

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2016 and 2015

## National Instrument 51-102 Continuous Disclosure Obligations Notice

Pursuant to Part 4.3 (3) of National Instrument 51-102, these unaudited condensed interim consolidated financial statements of Enterprise Group, Inc. for the three and nine months ended September 30, 2016 have not been reviewed by the Company's external auditors.

# **ENTERPRISE GROUP, INC.**

## **Condensed Interim Consolidated Statements of Financial Position**

	Sel	December 31, 2015 (audited)	
Assets Cash and cash equivalents (note 4) Trade and other receivables (note 4) Income taxes recoverable Unbilled revenue Inventories Deposits and prepaid expenses	\$	949,278 8,549,497 2,143,795 334,576 1,232,679 273,418	\$ 1,999,775 10,807,504 799,650 1,306,767 1,740,933 801,259
Property, plant and equipment (note 5) Investment property Goodwill Intangible assets Deferred tax assets  Total assets	\$	13,483,243 64,765,858 3,780,000 8,407,057 2,180,566 5,903,038 85,036,519 98,519,762	\$ 17,455,888 83,362,266 3,910,000 8,407,057 2,583,382 3,499,275 101,761,980 119,217,868
Liabilities Trade and other payables (note 4) Current portion of loans and borrowings (note 7)	\$	4,400,169 2,307,648 6,707,817	\$ 5,191,954 4,545,409 9,737,363
Long term portion of loans and borrowings (note 7)  Deferred tax liabilities		22,284,447 6,593,915	37,962,008 6,593,915
Total liabilities		35,586,179	54,293,286
Equity Share capital Warrants Contributed surplus Deficit		79,930,146 1,448,381 6,858,720 (25,303,664)	79,930,146 1,448,381 5,605,143 (22,059,088)
Total equity		62,933,583	64,924,582
Total equity and liabilities	\$	98,519,762	\$ 119,217,868

Approved on behalf of the board.	
(Signed)	_ "Leonard D. Jaroszuk" Director
(Signed)	_ "John Pinsent, FCA, ICD.D." Director

# Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

		nree months		hree months		Nine months	-	Vine months
	Se	ptember 30,	Se	ptember 30,	S	eptember 30,	S	eptember 30,
		2016		2015		2016		2015
Revenue	\$	6,551,285	\$	10,392,253	\$	20,396,939	\$	32,826,358
Direct expenses		(5,092,524)		(7,501,297)		(15,983,634)	(	(24,062,299)
Gross margin		1,458,761		2,890,956		4,413,305		8,764,059
General and administrative expenses		(856,904)		(931,874)		(2,552,363)		(3,165,856)
Depreciation of property, plant and equipment		(1,557,744)		(1,689,457)		(5,140,975)		(5,683,622)
Finance expense		(649,715)		(648,207)		(1,593,838)		(2,103,697)
Share-based payments		(731,738)		(265,924)		(1,253,577)		(1,002,512)
Amortization of intangible assets		(73,751)		(129,502)		(220,941)		(436,941)
Acquisition costs		44.500		-		- (000 057)		(25,115)
Gain (loss) on sale of property, plant and equipment		14,580		22,459		(926,257)		(178,925)
Fair value adjustment on investment property (Loss) gain on foreign exchange		(130,000) (13,580)		(44,474)		(130,000) 22,723		(128,440)
Other income (expense)		138,556		(24,066)		140,469		176,562
Loss before income tax		(2,401,535)		(820,089)		(7,241,454)		(3,784,487)
Income tax recovery		804,416		186,614		2,366,883		974,015
Net loss from continuing operations		(1,597,119)		(633,475)		(4,874,571)		(2,810,472)
Income from discontinued operations, net of tax		2,178,935		30,711		1,629,995		911,613
Net income (loss) and comprehensive income (loss)	\$	581,816	\$	(602,764)	\$	(3,244,576)	\$	(1,898,859)
Earnings (loss) per share (note 10)								
Basic and diluted total earnings (loss) per share	\$	0.01	\$	(0.01)	\$	(0.06)	\$	(0.04)

