



ENPRISE GROUP LIMITED  
HALF YEAR REPORT  
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017

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# Directors' Report

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The Directors submit their Report on Enprise Group Limited for the half year ended 30 September 2017.

## 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 John Phillips	<i>Chairman</i>
George Elliot Cooper	<i>Chief Executive Officer</i>
Nicholas James Paul	<i>Non-Executive Director</i>

## Highlights

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

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

Enprise purchased 47.03% of Kilimanjaro Consulting Pty Ltd (Kilimanjaro), its largest competitor in Australia, on 29 September 2017. The shareholders of Kilimanjaro have been granted a right to "Put" their remaining 52.97% holding in Kilimanjaro to Enprise from 1 September 2019 until 31 August 2020 in return for 2,854,649 fully paid Enprise shares.

- 
- Net Profit for the period up 22% to \$393,000 (2016 \$323,000).
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- Cash and bank balances of \$265,000 (2016 \$627,000) at period end.
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- Subsequent Events

There are no material events after reporting date.

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<b>Revenue</b>	<b>Half Year Sep-17 \$NZ '000</b>	<b>Half Year Sep-16 \$NZ '000</b>	<b>Increase/ (Decrease) %</b>
<b>Continuing Operations</b>			
Software and Licenses	2,351	2,181	8%
Services and Support	2,405	2,118	14%
Other Income	31	37	(16%)
	4,787	4,336	10%
<b>Discontinued Operations</b>			
	-	-	
<b>Total Revenue</b>	<b>4,787</b>	<b>4,336</b>	



**Lindsay Phillips**  
Chairman  
28 November 2017

## Interim Consolidated Statement of Financial Position

As at 30 September 2017

	Note	Unaudited 30 September 2017 NZ \$'000	Unaudited 30 September 2016 NZ \$'000	Audited 31 March 2017 NZ \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	8	265	627	598
Trade and other receivables		1,142	942	1,225
Related party receivables		79	-	7
Work In Progress		52	-	-
Other receivables		-	88	57
Term deposit		154	154	154
Staff receivables		4	7	8
<b>Total Current Assets</b>		<b>1,696</b>	<b>1,818</b>	<b>2,049</b>
<b>Non-current Assets</b>				
Investments:				
Datagate Limited (43.9%) Joint Venture		1,044	1,213	1,237
Kilimanjaro Consulting Pty Limited (47.0%)		3,168	-	-
Zhik Pty Limited (0.7%)		98	-	-
Property, plant and equipment	6	118	103	104
Staff receivables		10	22	9
Deferred tax asset		346	86	325
Intangible assets		1,791	1,858	1,825
<b>Total Non-current Assets</b>		<b>6,575</b>	<b>3,282</b>	<b>3,500</b>
<b>TOTAL ASSETS</b>		<b>8,271</b>	<b>5,100</b>	<b>5,549</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables		1,086	905	1,139
Related party payables		13	-	-
Interest bearing loans		431	-	-
Provisions for employee entitlements		223	231	193
Other liabilities		15	15	15
<b>Total Current Liabilities</b>		<b>1,768</b>	<b>1,151</b>	<b>1,347</b>
<b>Non-current Liabilities</b>				
Other liabilities		26	41	34
Deferred tax liability		47	47	56
<b>Total Non-current Liabilities</b>		<b>73</b>	<b>88</b>	<b>90</b>
<b>TOTAL LIABILITIES</b>		<b>1,841</b>	<b>1,239</b>	<b>1,437</b>

## Interim Consolidated Statement of Financial Position (Cont)

	Note	Unaudited 30 September 2017 NZ \$'000	Unaudited 30 September 2016 NZ \$'000	Audited 31 March 2017 NZ \$'000
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the parent</b>				
Contributed equity	9	5,105	2,882	2,936
Accumulated profit		1,325	979	1,176
<b>TOTAL EQUITY</b>		<b>6,430</b>	<b>3,861</b>	<b>4,112</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,271</b>	<b>5,100</b>	<b>5,549</b>

*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 2017.



