Enterprise Group, Inc.

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three and six months ended June 30, 2012 and 2011

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 six month periods ended June 30, 2012 have not been reviewed by the Company's external auditors.

ENTERPRISE GROUP, INC.

Condensed Consolidated Interim Statements of Financial Position

		June 30, 2012 (Unaudited)		December 31, 2011 (Audited)
Assets				
Cash and cash equivalents	**$**	**541,739**	$	357,203
Trade and other receivables (note 3 (a))		**3,153,190**		4,817,204
Unbilled revenue		**626,721**		938,234
Inventories		**512,601**		601,510
Deposits and prepaid expenses		**228,370**		304,860
		5,062,621		7,019,011
Property, plant and equipment (note 5)		**9,415,366**		8,863,130
Intangible assets (note 6)		**691,125**		763,875
Marketable securities		**24,000**		28,000
		10,130,491		9,655,005
Total assets	**$**	**15,193,112**	$	16,674,016
Liabilities				
Bank indebtedness (note 8(b))	**$**	**614,671**	$	962,200
Trade and other payables		**881,542**		2,575,341
Current portion of term loan facility (note 8(c))		**306,195**		301,458
Current portion of other term loan facility (note 8(d))		**88,705**		-
Bank loan facility (note 8(e))		**1,440,000**		1,611,295
Other loans payable (note 8(h))		**331,467**		405,009
Current portion of finance lease liabilities (note 8(g))		**215,905**		275,111
Current portion of mortgage facilities (note 8(f))		**390,000**		384,525
		4,268,485		6,514,939
Long-term loans and borrowings (note 8)		**1,346,807**		1,254,221
Total liabilities		**5,615,292**		7,769,160
Equity				
Share capital (note 7)		**25,577,893**		25,577,893
Warrants (note 9 (b))		**313,710**		313,710
Contributed surplus		**1,894,576**		1,803,096
Deficit		**(18,200,359)**		(18,785,843)
Accumulated other comprehensive loss		**(8,000)**		(4,000)
Total equity		**9,577,820**		8,904,856
Total equity and liabilities	**$**	**15,193,112**	$	16,674,016

Approved on behalf of the Board:

(Signed) "Leonard D. Jaroszuk" Director

(Signed) "John Pinsent, CA, ICD.D." Director

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

ENTERPRISE GROUP, INC.

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

(Unaudited)

For the three and six months ended June 30, 2012 and 2011

	Three months June 30, 2012	Three months June 30, 2011	**Six months June 30, 2012**	Six months June 30, 2011
Revenue	**$ 3,891,514**	$ 2,615,763	**$ 7,522,869**	$ 6,846,741
Direct expenses	**(2,422,958)**	(2,366,894)	**(4,828,180)**	(5,597,908)
General and administrative expenses	**(796,378)**	(639,247)	**(1,406,501)**	(1,575,774)
Depreciation of property, plant and equipment	**(269,555)**	(285,059)	**(537,440)**	(587,687)
Amortization of intangible assets	**(36,375)**	(36,375)	**(72,750)**	(72,750)
Gain on sale of property, plant and equipment	**-**	2,049	**5,000**	4,281
Fair value adjustment	**29,953**	-	**37,081**	-
Other income	**328**	(43,288)	**539**	27,275
	396,529	(753,051)	**720,618**	(955,822)
Finance income (expense)	**20,247**	(411,874)	**(135,134)**	(595,194)
Income (loss) before income tax	**416,776**	(1,164,925)	**585,484**	(1,551,016)
Income tax				
Deferred recovery (note 4)	**(110,400)**	308,700	**(155,100)**	411,000
Deferred (expense) (note 4)	**110,400**	(308,700)	**155,100**	(411,000)
	-	-	**-**	-
Income (loss) for the period	**416,776**	(1,164,925)	**585,484**	(1,551,016)
Other comprehensive income (loss):				
Unrealized gain (loss) on marketable securities	**40,000**	26,000	**(4,000)**	6,000
Comprehensive income (loss) for the period	**40,000**	26,000	**(4,000)**	6,000
Income (loss) and comprehensive income (loss) for the period	**$ 456,776**	$ (1,138,925)	**$ 581,484**	$ (1,545,016)
Basic and diluted earnings (loss) per share (note 10)	**$ 0.01**	$ (0.02)	**$ 0.01**	$ (0.03)
Weighted average number of basic and diluted common shares outstanding:				
Basic	**54,766,697**	48,681,700	**54,766,697**	48,681,700
Diluted	**55,430,384**	48,681,700	**55,519,121**	48,681,700