# **Condensed Interim Consolidated Statements of Cash Flows**

	Nine months September 30, 2016	Nine months September 30, 2015
Cash flows from operating activities: Net loss Adjustments for:	\$ (3,244,576)	\$(1,898,859)
Depreciation of property, plant and equipment Amortization of intangible assets (Gain) loss on sale of property, plant and equipment Share-based payments Fair value adjustment	5,815,924 293,691 (1,789,772) 1,253,577 130,000	6,254,438 546,066 178,925 1,002,512
Deferred income tax recovery Finance expense Change in non-cash working capital (note 12)	(2,260,093) 1,862,597 2,130,363	(581,361) 2,452,036 2,493,259
Net cash provided by operating activities	4,191,711	10,447,016
Cash flows from financing activities: Repayment of bank loan facility Repayment of vendor take-back loans Interest and borrowing costs paid on loans and borrowings	(9,743,758) - (2,000,240)	(2,787,437) (500,000) (2,212,555)
Repayment of term loan Repayment of finance lease liabilities Repayment of mortgage facility Repayment of convertible debentures Share issue costs	(201,782) (7,790,336) (60,809) - (13,670)	(333,570) (6,185,561) (58,380) (1,644,000)
Stock options exercised	(13,670)	37,500
Net cash used by financing activities	(19,810,595)	(13,684,003)
Cash flows from investing activities: Purchase of property, plant and equipment (note 5) Proceeds on sale of property, plant and equipment	(2,175,081) 16,743,468	(2,824,096) 1,778,404
Net cash provided (used) by investing activities	14,568,387	(1,045,692)
Change in cash and cash equivalents	(1,050,497)	(4,282,679)
Cash and cash equivalents, beginning of period	1,999,775	9,888,351
Cash and cash equivalents, end of period	\$ 949,278	\$ 5,605,672

Net cashflows attributed to discontinued operations (Note 3)

# **ENTERPRISE GROUP, INC.**

# **Condensed Interim Consolidated Statements of Changes in Equity**

	Number of common shares	Share capital	Warrants	Contributed surplus	Convertible debenture	Deficit	Total
Balance as at December 31, 2014	148,256,828	\$77,969,392	\$4,007,454	\$4,346,621	\$63,479	\$(4,783,430)	\$81,603,516
Stock options exercised	150,000	54,900	-	(17,400)	-		37,500
Consolidation of common shares	(98,937,885)	-	-	-	-		-
Expiry of convertible debentures	-	-	-	63,479	(63,479)	-	-
Share-based payments Net income	-	-	-	1,002,512 -	-	(1,898,859)	1,002,012
Balance as at September 30, 2015	49,468,943	\$78,024,292	\$4,007,454	\$5,395,212	\$-	\$(6,682,289)	\$80,744,669
Balance as at December 31, 2015	55,652,374	\$79,930,146	\$1,448,381	\$5,605,143	\$-	\$(22,059,088)	\$64,924,582
Share-based payments Net loss		-	-	1,253,577	- -	(3,244,576)	1,253,577 (3,244,576)
Balance as at September 30, 2016	55,652,374	\$79,930,146	\$1,448,381	\$6,858,720	\$-	\$(25,303,664)	\$62,933,583

#### 1. Reporting entity

Enterprise Group, Inc. ("Enterprise" or the "Company") is a public company incorporated under the Alberta Business Corporations Act and its shares are listed on the Toronto Stock Exchange under the symbol "E". Enterprise is a consolidator of businesses providing services to the utility, energy and construction industries. The Company has a fleet of trucks and heavy equipment to install underground utilities and to provide tunnelling services. Additionally, the Company rents heavy equipment, flameless heating units and oilfield site service infrastructure throughout Western Canada. Enterprise's head office is located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4.

The financial statements of the Company as at September 30, 2016, and December 31, 2015, are comprised of the Company and its wholly owned subsidiaries. The consolidated financial statements were authorized for issue by the Board of Directors on November 8, 2016.

#### 2. Significant accounting policies

The unaudited condensed interim consolidated financial statements are prepared by management and reported in Canadian dollars, in accordance with International Accounting Standard "IAS" 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2015 Audited Consolidated Financial Statements and the notes thereto.

The unaudited condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in the Company's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2015.

