

ENPRISE GROUP LIMITED
HALF YEAR REPORT
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

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Directors' Report

The Directors submit their Report on Enprise Group Limited for the half year ended 30 September 2014.

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

Highlights

Enprise Group Limited currently has 3 operating divisions;

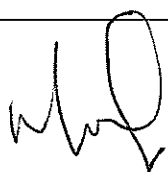
- Enprise Solutions is a solution provider for MYOB Enterprise software in Australia and New Zealand.
- Enprise Software is a Software Solution Provider for SAP Business One, developing and selling add on software through the SAP Business One channel globally.
- Datagate Innovation is an early stage 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.

- Net loss for the period of \$79,000.

- Cash and bank balances of \$603,000 at period end.

-
- Enprise sold its 33.33% equity stake in cloud software provider, 2Cloud.biz Limited on 1 May 2014.
 - The Group acquired 100% equity stake in Datagate Innovation Limited to the value of \$120,000 on 1 April 2014.

Revenue	Half Year September 2014 \$NZ '000	Half Year September 2013 \$NZ '000	Increase/ (Decrease) %
Software and Licenses	1,870	2,034	(9%)
Services and Support	1,527	1,470	4%
Other Income	21	23	(9%)
	3,418	3,527	(3%)



Mark Loveys
Director
28 November 2014

Interim Consolidated Statement of Financial Position

As at 30 September 2014

	Note	Unaudited 30 September 2014 NZ \$'000	Unaudited 30 September 2013 NZ \$'000	Audited 31 March 2014 NZ \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	8	603	203	665
Trade and other receivables		969	1,132	1,189
Related party receivables		-	6	5
Staff receivables		30	45	45
Total Current Assets		1,602	1,386	1,904
Non-current Assets				
Investment in equity accounted associate		-	20	16
Other investments	9	-	230	-
Property, plant and equipment	6	151	179	157
Term deposit		154	154	154
Staff receivables		8	62	32
Intangible assets		2,212	1,862	1,946
Total Non-current Assets		2,525	2,507	2,305
TOTAL ASSETS		4,127	3,893	4,209
LIABILITIES				
Current Liabilities				
Trade and other payables		1,106	1,052	1,492
Related party payables		420	110	121
Provisions		157	169	162
Fit out loan		15	15	15
Total Current Liabilities		1,698	1,346	1,790
Non-current liabilities				
Fit out loan		71	79	72
Total Non-current Liabilities		71	79	72
TOTAL LIABILITIES		1,769	1,425	1,862

Interim Consolidated Statement of Financial Position (Cont)

EQUITY

Equity attributable to equity holders of the parent

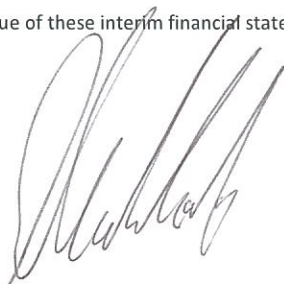
Contributed equity	10	2,498	2,408	2,408
Accumulated profit / (loss)	10	(140)	60	(61)
TOTAL EQUITY		2,358	2,468	2,347
TOTAL EQUITY AND LIABILITIES		4,127	3,893	4,209

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 28 November 2014.



Mark Loveys
Chief Executive Officer
28 November 2014



Elliot Cooper
Chief Financial Officer
28 November 2014

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2014

	Note	Unaudited 30 September 2014 NZ \$'000	Unaudited 30 September 2013 NZ \$'000
Revenue			
Revenue		3,397	3,504
Other revenue		21	23
	3	3,418	3,527
Cost of Goods Sold		(1,218)	(1,326)
Advertising and Marketing expense		(45)	(43)
Employee benefits expense		(1,847)	(1,751)
Professional fees		(106)	(81)
Travel expenses		(71)	(118)
Other operating expenses		(150)	(225)
Net gain (loss) on foreign exchange		11	(28)
Depreciation & impairment		(58)	(65)
Loss from continuing operations before income tax			
		(66)	(110)
Income tax expense	4	-	-
Loss after income tax	3	(66)	(110)
Net loss for the period			
		(66)	(110)
Other comprehensive income			
Movement in translation reserve		-	-
Other comprehensive income for the period, net of income tax (Loss on 2Cloud)			
		(13)	-
Total comprehensive income/(loss) for the period			
		(79)	(110)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	7	(0.01)	(0.02)
Diluted earnings per share	7	(0.01)	(0.02)

