

ENPRISE GROUP LIMITED
HALF YEAR REPORT
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2015

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Directors' Report

The Directors submit their Report on Enprise Group Limited for the half year ended 30 September 2015.

Directors

The following persons were Directors of Enprise Group Limited during the whole of the half year and up to the date of this Report:

Lindsay Phillips	<i>Chairman</i>
George Cooper	<i>Chief Executive Officer</i>
Jens Neiser	<i>Non-Executive Director</i>
Mark Loveys	<i>Non-Executive Director</i>

Highlights

Enprise Group Limited currently has 3 operating divisions;

- Enprise Solutions is a solution provider for MYOB Enterprise software in Australia and New Zealand.
- Datagate Innovation is an early stage business that provides, online reporting and billing portals for resellers of Telco and Utility services and hosted service providers under a Software-as-a-service (SaaS) model.
- Enprise Software is a Software Solution Provider for SAP Business One, developing and selling add on software through the SAP Business One channel globally.

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- Net Profit for the period of \$ 171,000.

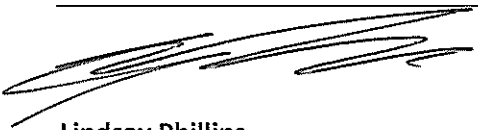
-
- Cash and bank balances of \$ 431,000 at period end.

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- Subsequent Events

Datagate Innovation Ltd issued 650,429 ordinary shares at NZ \$1 per share to external investors.

Enprise Software was sold to a North American business management software company (ProjectLine).

Revenue	Half Year September 2015 \$NZ '000	Half Year September 2014 \$NZ '000	Increase/ (Decrease) %
Software and Licenses	2,359	1,870	26%
Services and Support	1,856	1,527	22%
Other Income	5	21	(76%)
	4,220	3,418	23%



Lindsay Phillips
Chairman
30 November 2015

Interim Consolidated Statement of Financial Position

As at 30 September 2015

	Note	Unaudited 30 September 2015 NZ \$'000	Unaudited 30 September 2014 NZ \$'000	Audited 31 March 2015 NZ \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	8	431	603	379
Trade and other receivables		941	969	1,334
Staff receivables		7	30	26
Total Current Assets		1,379	1,602	1,739
Non-current Assets				
Property, plant and equipment	6	136	151	140
Term deposit		154	154	154
Staff receivables		8	8	12
Intangible assets		3,709	2,212	3,520
Total Non-current Assets		4,007	2,525	3,826
TOTAL ASSETS		5,386	4,127	5,565
LIABILITIES				
Current Liabilities				
Trade and other payables		1,162	1,106	1,529
Related party payables	11	557	420	436
Lock Finance – Loan		39	-	19
Provisions		392	157	508
Fit out loan		15	15	15
Total Current Liabilities		2,165	1,698	2,507
Non-current liabilities				
Fit out loan		56	71	64
Total Non-current Liabilities		56	71	64
TOTAL LIABILITIES		2,221	1,769	2,571

Interim Consolidated Statement of Financial Position (Cont)

EQUITY

Equity attributable to equity

holders of the parent

Contributed equity	9	2,823	2,498	2,823
Accumulated profit / (loss)		342	(140)	171
TOTAL EQUITY		3,165	2,358	2,994
<hr/>				
TOTAL EQUITY AND LIABILITIES		5,386	4,127	5,565

The above Statement of Financial Position should be read in conjunction with the accompanying notes.
For and on behalf of the Board, who authorise the issue of these interim financial statements on 30 November 2015.



George Cooper
Chief Executive Officer
30 November 2015



Lindsay Phillips
Chairman
30 November 2015

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2015

	Note	Unaudited 30 September 2015 NZ \$'000	Unaudited 30 September 2014 NZ \$'000
Revenue			
Revenue		4,215	3,397
Other revenue		5	21
	3	4,220	3,418
Cost of Goods Sold		(1,283)	(1,218)
Advertising and Marketing expense		(72)	(45)
Employee benefits expense		(1,950)	(1,847)
Professional fees		(105)	(106)
Travel expenses		(77)	(71)
Other operating expenses		(346)	(150)
Net gain (loss) on foreign exchange		23	11
Depreciation & impairment		(239)	(58)
Profit (Loss) from continuing operations before income tax		171	(66)
Income tax expense	4	-	-
Profit (Loss) after income tax		171	(66)
Net profit (loss) for the period		171	(66)
Other comprehensive income for the period, net of income tax (Loss on 2Cloud)		-	(13)
Total comprehensive income/(loss) for the period	3	171	(79)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	7	0.02	(0.01)
Diluted earnings per share	7	0.02	(0.01)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Interim Consolidated Cash Flow Statement

