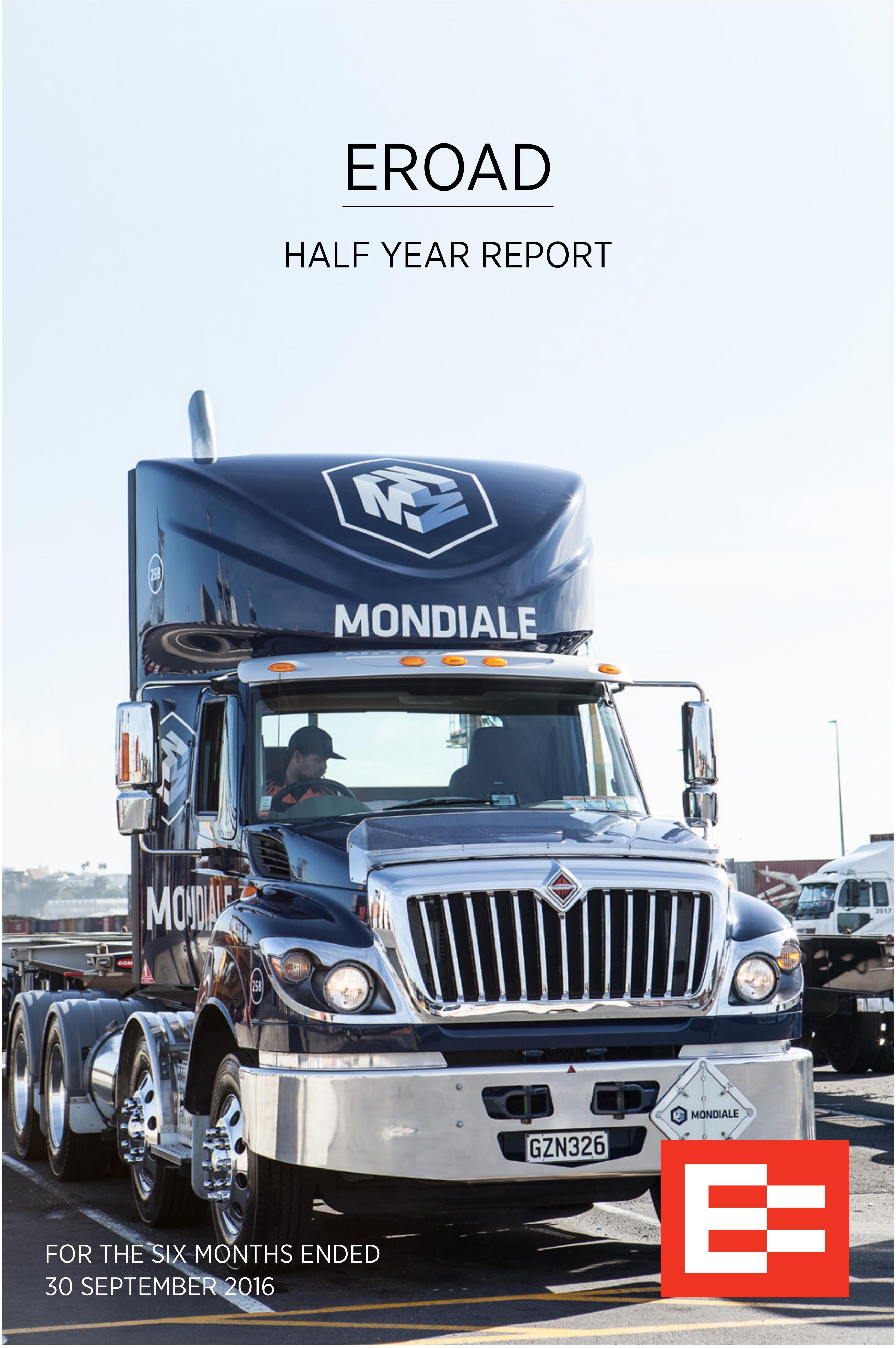
EROAD

HALF YEAR REPORT



FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2016


McGOWAN

CONTENTS

EROAD's Six Strategies

1 Grow existing markets in New Zealand, Australia and Oregon, USA

New Zealand / Australia Units at 38,129, up 35% since 30 Sept 2015

2 Expand into the Northwest and then across wider North American market

Customers with vehicles operating in every state/Units in North America at 5,301 up 68% since 30 Sept 2015