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 2014

	Note	Unaudited 30 September 2014 NZ \$'000	Unaudited 30 September 2013 NZ \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,919	3,591
Payments to suppliers and employees (inclusive of GST)		(4,134)	(3,843)
Income tax refund		4	-
Interest paid		(9)	(2)
Interest received		11	13
Net cash flows used in operating activities	11	(209)	(241)
Cash flows from investing activities			
Purchase of property, plant and equipment		(15)	(18)
Purchase of intangibles		(160)	(107)
Purchase of equity investments		(120)	(230)
Net cash flows used investing activities		(295)	(355)
Cash flows from financing activities			
Proceeds from issue of shares		90	
Proceeds from borrowing		320	100
Loans repaid by other entities		39	32
Loans to other entities		(18)	(13)
Net cash flows from financing activities		431	119
Net decrease in cash and cash equivalents		(73)	(477)
Net foreign exchange differences		11	(28)
Cash and cash equivalents at beginning of period		665	708
Cash and cash equivalents at 30 September		603	203

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 2014

Unaudited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2013		2,408	170	2,578
Net loss for the period		-	(110)	(110)
Other comprehensive income				
Movement in translation reserve		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the period		-	(110)	(110)
Balance at 30 September 2013	10	2,408	60	2,468

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)
Total comprehensive income for the period		-	(79)	(79)
Balance at 30 September 2014	10	2,498	(140)	2,358

Audited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2013		2,408	170	2,578
Net profit for the period		-	(231)	(231)
Other comprehensive income				
Movement in translation reserve		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the period		-	(231)	(231)
Balance at 31 March 2014	10	2,408	(61)	2,347

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 2014

1 Corporate information

The Interim Condensed Consolidated Financial Statements of Enprise Group Limited (the Group) for the six months ended 30 September 2014 were authorised for issue in accordance with a resolution of the Directors on 28 November 2014.

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.

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 2014 and considered together with any public announcements made by Enprise Group Limited relating to the half year ended 30 September 2014 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 2014.

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	New Zealand	New Zealand
2Cloud.biz Limited	New Zealand	New Zealand
Datasquirt (Australia) Pty Limited (non-trading)	Australia	Australia and South-East Asia
Datagate Innovation Limited	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 2014, and for the six months ended 30 September 2013.

Six months ended 30 September 2014 (unaudited)	New Zealand	Australia	Asia	North America	EMEA	TOTAL
	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000	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 loss	(149)	70	-	-	-	(79)

Six months ended 30 September 2013 (unaudited)	New Zealand	Australia	Asia	North America	EMEA	TOTAL
	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000	NZ \$'000
External Revenue	1,878	1,395	23	159	59	3,514
Other income	13	-	-	-	-	13
Total external revenue	1,891	1,395	23	159	59	3,527
Net loss	(16)	(94)	-	-	-	(110)

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)	(513)	(79)

30 September 2013	Enprise Solutions	Enprise Software	Datagate	Corporate	Total
Revenue	3,163	341	-	-	3,504
Other Income	-	-	-	10	10
Total segment revenue	3,163	341	-	10	3,514
Interest received	-	-	-	13	13
Total group revenue	3,163	341	-	23	3,527
Share of loss for equity accounted associate	-	-	-	-	-
Net profit / (loss)	366	31	-	(507)	(110)

4 Income Tax

For the six months ended 30 September 2014 (unaudited)	2014 NZ \$'000	2013 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%	(22)	(31)
Relating to non-deductible differences	19	14
Relating to origination and reversal of temporary differences	(2)	(10)
Prior year under / over provision	-	12
Tax effect of tax losses not recognised	-	(16)
Income tax expense reported in the Statement of Comprehensive Income	(5)	(31)
(c) Unrecognised temporary differences and tax losses		
Bonuses	-	(27)
Holiday pay	(2)	20
Other temporary differences	-	(3)
Net temporary difference	(2)	(10)
Accumulated tax losses	(10,831)	(10,826)

4 Income Tax (continued)

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 2014, the Group acquired tangible assets to the value of NZ \$14,821.43 (30 September 2013: NZ \$18,697).