George Cooper  
Chief Executive Officer  
28 November 2017



Lindsay Phillips  
Chairman  
28 November 2017

## Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2017

	Note	Unaudited 30 September 2017 NZ \$'000	Unaudited 30 September 2016 NZ \$'000
<b>Continuing operations</b>			
<b>Revenue</b>			
Revenue		4,756	4,299
Other revenue		31	37
	3	4,787	4,336
Cost of Goods Sold		(1,874)	(1,527)
Advertising and marketing expense		(28)	(56)
Employee benefits expense		(1,679)	(1,706)
Finance expense		(20)	-
Professional fees		(130)	(76)
Travel expenses		(105)	(67)
Other operating expenses		(337)	(366)
Net gain (loss) on foreign exchange		(3)	(4)
Depreciation & impairment		(55)	(49)
<b>Profit (Loss) before income tax</b>		<b>556</b>	485
Income (tax) / benefit	4	30	22
<b>Net profit (loss) for the period</b>	3	<b>586</b>	507
<b>Other comprehensive income for the period, net of income tax:</b>			
Loss on Datagate Limited joint venture		(193)	(184)
<b>Total comprehensive income for the period</b>		<b>393</b>	323
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:</b>			
Basic earnings per share	7	0.052	0.048
Diluted earnings per share	7	0.052	0.048

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 2017

	Note	Unaudited 30 September 2017 NZ \$'000	Unaudited 30 September 2016 NZ \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		4,730	4,916
Payments to suppliers and employees (inclusive of GST)		(4,143)	(4,163)
Income tax refund		-	-
Interest paid		-	(2)
Interest received		6	6
<b>Net cash flows generated / (used) in operating activities</b>	10	<b>573</b>	743
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(55)	(12)
Staff loans		4	-
Purchase of Kilimanjaro Consulting Pty Ltd		(1,000)	-
Purchase of other investments		(97)	-
<b>Net cash flows used for investing activities</b>		<b>(1,148)</b>	(12)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	139
Share buy-back		-	(80)
Dividends paid		(244)	(198)
Proceeds from/(repayment of) borrowing		488	(30)
Insurance loan		-	(19)
Loans repaid by other entities		-	4
Loans to other entities		-	(25)
<b>Net cash flows from financing activities</b>		<b>244</b>	(209)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(237)</b>	(330)
Net foreign exchange differences		(2)	(4)
Cash and cash equivalents at beginning of period		598	598
<b>Cash and cash equivalents at 30 September</b>		<b>265</b>	627

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 2017

Unaudited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2016		2,823	854	3,677
Shares cancelled		(80)		(80)
New shares issued		139	-	139
Net Profit for the period		-	507	507
Other comprehensive income		-	(184)	(184)
<b>Total comprehensive income for the period</b>		-	323	323
Dividend paid		-	(198)	(198)
<b>Balance at 30 September 2016</b>	9	2,882	979	3,861

Unaudited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2017		2,936	1,176	4,112
New shares issued		2,169	-	2,169
Net Profit for the period		-	586	586
Other comprehensive income		-	(193)	(193)
<b>Total comprehensive income for the period</b>		-	393	393
Dividend paid		-	(244)	(244)
<b>Balance at 30 September 2017</b>	9	5,105	1,325	6,430

Audited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2016		2,823	854	3,677
Net profit for the period		-	1,068	1,068
Other comprehensive income		-	(411)	(411)
<b>Total comprehensive income for the period</b>		-	657	657
Transactions with owners, recorded directly in equity		113	(335)	(222)
<b>Balance at 31 March 2017</b>	9	2,936	1,176	4,112

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

# Notes to the Financial Statements

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## For the half year ended 30 September 2017

### 1 Corporate information

The Interim Condensed Consolidated Financial Statements of Enprise Group Limited (the Group) for the six months ended 30 September 2017 were authorised for issue in accordance with a resolution of the Directors on 28 November 2017.

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 2017 and considered together with any public announcements made by Enprise Group Limited relating to the half year ended 30 September 2017 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 2017.