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

ENTERPRISE GROUP, INC.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

Six months ended June 30	2012	2011
Cash flows from operating activities:		
Income (loss) for the period	**$ 585,484**	$(1,551,016)
Adjustments for:		
Depreciation of property, plant and equipment	**537,440**	587,687
Amortization of intangible assets	**72,750**	72,750
Gain on sale of property, plant and equipment	**(5,000)**	(4,281)
Share-based payments	**91,480**	138,403
Fair value adjustment	**(37,081)**	-
Finance expenses	**135,134**	595,194
	1,380,207	(161,263)
Change in non-cash working capital (note 12)	**447,127**	49,527
Net cash provided by (used in) operating activities	**1,827,334**	(111,736)
Cash flows from financing activities:		
(Decrease) increase in bank indebtedness	**(347,529)**	731,862
Proceeds from finance lease liabilities	**62,321**	144,952
Proceeds from bank loan facility	**-**	1,800,000
Proceeds of other terms loan facility	**410,000**	**-**
Interest paid on loans and borrowings	**(134,206)**	(515,876)
Repayment of term loan facility	**(152,350)**	(2,203,486)
Repayment of other term loan facility	**(6,924)**	-
Repayment of other loans payable	**(73,542)**	(623,482)
Repayment of bank loan facility	**(180,000)**	-
Repayment of finance lease liabilities	**(135,892)**	(131,032)
Repayment of mortgage facility	**-**	(169,000)
Private placement of issuance of common shares (note 7)	**-**	912,749
Share issue costs	**-**	(14,903)
Net cash used in financing activities	**(558,122)**	(68,216)
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(1,089,676)**	(348,593)
Proceeds on sale of property, plant and equipment	**5,000**	372,076
Net cash (used in) provided by investing activities	**(1,084,676)**	23,483
Change in cash and cash equivalents	**184,536**	(156,469)
Cash and cash equivalents, beginning of period	**357,203**	392,032
Cash and cash equivalents, end of period	**$541,739**	$235,563

	Number of Common shares	Share Capital	Warrants	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
Balance at December 31, 2010	48,681,700	$24,945,961	$47,796	$1,621,078	$ 8,000	$(18,864,717)	$7,758,118
Unrealized gain on marketable securities	-	-	-	-	32,000	-	32,000
Share-based payments	-	-	-	45,231	-	-	45,231
Loss for the period	-	-	-	-	-	(1,551,016)	(1,551,016)
Balance as at June 30, 2011	48,681,700	$24,945,961	$47,796	$1,666,309	$40,000	$(20,415,733)	$6,284,333
Balance as at December 31, 2011	54,766,697	$25,577,893	$313,710	$1,803,096	$(4,000)	$(18,785,843)	$8,904,856
Unrealized gain on marketable securities	-	-	-	-	(4,000)	-	(4,000)
Share-based payments	-	-	-	91,480	-	-	91,480
Income for the period	-	-	-	-	-	585,484	585,484
Balance as at June 30, 2012	54,766,697	$25,577,893	$ 313,710	$ 1,894,576	$(8,000)	$(18,200,359)	$9,577,820

1. Reporting entity

Enterprise Group, Inc. ("Enterprise" or the "Company") was incorporated under the *Alberta Business Corporations Act* on March 23, 2004 and is domiciled in Canada. The Company is publicly traded on the TSX Exchange under the symbol "E", effective August 13, 2007. The Company is a construction services company operating in the energy, utility and transportation infrastructure industry. On July 24, 2012 the Company filed a Certificate of Amendment with the *Alberta Business Corporations Act* changing its name to Enterprise Group, Inc. from Enterprise Oilfield Group, Inc.

A significant portion of the Company's operations relate to energy production customers in Alberta. The Company's activity levels follow the seasonal pattern of Alberta's oil and gas exploration industry whereby activity peaks in the winter months and declines during the spring thaw. During spring thaw roads become incapable of supporting the heavy equipment needed to drill and tie-in oil and gas wells. As a result, demand for these types of services generally is the highest in the fall and winter quarters and the lowest in the spring quarter. Services provided to underground utility and directional drilling customers are provided more evenly throughout the year but the spring quarter is also the slowest quarter of the year.

The financial statements of the Company as at June 30, 2012 and December 31, 2011 and for the six and three month periods ended June 30, 2012 and 2011 are comprised of the Company and its wholly owned subsidiaries. The head office, principal address and registered and records office of the Company are located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4. The unaudited condensed interim consolidated financial statements of the Company were approved by the Board of Directors of the Company on August 13, 2012.

2. Significant accounting policies

(a) Statement of compliance

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 2011 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 notes 2, 3 and 4 to the Company's 2011 Consolidated Financial Statements for the fiscal year ended December 31, 2011.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

(i) financial instruments at fair value through profit or loss are measured at fair value
(ii) available for sale financial assets are measured at fair value

(c) Principles of consolidation

Included in these unaudited condensed interim consolidated financial statements are the financial statements of Enterprise Group, Inc. and its wholly-owned subsidiaries: Enterprise Energy Services Inc. ("EES"), E One Limited. ("EOL"), T.C. Backhoe & Directional Drilling Ltd. ("TCB"), T.C. Backhoe & Directional Drilling Limited Partnership ("TCBLP") and T.C. Backhoe Holdings Inc. ("TCH").

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the unaudited condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All subsidiaries have the same reporting periods as the Company.

2. Significant accounting policies continued:

All significant inter-entity balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the unaudited condensed interim consolidated financial statements. The accounting policies set out herein have been applied consistently to all years presented in these financial statements, and have been applied consistently by the Company and its subsidiaries.

3. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks that arise as a result of certain financial instruments held such as:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors oversees managements' establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(a) 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 from customers. This risk is elevated in the current year similar to the prior year due to the impact of the current credit market and economy on its customers. The Company's maximum exposure is the value of its accounts receivable. However, to mitigate this risk the Company regularly reviews customer credit limits.

Trade and other receivables

The Company has accounts receivable from customers in the oil and gas industry, as well as the utilities and infrastructure industries. 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 accounts receivable 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.

The Company does not anticipate any significant default as it transacts with creditworthy customers and management does not expect any significant losses from non-performance by these customers. As such an additional provision for doubtful accounts of $nil has been recorded for June 30, 2012 (December 31, 2011 - $14,252).

The majority of the 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. Management is aware of uncollectible receivables in this category of $nil, which is included in the $nil above (December 31, 2011 - $nil, which is included in the $14,252 above).

Included in accounts receivable at June 30, 2012, was $1,515,338 or 48% of total accounts receivable owing from three customers due to the significant contracts in progress at June 30, 2012. December 31, 2011 was $1,738,451 or 36% of total accounts receivable owing from three customers.

3. Financial instruments and risk management continued:

At June 30, 2012, and December 31, 2011, the Company's maximum exposure to credit risk in this area was as follows:

	June 30, 2012	December 31, 2011
Current (less than 90 days)	$ 2,533,784	$ 4,409,780
Past due (more than 90 days)	619,406	407,424
Total	$ 3,153,190	$ 4,817,204

Cash and cash equivalents consist of cash bank balances held in both interest and non-interest bearing accounts. The Company manages credit exposure of cash by selecting financial institutions with high credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements at: June 30, 2012 and December 31, 2011:

June 30, 2012

Non-derivative financial liabilities:	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Bank indebtedness	$ 614,671	$ 642,331	$ 642,331	$ -	$ -
Trade and other payables	881,542	881,542	881,542	-	-
Bank loan facility (note 8 (e))	1,440,000	1,587,000	423,750	1,163,250	-
Other loans payable	331,467	351,467	351,467	-	-
Long term loans and borrowings including current portion	2,347,612	2,535,676	1,093,790	1,441,886	-
Operating lease commitments	-	458,701	311,311	147,390	-
	$ 5,615,292	$ 6,456,717	$ 3,704,191	$ 2,752,526	$ -

December 31, 2011

Non-derivative financial liabilities:	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Bank indebtedness	$ 962,200	$ 1,005,499	$ 1,005,499	$ -	$ -
Trade and other payables	2,575,341	2,575,341	2,575,341	-	-
Bank loan facility (note 8 (e))	1,611,295	1,782,750	1,782,750	-	-
Other loans payable	405,009	430,009	430,009	-	-
Long term loans and borrowings including current portion	2,215,315	2,438,690	1,080,580	1,358,110	-
Operating lease commitments	-	671,952	386,322	285,630	-
	$ 7,769,160	$ 8,904,241	$ 7,260,501	$ 1,643,740	$ -

3. Financial instruments and risk management continued:

The Company may be exposed to liquidity risk if it is unable to collect its trade and other receivables balances on a timely basis, which in turn could impact the Company's long-term ability to meet commitments under its credit facility, or if the credit facility is not renewed requiring the Company to make unscheduled principal repayments. The Company's customers are subject to an internal credit review along with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. Long and short term cash flow forecasts are prepared and monitored to ensure adequate liquidity.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing returns. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending at June 30, 2012, rate to impact the Company's annual interest expense by approximately $22,100. 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 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.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders; and,
- to finance its operations and growth strategies.

In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt.

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. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Marketable securities

The fair value of financial assets held as available-for-sale is determined by reference to their quoted closing bid price at the reporting date.

(ii) Cash and cash equivalents, trade and other receivables and trade and other payables

The fair value of cash and cash equivalents, trade and other receivables, and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At June 30, 2012 and December 31, 2011, the fair value of these balances approximated their carrying value due to their short term to maturity.

(iii) Loans payable

The fair value of the loans payable is not determinable as loans with similar terms would not be available from third parties.

3. Financial instruments and risk management continued:

(iv) Loans and borrowings

Except for the New Term Loan Facility (8 (c)), the new finance lease liability (8 (g)) and the above loans payable, the fair value of all other loans and borrowings including bank indebtedness, approximate their carrying value as the interest rates on these instruments do not differ significantly from current market rates.

4. Income tax expense

(a) Reconciliation of effective tax rate

	June 30, 2012	June 30, 2011
Income (loss) before income tax	**$ 585,484**	$ (1,551,016)
Expected tax rate	**26.5 %**	26.5 %
	155,100	(411,000)
Increase (decrease) resulting from:		
Derecognition (recognition) of deferred tax asset	**(155,100)**	411,000
Total income tax expense	**$ -**	$ -

Management will recognize a deferred income tax asset when it is probable that future taxable profits will be available again which it can be utilized.

(b) Deferred tax assets and liabilities

In assessing whether the deferred tax assets are realizable, management considers whether it is probable that some portion of all of the deferred tax assets will be utilized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As at June 30, 2012, the Company did not recognize approximately $2,793,300 (December 31, 2011 - $2,948,400) in deferred tax assets as their realization was not probable. The amount of deferred tax assets considered realizable, however, could be reduced in the near-term if estimates of future taxable income during the carry-forward period are reduced.