3 Identify and develop new international opportunities

Sole provider to heavy transport in the California Road Charge Pilot

4 Accelerate market entry through acquisitions

No plans at present, but alert to potential US opportunities in a post-ELD market

5 Develop further commercial services to support core road charging and compliance offer

Expanding suite of health & safety services and release more than 300 product enhancements

6 Validate new product markets

Ongoing

EROAD at a Glance

EROAD is a fully integrated technology, tolling and services provider, offering flexible and powerful solutions based on innovative technology to assist a transport sector that is responsive to the evolving needs of business, government and the wider community.

- World's first GNSS/cellular-based road charging solution across an entire country in New Zealand (launched 2009) has collected $1.2 billion in RUC since launch
- Collects 36% of New Zealand's total heavy vehicle RUC, up from 31% at 30 September 2015
- First state-audited (Oregon, USA) electronic Weight Mile Tax (WMT) provider in the US (2014)
- In-vehicle units connected to the EROAD platform now 43,430
- Customer retention rate of 98%, unchanged from 30 September 2015
- Future Contracted Income of $53 million
- Operating cash flow from New Zealand / Australia business funds all US operating losses, all corporate costs and the majority of Research and Development
- Team of 190 – 165 in New Zealand and 25 in US
- Manufactures its Ehubo and Ehubo2 at its factory in Albany, Auckland

Summary of the Six Months

- Three record sales months in New Zealand as heavy vehicles continue to switch from paper-based RUC to ERUC services, and an ever diversifying range of customers seek health and safety compliance services for their vehicle fleets
- Jarred Clayton appointed Chief Operating Officer (COO), a new role reflecting the growth of EROAD's global business, responsible for manufacturing, research and development and operations in EROAD's global markets
- One of America's leading transportation experts, Gregg Dal Ponte, joined the EROAD Board. Mr Dal Ponte is Oregon's former Administrator of the State of Oregon Department of Transportation (ODOT), Motor Carrier Transportation Division, and has held a number of executive leadership positions in the US transportation industry
- EROAD's second-generation in-vehicle device Ehubo2 approved by the NZ Transport Agency (NZTA) as an Electronic Distance Recorder (EDR), offering a range of enhanced ERUC and compliance features, including a touchscreen colour display that delivers real-time in-cab driver feedback, EROAD's driver messaging service, EZmessage, and Driver ID
- EROAD became a Corporate Partner of the American Trucking Associations (ATA), the USA's largest national trade association for the transportation industry
- R&D for compliant ELD unit continued in readiness for the US market, expected to be completed by the end of the financial year
- Commissioned independent analysis of US market from external partners, including a 'Big 4' firm to test and guide US strategy and business planning
- EROAD signed an agreement with Downer New Zealand, one of New Zealand's largest fleet operators, which has a strong focus on health and safety
- EROAD signed an agreement with Truckstop.com, North America's largest freight load matching business, with two million trucks on its online system

Units on Depot

43,430

up over 30 Sept 2015 by

+39%

Revenue

$15.5m

up over same period last year by

+27%

Customer Retention Rate remains strong

98%

Future Contracted Income (FCI)