### 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	Percentage Held	Geographic region
Enprise Group Limited ( <i>Parent</i> )	New Zealand	100%	New Zealand
Enprise Solutions Limited	New Zealand	100%	New Zealand and Globally
Enprise Australia Pty Limited	Australia	100%	Australia
Enprise Limited (non-trading)	New Zealand	100%	New Zealand
Global Bizpro (non-trading)	New Zealand	100%	New Zealand

Joint Venture	Location	Percentage Held	Geographic region
Datagate Innovation Limited	New Zealand	43.9%	New Zealand and Globally

### 3 Segment Information (continued)

Other Investments	Location	Percentage Held	Geographic region
Kilimanjaro Consulting Pty Limited	Australia	47.0%	Australia
Zhik Pty Limited	Australia	0.7%	Australia and Globally

#### 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 2017, and for the six months ended 30 September 2016.

Six months ended 30 September 2017 (unaudited)	New Zealand NZ \$'000	Australia NZ \$'000	TOTAL NZ \$'000
External Revenue	3,729	1,027	4,756
Other income	30	1	31
Total external revenue	3,759	1,028	4,787
Net Profit	587	(1)	586

Six months ended 30 September 2016 (unaudited)	New Zealand NZ \$'000	Australia NZ \$'000	TOTAL NZ \$'000
External Revenue	3,414	876	4,299
Other income	37	-	37
Total external revenue	3,451	876	4,336
Net Profit	425	82	507

30 September 2017	Enprise Solutions	Corporate	Total
Revenue			
Total segment revenue	4,690	66	4,756
Rent received	25	-	25
Interest received	3	3	6
<b>Total group revenue</b>	<b>4,718</b>	<b>69</b>	<b>4,787</b>
<b>Net Profit / (Loss)</b>	<b>761</b>	<b>(175)</b>	<b>586</b>
<b>30 September 2016</b>	<b>Enprise Solutions</b>	<b>Corporate</b>	<b>Total</b>
Revenue			
Total segment revenue	4,299	-	4,299
Rent received	31	-	31
Interest received	3	3	6
<b>Total group revenue</b>	<b>4,333</b>	<b>3</b>	<b>4,336</b>
<b>Net Profit / (Loss)</b>	<b>645</b>	<b>(138)</b>	<b>507</b>

## 4 Income Tax

For the six months ended 30 September 2017 (unaudited)

	2017 NZ \$'000	2016 NZ \$'000
<b>(a) Income tax expense</b>		
<i>Statement of Comprehensive Income</i>		
<i>Current income tax</i>	-	-
<b>(b) Reconciliation between tax at statutory rate and tax expense in Statement of Comprehensive Income</b>		
Parent and Subsidiaries Profit taxed at 28%	164	136
Australian Subsidiary Profit (Loss) taxed at 30%		
Relating to non-deductible differences	63	9
Relating to origination and reversal of temporary differences	(30)	13
Tax effect of tax losses utilised	(227)	(180)
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	(30)	(22)
<b>Accumulated tax losses</b>	<b>(8,592)</b>	<b>(9,395)</b>

The Company continues to meet the shareholder continuity requirement to carry forward tax losses. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest forecasts of future earnings of the Group. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

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

## 5 Dividends paid and proposed

A 2017 final dividend of 3.5 cents per share was paid on 17 July 2017.

## 6 Property, plant and equipment

During the six months ended 30 September 2017, the Group acquired tangible assets to the value of NZ \$37,173 (30 September 2016: NZ \$11,823).

## 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 (unaudited)

(a) Earnings used in calculating earnings per share	2017 NZ \$'000	2016 NZ \$'000
<i>For basic earnings per share:</i>		
Net Profit attributable to ordinary equity holders of the parent	393	323
<i>For diluted earnings per share:</i>		
Net Profit attributable to ordinary equity holders of the parent from basic EPS	393	323
Net Profit attributable to ordinary equity holders of the parent	393	323
(b) Weighted average number of shares	2017 000's	2016 000's
Weighted average number of ordinary shares for basic earnings per share	7,608	6,771
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	7,608	6,771

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 2017 NZ \$'000	Unaudited 30 September 2016 NZ \$'000	(Audited) 31 March 2017 NZ \$'000
Cash at bank	265	627	598
Short-term deposits	-	-	-
Carrying amount of cash and cash equivalents	265	627	598

