchase of services	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	\$'000	\$'000	\$'000	\$'000
Kilimanjaro Consulting Pty Limited	221	237	18	9
Vadacom Limited	5	10	-	-
iSell Pty Limited	52	-	-	-
Nightingale Partners Pty Limited	-	-	20	20
The Sales Factory	-	-	30	16
Masimaya Limited	-	-	8	-
	278	247	76	45

#### (b) 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		Amounts owed to related parties	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	\$'000	\$'000	\$'000	\$'000
Kilimanjaro Consulting Pty Limited	112	583	2	1
Vadacom Limited	1	-	-	-
iSell Pty Limited	-	69	-	-
	113	652	2	1

#### (c) Loans to/from related parties

The following balances are outstanding at the end of the reporting period in relation to both documented and undocumented loans with related parties.

Name of Entity	Amounts owed by related parties		Amounts owed to related parties	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
	\$'000	\$'000	\$'000	\$'000
Kilimanjaro Consulting Pty Limited	498	-	-	-
iSell Pty Limited	426	-	-	-
	924	-	-	-
Current	207	-	-	-
Non-Current	717	-	-	-
	924	-	-	-

## Enprise Group Limited

### Notes to the Consolidated Financial Statements for the six month period ended 30 September 2019

#### 12 CASH FLOW RECONCILIATIONS

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

Reconciliation of net profit to net cash flows from operations:	30 Sept 2019	30 Sept 2018
	\$'000	\$'000
Profit/(loss) for the period	208	(28)
<b>Adjustments for:</b>		
Depreciation and amortisation	63	56
Net loss/(gain) on foreign exchange	(4)	(8)
Release of fit out loan	(7)	(8)
Impairment loss on trade receivables	4	
Share of loss from equity accounted investments	267	491
Loan issued in exchange for services	(56)	-
Other	(16)	
<b>Movements in working capital</b>		
(Increase)/decrease in trade and other receivable	(6)	(63)
(Increase)/decrease in contract assets	40	(80)
(Increase)/decrease in income taxes receivable	-	-
(Increase)/decrease in deferred tax asset	(46)	(27)
Increase/(decrease) in trade and other payables	80	99
Increase/(decrease) in provisions	62	81
Increase/(decrease) in contract liabilities	(100)	-
Increase/(decrease) in deferred tax liabilities	(16)	(9)
<b>Net cash inflow from operating activities</b>	<b>473</b>	<b>504</b>

#### 13 COMMITMENTS

##### (a) Operating lease commitments

Total lease expenditure contracted for at balance date are payable as follows:

	30 Sept 2019	30 Sept 2018
	\$'000	\$'000
Not later than one year	95	149
Later than one year but not later than 5 years	-	101
Later than 5 years	-	-
	<b>95</b>	<b>250</b>
<b>Representing:</b>		
Cancellable operating leases	-	-
Non-cancellable operating leases	95	250
	<b>95</b>	<b>250</b>

The Group has commercial operating leases for the various office spaces.

The office spaces in Wellington, Hamilton and Christchurch are all on short term or month by month contracts with expiry dates of less than 6 months.

The lease of the space in Auckland is for an initial term of 8 years, commencing 21 June 2012 with a renewal of a further six years. The renewal date is 21 June 2020. The final expiry date of the lease is 20 June 2026. The Group has a bank guarantee granted in favour of the Landlord for \$154,021.

## Enprise Group Limited

### Notes to the Consolidated Financial Statements for the six month period ended 30 September 2019

#### 14 CONTINGENT LIABILITIES

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

#### 15 SUBSEQUENT EVENTS AFTER BALANCE DATE

On 29 October 2019 Enprise Group participated in a capital raise for Datagate. Enprise took up 92,632 shares at \$1.90 each totalling \$176,001

There were no other material events subsequent to balance date.



# Enprise Group Limited

## Corporate Information

for the six month period ended 30 September 2019

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

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<b>Contact Details</b>	<b>New Zealand</b>	<b>Principal place of business</b>
	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	Level 2, 16 Hugo Johnston Drive Penrose, Auckland 1061 Phone: +64 9 829 5500
	<b>Australia</b>	<b>Registered office</b>
	P O Box R348 Royal Exchange Sydney NSW 1225 Phone: +61 2 8355 7055 Fax: +61 2 8355 7045	Level 2, 16 Hugo Johnston Drive Penrose, Auckland 1061
	<b>Principal place of business – Australia</b>	
		2/52 O'Connell Street, Parramatta NSW 2150
		Suite 422-433, 838 Collins Street, Docklands VIC 3008
		<b>Registered office – Enprise Australia</b>
		Level 3, 22 Market Street Sydney, NSW 2000
	<b>Internet address</b>	<a href="http://www.enprisegroup.com">www.enprisegroup.com</a>
	<b>Email</b>	<a href="mailto:info@enprisegroup.com">info@enprisegroup.com</a>

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<b>Directors</b>	George Cooper	Chief Executive Officer
	Lindsay Phillips	Chairman
	Nicholas Paul	Non-executive Director
	Ronald Baskind	Executive Director
	Marissa Fong	Non-executive Director

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<b>Share Register</b>	Link Market Services Limited Level 7, Zurich House 21 Queen Street Auckland, New Zealand Phone: +64 9 375 5990
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*Enprise Group Limited shares are listed on the NZX Market*

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<b>Auditor</b>	Baker Tilly Staples Rodway Auckland, New Zealand
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<b>Lawyer</b>	Hudson Gavin Martin, Auckland, New Zealand Sean Joyce, Auckland, New Zealand
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<b>Principal Bankers</b>	ASB Bank Limited, Auckland, New Zealand
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