5. Property, plant and equipment

Cost or deemed cost	Balance at December 31, 2011	Additions	Disposals	Impairment losses	Balance at June 30, 2012
Land	$ 375,000	$ -	$ -	$ -	$ 375,000
Buildings	447,029	-	-	-	447,029
Leasehold improvements	123,235	3,695	-	-	126,930
Computers and communication equipment	115,099	4,597	-	-	119,696
Office furniture and equipment	324,422	6,552	-	-	330,974
Small tools and equipment	1,246,676	84,086	-	-	1,330,762
Light automotive equipment	1,068,871	70,646	-	-	1,139,517
Heavy automotive equipment	4,204,752	177,671	-	-	4,382,423
Construction equipment	6,719,611	742,429	-	-	7,462,040
	$ 14,624,695	**$ 1,089,676**	**$ -**	**$ -**	**$ 15,714,371**

5. Property, plant and equipment continued:

Depreciation and impairment losses	Balance at December 31, 2011	Depreciation for the period	Impairment losses	Disposals	Balance at June 30, 2012
Buildings	$ 9,904	$ 2,491	$ -	$ -	$ 12,395
Leasehold improvements	117,263	6,176	-	-	123,439
Computers and communication equipment	83,496	5,758	-	-	89,254
Office furniture and equipment	219,568	7,920	-	-	227,488
Small tools and equipment	476,736	51,930	-	-	528,666
Light automotive equipment	633,851	63,106	-	-	696,957
Heavy automotive equipment	1,939,969	158,135	-	-	2,098,104
Construction equipment	2,280,778	241,924	-	-	2,522,702
	$ 5,761,565	**$ 537,440**	**$ -**	**$ -**	**$ 6,299,005**

Carrying amounts	Balance at December 31, 2011	Balance at June 30, 2012
Land	$ 375,000	$ 375,000
Buildings	437,125	434,634
Leasehold improvements	5,972	3,491
Computers and communication equipment	31,603	30,442
Office furniture and equipment	104,854	103,486
Small tools and equipment	769,940	802,096
Light automotive equipment	435,020	442,560
Heavy automotive equipment	2,264,783	2,284,319
Construction equipment	4,438,833	4,939,338
	$ 8,863,130	**$ 9,415,366**

Depreciation and impairment charge

The depreciation and impairment of property, plant and equipment, and any eventual reversal thereof, are recognized in depreciation expense in profit or loss.

6. Intangible assets

Cost or deemed cost	Balance at December 31, 2011	Additions	Balance at June 30, 2012
Customer relationships	$ 1,455,000	$ -	$ 1,455,000

Amortization and impairment losses	Balance at December 31, 2011	Amortization for the period	Balance at June 30, 2012
Customer relationships	$ 691,125	$ 72,750	$ 763,875

Carrying amounts	Balance at December 31, 2011	Balance at June 30, 2012
Customer relationships	$ 763,875	$ 691,125

7. Share capital

Authorized:

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

Issued:

Common shares	June 30, 2012		December 31, 2011	
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	**54,766,697**	**$25,577,893**	48,681,700	$24,945,961
Private placement of issuance of common shares and warrants	**-**	**-**	6,084,997	912,749
Fair value of warrants issued (note 9 (b))	**-**	**-**	-	(265,914)
Share issue costs	**-**	**-**	-	(14,903)
Balance, end of period	**54,766,697**	**$25,577,893**	54,766,697	$25,577,893

There were no private placements for the six months ended June 30, 2012.

On June 30, 2011, the Company completed a non-brokered private placement, consisting of 6,084,997 units at $0.15 per unit for gross proceeds of $912,749.

In the placement, each unit consisted of one common share and one common share warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 per warrant.

The common share purchase warrants expire on June 30, 2013. The private placement includes 2,801,664 units issued to related parties of the Company.

The warrants were valued at $265,914 using the Black-Scholes Option Pricing Model.

8. 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.

		June 30, 2012	December 31, 2011
Current loans and borrowings:			
Bank indebtedness	(b)	**$ 614,671**	$ 962,200
Term loan facility	(c)	**306,195**	301,458
Other term loan facility	(d)	**88,705**	-
Bank loan facility	(e)	**1,440,000**	1,611,295
Other loans payable	(h)	**331,467**	405,009
Current portion of finance lease liabilities		**215,905**	275,111
Current portion of mortgage facilities		**390,000**	384,525
Total current loans and borrowings:		**3,386,943**	3,939,598
Non-current portion of loans and borrowings:			
Term loan facility	(c)	**886,629**	1,053,835
Other term loan facility	(d)	**281,286**	-
Finance lease liabilities	(g)	**178,891**	200,386
Total non-current portion loans and borrowings:		**1,346,806**	1,254,221
Total loans and borrowings:		**$ 4,733,749**	$ 5,193,819

8. Loans and borrowings continued:

(a) Terms and debt repayment schedule

Principal repayment requirements on the loans and borrowings for the next five years (twelve month periods ending on June 30th) based on the Company's current repayment schedule are estimated as follows (also refer to note 8 (e) and note 14):

2013	2014	2015	2016	2017	Total
$ 2,306,942	$ 891,219	$ 876,904	$ 651,530	$ 7,154	$ 4,733,749

(b) Bank indebtedness

At June 30, 2012, the Company's bank indebtedness consisted of outstanding cheques of $nil and a bank revolving line of credit facility with a utilized balance of $614,671 (December 31, 2011 - consisted of outstanding cheques of $nil and a bank revolving line of credit facility with a utilized balance of $962,200) and a limit of $1,550,000 with an interest rate of lender prime plus 1.5%. The facility is secured by the specific trade accounts receivable aged current to 90 days with a carrying value of $2,312,984 (December 31, 2011 -$4,049,995).

