



Reporting period	12 month to 31 March 2019
Previous reporting period	12 month to 31 March 2018

	Amount (NZD'000)	Percentage change
Revenue from ordinary activities	6,751	-23% decrease
Gross profit	6,151	13% increase
Expenses from ordinary activities	(6,124)	-25% decrease
Equity earnings from associates and joint ventures	(1,104)	94% increase
Profit before tax	(465)	-501% decrease
Taxation expense	36	3% increase
Total comprehensive income attributable to shareholders	(429)	-384% decrease

Comments:

The reduction in revenue and expenses is due to the change in accounting policies as a result of application of IFRS15 for the 2019 financial year. Licence income must now be treated as agency income. Please refer to the note for more information.

Enprise Group Limited

Consolidated Statement of Comprehensive Income for the year ended 31 March 2019

	2019 \$'000	2018 \$'000
Continued operations		
Sales	6,751	8,809
Cost of providing services	(600)	(3,356)
Gross profit	<u>6,151</u>	<u>5,453</u>
Other operating income	12	32
Selling and marketing expenses	(105)	(72)
Employee expense	(4,019)	(3,361)
Depreciation and amortisation expense	(115)	(115)
Other operating costs	(1,196)	(1,166)
Other gains/(losses) - net	(37)	(6)
Operating profit from continued operations	<u>691</u>	<u>765</u>
Equity earnings from associates and joint ventures	(1,104)	(570)
Earnings before interest and tax from continuing operations	<u>(413)</u>	<u>195</u>
Finance cost - net	(52)	(79)
Profit/(loss) before income tax from continuing operations	<u>(465)</u>	<u>116</u>
Income tax benefit/(expense)	36	35
Profit/(loss) for the period	<u><u>(429)</u></u>	<u><u>151</u></u>
Total other comprehensive income for the period, net of tax		
Foreign currency translation differences	6	13
Total comprehensive income for the period	<u><u>(423)</u></u>	<u><u>164</u></u>
Total comprehensive income for the period is attributable to:		
Shareholders of the parent	<u><u>(423)</u></u>	<u><u>164</u></u>
Earnings per share (cents per share)		
Basic and diluted earnings per share	(4.4)	1.7

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Consolidated Statement of Changes in Equity for the year ended 31 March 2019

	Share Capital	Foreign Exchange Translation Reserve	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2017	2,936	42	1,242	4,220
<i>Transactions with shareholders in their capacity as owners</i>				
New shares issued	3,630			3,630
Dividends paid			(339)	(339)
Total transactions with shareholders	3,630	-	(339)	3,291
<i>Comprehensive income</i>				
Profit for the period			151	151
Other comprehensive income		13		13
Total comprehensive income net of tax	-	13	151	164
Balance at 31 March 2018	6,566	55	1,054	7,675
<i>Change in accounting policy</i>			(192)	(192)
Balance at 1 April 2018	6,566	55	862	7,483
<i>Transactions with shareholders in their capacity as owners</i>				
New shares issued	-			-
Dividends paid			(95)	(95)
Total transactions with shareholders	-	-	(95)	(95)
<i>Comprehensive income</i>				
Profit for the period			(429)	(429)
Other comprehensive income		6		6
Total comprehensive income net of tax	-	6	(429)	(423)
Balance at 31 March 2019	6,566	61	338	6,965

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Consolidated Statement of Financial Position as at 31 March 2019