#### 3. Discontinued operations

On July 7, 2016, Enterprise Group Inc., closed a transaction to divest substantially all of the assets of T.C. Backhoe & Directional Drilling Ltd. Gross cash proceeds from the transaction was \$16,890,400 plus \$2,948,026 of working capital for a total of \$19,838,426. Working capital is being paid out over three payments with the last payment due January 15, 2017. All proceeds from the transaction will be deployed towards reducing the Company's debt.

Income from discontinued operations including the prior period figures, are presented as a single amount in the consolidated statements of Income (loss) and comprehensive income (loss). This amount comprises the post-tax income of the discontinued operations and the post-tax gain resulting from the measurement and disposal of the assets. The disclosure of discontinued operations in the prior period relates to operations that have been discontinued at the reporting date.

	;	Three months September 30, 2016	Three months September 30, 2015	Nine months September 30, 2016	Nine months eptember 30, 2015
Revenue	\$	562,902	\$ 4,293,856	\$ 6,558,653	\$ 14,494,938
Direct expenses		(700,056)	(3,461,275)	(6,114,015)	(11,270,437)
Gross margin (loss)		(137,154)	832,581	444,638	3,224,501
General and administrative expenses Depreciation of property, plant and equipment Finance expense Amortization of intangible assets Other (expense) income		(8,783) (24,998) (8,710) - (24,571)	(326,758) (322,018) (109,567) (36,375) 1,866	(587,331) (674,949) (268,756) (72,750) 129,509	(1,001,000) (570,816) (348,339) (109,125) 31,715
(Loss) income before income tax Income tax recovery (expense)  Net (loss) income and comprehensive (loss) income Gain on sale of property, plant and equipment net of tax		(204,216) 68,404 (135,812) 2,314,747	39,729 (9,018) 30,711	(1,029,639) 344,887 (684,752) 2,314,747	1,226,936 (315,323) 911,613
Income from discontinued operations	\$	2,178,935	\$ 30,711	\$ 1,629,995	\$ 911,613

#### **Notes to Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2016 and 2015

The net cash flows attributable to the operating, investing and financing activities of discontinued operations are as follows:

	Nine months September 30, 2016	Nine months September 30, 2015
Operating Financing	\$ (7,357,147)	\$ 4,950,610 \$ (1,821,075)
Investing	\$ 16,273,915	\$ 157,730

#### 4. Financial instruments and risk management

#### (a) Fair value of financial instruments

The estimated fair value of the Company's financial instruments approximates the amount for which the financial instrument could currently be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. The carrying value of trade and other receivables, deposits and trade and other payables, approximate fair value because of the near term to maturity of these instruments. The fair value of loans and borrowings is a level 2 measurement and are based on discounted future cash flows using the rates that reflect observable current market rates for similar instruments with similar terms and conditions. The estimated fair value approximates the carrying value at September 30, 2016.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	September 30, 2016		December 31, 2015	
Financial assets				
Cash and cash equivalents	\$	949,278	\$ 1,999,775	
Trade and other receivables	\$	8,549,497	\$ 10,807,504	
Deposits	\$	191,199	\$ 320,407	
Financial liabilities				
Trade and other payables	\$	4,400,169	\$ 5,191,954	
Loans and borrowings	\$	24,592,095	\$ 42,507,417	

#### Financial risk management

The Company's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Board of Directors oversees management's establishment and execution of the Company's risk management framework.

#### (b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through cash and cash equivalents and trade and other receivables. The Company manages the credit risk associated with its cash and cash equivalents by holding its funds in financial institutions with high credit ratings. Credit risk for trade and other receivables are managed through established credit monitoring activities.

The Company has trade receivables from customers in the utilities/infrastructure construction industry, as well as customers in the oil and gas industry. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. The Company monitors trade receivables monthly to identify any amounts which are past due and considers if they are impaired. This assessment is done on an invoice by invoice basis. Losses from trade accounts receivable have not historically been significant. As such the Company has recorded a provision of doubtful accounts at September 30, 2016, of \$127,000 (December 31, 2015 - \$564,000).

The majority of the non-current accounts receivable relates to sub division underground utilities installation for large energy and utility providers and as such invoices outstanding over 90 days are not uncommon.