For the six months ended 30 September 2015

	Note	Unaudited 30 September 2015 NZ \$'000	Unaudited 30 September 2014 NZ \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,844	3,919
Payments to suppliers and employees (inclusive of GST)		(4,406)	(4,134)
Income tax refund		5	4
Interest paid		(24)	(9)
Interest received		5	11
Net cash flows generated / (used) in operating activities	10	424	(209)
Cash flows from investing activities			
Purchase of property, plant and equipment		(18)	(15)
Purchase of intangibles		(365)	(160)
Purchase of GlobalBizpro		(187)	-
Purchase of equity investments		-	(120)
Net cash flows used investing activities		(570)	(295)
Cash flows from financing activities			
Proceeds from issue of shares		-	90
Proceeds from borrowing		365	320
Loans repaid by other entities		22	39
Loans to other entities		(212)	(18)
Net cash flows from financing activities		175	431
Net increase / (decrease) in cash and cash equivalents		29	(73)
Net foreign exchange differences		23	11
Cash and cash equivalents at beginning of period		379	665
Cash and cash equivalents at 30 September		431	603

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 September 2015

Unaudited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2014		2,408	(61)	2,347
New Share Issues – Datagate		90		90
Net loss for the period		-	(79)	(79)
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	(79)	(79)
Balance at 30 September 2014	9	2,498	(140)	2,358

Unaudited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2015		2,823	171	2,994
New Share Issues		-	-	-
Net Profit for the period		-	171	171
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	-	-
Balance at 30 September 2015	9	2,823	342	3,165

Audited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2014		2,408	(61)	2,347
Net profit for the period		-	232	232
New Shares Issues		415	-	415
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	-	-
Balance at 31 March 2015	9	2,823	171	2,994

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the half year ended 30 September 2015

1 Corporate information

The Interim Condensed Consolidated Financial Statements of Enprise Group Limited (the Group) for the six months ended 30 September 2015 were authorised for issue in accordance with a resolution of the Directors on 30 November 2015.

Enprise Group Limited (the parent) is a company limited by shares incorporated in New Zealand.

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

On 9 September 2015, Enprise Group Ltd capitalised the Datagate Innovation Limited's debt. Datagate has issued 1,499,900 ordinary shares in the Company to Enprise Group Limited for a subscription price of \$0.675186 per share and for that aggregate subscription amount of \$1,012,712 to be satisfied by way of set off against the \$1,012,712 debt owing by the Company to Enprise Group Limited.

2 Basis of preparation and accounting policies

(a) Basis of preparation

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with both IAS 34 Interim Financial Reporting and NZ IAS 34 Interim Financial Reporting.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2015 and considered together with any public announcements made by Enprise Group Limited relating to the half year ended 30 September 2015 in accordance with continuous disclosure obligations.

(b) Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015.

3 Segment Information

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

The geographic segments are described in the table below:

Legal Entity	Location	Geographic region
Enprise Group Limited (<i>Parent</i>)	New Zealand	New Zealand
Enprise Solutions Limited	New Zealand	New Zealand and Globally
Enprise Australia Pty Limited	Australia	Australia
Enprise Limited (non-trading)	New Zealand	New Zealand
Datasquirt (Australia) Pty Limited (non-trading)	Australia	Australia and South-East Asia
Datagate Innovation Limited	New Zealand	New Zealand
Global Bizpro (non-trading)	New Zealand	New Zealand

3 Segment Information (continued)

Geographic segments

The following table presents a summary of revenue, other income and profit and loss information regarding the subsidiaries performance for the six months ended 30 September 2015, and for the six months ended 30 September 2014.

Six months ended 30 September 2015 (unaudited)	New Zealand NZ \$'000	Australia NZ \$'000	Asia NZ \$'000	North America NZ \$'000	EMEA NZ \$'000	TOTAL NZ \$'000
External Revenue	3,263	702	14	199	37	4,215
Other income	5					5
Total external revenue	3,268	702	14	199	37	4,220
Net Profit / (Loss)	150	21				171

Six months ended 30 September 2014 (unaudited)	New Zealand NZ \$'000	Australia NZ \$'000	Asia NZ \$'000	North America NZ \$'000	EMEA NZ \$'000	TOTAL NZ \$'000
External Revenue	2,181	1,022	14	130	50	3,397
Other income	19	2	-	-	-	21
Total external revenue	2,200	1,024	14	130	50	3,418
Net Profit / (Loss)	(149)	70	-	-	-	(79)

