ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 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 months ended March 31, 2016 have not been reviewed by the Company's external auditors.

Condensed Interim Consolidated Statements of Financial Position

	March 31, 2016 (unaudited)	December 31, 2015 (audited)
Assets		
Cash and cash equivalents (note 3)	**$ 1,621,356**	$ 1,999,775
Trade and other receivables (note 3)	**9,375,757**	10,807,504
Income taxes recoverable	**2,143,795**	799,650
Unbilled revenue	**1,213,878**	1,306,767
Inventories	**1,339,138**	1,740,933
Deposits and prepaid expenses	**1,336,258**	801,259
	17,030,182	17,455,888
Property, plant and equipment (note 4)	**80,864,294**	83,362,266
Investment property	**3,910,000**	3,910,000
Goodwill	**8,407,057**	8,407,057
Intangible assets	**2,473,569**	2,583,382
Deferred tax assets	**4,217,818**	3,499,275
	99,872,738	101,761,980
Total assets	**$ 116,902,920**	$ 119,217,868
Liabilities		
Trade and other payables (note 3)	**$ 5,677,757**	$ 5,191,954
Current portion of loans and borrowings (note 5)	**4,364,958**	4,545,409
	10,042,715	9,737,363
Long term portion of loans and borrowings (note 5)	**36,260,160**	37,962,008
Deferred tax liabilities	**6,593,915**	6,593,915
Total liabilities	**52,896,790**	54,293,286
Equity		
Share capital	**79,916,476**	79,930,146
Warrants	**1,448,381**	1,448,381
Contributed surplus	**6,126,983**	5,605,143
Deficit	**(23,485,710)**	(22,059,088)
Total equity	**64,006,130**	64,924,582
Total equity and liabilities	**$ 116,902,920**	$ 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 (Loss) Income and Comprehensive (Loss) Income

	Three months March 31, 2016	Three months March 31, 2015
Revenue	**$ 11,436,212**	$ 20,195,634
Direct expenses	**(8,601,159)**	(14,577,077)
Gross margin	**2,835,053**	5,618,557
General and administrative expenses	**(924,717)**	(1,247,889)
Depreciation of property, plant and equipment	**(2,112,148)**	(2,122,905)
Finance expense	**(470,948)**	(903,577)
Share-based payments	**(521,840)**	(411,027)
Amortization of intangible assets	**(109,813)**	(190,401)
Acquisition costs	**-**	(22,714)
Loss on sale of property, plant and equipment	**(893,665)**	(41,964)
Gain (loss) on foreign exchange	**40,448**	(120,679)
Other income	**12,465**	132,282
(Loss) income before income tax	**(2,145,165)**	689,683
Income tax recovery (expense)	**718,543**	(194,700)
Net (loss) income and comprehensive (loss) income	**$ (1,426,622)**	$ 494,983
(Loss) earnings per share (note 8)		
Basic (loss) earnings per share	**$ (0.03)**	$ 0.01
Diluted (loss) earnings per share	**$ (0.03)**	$ 0.01

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

	Three months March 31, 2016	Three months March 31, 2015
Cash flows from operating activities:		
Net (loss) income	**$ (1,426,622)**	$ 494,983
Adjustments for:		
Depreciation of property, plant and equipment	**2,112,148**	2,122,905
Amortization of intangible assets	**109,813**	190,401
Loss on sale of property, plant and equipment	**893,665**	41,964
Share-based payments	**521,840**	411,027
Deferred income taxes (recovery)	**(718,543)**	179,648
Finance expense	**470,948**	903,577
Change in non-cash working capital (note 10)	**533,090**	(1,300,994)
Net cash provided by operating activities	**2,496,339**	3,043,511
Cash flows from financing activities:		
(Repayments of) net proceeds from bank loan facility	**(793,177)**	1,773,991
Interest and borrowing costs paid on loans and borrowings	**(538,596)**	(788,004)
Repayment of term loan	**(66,273)**	(87,077)
Repayment of finance lease liabilities	**(935,175)**	(2,279,092)
Repayment of mortgage facility	**(20,026)**	(19,262)
Share issue costs	**(13,670)**	-
Stock options exercised	**-**	37,500
Net cash used by financing activities	**(2,366,917)**	(1,361,944)
Cash flows from investing activities:		
Purchase of property, plant and equipment (note 4)	**(1,298,467)**	(949,738)
Proceeds on sale of property, plant and equipment	**790,626**	309,318
Net cash used by investing activities	**(507,841)**	(640,420)
Change in cash and cash equivalents	**(378,419)**	1,041,147
Cash and cash equivalents, beginning of period	**1,999,775**	9,888,351
Cash and cash equivalents, end of period	**$ 1,621,356**	$ 10,929,498