### For the three and nine months ended September 30, 2016 and 2015

At September 30, 2016, \$932,000 or 11% of trade receivables was from one customer compared to \$2,500,000 or 23% from two customers as at December 31, 2015.

	September 30,	December 31,
	2016	2015
Current (less than 90 days)	\$ 8,143,973	\$ 9,900,475
Past due (more than 90 days)	405,524	907,029
Total	\$ 8,549,497	\$ 10,807,504

Included in trade receivables past due (more than 90 days) is \$18,400 (December 31, 2015 - \$77,000) of holdback receivables.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. On an ongoing basis the Company manages liquidity risk by maintaining adequate cash and cash equivalents balances and appropriately utilizing available lines of credit. Management believes that forecasted cash flows from operating activities, along with available lines of credit, will provide sufficient cash requirements to cover the Company's forecasted normal operating activities, commitments and capital expenditures.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at September 30, 2016, and December 31, 2015:

	Carrying		Contractual		Due within	Two-five		More than
September 30, 2016	amount		cash flows		one year	years		five years
Trade and other payables	\$ 4,400,169	\$	4,400,169	\$	4,400,169	\$ -	\$	
Loans and borrowings	24,592,095		24,592,095		2,307,653	21,499,085		785,357
Operating lease commitments	-		2,275,086		948,978	1,326,108		
	\$ 28,992,264	\$	31,267,350	\$	7,656,800	\$ 22,825,193	\$	785,357
	Carrying	J	Contractual		Due within	Two-five		More than
December 31, 2015	amount	t	cash flows	;	one year	years		five years
Trade and other payables	\$ 5,191,954	\$	5,191,954	\$	5,191,954	\$ -	\$	-
Loans and borrowings	42,507,417		46,535,545		6,587,626	38,949,340		998,579
Operating lease commitments	-		3,372,089		1,248,683	2,123,406		
	\$ 47.699.371	\$	55.099.588	\$	13.028.263	\$ 41,072,746	<b>ው</b>	998,579

#### (d) Market risk

Market risk is the risk of changes in market prices, such as interest rates, which will affect the Company's income or the value of its financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at September 30, 2016, to impact the Company's annual interest expense by approximately \$220,000 (December 31, 2015 - \$327,000). The Company has not entered into any derivative agreements to mitigate this risk.

#### Capital management

The primary objective of capital management is to ensure the Company has sufficient capital to support its business and maximize shareholder value. The Company manages its capital in proportion to the risk of the underlying assets and makes adjustments in light of changes in economic conditions and risks. The Company's strategy remains unchanged from prior periods. Management considers its capital structure to include net debt and adjusted capital of the Company. Adjusted capital comprises all components of equity (share capital, contributed surplus, warrants and deficit), other than amounts in accumulated other comprehensive income relating to the marketable securities. Included in net debt is the bank loan facility which requires the Company to maintain certain financial covenants as defined below. The Company's objectives when managing capital are to finance its operations and growth strategies and to provide an adequate return to its shareholders. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt. As at September 30, 2016 the Company has met these objectives.

	September 30,	December 31,
	2016	2015
Bank loan	\$ 20,489,077	\$ 30,415,432
Current portion of long-term debt	2,307,648	4,545,409
Long-term debt	1,795,370	7,546,576
Funded debt	24,592,095	42,507,417
Shareholders' equity	62,933,583	64,924,582
Total capital	\$ 87,525,678	\$ 107,431,999

Included in net debt is the bank loan facility which requires the Company to maintain certain financial covenants. The Company's covenants are as follows:

	September 30, 2016	Minimum required	December 31, 2015	Minimum required
Fixed charge coverage ratio	N/A	N/A	waived	N/A
Senior leverage ratio	N/A	N/A	waived	N/A
Current quarter EBITDA	\$726,833	\$340,000	N/A	N/A
·	·	Not to exceed		Not to exceed
Capital expenditure	\$1,023,433	\$1,125,000	\$3,383,551	\$6,000,000

The minimum covenants are noted in the table above. The Company monitors these requirements on an ongoing basis and reports on its compliance to its lender on a monthly basis.