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 2014 (unaudited)

(a) Earnings used in calculating earnings per share	2014 NZ \$'000	2013 NZ \$'000
<i>For basic earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent	(79)	(110)
<i>For diluted earnings per share:</i>		
Net loss attributable to ordinary equity holders of the parent from basic EPS	(79)	(110)
Net loss attributable to ordinary equity holders of the parent	(79)	(110)
(b) Weighted average number of shares	2014	2013
Weighted average number of ordinary shares for basic earnings per share	6,090	5,813
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	6,090	5,813

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.

7 Earnings per share (continued)

(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 2014 NZ \$'000	Unaudited 30 September 2013 NZ \$'000	(Audited) 31 March 2014 NZ \$'000
Cash at bank	162	54	36
Short-term deposits	441	149	629
Carrying amount of cash and cash equivalents	603	203	665

9 Other investments

During the six months ended 30 September 2014, other investments were \$Nil. (30 September 2013 \$229,636 – 10% of Accountability Access).

10 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.

11 Cash flow statement reconciliation

For the six months ended 30 September 2014 (unaudited)	2014 NZ \$'000	2013 NZ \$'000
(a) Reconciliation of net loss to net cash flows from operations		
Net loss	(79)	(110)
<i>Adjustments for:</i>		
Depreciation	58	65
Net gain / loss on foreign exchange	(11)	28
Bad debts written off	10	30
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	225	(38)
(Decrease)/increase in trade and other payables	(412)	(216)
Net cash from operating activities	(209)	(241)

12 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 NZ \$'000	Purchases from related parties NZ \$'000	Amounts owed by related parties NZ \$'000	Amounts owed to related parties NZ \$'000
<i>Directors and related entities:</i>					
Nightingale Partners (Related Party)	2014	-	-	-	320
	2013	-	-	-	-
2Cloud.biz Limited (Associate)	2014	-	-	-	-
	2013	-	-	6	10
Encap Group Limited* (Common Director)	2014	-	-	-	100
	2013	-	-	-	100

* During the six months ended 30 September 2014, the Group obtained a loan facility amounting to NZ \$ 319,167 from Nightingale Partners which is repayable over next 1 – 12 months. The interest rate on the underlying loan facility as at the reporting date was 10%.

13 Share-based payment plans

No share options were granted or forfeited in the period to 30 September 2014 (30 September 2013: nil).

14 Commitments

(i) 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 2013 and expires on 28th February 2014 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, is for a term of 2 years, commencing on the 1st September 2013.

- 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.

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

	2014 NZ \$'000	2013 NZ \$'000
Within one year	152	160
After one year but not more than five years	493	506
After more than five years	90	210
Total minimum lease payments	735	876

(ii) Property, plant and equipment commitments

The Group had no contractual obligations to purchase plant and equipment at balance date (31 March 2014: NZ \$Nil).

15 Events after the reporting date

Enprise Group will be listed on the New Zealand Stock Exchange on 1 December 2014.

16 Contingencies

There were no know material contingent liabilities at 30 September 2014 (31 March 2014 : NZ \$Nil)

17 Going Concern

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

Directors' Declaration

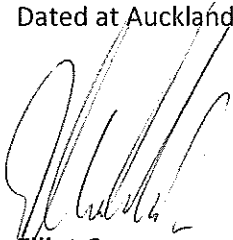
The Directors declare that the interim condensed consolidated financial statements:

- 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 2014 and of their performance, as represented by the results of their operations and their cash flows for the half-year ended on that date.

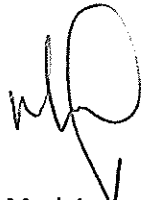
In the Directors' opinion at the date of this declaration, there are reasonable grounds to believe that Enprise Group Limited will be able to pay its debts as and when they become payable.

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 28th day of November 2014.



Elliot Cooper
Director
28 November 2014



Mark Loveys
Director
28 November 2014

Independent Review Report

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

Share Register

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

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

Auditor

UHY Haines Norton , Auckland, New Zealand