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

	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
Share-based payments	-	-	-	411,027	-	-	411,027
Net income	-	-	-	-	-	494,983	494,983
Balance as at March 31, 2015	148,406,828	$78,024,292	$4,007,454	$4,740,248	$63,479	$(4,288,447)	$82,547,026
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 issue costs net of tax	-	(13,670)	-	-	-	-	(13,670)
Share-based payments	-	-	-	521,840	-	-	521,840
Net loss	-	-	-	-	-	(1,426,622)	(1,426,622)
Balance as at March 31, 2016	**55,652,374**	**$79,916,476**	**$1,448,381**	**$6,126,983**	**$ -**	**$(23,485,710)**	**$64,006,130**

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 March 31, 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 May 10, 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. 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 March 31, 2016.

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

		March 31, 2016		December 31, 2015
Financial assets				
Cash and cash equivalents	**$**	**1,621,356**	$	1,999,775
Trade and other receivables	**$**	**9,375,757**	$	10,807,504
Deposits	**$**	**523,793**	$	320,407
Financial liabilities				
Trade and other payables	**$**	**5,677,757**	$	5,191,954
Loans and borrowings	**$**	**40,625,118**	$	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 March 31, 2016, of $564,000 (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.

At March 31, 2016, $1,540,000 or 16% of trade receivables were from two customers compared to $2,500,000 or 23% from two customers as at December 31, 2015.

	March 31, 2016	December 31, 2015
Current (less than 90 days)	**$ 8,545,883**	$ 9,900,475
Past due (more than 90 days)	**829,874**	907,029
Total	**$ 9,375,757**	$ 10,807,504

Included in trade receivables past due (more than 90 days) is $74,970 (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 March 31, 2016, and December 31, 2015:

March 31, 2016	**Carrying amount**	**Contractual cash flows**	**Due within one year**	**Two-five years**	**More than five years**
Trade and other payables	$ 5,677,757	$ 5,677,757	$ 5,677,757	$ -	$ -
Loans and borrowings	40,625,118	44,145,573	6,286,240	36,894,040	965,293
Operating lease commitments	-	2,957,598	1,106,730	1,850,868	-
	$ 46,302,875	**$ 52,780,928**	**$ 13,070,727**	**$ 38,744,908**	**$ 965,293**

December 31, 2015	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than 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	$ 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 March 31, 2016, to impact the Company's annual interest expense by approximately $319,000 (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 March 31, 2016 the Company has met these objectives.

Three months March 31		**2016**		2015
Bank loan	**$**	**29,539,809**	$	30,415,432
Current portion of long-term debt		**4,364,958**		4,545,409
Long-term debt		**6,720,351**		7,546,576
Funded debt		**40,625,118**		42,507,417
Shareholders' equity		**64,006,130**		64,924,582
Total capital	**$**	**104,631,248**	$	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:

	March 31, 2016	**Minimum Required**	December 31, 2015	Minimum Required
Fixed charge coverage ratio	**N/A**	N/A	waived	N/A
Senior leverage ratio	**7.20**	7.50	waived	N/A
Trailing twelve month EBITDA	**$5,638,670**	$4,780,308	N/A	N/A
Capital expenditure	**$nil**	Not to exceed $1,500,000	$3,383,551	Not to exceed $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 March 23, 2016, the Company amended the covenants to its bank loan facility. Beginning March 31, 2016, the Company is required to maintain a senior leverage ratio of not greater than 7.50, June 30, 2016, 6.00; Dec 31, 2016, 4.25; March 31, 2017, 3.75; June 30, 2017, 3.50. The Company is also required to maintain EBITDA of not less than 85% of forecast from March 31, 2016 to September 30, 2016, calculated on a trailing twelve month basis. Beginning December 31, 2016, the Company will be required to maintain a fixed charge coverage ratio of not less than 1.25. The interest rate on the facility increased from prime plus 1.5% to prime plus 3.5% over the remaining term of the loan. The capital expenditures are not to exceed $1,500,000 in any fiscal year. All other terms and conditions of the facility remain unchanged.