	2019 \$'000	2018 \$'000
Current Assets		
Cash & cash equivalents	771	1,265
Trade and other receivables	1,215	1,016
Related party receivables	147	330
Work in progress	276	-
Current tax assets	1	-
Staff receivables	54	51
Loans to related parties	193	-
Other current assets	-	3
Total Current Assets	2,657	2,665
Non-Current Assets		
Investment in equity accounted joint venture	2,968	3,958
Investment in equity accounted associate	1,052	738
Investments	248	321
Staff receivables	33	85
Property plant and equipment	83	103
Intangible assets	1,694	1,760
Deferred tax asset	358	341
Loans to related parties	476	-
Total Non-Current Assets	6,912	7,306
Total Assets	9,569	9,971
Current Liabilities		
Trade and other payables	1,697	1,083
Provisions	234	192
Borrowings	337	314
Other current liabilities	15	15
Total Current Liabilities	2,283	1,604
Non-Current Liabilities		
Borrowings	298	635
Deferred tax liability	19	38
Other non-current liabilities	4	19
Total Non-Current Liabilities	321	692
Total Liabilities	2,604	2,296
Net Assets	6,965	7,675
Equity		
Share capital	6,566	6,566
Other reserves	61	55
Retained Earnings	338	1,054
Total Equity	6,965	7,675
Total assets per share (\$ per share)	1.00	1.04

Enprise Group Limited

Consolidated Statement of Cash Flow as at 31 March 2019

	2019 \$'000	2018 \$'000
Operating Activities		
Cash was provided from:		
Receipts from customers	8,981	9,930
Interest received	8	11
Income tax refund received	4	-
	<u>8,993</u>	<u>9,941</u>
Cash was applied to:		
Payments to suppliers & employees	8,595	9,336
Interest paid	56	33
	<u>8,651</u>	<u>9,369</u>
Net cash inflow (outflow) from operating activities	342	572
Investing Activities		
Cash was provided from:		
Loans repaid by staff	51	19
Proceeds from term deposit	-	154
	<u>51</u>	<u>173</u>
Cash was applied to:		
Purchase of property, plant and equipment	30	65
Investment in equity accounted joint venture	100	1,000
Investment in equity accounted associate	232	739
Other Investments	24	-
Advances to related parties	97	-
	<u>483</u>	<u>1,804</u>
Net cash inflow (outflow) from investing activities	(432)	(1,631)
Financing Activities		
Cash was provided from:		
Proceeds from issue of shares	-	1,023
Proceeds from borrowings	-	1,054
	<u>-</u>	<u>2,077</u>
Cash was applied to:		
Dividends paid	95	294
Repayment of borrowings	312	51
	<u>407</u>	<u>345</u>
Net cash inflow (outflow) from financing activities	(407)	1,732
Net increase / (decrease) in Cash and Cash Equivalents held	(497)	673
Net foreign exchange differences	3	(6)
Cash & Cash Equivalents at beginning of the year	<u>1,265</u>	<u>598</u>
Cash & Cash Equivalents at end of the year	<u>771</u>	<u>1,265</u>

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Consolidated Statement of Cash Flow as at 31 March 2019

Cashflow Reconciliation

	2019 \$'000	2018 \$'000
Profit/(Loss) for the period	(429)	151
Adjustments for:		
Depreciation and amortisation	115	115
Net loss/(gain) on foreign exchange	30	6
Release of fit out loan	(15)	(15)
Impairment loss on trade receivables	(10)	45
Share of loss from equity accounted investments	1,104	570
Share based payment	-	30
Share issue in exchange for services	-	(97)
Loan issued to related party in exchange for services	(588)	-
Changes in accounting policy	(192)	-
Movements in Working Capital		
(Increase)/decrease in trade and other receivable	(16)	(159)
(Increase)/decrease in work in progress	(276)	-
(Increase)/decrease in income taxes receivable	(1)	-
Increase/(decrease) in trade and other payables	614	(38)
Increase/(decrease) in employee benefit obligations	42	(1)
(Increase)/decrease in deferred tax asset	(36)	(35)
Net cash inflow from operating activities	<u>342</u>	<u>572</u>

Enprise Group Limited

Segmental Information for the year ended 31 March 2019

1. Operational Performance - Geographic Segments

	Revenue		Operating Profit	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
New Zealand	5,031	6,930	490	619
Australia	1,732	1,911	201	146
	<u>6,763</u>	<u>8,841</u>	<u>691</u>	<u>765</u>
Equity earnings of associates and joint ventures			(1,104)	(570)
Net interest expense			(52)	(79)
Profit/(loss) before taxation			<u>(465)</u>	<u>116</u>
Income Tax			36	35
Net profit/(loss) attributable to shareholders			<u>(429)</u>	<u>151</u>

Operating segments

The Group has two operating segments based on geographical locations. These segments form the basis of internal reporting used by management and the Board of Directors to monitor and assess performance and assist with strategic decisions.