(c) Term loan facility

In May 2011, the Company entered into a financing arrangement with a Canadian chartered bank to secure a $1,800,000 non-revolving demand loan ("New Bank Loan Facility") (note 8 (e)). Proceeds of the New Bank Loan Facility repaid the old term loan facility by $1,800,000 to $1,535,014 as at June 30, 2011. Subsequently, in November 2011, proceeds of a New Term Loan Facility, were used to repay this prior higher interest term loan facility.

The old term loan facility bore interest at the rate of 24% per annum and was repayable in monthly installments of interest only to February 28, 2011. Commencing March 31, 2011 the facility was repayable in monthly installments of principal in the amount of $83,333 plus interest, to June 30, 2011 and commencing July 31, 2011 the facility was repayable in monthly installments of principal in the amount of $70,833 plus interest until fully repaid. The old term loan facility could be fully repaid without penalty at any time after three months and with a maturity date of November 23, 2011. A general security agreement provided a first charge over all present and after acquired property of the Company and an assignment of insurance had been provided as collateral for the term loan facility. As at December 31, 2011, $nil remain outstanding less transaction costs of $nil . The Company was in compliance with the terms of the loan at the payout date of November 29, 2011.

In October 2011, the Company entered into a financing arrangement with a Canadian financial institution to secure a $1,500,000 non-revolving term loan ("New Term Loan Facility"). The facility is secured by specific equipment, a general security agreement on all assets of the Company and guarantees by the Company and an officer and director of the Company. The fair value of the loan proceeds of $1,500,000 (face value) is $1,378,785. The facility is bearing interest at an effective rate of 5.585% and is at a stated interest rate of zero percent (0%) during the interest free period of the first 24 months of the loan. Principal payments only are required for the first 24 months of the loan, and principal plus interest for the remaining 24 months of the loan. The effective and stated annual interest rate during the interest period is 5.585%. Proceeds of the loan were used to pay out the prior higher interest term loan facility and reduced the Company's monthly principal and interest payments by approximately $69,000. Based on fair value, as at June 30, 2012, $1,232,694 of the term loan facility remains outstanding less transaction costs of $39,870 (December 31, 2011 - $1,385,043 of the term loan facility remains outstanding less transaction costs of $29,750). As at June 30, 2012, included in interest on long term debt and capital leases is $35,150 (December 31, 2011 - $6,258) representing the effective interest on this term loan facility outstanding during the period with the stated interest rate of 0%. As at June 30, 2012, specific construction, automotive and other equipment with a net book value of $2,336,428 has been pledged as collateral. The Company was in compliance with the terms of the loan at at June 30, 2012 and December 31, 2011.

8. Loans and borrowings continued:

(d) Other term loan facility

In May 2012, the Company secured a financing arrangement with a Canadian financial institution to secure a $410,000 non-revolving other term loan. The facility is secured by specific equipment, a general security agreement on all assets of the Company and guarantees by the Company and an officer and director of the Company. The fair value of the loan proceeds of $410,000 (face value) is $380,047. The facility is bearing interest at an effective rate of 5.475% and is at a stated interest rate of zero percent (0%) during the interest free period of the first 24 months of the loan. Principal payments only are required for the first 24 months of the loan, and principal plus interest for the remaining 24 months of the loan. The effective and stated annual interest rate during the interest period is 5.475%.

Based on fair value, as at June 30, 2012, $373,123 of the other term loan facility remains outstanding less transaction costs of $3,132 . As at June 30, 2012, included in interest on long term debt and capital leases is $1,876 representing the effective interest on this other term loan facility outstanding during the period with the stated interest rate of 0%. As at June 30, 2012, specific equipment with a net book value of $482,307 has been pledged as collateral. The Company was in compliance with the terms of the loan at at June 30, 2012.

(e) Bank loan facility

In May 2011, the Company entered into a financing arrangement with a Canadian chartered bank to secure a $1,800,000 non-revolving demand loan. The facility is secured by specific equipment, a general security agreement on all assets of the Company and guarantees by the Company and an officer and director of the Company. The interest rate on the facility is lender prime plus 2.0%. The loan is repayable over 60 months with principal payments of $30,000 plus interest, commencing July 31, 2011. Proceeds of the loan were used to pay down the 24% term loan facility (note 8 (c)).

The Company is in compliance with all repayment terms and conditions. However, *IAS1.69 (d) - Financial Instruments: Disclosures* require that the entire amount be shown as a current liability, to disclose the maximum level of exposure to credit risk on the filing date, as the lender has the ability to demand repayment.