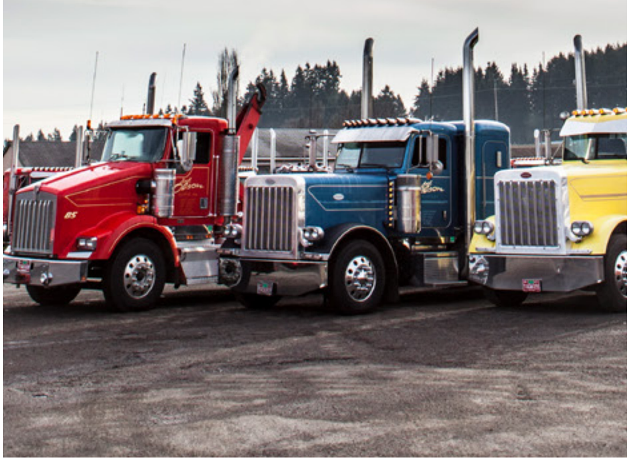
$53m

up over 30 September 2015 by

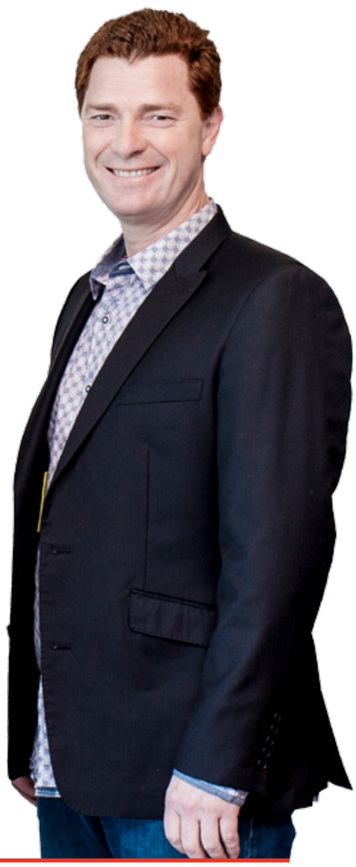
+13%

Net Loss before tax

$(0.3)m



CEO's Report



The first half of our 2017 financial year has been another period of strong growth for EROAD, as well as a phase of planning and building for a winning strategy in North America.

Jarred Clayton's promotion to Chief Operating Officer from Executive Vice President of Engineering is an important development for our executive team and for the leadership of the business. Jarred's overview of manufacturing, research and development and operations in EROAD's global markets is a valuable step forward.

One major change implemented in the past six months has been to return to outsourcing customer finance for new lease plans of hardware. This is how we operated when we began in New Zealand, and we had always intended using this model in the long run to ensure we aren't constrained by funding as our US sales grow. We have funded this activity ourselves since IPO, unsure whether US customers would prefer to buy or rent in-vehicle hardware.

We remain focused on growing and protecting our profitable New Zealand / Australia business. Cash management continues to be carefully monitored as we meticulously nurture our prudent investment in the significant North American market that has been recently validated as representing the near term opportunity we originally envisioned. Our intent is to remain fiscally vigilant while driving that business towards its breakeven point.

COMMERCIAL MARKETS

New Zealand & Australia
Our New Zealand and Australian business goes from strength to strength.

The transition from mechanical and paper-based RUC to ERUC in New Zealand is continuing and EROAD is working hard to stay ahead of its competition with our Ehubo2 offering customers not only market-leading ERUC management but also an ever-growing suite of value-added services to help reduce fleet management costs, and make it easier for our customers and their drivers to stay safe and meet health and safety obligations.

We still have plenty of market share to challenge for in the ERUC space, as well as a burgeoning opportunity in the health and safety arena as new regulations inform business planning and customers look to better supervise all hazardous activities in their supply chain, including driving.

We continue to work with others to innovate within the transport ecosystem, and we were delighted when The Safe

Driving Rewards Programme, a collaboration with NZI / Lumley, was recently awarded Innovation of the Year at the New Zealand Insurance Industry Awards.

The programme has so far saved EROAD customers more than $182,000 in waived insurance excesses. EROAD customers who are NZI / Lumley policyholders can benchmark drivers against others in their organisation and against drivers in the EROAD driving population. Companies placed in the top 25% of EROAD's driving population may qualify to have their insurance excess waived in the event of an accident. The programme, launched in August 2015, has been extended to August 2017.

We're excited about further opportunities with data analytics, and we know that information technology will continue to disrupt and revolutionise business process.

The New Zealand and Australian business generates sufficient operating cash flows to fund our US operating losses, our corporate costs and a majority of our research and development.

Our thanks to our New Zealand / Australia team, and our sales team in particular for a fantastic effort in the six months to 30 September 2016.

North America

Things also continue to move quickly in North America. We were delighted to welcome to the Board Gregg Dal Ponte, one of America's most experienced transportation executives. His perspective is already adding value as we work through the independent analysis we commissioned from external advisors to test and guide US strategy and to refine our offer in that market.