30 September 2015	Enprise Solutions	Enprise Software	Datagate	Corporate	Total
Revenue	3,827	341	47	-	4,215
Total segment revenue	3,827	341	47	-	4,217
Interest received	1	-	-	4	5
Total group revenue	3,828	341	47	4	4,220
Net Profit / (Loss)	654	(272)	(77)	(134)	171
30 September 2014	Enprise Solutions	Enprise Software	Datagate	Corporate	Total
Revenue	3,100	297	-	-	3,397
Other Income	-	-	-	10	10
Total segment revenue	3,100	297	-	10	3,407
Interest received	-	-	-	11	11
Total group revenue	3,100	297	-	21	3,418
Share of loss for equity accounted associate	-	-	-	(13)	(13)
Net Profit / (Loss)	595	(3)	(158)	(507)	(79)

4 Income Tax

For the six months ended 30 September 2015 (unaudited)

	2015 NZ \$'000	2014 NZ \$'000
(a) Income tax expense		
<i>Statement of Comprehensive Income</i>		
<i>Current income tax</i>	-	-
(b) Reconciliation between tax at statutory rate and tax expense in Statement of Comprehensive Income		
Statutory tax at 28%	48	(22)
Relating to non-deductible differences	50	19
Relating to origination and reversal of temporary differences	20	(2)
Prior year under / over provision	-	-
Tax effect of tax losses utilised	(118)	5
Income tax expense reported in the Statement of Comprehensive Income	-	-
(c) Unrecognised temporary differences and tax losses		
Bonuses	-	-
Holiday pay	20	(2)
Other temporary differences	-	-
Net temporary difference	20	(2)
Accumulated tax losses	(10,409)	(10,831)

The Company continues to meet the shareholder continuity requirement to carry forward tax losses. However, the directors do not believe the company meets the level of certainty of recoverability of tax losses required to recognise a deferred taxation asset and hence have not accounted for the asset.

5 Dividends paid and proposed

No dividends have been paid or proposed to date.

6 Property, plant and equipment

During the six months ended 30 September 2015, the Group acquired tangible assets to the value of NZ \$17,667 (30 September 2014: NZ \$14,821).

7 Earnings per share

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

For the six months ended 30 September 2015 (unaudited)

(a) Earnings used in calculating earnings per share	2015 NZ \$'000	2014 NZ \$'000
<i>For basic earnings per share:</i>		
Net Profit/(Loss) attributable to ordinary equity holders of the parent	171	(79)
<i>For diluted earnings per share:</i>		
Net Profit/(Loss) attributable to ordinary equity holders of the parent from basic EPS	171	(79)
Net Profit/ (Loss) attributable to ordinary equity holders of the parent	171	(79)
(b) Weighted average number of shares	2015 000's	2014 000's
Weighted average number of ordinary shares for basic earnings per share	6,792	6,090
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	6,792	6,090

There are no instruments (eg share options) included in the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

(c) Information on the classification of securities

(i) Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

8 Current assets - cash and cash equivalents

	Unaudited 30 September 2015 NZ \$'000	Unaudited 30 September 2014 NZ \$'000	(Audited) 31 March 2015 NZ \$'000
Cash at bank	431	603	379
Short-term deposits	-	-	-
Carrying amount of cash and cash equivalents	431	603	379

9 Contributed equity, retained earnings and reserves

Contributed equity consists of ordinary shares issued and fully paid. These ordinary shares carry one vote per share and carry the rights to dividends.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

10 Cash flow statement reconciliation

For the six months ended 30 September 2015 (unaudited)	2015 NZ \$'000	2014 NZ \$'000
Reconciliation of net loss to net cash flows from operations		
Net Profit / (Loss)	171	(79)
<i>Adjustments for:</i>		
Depreciation	60	58
Impairment	179	-
Net gain / loss on foreign exchange	(23)	(11)
Bad debts written off	19	10
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	360	225
(Decrease)/increase in trade and other payables	(342)	(412)
Net cash from operating activities	424	(209)

11 Related party disclosure

The following table provides the total amount of transactions that were entered into with related parties for the half year ended 30 September:

Related Party	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000
<i>Directors and related entities:</i>				
Nightingale Partners	2015	-	-	238
(Related Party)	2014	-	-	336
Net Power Solutions	2015	-	-	319
(Related Party)	2014	-	-	-
Encap Group Limited	2015	-	-	-
(Common Director)	2014	-	-	100

During the six months ended 30 September 2015, Datagate Innovation Ltd obtained a NZ \$318,600 loan facility from Net Power Solutions Ltd repayable over 1 – 12 months. The interest rate on the underlying loan facility as at the reporting date was 10%. This debt was converted to NZ \$1 shares in Datagate Innovation Ltd on 5th November 2015 after approval was given at the special meeting held on 4th November 2015.