Effective August 11, 2016, the Company amended the term and the covenants to its bank loan facility. Beginning September 30, 2016, the Company is required to maintain EBITDA of not less than 85% of forecast. Beginning June 30, 2017, the Company will be required to maintain a senior leverage ratio of not more than 6.5; at December 31, 2017, not more than 6.25. Beginning on March 31, 2017, the Company will be required to maintain a fixed charge coverage ratio of not less than 1.25. The interest rate on the facility decreased from prime plus 3.5% to prime plus 3.0% with the facility expiring on September 30, 2020. The capital expenditures are not to exceed \$1,125,000 in any fiscal year. Upon closing of the sale of TCB assets, the maximum loan amount was reduced to \$25,000,000. All other terms and conditions of the facility remain unchanged.

#### Fair value determination

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

# Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2016 and 2015

# 5. Property, plant and equipment

Cost or deemed cost	Balance at December 31, 2015	Additions	Disposals	Divestiture	Balance at September 30, 2016
Buildings	\$ 593,325	\$ _	\$ _	\$ (129,212)	\$ 464,113
Leasehold improvements	835,579	32,245	-	(125,262)	742,562
Computers and communication equipment	658,199	7,229	-	(93,559)	571,869
Small equipment	3,188,074	10,164	(7,283)	(644,510)	2,546,445
Light automotive equipment	5,254,555	-	(48,996)	(1,321,843)	3,883,716
Heavy automotive, construction and portable rental			, ,	· ·	
equipment	92,249,984	1,984,160	(2,361,917)	(15,658,438)	76,213,789
Property, plant and equipment under construction	1,449,297	673,402	(456,860)	<u>-</u>	1,665,839
	\$ 104,229,013	\$ 2,707,200	\$ (2,875,056)	\$ (17,972,824)	\$ 86,088,333

		Accumulated depreciation							Carrying	amounts
7	De	Balance at ecember 31, 2015		epreciation the period	ı	Disposals	Divestiture	Balance at September 30, 2016	Balance at December 31, 2015	Balance at September 30, 2016
Buildings	\$	21,358	\$	5,793	\$	- \$	(7,073)	\$ 20,078	\$ 571,967	\$ 444,035
Leasehold improvements		420,469		62,821		-	(107,535)	375,755	415,110	366,807
Computers and communication										
equipment		313,007		70,648		-	(73,068)	310,587	345,192	261,282
Small equipment		1,557,777		194,225		(4,393)	(286,629)	1,460,980	1,630,297	1,085,465
Light automotive equipment		1,829,797		298,947		(25,276)	(608,176)	1,495,292	3,424,758	2,388,424
Heavy automotive, construction and										
portable rental equipment	1	6,724,339		5,183,490		(660,785)	(3,587,261)	17,659,783	75,525,645	58,554,006
Property, plant and equipment under construction		_		_		· · ·	<u>-</u>	<u>-</u>	1,449,297	1,665,839

 \$ 20,866,747
 \$ 5,815,924
 \$ (690,454)\$ (4,669,742) \$ 21,322,475
 \$ 83,362,266
 \$ 64,765,858

Included in the carrying amount of \$64,765,858 is \$1,611,034 (2015 - \$2,698,573) of heavy automotive, construction and portable rental equipment under construction and \$54,805 (2015 - \$31,488) of computers and equipment, which is not being depreciated as they are not yet available for use.

# 6. Investment property

On September 23, 2016, the Company obtained an independent appraisal of the investment property. The appraisal valued the investment property at \$3,780,000 and as such the carrying value was decreased to agree to the valuation as reported.

The appraisal was carried out using the Direct Comparison Approach which involves comparing similar properties that have sold or are listed for sale, often on a unit basis, applying adjustments for differences between the properties. The significant unobservable input is the adjustment for factors specific to the property. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for the valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

#### 7. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

	September 30, 2016		De	December 31, 2015	
Current portion of loans and borrowings					
Current portion of vendor take-back loans	\$	791,813	\$	762,624	
Term loan facilities		89,129		251,801	
Current portion of finance lease liabilities		1,342,682		3,449,490	
Current portion of mortgage facilities		84,024		81,494	
Total current portion of loans and borrowings		2,307,648		4,545,409	
Non-current portion of loans and borrowings					
Bank loan facility		20,489,077		30,415,432	
Term loan facilities		-		23,346	
Finance lease liabilities		638,498		6,303,020	
Mortgage facilities		1,156,872		1,220,210	
Total non-current portion loans and borrowings		22,284,447		37,962,008	
Total loans and borrowings	\$	24,592,095	\$	42,507,417	

#### 8. Share capital

#### Authorized:

Unlimited Common shares

Unlimited Preferred shares, issuable in series, terms to be set at issuance

Changes in issued share capital are described in the Share-based payments note contained in these financial statements.