As at March 31, 2016, the Company is in compliance with all covenants.

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.

4. Property, plant and equipment

Cost or deemed cost	Balance at December 31, 2015	Additions	Disposals	Balance at March 31, 2016
Buildings	$ 593,325	$ -	$ -	**$ 593,325**
Leasehold improvements	835,579	-	-	**835,579**
Computers and communication equipment	658,199	4,840	-	**663,039**
Small equipment	3,188,074	6,072	(2,841)	**3,191,305**
Light automotive equipment	5,254,555	-	(48,357)	**5,206,198**
Heavy automotive, construction and portable rental equipment	92,249,984	686,831	(2,251,785)	**90,685,030**
Property plant & equipment under construction	1,449,297	600,724	-	**2,050,021**
	$ 104,229,013	**$ 1,298,467**	**$ (2,302,983)**	**$ 103,224,497**

	Accumulated depreciation				Carrying amounts	
	Balance at December 31, 2015	Depreciation for the period	Disposals	Balance at March 31, 2016	Balance at December 31, 2015	Balance at March 31, 2016
Buildings	$ 21,358	$ 3,080	$ -	**$ 24,438**	$ 571,967	**$ 568,887**
Leasehold improvements	420,469	36,794	-	**457,263**	415,110	**378,316**
Computers and communication equipment	313,007	31,781	-	**344,788**	345,192	**318,251**
Small equipment	1,557,777	68,607	(1,894)	**1,624,490**	1,630,297	**1,566,815**
Light automotive equipment	1,829,797	159,071	(20,422)	**1,968,446**	3,424,758	**3,237,752**
Heavy automotive, construction and portable rental equipment	16,724,339	1,813,623	(597,184)	**17,940,778**	75,525,645	**72,744,252**
Property plant & equipment under construction	-	-	-	**-**	1,449,297	**2,050,021**
	$ 20,866,747	**$ 2,112,956**	**$ (619,500)**	**$ 22,360,203**	**$ 83,362,266**	**$ 80,864,294**

Included in the carrying amount of $80,864,294 is $2,018,533 (2015 - $1,417,809) of heavy automotive, construction and portable rental equipment under construction and $31,488 (2015 - $31,488) of computers and equipment, which is not being depreciated as they are not yet available for use.

5. 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.

	March 31, 2016	December 31, 2015
Current portion of loans and borrowings		
Current portion of vendor take-back loans	**$ 772,197**	$ 762,624
Term loan facilities	**214,098**	251,801
Current portion of finance lease liabilities	**3,296,334**	3,449,490
Current portion of mortgage facilities	**82,329**	81,494
Total current portion of loans and borrowings	**4,364,958**	4,545,409
Non-current portion of loans and borrowings		
Bank loan facility	**29,539,809**	30,415,432
Term loan facilities	**-**	23,346
Finance lease liabilities	**5,521,001**	6,303,020
Mortgage facilities	**1,199,350**	1,220,210
Total non-current portion loans and borrowings	**36,260,160**	37,962,008
Total loans and borrowings	**$ 40,625,118**	$ 42,507,417

6. 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.

7. Share-based payments

(a) 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 March 31, 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)	$ -	-
Stock options, March 31, 2016	**-**	**$ -**	-

During the quarter ended March 31, 2016, the Company cancelled all of the outstanding options previously issued.