Even though we've grown US Units to 5,301, 68% up on a year ago, we want to go faster, and we are working hard to lift performance in addressing this exciting yet challenging market. Becoming a Corporate Partner of the American Trucking Associations (ATA) was a big step forward, and getting involved at its national conference in October 2016 taught us a lot and also provided a number of important introductions.

DEVELOPMENT MARKETS

EROAD's participation in California's Road Charge Pilot, the largest to date in the United States, is proving valuable from a development viewpoint, and for the conversations it is opening up in both Commercial and Development markets. California Department of Transportation (Caltrans) selected EROAD as its sole heavy vehicle technology provider for the pilot, which began in July, 2016, and runs for nine months. California is investigating possible replacement of the state's fuel tax. Heavy vehicle participants in the pilot can take advantage of the full range of EROAD services including electronic IFTA, electronic logbook, Oregon WMT, driver feedback, idle reporting, vehicle maintenance reporting and more for no cost for the duration of the pilot.

The California pilot reflects a global trend in the investigation of alternative funding mechanisms to support ageing infrastructure. Our regulatory team continues to engage with roading authorities, regulators and industry groups around the world, alert to future opportunities.

RESEARCH & DEVELOPMENT

We have made excellent progress on developing a compliant ELD in-vehicle device to be ready for next year when the race will be on to win as many customers as we can before December 2017, when the new regulations come into effect. Our ELD offer will be an important complement to electronic WMT and electronic IFTA services, both of which continue to be attractive to customers in the US.

OUTLOOK FOR FULL YEAR 2017

Our focus for the remainder of this financial year will be maintaining a strong performance within our New Zealand / Australia business, and to complete US business planning for our next phase of growth. This is likely to mean further refinements to our sales approach, and a clear plan to address the market segments where we have greatest opportunity.

Our R&D team will be working hard on the development required to complete our ELD offer. We have selected PIT Group, which specialises in the testing and implementation of transportation-related products, to provide independent testing and verification of our ELD platform.

We will continue to invest prudently in pursuing the very significant opportunities in North America, confident that we can be at the forefront of the transition to electronic tax and compliance services in that market as we are in New Zealand.

Steven Newman.

Steven Newman, CEO

Financial Review

Revenue was $15.5m for the six months ended 30 September 2016, up by 27% over the same period last year. Total Contracted units grew by 39% in the 12 months to 30 September 2015 to total 43,430. The Group reports a Net Loss before tax of ($0.3m) for the six months compared to a profit $0.9m in the comparative period.

FINANCIAL PERFORMANCE

Revenue

Operating revenues of $15.5m for the six months to 30 September 2016 were 27% higher than the comparative period last year. Total Contracted Units increased by 39% on the comparative period last year to 43,430.

The Group's Established market, which includes New Zealand and Australia, contributed external revenues of $13.6m with Total Contracted Units up 35% since September 2015 to 38,129 units. EROAD has continued its strong growth in New Zealand with some key large enterprise wins during the six months and increasing traction in the light vehicle market on the back of the new health and safety laws. EROAD is becoming an increasingly important part of the New Zealand transport ecosystem.

The Commercial market in the United States contributed external revenues of $1.9m with Total Contracted Units reaching 5,301 an increase of 68% since September 2015. Growth in the United States has been impacted by uncertainty around the pending ELD regulations. EROAD expects to commercially launch our certified ELD solution by the end of the financial year, and as a result we would expect a stronger growth path in the following financial year.

Future Contracted Income at 30 September 2016 was $52.8m, an increase of 12% since 30 September 2015. The growth in Future Contracted Income was driven by both an increase in new units and also the renewal of existing customers on new long-term contracts, and partly offset by unwind of revenue from other customers moving closer to their renewal date.

Expenses

Operating expenses of $10.8m for the six months to 30 September 2016 were 14% higher than the comparative period last year reflecting higher sales activity.

Depreciation costs are higher than the comparative period with increased leased units and upgrades to Gen2 units. Amortisation is also up significantly on prior year with the higher Development asset resulting in higher per unit amortisation charges. Sales and upgrades to Gen2 units have also contributed to the higher amortisation charge.