Specific construction, automotive and other equipment with a net book value of $2,500,723 has been pledged as collateral.

As at June 30, 2012, $1,440,000 of the secured bank loan remains outstanding less transaction costs of $nil (December 31, 2011 - $1,620,000 of the term loan facility remained outstanding less transaction costs of $8,705).

(f) Mortgage facility

Effective December 1, 2010 the Company refinanced its mortgages, comprised of two properties of land and buildings. This facility was in the original amount of $559,000 and bore interest at 10.25% per annum effective until January 1, 2012. The renewed facility of $390,000 bears interest at 9.5% per annum effective until January 1, 2013. Subsequently (see note 14), in July 2012, the Company refinanced the existing mortgage and entered into a new mortgage facility with a Canadian financial institution in the amount of $390,000. The mortgage is secured by specific property, guarantees by the Company and a director and officer of the Company. The fair value of the loan proceeds of $390,000 (face value) is $352,588. The facility, amortized over 156 months, has a 5 year term and is bearing interest at an effective rate of 6.010% with a stated interest rate of zero percent (0%) during the first 24 months of the loan. Principal payments only are required for the first 24 months of the mortgage, and principal plus interest payments are required for the remaining portion. The effective and stated annual interest rate during the interest period is 6.010%. This facility will be used to pay out the Company's existing mortgage facility.

Commencing January 1, 2011 the facility was repayable in monthly installments of interest only in the amount of $4,175 to June 1, 2011 and commenced July 1, 2011, the facility was repayable in monthly installments of interest only in the amount of $3,331. Subsequently, the renewed facility commencing February 2, 2012, is repayable in monthly installments of interest only in the amount of $3,088. The principal is due July 9, 2013.

8. Loans and borrowings (f) continued:

In June 2011, the Company sold one property, a condominium building in the Town of Slave Lake. The proceeds from the sale were used to pay down the mortgage secured by two properties by $169,000 to $390,000 with the remaining proceeds of approximately $131,000, applied towards closing costs and working capital.

As at June 30, 2012, the mortgage is secured by one property comprised of land and building with a net book value of $593,534.

As at June 30, 2012, $390,000 of the mortgage remains outstanding less transaction costs of $nil.

As at December 31, 2011, $390,000 of the mortgage remained outstanding less transaction costs of $5,475.

(g) Finance lease liabilities

The Company financed specific automotive and construction equipment with a total balance of $394,796 as at June 30, 2012, (December 31, 2011 - $475,497) bearing interest from 0% to 9.98%, with cumulative monthly payments of $43,076 - maturing January 2017. Specific construction, automotive and other equipment with a net book value of $956,804 has been pledged as collateral.

	Total finance lease liabilities	Due within one year	Two-five years	More than five years
Finance lease liabilities	$ 394,796	$ 215,905	$ 178,891	$ -

Included in the above, on January 20, 2012, the Company entered into a new finance lease liability bearing zero percent (0%) interest for 60 months. The proceeds of the lease, $62,321 (face value), has a fair value of $55,193, and has been determined by discounting the lease amount at a discount rate of 5% over the term of the lease.

(h) Other loans payable

At June 30, 2012, the Company has the following other loans payable:

• $181,467 unsecured demand loan, bearing interest at 12% per annum due to a related company which is controlled by a director and an officer of the Company (December 31, 2011 - $255,009).

• $150,000 unsecured demand loan, bearing interest at 16% per annum due to a related company which is controlled by a member of management of the Company (December 31, 2011 - $150,000).

During the three months ended June 30, 2012, the Company incurred interest expense in the amount of $25,958 on the loans to related parties of which is $nil is outstanding and included in loans payable at June 30, 2012.

These transactions were recorded at the exchange amount established and agreed to by the parties. All transactions were rendered in the normal course of business during the period.

9. Share-based payments

(a) Stock Option Program (equity-settled)

The Company has a stock option plan for directors, officers, consultants and employees 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.

9. Share-based payments (a) continued:

The table below sets out the changes in stock options, with their weighted average prices:

	June 30, 2012		December 31, 2011	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Stock options, outstanding, beginning of period	**4,320,000**	**$ 0.18**	4,335,000	$ 0.41
Granted - May 9, 2012	**600,000**	**0.15**	-	-
Granted - January 7, 2012	**825,000**	**0.12**	-	-
Granted - January 7, 2012	**150,000**	**0.15**	-	-
Granted - January 9, 2011	**-**	**-**	400,000	0.18
Granted - March 1, 2011	**-**	**-**	115,000	0.25
Granted - June 4, 2011	**-**	**-**	1,780,000	0.15
Granted - July 20, 2011	**-**	**-**	650,000	0.15
Expired	**(775,000)**	**(0.20)**	-	-
Expired	**(520,000)**	**(0.25)**	-	-
Forfeited	**(180,000)**	**(0.15)**	-	-
Forfeited	**(120,000)**	**(0.25)**	-	-
Expired	**-**	**-**	(300,000)	(0.20)
Expired	**-**	**-**	(375,000)	(0.72)
Expired	**-**	**-**	(1,000,000)	(0.82)
Expired	**-**	**-**	(1,285,000)	(0.25)
Stock options, outstanding, end of period	**4,300,000**	**$ 0.15**	4,320,000	$ 0.18