#### 9. Share-based payments

## Stock option program (equity-settled)

The Company has a stock option plan to purchase common shares over a period ranging from two to five years from the date the option is granted at prices approximating market prices on the day prior to the date of grant.

Outstanding stock options September 30, 2016	Number	Weighted average exercise price		Weighted average remaining contractual life (months)		
Stock options, beginning of period	4,322,167	\$	2.22	14		
Cancellation of outstanding options	(4,322,167)	\$	(2.22)	-		
Issued	5,135,000	\$	0.34	33		
Stock options, September 30, 2016	5,135,000	\$	0.34	-		

On July 1, 2016, the Company issued 5,135,000 options to Directors, Officers and employees of the Company. The weighted average fair value of the options granted was \$0.14 estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	2016
Share price	\$0.34
Exercise price	\$0.34
Expected term	36 months
Risk-free interest	0.5%
Expected dividends	nil
Volatility	63%

The Company recorded share-base compensation of \$731,738 in the quarter, as the options vested immediately.

# For the three and nine months ended September 30, 2016 and 2015

#### 10. Earnings per share

The earnings (loss) available to common shareholders and weighted average number of common shares outstanding for comparative basic and diluted earnings per share are:

	Three months September 30, 2016	Three months September 30, 2015	Nine months September 30, 2016	Nine months September 30, 2015
Weighted average common shares outstanding – basic	55,652,443	49,468,943	55,562,443	49,464,242
Effect of stock options	-	-	-	-
Weighted average common shares – diluted	55,652,443	49,468,943	55,562,443	49,464,242
Net income (loss) and comprehensive income (loss)	\$581,816	\$(602,764)	\$(3,244,576)	\$(1,898,859)
Basic and diluted loss per share from continuing operations	\$(0.03)	\$(0.01)	\$(0.09)	\$(0.06)
Basic and diluted earnings per share from discontinued operations	\$0.04	\$0.00	\$0.03	\$0.02
Basic and diluted total earnings (loss) per share	\$0.01	\$(0.01)	\$(0.06)	\$(0.04)

# 11. Related party transactions

The Company has entered into various transactions in the normal course of business with corporations controlled by officers and directors of the Company and corporations that have common ownership. These transactions were recorded at the exchange amount established and agreed to by the parties. Management and consulting fees were paid to companies controlled by Leonard Jaroszuk, President and Chief Executive Officer, and Doug Bachman, former Chief Operating Officer, as compensation for serving the Company in those roles. Equipment rental fees were paid to a company controlled by Leonard Jaroszuk, President and Chief Executive Officer, and Desmond O'Kell, Senior Vice President and Director, to rent equipment required for operating activities.

Nine months ended September 30	2016	2015
Management and consulting fees	\$ 540,345 \$	464,275
Equipment rental	112,500	-
	\$ 652,845 \$	464,275
12. Supplemental cash flow information		
Nine months September 30	 2016	2015
(a) Changes in non-cash working capital:		
Trade and other receivables	\$ 2,258,007 \$	8,273,595
Unbilled revenue	972,191	793,887
Inventories	508,254	168,285
Deposits and prepaid expenses	527,841	(937,794)
Trade and other payables	(791,785)	(5,373,937)
Income taxes payable	(1,344,145)	(430,777)
	\$ 2,130,363 \$	2,493,259
(b) Other non-cash transactions:	40.000	0.400.004
Equipment purchased under finance leases	\$ 19,006 \$	2,43

# ENTERPRISE GROUP, INC.

Notes to Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2016 and 2015

Cash taxes paid for the period ended September 30, 2016 was \$1,293,750 (2015 - \$85,899).

<sup>(</sup>c) Cash taxes paid