Finance Income and Finance Expenses

Finance Income of $0.05m relates to interest income. This is down significantly on prior year as a result of lower deposit balances. Finance income in the comparative period also included an unrealised exchange gain of $0.4m. Finance expenses of $0.11m include interest expense and realised exchange losses.

FINANCIAL POSITION & CASH FLOW

Property, Plant & Equipment

Additions to Property, Plant and Equipment amounted to $5.0m for the six months to 30 September 2016. $4.8m of these additions relate to additions to leased assets (units rented to customers under operating leases) and leased assets under construction.

Development Assets

The Group has continued its investment in R&D activities. During the period a further $4.5m was invested into Development and Software assets to develop both the platforms and services necessary to take advantage of the significant market opportunities in North America with particular focus on our ELD solution.

Cash flow

Non-restricted cash reduced by ($1.2m) in the six months to 30 September 2016. Cash inflows from operating activities have grown to $3.0m up from $0.8m in the comparative period. Strong operating cash inflows from the Established marketed partly being offset by operating cash outflows in the Commercial market. Continued investment in leased assets and R&D activities resulted in a net cash outflow from investing activities of ($9.5m).

The strong demand for our rental offering results in the majority of our hardware investment being recovered over the long-term rental period as opposed to being received upfront for outright hardware sales. In order to assist funding these rentals the group has drawn on $6m of our BNZ facility. Moving forward EROAD will look to continue to use a combination of the BNZ facility and utilizing our third-party asset financier which makes an upfront payment to EROAD for hardware assets when contracted through it.

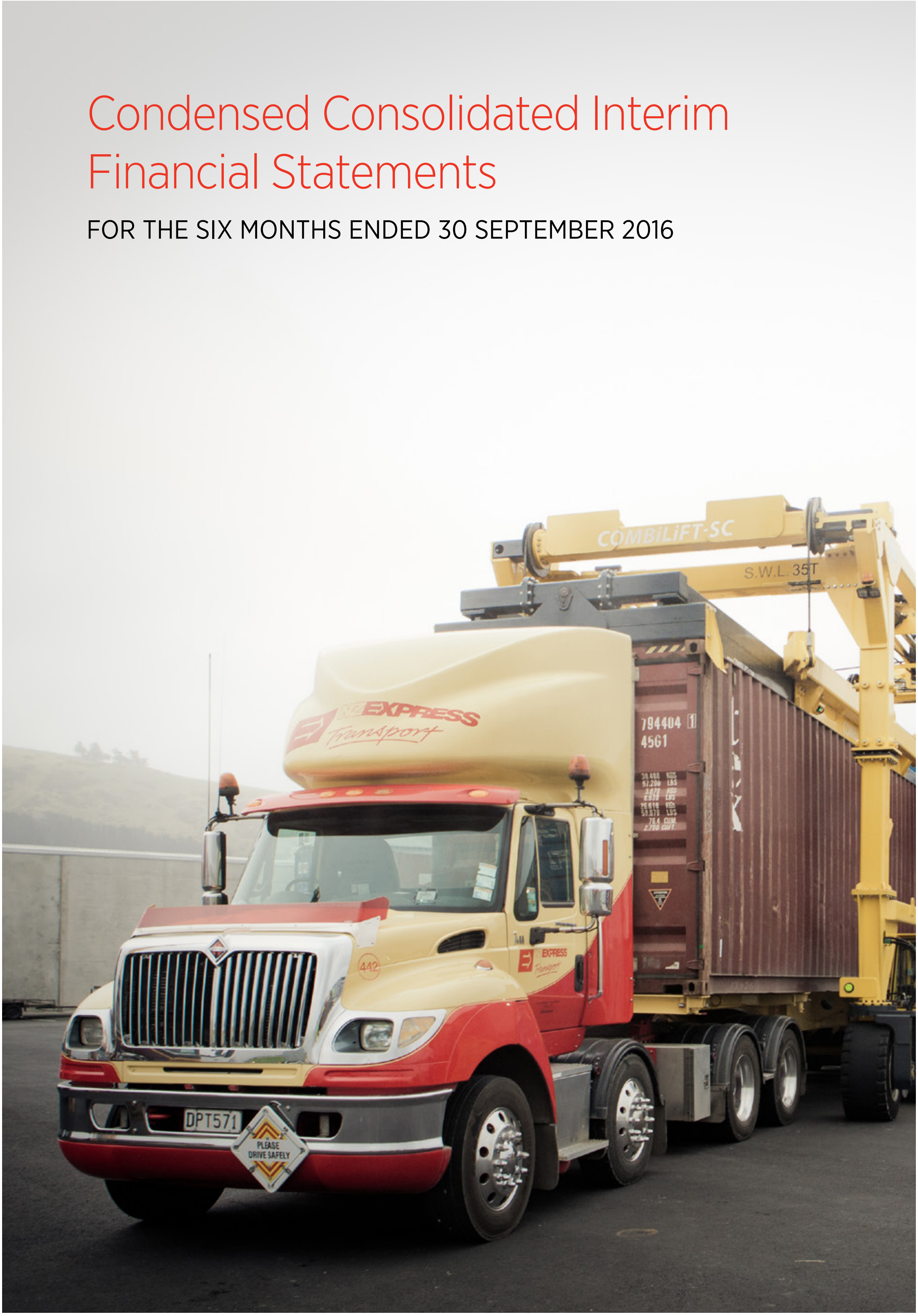
Net tangible assets per share as at 30 September 2016 were $0.40 compared to $0.55 as at 30 September 2015.