2. Interest, Depreciation and Amortisation

	Interest Revenue		Interest Expense		Depreciation and Amortisation expense	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New Zealand	7	10	60	86	115	115
Australia	1	1	-	4	-	-
	<u>8</u>	<u>11</u>	<u>60</u>	<u>90</u>	<u>115</u>	<u>115</u>

3. Balance Sheet Information

	Total Assets		Total Liabilities	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
New Zealand	5,750	6,732	1,909	1,891
Australia	4,568	3,983	1,445	1,149
	<u>10,318</u>	<u>10,715</u>	<u>3,354</u>	<u>3,040</u>
Inter-segment elimination	(769)	(744)	(769)	(744)
Profit/(loss) before taxation	<u>9,549</u>	<u>9,971</u>	<u>2,585</u>	<u>2,296</u>

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Changes in Accounting Policies for the year ended 31 March 2019

Change in accounting policies

The following new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make adjustments to opening retained earnings as a result of adopting the following standards:

- NZ IFRS 9 - Financial Instruments; and
- NZ IFRS 15 - Revenue from contracts with customers

The impact of the adoption of these standards and the new accounting policies are disclosed below.

(a) NZ IFRS 9 - Financial Instruments

NZ IFRS 9, Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in NZIAS 39, Financial Instruments: Recognition and Measurement, that relates to the classification and measurement of financial instruments

The Group has chosen not to restate comparative information and any adjustments required by the application of the new standard is to be made to the opening balance of retained earnings recognised in the statement of changes in equity for the year ended 31 March 2019.

The Group's classification measure of financial assets and liabilities under NZIFRS9 remains largely the same as it was under NZIAS 39.

There has been no material impact of NZIFRS9 in relation to non investment assets recorded in the draft accounts for the Group. Any impact as a result of impairment to investments have not yet been assessed at this time.

(b) NZ IFRS 15 - Revenue from contracts with customers

NZ IFRS 15, revenue from contracts with customers, introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling the contract.

The group elected to apply the retrospective cumulative effect method, with no restatement of comparative period amounts. The cumulative effect of applying the new standard is included as an adjustment to the opening balance of retained earnings recognised in the statement of changes in equity for the year ended 31 March 2019.

The group's revenue recognition policies for major line items have been changed as follows:

Software and Licences - agency commissions

NZ IFRS 15 does not allow for amounts collected on behalf of others to be included as revenue. This change in accounting policy has materially changed how revenue is being recorded by the Group. The Group must show only the agency commission and this has impacted the revenue and cost recorded in the statement of comprehensive income, especially when comparing with the prior year.

The adoption of IFRS15 and the application of the five step process has also impacted on the timing of when the agency commission can be recognised. The Group has concluded that the recognition of agency commission occurs once payment has been received. The impact of this adjustment is \$118,000 to opening retained earnings.

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Changes in Accounting Policies for the year ended 31 March 2019

Income from Services

The Group has concluded that income from services, such as certain aspects of consulting income, should be recognised when there is a reasonable expectation from both parties that a project has been completed and in a usable state. The adoption of NZ IFRS 15 has impacted on the timing of the income and the related costs resulting in a net adjustment of \$74,000 to opening retained earnings.

Summary of NZ IFRS9 and NZ IFRS15 adjustments to opening retained Earnings

Balance as at 1 April 2018	1,054
NZ IFRS15 adjustments	
Change in recognition of agency commissions	(118)
Change in recognition of services income	(128)
Change in recognition of services costs	54
Adjusted balance at 1 April 2018	<u>862</u>