Exercisable stock options:	**June 30, 2012**		December 31, 2011	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Expiry date				
January 7, 2012	**-**	**-**	775,000	0.20
May 7, 2012	**-**	**-**	600,000	0.25
January 9, 2013	**400,000**	**0.18**	400,000	0.18
March 1, 2013	**75,000**	**0.25**	115,000	0.25
June 4, 2013	**1,600,000**	**0.15**	1,780,000	0.15
July 20, 2013	**650,000**	**0.15**	650,000	0.15
January 7, 2013	**150,000**	**0.15**	-	-
January 7, 2014	**825,000**	**0.12**	-	-
May 9, 2014	**600,000**	**0.15**	-	-
Stock options, exercisable, end of period	**4,300,000**	**$ 0.16**	4,320,000	$ 0.18

For the six months ended June 30, 2012, a forfeiture rate of 3.4% (year ended December 31, 2011 - 6.2%) is used when recording share-based compensation. This estimate is adjusted to the actual forfeiture rate.

The Company recorded share-based compensation expense of $91,480 for the six months ended June 30, 2012, relating to 600,000 and 975,000 issued during the period which vested immediately on May 9, 2012 and January 7, 2012, respectively.

9. Share-based payments (a) continued:

The Company recorded share-based compensation expense of $182,018 for the year ended December 31, 2011, relating to 650,000, 1,780,000, 115,000 and 400,000 stock options issued during the year which vested immediately on July 20, 2011, June 4, 2011, March 1, 2011 and January 9, 2011, respectively.

The weighted average fair value of options granted during the six month period ended June 30, 2012 was $0.06 (year ended December 31 2011 - $0.06) estimated using the Black-Scholes Option Pricing Model, under the following assumptions:

	June 2011	**January 2012**	**January 2012**	July 2011	June 2011	March 2011	January 2011
Expected term	2 years	1 year	2 years	2 years	2 years	2 years	2 years
Risk-free interest	1.23%	1.03%	1.03%	1.52%	1.55%	1.69%	1.69%
Expected dividends	nil	nil	nil	nil	nil	nil	nil
Expected volatility	94%	75%	95%	93%	89%	94%	88%
Forfeiture rate	3.4%	3.4%	3.4%	6.2%	6.2%	6.2%	6.2%

(b) Share purchase warrants (equity-settled)

During the six month period ended June 30, 2012, commencing December 31, 2011, there has been no change in share purchase warrants.

A summary of the warrants outstanding at June 30, 2012 and December 31, 2011 is as follows:

Expiry date	**Issuance date**	**Type**	**Exercise price ($)**		**Value**	**Remaining contractual life (months)**
October 31, 2012	October 31, 2009	Common shareholder	**0.25**	**1,200,000**	**$ 47,796**	16
June 30, 2013	June 30, 2011	Common shareholder	**0.20**	**6,084,997**	**265,914**	12
				7,284,997	**$ 313,710**	

The fair value of the warrants issued in June 2011, was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs:

Share price	$0.12
Exercise price	0.20
Expected term	2 years
Risk-free interest	1.58%
Expected dividends	nil
Volatility	92%

10. Per share amounts

	Three months June 30, 2012	Three months June 30, 2011	**Six months June 30, 2012**	Six months June 30, 2011
Weighted average common shares outstanding – basic	**54,766,697**	48,681,700	**54,766,697**	48,681,700
Effect of stock options and warrants	**663,687**	-	**752,424**	-
Weighted average common shares – diluted	**55,430,384**	48,681,700	**55,519,121**	48,681,700
Income (loss) for the period	**$ 416,776**	$ (1,164,925)	**$ 585,484**	$ (1,551,016)
Basic earnings (loss) per share	**$ 0.01**	$ (0.02)	**$ 0.01**	$ (0.03)
Diluted earnings (loss) per share	**$ 0.01**	$ (0.02)	**$ 0.01**	$ (0.03)

In calculating diluted earnings per common share for the three and six months ended June 30, 2012, the Company excluded 3,475,000 stock options and 7,284,997 warrants (three and six months ended June 30, 2011 – 4,320,000 stock options and 1,200,000 warrants in calculating diluted (loss) per common share), as their impact was anti-dilutive.

11. Related party transactions

In addition to the related party amounts described in notes 7 and 8 (h), the Company has entered into various transactions with corporations that are controlled by officers and directors of the Company and corporations that either control the Company or have common ownership.

Related party transactions not otherwise disclosed are as follows:

The Company paid $24,000 for premises rented for the Company's office in Slave Lake during the six months ended June 30, 2012 (six months ended June 30, 2011 - $24,000) to a company controlled by a director.

The Company paid $151,500 for the rental of equipment during the six months ended June 30, 2012 (six months ended June 30, 2011 - $157,200 for the rental of equipment and $300,000 for a management fee) to companies controlled by a director.

The Company paid $17,500 for the rental of yard premises in Innisfail, Alberta, during the six months ended June 30, 2012 (six months ended June 30, 2011 - $18,000) to a company controlled by a director.