DIVIDEND

Consistent with its Dividend Policy, EROAD does not intend to pay an interim dividend for the period ended 30 September 2016.

Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016



EROAD LIMITED

STATEMENT OF CONDENSED CONSOLIDATED COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

		GROUP	
		30 September 2016	30 September 2015
		Unaudited	Unaudited
	Notes	$	$
Continuing operations			
Revenue		**15,523,839**	12,215,543
Expenses	2	**(10,798,937)**	(9,470,649)
Earnings before interest, taxation, depreciation and amortisation		**4,724,902**	2,744,894
Depreciation	7	**(3,632,466)**	(1,821,493)
Amortisation	8	**(1,375,445)**	(798,149)
Earnings before interest and taxation		**(283,009)**	125,252
Finance income	14	**52,849**	908,332
Finance expense	14	**(114,898)**	(182,822)
Net financing costs		**(62,049)**	725,510
Profit/(loss) before tax		**(345,058)**	850,762
Income tax (expense)/benefit	10	**103,836**	(239,335)
Profit/(loss) from continuing operations		**(241,222)**	611,427
Profit/(loss) after tax for the six month period attributable to the shareholders		**(241,222)**	611,427
Other comprehensive income		**(167,230)**	(347,509)
Total comprehensive income/(loss) for the six month period		**(408,452)**	263,918
Earnings per share - Basic & Diluted (cents)	5	(0.40)	1.02

The above Statement of Condensed Consolidated Comprehensive Income should be read in conjunction with the accompanying notes.

EROAD LIMITED

STATEMENT OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

		GROUP		
		30 September 2016	30 September 2015*	31 March 2016*
	Notes	Unaudited $	Unaudited $	Audited $
CURRENT ASSETS				
Cash and cash equivalents*	6	**6,701,619**	14,748,501	7,873,012
Restricted Bank Account*		**7,885,376**	4,418,455	5,504,668
Trade and other receivables		**6,664,197**	4,574,873	5,112,645
Finance lease receivable	11	**450,292**	259,358	294,678
Loan to shareholders and directors		**-**	279,996	279,996
Current tax receivable		**358,956**	406,066	456,881
Total Current Assets		**22,060,440**	24,687,249	19,521,880
NON-CURRENT ASSETS				
Property, plant and equipment	7	**22,637,441**	20,030,544	21,361,280
Intangible assets	8	**26,435,873**	19,005,149	23,268,959
Finance lease receivable	11	**1,003,922**	748,774	730,599
Deferred tax assets		**2,009,062**	1,400,129	1,952,706
Total Non-Current Assets		**52,086,298**	41,184,596	47,313,544
TOTAL ASSETS		**74,146,738**	65,871,845	66,835,424
CURRENT LIABILITIES				
Borrowings	13	**6,019,311**	-	1,002,305
Trade payables and accruals		**3,729,588**	1,995,929	3,261,460
Payable to NZTA		**7,954,188**	4,419,685	5,558,453
Deferred revenue	9	**2,895,166**	3,999,883	3,378,928
Employee entitlements		**1,096,967**	689,138	920,078
Total Current Liabilities		**21,695,220**	11,104,635	14,121,224
NON-CURRENT LIABILITIES				
Deferred revenue	9	**1,952,249**	2,676,757	1,995,719
Total Non-Current Liabilities		**1,952,249**	2,676,757	1,995,719
TOTAL LIABILITIES		**23,647,469**	13,781,392	16,116,943
NET ASSETS		**50,499,269**	52,090,453	50,718,481
EQUITY				
Share capital	5	**58,819,932**	58,819,932	58,819,932
Translation reserve		**(276,931)**	(409,224)	(109,701)
Retained earnings		**(8,043,732)**	(6,320,255)	(7,991,750)
TOTAL SHAREHOLDERS' EQUITY		**50,499,269**	52,090,453	50,718,481

