



ENPRISE GROUP LIMITED
HALF YEAR REPORT
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

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Directors' Report

The Directors submit their Report on Enprise Group Limited for the half year ended 30 September 2018.

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>
Ronald Baskind	<i>Executive Director</i>

Businesses

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

Enprise also has 3 joint ventures

- Datagate Innovation Limited (Datagate). Datagate is 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;
- Kilimanjaro Consulting Pty Limited (Kilimanjaro). Kilimanjaro is the largest MYOB enterprise partner in Australia. Enprise acquired 47.03% of Kilimanjaro in September 2017 and granted Kilimanjaro's shareholders 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;
- iSell Pty Limited (iSell). iSell, in which Enprise first acquired an interest in December 2017, sells a cloud-based quoting system used by the IT reseller market in Australia, New Zealand and the UK.

Financial Highlights

- Net loss for the period was \$(28,000), which is down from the 2017 net profit \$393,000.
- Cash and bank balances of \$1,310,000 (2017 \$265,000) at period end.

Subsequent Events

- There are no material events after reporting date.

Revenue	Half Year Sep-18 \$NZ '000	Half Year Sep-17 \$NZ '000	Increase/ (Decrease) %
Continuing Operations			
Software and Licenses	971	883	10%
Services and Support	2,273	2,405	(5%)
Other Income	14	31	(55%)
Total Revenue	3,258	3,319	(2%)



Lindsay Phillips

Chairman

28 November 2018

Interim Consolidated Statement of Financial Position

As at 30 September 2018

	Note	Unaudited 30 September 2018 NZ \$'000	Unaudited 30 September 2017 NZ \$'000	Audited 31 March 2018 NZ \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	8	1,310	265	1,265
Trade and other receivables		1,067	1,142	1,016
Related party receivables	11	662	79	330
Work In Progress		80	52	-
Lock Finance		-	-	3
Term deposit		-	154	-
Staff receivables		52	4	51
Total Current Assets		3,171	1,696	2,665
Non-current Assets				
Investments in equity accounted joint venture		3,460	4,212	3,958
Investments in equity accounted associate		745	-	738
Investments		321	98	321
Property, plant and equipment	6	99	118	103
Staff receivables		60	10	85
Deferred tax asset		369	346	341
Intangible assets		1,727	1,791	1,760
Total Non-current Assets		6,781	6,575	7,306
TOTAL ASSETS		9,952	8,271	9,971
LIABILITIES				
Current Liabilities				
Trade and other payables		1,174	1,086	1,083
Related party payables	11	8	13	-
Interest bearing loans		-	431	-
Provisions for employee entitlements		273	223	192
Term Loan		324	-	314
Other liabilities		15	15	15
Total Current Liabilities		1,794	1,768	1,604
Non-current liabilities				
Other liabilities		11	26	19
Term loan		471	-	635
Deferred tax liability		29	47	38
Total Non-current Liabilities		511	73	692
TOTAL LIABILITIES		2,305	1,841	2,296

Interim Consolidated Statement of Financial Position (Cont)

	Note	Unaudited 30 September 2018 NZ \$'000	Unaudited 30 September 2017 NZ \$'000	Audited 31 March 2018 NZ \$'000
EQUITY				
Equity attributable to equity holders of the parent				
Contributed equity	9	6,566	5,105	6,566
Accumulated profit		1,081	1,325	1,109
TOTAL EQUITY		7,647	6,430	7,675
TOTAL EQUITY AND LIABILITIES		9,952	8,271	9,971

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 2018



Lindsay Phillips
Chairman
28 November 2018

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2018

	Note	Unaudited 30 September 2018 NZ \$'000	Unaudited 30 September 2017 NZ \$'000 Restated
Continuing operations			
Revenue			
Revenue		3,244	3,288
Other revenue		14	31
	3	3,258	3,319
Cost of Goods Sold		(268)	(406)
Advertising and Marketing expense		(49)	(28)
Employee benefits expense		(1,894)	(1,679)
Finance expense		(39)	(20)
Professional fees		(92)	(130)
Travel expenses		(97)	(105)
Other operating expenses		(344)	(337)
Net gain (loss) on foreign exchange		8	(3)
Depreciation & impairment		(56)	(55)
Profit (Loss) from continuing operations before income tax		427	556
Share of loss from equity accounted joint ventures, net of tax		(497)	(193)
Share of profit from equity account associated, net of tax		6	-
(Loss) Profit before tax		(64)	363
Income tax benefit	4	36	30
(Loss) Profit for the period attributable to the shareholders	3	(28)	393
Other comprehensive income		-	-
Total comprehensive income for the period		(28)	393
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	7	(0.003)	0.052
Diluted earnings per share	7	(0.003)	0.052