## 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 (unaudited)	2017 NZ \$'000	2016 NZ \$'000
<b>Reconciliation of net loss to net cash flows from operations</b>		
Net Profit / (Loss)	<b>393</b>	323
<i>Adjustments for:</i>		
Depreciation and amortisation	<b>55</b>	49
Release of fit-out loan	<b>(8)</b>	-
Net gain / loss on foreign exchange	<b>3</b>	4
Bad debts written off	-	18
Share of loss from equity accounted Joint Venture	<b>193</b>	184
Income Tax	<b>(30)</b>	(22)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	<b>1</b>	138
(Increase)/decrease in inventories	<b>(52)</b>	
(Decrease)/increase in trade and other payables	<b>(12)</b>	57
Decrease in other liabilities	<b>30</b>	(8)
<b>Net cash from operating activities</b>	<b>573</b>	<b>743</b>

## 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 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)	<b>2017</b> 2016	-	-	-	-
Datagate Innovation Ltdd (Related Party)	<b>2017</b> 2016	<b>24</b>	-	<b>13</b>	-
The Sales Factory Ltd (Common Director)	<b>2017</b> 2016	-	<b>8</b> 33	-	<b>12</b>
Kilimanjaro Consulting Pty Ltd (Related Party)	<b>2017</b> 2016	<b>66</b>	<b>2</b>	<b>66</b>	<b>1</b>

## 12 Share-based payment plans

No share options were granted or forfeited in the six month period to 30 September 2017 (30 September 2016: 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, commencing on the 1st February 2017. The lease expires on 31st January 2018 with a renewal of a further one year.

- Enprise Solutions Limited – Hamilton Office

The lease of Enprise 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 December 2016 and is for a minimum term of 6 months expiring 31st May 2017. The lease agreement continues to operate until terminated by either party by way of 3 months' notice in writing. This lease was cancelled on 19<sup>th</sup> September 2017.

- Enprise Australia Pty Limited – Sydney Office

The lease of Enprise Australia Pty Limited, Sydney Office, commenced on the 1<sup>st</sup> June 2017 and is on a casual month to month basis. The lease agreement continues to operate until terminated by either party by way of 1 month notice in writing.

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

	2017 NZ \$'000	2016 NZ \$'000
Within one year	149	145
After one year but not more than five years	224	352
After more than five years	-	-
Total minimum lease payments	373	497

### (b) Property, plant and equipment commitments

The Group had no contractual obligations to purchase plant and equipment at balance date (31 March 2017: NZ \$Nil).

## 14 Events after the reporting date

There are no material events after the reporting date.

## 15 Contingencies

There were no know material contingent liabilities at 30 September 2017 (31 March 2017 : NZ \$Nil)

## 16 Going Concern

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

# Directors' Declaration

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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 2017 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 2017.



**George Cooper**  
Director  
28 November 2017



**Lindsay Phillips**  
Chairman  
28 November 2017



# Corporate Information

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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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## Contact details

### New Zealand

Level 1, 16 Hugo Johnston Drive  
Penrose  
PO Box 62262  
Sylvia Park  
Auckland 1644  
Phone: +64 9 829 5500  
Fax: +64 9 829 5501

### Principal place of business

Level 1, 16 Hugo Johnston Drive  
Penrose, Auckland, New Zealand  
Phone: +64 9 829 5500

### Registered office

Level 1, 16 Hugo Johnston Drive  
Penrose, Auckland, New Zealand

### Australia

P O Box R348  
Royal Exchange  
Sydney  
NSW 1225  
Phone: +61 2 8355 7055  
Fax: +61 2 8355 7045

### Registered office – Australia

Level 3, 22 Market Street  
Sydney, NSW 2000

### Internet address

[www.enprisegroup.com](http://www.enprisegroup.com)

### Email

[info@enprisegroup.com](mailto:info@enprisegroup.com)

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## Directors

Lindsay Phillips	<i>Chairman</i>
George Cooper	<i>Chief Executive Officer</i>
Nicholas Paul	<i>Non-Executive Director</i>

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## Share Register

Link Market Services Limited  
Level 7, Zurich House  
21 Queen Street  
Auckland, New Zealand  
Phone: +64 9 375 5990

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

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## Auditor

Staples Rodway, Auckland, New Zealand

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## Bankers

ASB, Auckland, New Zealand  
CBA, Sydney, Australia

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