8. (Loss) earnings per share

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

Three months March 31	**2016**	2015
Weighted average common shares outstanding – basic	**55,652,374**	48,788,017
Effect of stock options	**-**	-
Effect of warrants	**-**	12,121
Weighted average common shares – diluted	**55,652,374**	48,800,138
Net (loss) income	**$(1,426,622)**	$494,983
Basic (loss) earnings per share	**$(0.03)**	$0.01
Diluted (loss) earnings per share	**$(0.03)**	$0.01

In calculating diluted earnings per common share for the three months ended March 31, 2016, the Company excluded nil stock options and 6,183,500 warrants (2015 – 14,210,000 stock options, the convertible debentures and 12,932,305 warrants respectively), as their impact was anti-dilutive.

9. 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.

Three months March 31		2016		2015
Management and consulting fees	$	138,278	$	192,597
Equipment rental		37,500		-
	$	175,778	$	192,597

10. Supplemental cash flow information

Three months March 31		2016		2015
(a) Changes in non-cash working capital:				
Trade and other receivables	$	1,431,747	$	4,501,063
Unbilled revenue		92,889		476,545
Inventories		401,795		97,732
Deposits and prepaid expenses		(534,999)		359,660
Trade and other payables		485,803		(6,665,153)
Income taxes payable		(1,344,145)		(70,841)
	$	533,090	$	(1,300,994)
(b) Other non-cash transactions:				
Equipment purchased under finance leases	$	-	$	1,722,398

(c) Cash taxes paid

Cash taxes paid for the period ended March 31, 2016 was $nil (2015 - $nil).

11. Segmented information

The Company operates in two main business segments in Western Canada, utilities/infrastructure construction and equipment rental. 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.

Three months March 31		Utilities/ infrastructure construction		Equipment rental		Corporate		2016
Revenues	$	5,489,931	$	5,946,281	$	-	$	**11,436,212**
EBITDA		1,227,520		1,664,009		(928,280)		**1,963,249**
Depreciation and amortization		455,000		1,761,431		5,530		**2,221,961**
Finance expense		210,340		216,056		44,552		**470,948**
Loss on sale of property, plant and equipment		173,409		720,256		-		**893,665**
Share-based payments		-		-		521,840		**521,840**
Income (loss)	**$**	**388,771**	**$**	**(1,033,734)**	**$**	**(1,500,202)**	**$**	**(2,145,165)**
Total assets	**$**	**36,881,517**	**$**	**74,641,817**	**$**	**5,379,586**	**$**	**116,902,920**

For the period ended March 31, 2016, the Company generated 22% of revenue from one customer in the utilities/infrastructure construction division. No other customers comprise more than 10% of revenues.

Three months March 31	**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**2015**
Revenues	$ 8,176,410	$ 12,019,224	$ -	$ 20,195,634
EBITDA	1,107,264	4,526,628	(1,274,335)	4,359,557
Depreciation and amortization	620,496	1,686,082	6,728	2,313,306
Finance expense	391,947	441,634	69,996	903,577
Loss (gain) on sale of property, plant and equipment	5,157	36,807	-	41,964
Share-based payments	-	-	411,027	411,027
Income (loss) before taxes	$ 89,664	$ 2,362,105	$ (1,762,086)	$ 689,683
Total assets	$ 55,359,744	$ 88,649,021	$ 16,526,611	$ 160,535,376

For the year ended March 31, 2015 the Company generated 45% of revenue from two customers (34% from one customer in the equipment rental division and 11% from one customer in the utilities/infrastructure construction division). No other customers comprise more than 10% of revenues.

(1) EBITDA is defined as earnings before finance expense, taxes, depreciation and amortization, loss (gain) on disposal of property, plant and equipment, fair value adjustments, impairment losses and share-based payments. Management believes that EBITDA is a useful measure used by management when evaluating the Company's principal business activities. EBITDA is not a standard measure that has any standardized meaning prescribed by *IFRS* and is considered to be a non-IFRS 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.

12. Comparative numbers

On June 24, 2015, the Company proceeded with a consolidation of its outstanding shares on the basis of one (1) post-consolidation common share for every three (pre-consolidation common shares held). As a result of the share consolidation described, earnings per share for the three months ended March 31, 2015 have been restated to provide comparability with current period calculations.