The above related party amounts outstanding as at June 30, 2012 are $nil (June 30, 2011 - $nil).

These transactions were recorded at the exchange amount established and agreed to by the parties. All transactions were rendered in the normal course of business during the period.

Key management personnel compensation comprised:

Six months ended June 30	**2012**	2011
Salaries and directors' fees	**$407,133**	$398,163
Share-based payments	**88,161**	112,493
	$495,294	$510,656

12. Changes in non-cash working capital

	Six months June 30, 2012	Six months June 30, 2011
Trade and other receivables	**$1,664,014**	$566,471
Unbilled revenue	**311,513**	56,627
Inventories	**88,909**	(20,781)
Deposits and prepaid expenses	**76,490**	(265,834)
Trade and other payables	**(1,693,799)**	(286,956)
	$447,127	$49,527

13. Segmented information

The Company operates in two main business segments in Western Canada, directional drilling, installation and maintenance of underground utilities in the utility and transportation infrastructure industry sector, along with pipeline and facilities construction, maintenance and equipment rentals in the energy sector. The business segments presented reflect the management structure of the Company and the way the Company's management reviews business performance.

The accounting policies and practices of the reportable segments are the same as those described in note 2.

Six months ended June 30, 2012	**Directional drilling and utility services**	**Pipeline, facilities construction, maintenance and equipment rentals**	**Corporate**	**June 30, 2012**
Revenues	$ 6,671,984	$ 850,885	$ -	$ 7,522,869
EBITDAS (i)	2,210,661	(52,337)	(753,152)	1,405,172
Depreciation and amortization	279,458	313,889	16,843	610,190
Fair value adjustment	(29,953)	-	(7,128)	(37,081)
Interest and bank charges	69,913	56,469	33,717	160,099
Gain on sale of property, plant and equipment	-	(5,000)	-	(5,000)
Share-based payments	-	-	91,480	91,480
Income (loss) before taxes	$ 1,891,243	$ (417,695)	$ (888,064)	$ 585,484
Total identifiable assets	$ 8,610,702	$ 5,669,538	$ 912,872	$ 15,193,112

For the six months ended June 30 2012, the Company had revenues of 49% from two customers. No other customers comprise more than 10% of revenues.

13. Segmented information continued:

Six months ended June 30, 2011	Directional drilling and utility services	Pipeline, facilities construction, maintenance and equipment rentals	Corporate	June 30, 2011
Revenues	$ 4,995,425	$ 1,851,316	$ -	$ 6,846,741
EBITDAS (i)	588,367	359,872	(1,092,221)	(143,982)
Depreciation and amortization	282,751	362,262	15,424	660,437
Interest and bank charges	187,691	343,910	80,874	612,475
Loss (gain) on sale of property, plant and equipment	(3,682)	(6,290)	5,691	(4,281)
Share-based payments	-	-	138,403	138,403
Income (loss) before taxes	$ 121,607	$ (340,010)	$ (1,332,613)	$ (1,551,016)
Total identifiable assets	$ 6,067,019	$ 6,758,008	$ 737,413	$ 13,562,440

For the six months ended June 30, 2011, the Company had revenues of 58% from three customers. No other customers comprise more than 10% of revenues.

(i) EBITDAS represents earnings or loss before interest, income taxes, depreciation and amortization, and share-based payments. EBITDAS is not a standard measure that has any standardized meaning prescribed by *IFRS* and is considered to be a non-GAAP measure. Therefore, this measure may not be comparable to similar measures presented by other companies. This measure has been described and presented in the same manner in which the chief operating decision-maker makes operating decisions and assesses performance.

14. Subsequent events

On July 24, 2012 the Company filed a Certificate of Amendment with the *Alberta Business Corporations Act* changing its name to Enterprise Group, Inc. from Enterprise Oilfield Group, Inc.

In July 2012, the Company refinanced the existing mortgage and entered into a new mortgage facility with a Canadian financial institution in the amount of $390,000. The mortgage is secured by specific property, guarantees by the Company and a director and officer of the Company. The fair value of the loan proceeds of $390,000 (face value) is $352,588. The facility, amortized over 156 months, has a 5 year term and is bearing interest at an effective rate of 6.010% with a stated interest rate of zero percent (0%) during the first 24 months of the loan. Principal payments only are required for the first 24 months of the mortgage, and principal plus interest payments are required for the remaining portion. The effective and stated annual interest rate during the interest period is 6.010%. This facility will be used to pay out the Company's existing mortgage facility.

On July 10, 2012, the Company entered into a letter of intent to purchase the operations of a utility services & maintenance company (the “private company”) with operations based in the Edmonton, Alberta area. The private company provides services to the utility sector which are complimentary to the Company's utility subsidiary T.C. Backhoe & Directional Drilling Limited Partnership ("TCBLP"). The private company prides itself on its experienced manpower and formidable equipment fleet. The purchase price will be funded by cash, 1,000,000 common shares of the Company at a price of $0.25 and the assumption of some equipment financing. Completion of this acquisition will be subject to a number of conditions, including but not limited to Toronto Stock Exchange approval and satisfactory due diligence by the Company. The Company expects to close the transaction on or before August 31, 2012.