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 2018

	Note	Unaudited 30 September 2018 NZ \$'000	Unaudited 30 September 2017 NZ \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,599	4,613
Payments to suppliers and employees (inclusive of GST)		(4,065)	(4,143)
Interest paid		(31)	-
Interest received		1	6
Net cash flows generated / (used) in operating activities	10	504	476
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(17)	(55)
Staff loans		29	5
Purchase of Kilimanjaro Consulting		-	(1,000)
Related party loans		(320)	-
Net cash flows used investing activities		(308)	(1,050)
Cash flows from financing activities			
Dividends paid		-	(244)
Proceeds from borrowing		(3)	488
Loan repayments		(154)	-
Net cash flows from financing activities		(157)	244
Net increase / (decrease) in cash and cash equivalents		39	(330)
Net foreign exchange differences		6	(3)
Cash and cash equivalents at beginning of period		1,265	598
Cash and cash equivalents at 30 September		1,310	265

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 2018

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)
Total comprehensive income for the period		-	393	393
Dividend paid		-	244	244
Balance at 30 September 2017	9	5,105	1,325	6,430

Unaudited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2018		6,566	1,109	7,675
New shares issued		-	-	-
Net Profit for the period		-	(28)	(28)
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	(28)	(28)
Dividend paid		-	-	-
Balance at 30 September 2018	9	6,566	1,081	7,647

Audited	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2017		2,936	1,297	4,233
Net profit for the period		-	151	151
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	151	151
Dividends paid		-	(339)	(339)
New shares issued		3,630	-	3,630
Balance at 31 March 2018	9	6,566	1,109	7,675

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 2018

1 Corporate information

The Interim Condensed Consolidated Financial Statements of Enprise Group Limited (the Group) for the six months ended 30 September 2018 were authorised for issue in accordance with a resolution of the Directors on 28 November 2018.

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 2018 and considered together with any public announcements made by Enprise Group Limited relating to the half year ended 30 September 2018 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 2018.

(c) Changes to accounting policies

Reference	Title	Summary of requirements	Effective date – periods beginning on or after	Impact on Group financial report	Application date for Group*
NZ IFRS 9	Financial Instruments: Classification and Measurement	<p>This standard includes a new framework for classification and measurement of financial instruments and a forward-looking expected-loss impairment model. It requires all financial assets to be:</p> <p>(a) Classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>(b) Initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs</p> <p>(c) Subsequently measured at amortised cost or fair value.</p>	1 January 2018	<p>The main impact on the Group is the measurement of trade debtors. The Group's policy for FY 2019 is to specifically identify potentially problematic debtor balances and then apply a 1% provision on the remaining balance of trade debtors as part of the forward-looking impairment requirements as extended credit terms are rarely provided and the Group has not had a significant history of bad debts in the past. The Group also has extensive credit control policies and procedures in place that ensure that credit is only provided to good quality customers.</p>	1 April 2018
NZ IFRS 15	Revenue from Contracts with Customers	<p>The core principle of the Standard is to recognise revenue for the amount of consideration due to an entity in exchange for goods and services provided to the customer. This is done following a 5 step process:</p> <p>(1) Identify the contract with the customer</p> <p>(2) Identify the performance obligations in the contract</p> <p>(3) Determine the transaction price</p> <p>(4) Allocate the transaction price to the performance obligations in the contract and</p> <p>(5) Recognise revenue when (or as) the entity satisfies a performance obligation by transferring control of an asset to a customer. This may be at a point in time or over time.</p> <p>The standard is expected to have a significant impact on the timing of revenue recognition for the software industry.</p>	1 January 2018	<p>The performance obligation for software revenue is deemed to be the point where software codes are provided to the customer. Software revenue has changed to be recognised net of cost of goods sold. This had a significant impact on Sales but no impact on Gross Profit and Total Comprehensive Income. This is because the relationship has changed from principal to agent under the standard.</p> <p>The performance obligation for consulting revenue is deemed to be either the completion of a piece of work or at go live for implementation projects. Invoiced revenue related to unfinished work or an implementation project is treated as revenue in advance and the associated labour cost of sales is treated as work in progress.</p>	1 April 2018

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 & Associates	Location	Percentage Held	Geographic region
Datagate Innovation Limited	New Zealand	39.29%	New Zealand and Globally
Kilimanjaro Consulting Pty Limited	Australia	47.09%	Australia
iSell Pty Limited	Australia	14.6%	Australia

Other Investments	Location	Percentage Held	Geographic region
Vadacom Limited	New Zealand	6.49%	New Zealand
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 2018, and for the six months ended 30 September 2017.

Six months ended 30 September 2018 (unaudited)	New Zealand NZ \$'000	Australia NZ \$'000	TOTAL NZ \$'000
External Revenue	2,525	719	3,244
Other income	13	1	14
Total external revenue	2,538	720	3,258
Share of loss from equity accounted joint venture	(279)	(218)	(497)
Share of gain/loss from equity accounted associate	-	6	6
Net Profit	(77)	49	(28)

Six months ended 30 September 2017 (unaudited)	New Zealand NZ \$'000 Restated	Australia NZ \$'000 Restated	TOTAL NZ \$'000 Restated
External Revenue	2,194	1,094	3,288
Other income	30	1	31
Total external revenue	2,224	1,095	3,319
Share of loss from equity accounted joint venture	(193)	-	(193)
Share of gain/loss from equity accounted associate	-	-	-
Net Profit	394	(1)	393