The Nightingale Partners loan facility amounting to NZ \$237,606 is repayable over 1 – 12 months. The interest rate on the underlying loan facility as at the reporting date was 10%.

12 Share-based payment plans

No share options were granted or forfeited in the six month period to 30 September 2015 (30 September 2014: nil).

13 Commitments

(a) Leasing commitments

The Group has commercial lease commitments.

- Enprise Solutions Limited – Auckland Office

The lease of Enprise Solutions Limited, Auckland Office is for an initial term of 8 years commencing 21 June 2012 with a renewal of a further 6 years. The renewal date is 21 June 2020. The final expiry date of the lease is 20 June 2026.

- Enprise Solutions Limited – Wellington Office

The lease of Enprise Solutions Limited, Wellington office, is for a term of 12 months period commencing on the 1st February 2015 and expires on 31st January 2016 with a renewal of further one year.

- Enprise Solutions Limited – Hamilton Office

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

- Enprise Australia Pty Limited – Melbourne Office

The lease of Enprise Australia Pty Limited, Melbourne office, commenced on the 1st October 2013 and is for 2 years and 9 months expiring 30th June 2016.

- Enprise Australia Pty Limited – Sydney Office

The lease of Enprise Australia Pty Limited, Sydney office, commenced on the 1st September 2013. The initial term was for 1 year, the lease agreement continues to operate until terminated by either party by way of 1 months' notice in writing or 31 August 2015, whichever is the earlier. Enprise Australia terminated the lease effective 30 November 2015.

Future minimum rentals payable under non-cancellable operating leases as at 30 September are as follows:

	2015 NZ \$'000	2014 NZ \$'000
Within one year	133	152
After one year but not more than five years	450	493
After more than five years	-	90
Total minimum lease payments	583	735

(b) Property, plant and equipment commitments

The Group had no contractual obligations to purchase plant and equipment at balance date (31 March 2015: NZ \$Nil).

14 Events after the reporting date

Datagate Innovation Ltd issued 650,429 ordinary shares at NZ \$1 per share to external investors. Of those shares, 318,600 were issued to Net Power Solutions Ltd in full payment of their loan of NZ \$318,600. Datagate Innovation Ltd is in the process of placing additional new shares and if successful, this placement would see Enprise Group Ltd's holding of 1,500,000 ordinary shares in Datagate Innovation Ltd fall below 50%.

In early November 2015, Enprise Software was sold to a North American business management software company (ProjectLine). NZ\$400,000 was received on 16 November 2015 as part payment of the acquisition. A further sum of approximately NZD\$100,000 is due to be paid on 31 March 2016 subject to the actual collection of maintenance revenue warranted by the seller. ProjectLine has acquired all the source code for Enprise Software including the rights to support and continue to develop "Enprise Anywhere" for SAP business one only. Enprise Group Ltd maintains the rights to "Enprise Anywhere" otherwise.

15 Contingencies

There were no know material contingent liabilities at 30 September 2015 (31 March 2015 : NZ \$Nil)

16 Going Concern

The financial statements have been prepared on a going concern basis.

Directors' Declaration

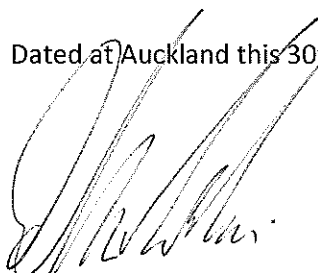
The Directors declare that the interim condensed consolidated financial statements:

- I. Comply with NZ IAS 34 Interim Financial Reporting.
- II. Give a true and fair view of the financial position of Enprise Group Limited and its subsidiaries as at 30 September 2015 and of their performance, as represented by the results of their operations and their cash flows for the half-year ended on that date.

In the Directors' opinion at the date of this declaration, there are reasonable grounds to believe that Enprise Group Limited will be able to pay its debts as and when they become payable.

The declaration is made in accordance with a resolution of Directors and is signed for and on behalf of the Board of Directors.

Dated at Auckland this 30th day of November 2015.



George Cooper
Director
30 November 2015



Lindsay Phillips
Chairman
30 November 2015

Corporate 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

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Directors

Lindsay Phillips	<i>Chairman</i>
George Cooper	<i>Chief Executive Officer</i>
Jens Neiser	<i>Non-Executive Director</i>
Mark Loveys	<i>Non-Executive Director</i>

Share Register

Link Market Services Limited
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Auckland, New Zealand
Phone: +64 9 375 5990

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

Auditor

UHY Haines Norton , Auckland, New Zealand