30 September 2018

	Enprise Solutions	Corporate	Total
Revenue			
Total segment revenue	3,058	186	3,244
Rent received	12	-	12
Interest received	2	-	2
Total group revenue	3,072	186	3,258
Share of loss from equity accounted joint venture	-	(497)	(497)
Share of gain/loss from equity accounted associate	-	6	6
Net Profit / (Loss)	673	(701)	(28)

30 September 2017

	Enprise Solutions Restated	Corporate	Total Restated
Revenue			
Total segment revenue	3,222	66	3,288
Rent received	25	-	25
Interest received	3	3	6
Total group revenue	3,250	69	3,319
Share of loss from equity accounted joint venture	-	(193)	(193)
Share of gain/loss from equity accounted associate	-	-	-
Net Profit / (Loss)	663	(270)	393

4 Income Tax

For the six months ended 30 September 2018 (unaudited)

	2018 NZ \$'000	2017 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		
Parent and Subsidiaries Profit taxed at 28%		
Australian Subsidiary Profit (Loss) taxed at 27.5%	14	164
Relating to non-deductible differences	139	63
Relating to non-assessable income	(2)	-
Relating to origination and reversal of temporary differences	27	(30)
Tax effect of tax losses utilised	(214)	(227)
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	(36)	(30)
Accumulated tax losses	(8,219)	(8,592)

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 2018 final dividend of 1 cent per share was paid on 19 October 2018.

6 Property, plant and equipment

During the six months ended 30 September 2018, the Group acquired tangible assets to the value of NZ \$17,277 (30 September 2017: NZ \$37,173).

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	2018 NZ \$'000	2017 NZ \$'000
<i>For basic earnings per share:</i>		
Net Profit attributable to ordinary equity holders of the parent	(38)	393
<i>For diluted earnings per share:</i>		
Net Profit attributable to ordinary equity holders of the parent from basic EPS	(38)	393
Net Profit attributable to ordinary equity holders of the parent	(38)	393
(b) Weighted average number of shares	2018 000's	2017 000's
Weighted average number of ordinary shares for basic earnings per share	9,578	7,608
Weighted average number of ordinary shares (excluding reserved shares) adjusted for the effect of dilution	9,578	7,608

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

There are no instruments (e.g. share options) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

8 Current assets - cash and cash equivalents

	Unaudited 30 September 2018 NZ \$'000	Unaudited 30 September 2017 NZ \$'000	(Audited) 31 March 2018 NZ \$'000
Cash at bank	1,310	265	1,265
Carrying amount of cash and cash equivalents	1,310	265	1,265

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)	2018 NZ \$'000	2017 NZ \$'000
Reconciliation of net loss to net cash flows from operations		
Net Profit / (Loss)	(28)	393
<i>Adjustments for:</i>		
Depreciation and amortisation	56	55
Release of fit-out loan	(8)	(8)
Net (gain) loss on foreign exchange	(8)	3
Equity loss (gain) on equity accounted joint ventures	497	193
Equity (gain) loss on equity accounted associates	(6)	-
Non-cash investment in associate	-	(97)
Income Tax	(36)	(30)
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	(63)	1
(Increase)/decrease in inventories	(80)	(52)
Increase/(decrease) in trade and other payables	99	(12)
Increase/(decrease) in other liabilities	81	30
Net cash from operating activities	504	476

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	2018	-	20	-	-
(Related Party)	2017	-	-	-	-
Datagate Innovation Ltdd	2018	15	-	-	-
(Related Party)	2017	24	-	13	-
The Sales Factory Ltd	2018	-	16	-	4
(Common Director)	2017	-	8	-	12
Kilimanjaro Consulting Pty Ltd	2018	237	9	583	1
(Related Party)	2017	66	2	66	1
iSell Pty Ltd (Related Party)	2018	-	-	69	-
	2017	-	-	-	-
Vadacom Ltd (Related Party)	2018	10	-	-	-
	2017	-	-	-	-
Zhik Pty Ltd (Related Party)	2018	4	8	10	3
	2017	-	-	-	-

12 Share-based payment plans

No share options were granted or forfeited in the six month period to 30 September 2018 (30 September 2017: 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 2018. The lease expires on 31st January 2019 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.

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

	2018 NZ \$'000	2017 NZ \$'000
Within one year	149	149
After one year but not more than five years	101	224
After more than five years	-	-
Total minimum lease payments	250	373

(b) Property, plant and equipment commitments

The Group had no contractual obligations to purchase plant and equipment at balance date (31 March 2018: 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 2018 (31 March 2018: NZ \$Nil)

16 Going Concern

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

17 Prior Period Adjustment

The Company made an adjustment in the prior period (September 2017) to account for the change in accounting policy resulting from IFRS 15.

	2017 (Restated)	2017 (As Reported)
Revenue	3,288	4,756

The effect was to restate the statement of comprehensive income of the Company as at 30 September 2017.

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 2018 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 2018.



George Cooper
Director
28 November 2018



Lindsay Phillips
Chairman
28 November 2018

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

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Directors

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

Share Register

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

Auditor

Staples Rodway, Auckland, New Zealand

Bankers

ASB, Auckland, New Zealand
CBA, Sydney, Australia