** In the current period, EROAD has changed its definition of cash and cash equivalents to exclude restricted bank accounts. Restricted bank accounts are now presented seperately from cash and cash equivalents on the face of the Statement of Financial Position and as a result movements in restricted bank accounts are excluded from the Statement of Cash Flows. Comparative amounts have been restated to align with the current year's presentation.*
The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Chairman, 29 November 2016

Executive Director, 29 November 2016

EROAD LIMITED

STATEMENT OF CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

GROUP	Notes	Share Capital $	Retained Earnings $	Translation Reserve $	Total $
Balance as at 1 April 2015 - Audited		58,819,932	(6,995,241)	(61,715)	51,762,976
Profit after tax for the period		-	611,427	-	611,427
Equity settled share-based payments		-	63,559	-	63,559
Other comprehensive income		-	-	(347,509)	(347,509)
Total comprehensive loss for the period - net of tax		-	674,986	(347,509)	327,477
Share capital issued	5	-	-	-	-
Balance as at 30 September 2015 - Unaudited		**58,819,932**	**(6,320,255)**	**(409,224)**	**52,090,453**
Balance as at 1 April 2016 - Audited		**58,819,932**	**(7,991,750)**	**(109,701)**	**50,718,481**
Profit after tax for the period		**-**	**(241,222)**	**-**	**(241,222)**
Equity settled share-based payments		**-**	**189,240**	**-**	**189,240**
Other comprehensive income		**-**	**-**	**(167,230)**	**(167,230)**
Total comprehensive loss for the period - net of tax		**-**	**(51,982)**	**(167,230)**	**(219,212)**
Share capital issued	5	**-**	**-**	**-**	**-**
Balance as at 30 September 2016 - Unaudited		**58,819,932**	**(8,043,732)**	**(276,931)**	**50,499,269**

The above Statement of Condensed Consolidated Changes in Equity should be read in conjunction with the accompanying notes.

EROAD LIMITED

STATEMENT OF CONDENSED CONSOLIDATED CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

		GROUP	
		30 September 2016	30 September 2015*
	Notes	Unaudited $	Unaudited $
Cash flows from operating activities			
Cash received from customers		**13,016,118**	9,824,711
Payments to suppliers and employees		**(10,069,403)**	(9,702,982)
Net interest received/ (paid)		**(62,049)**	953,702
Net tax paid		**97,925**	(237,348)
Net cash inflow from operating activities	12	**2,982,591**	838,083
Cash flows from investing activities			
Payments for purchase of property, plant & equipment		**(4,908,627)**	(6,713,460)
Payments for creation of intangible assets		**(4,542,359)**	(3,987,215)
Net cash outflow from investing activities		**(9,450,986)**	(10,700,675)
Cash flows from financing activities			
Loan from / (repayment) bank		**5,017,006**	-
Repayment of loans from directors		**279,996**	-
Net cash outflow from financing activities		**5,297,002**	-
Net increase/(decrease) in cash held		**(1,171,393)**	(9,862,592)
Cash at beginning of the financial period		**7,873,012**	24,611,093
Closing cash and cash equivalents (net of overdrafts)		**6,701,619**	14,748,501

The above Statement of Condensed Consolidated Cash Flows should be read in conjunction with the accompanying notes.

** In the current period, EROAD has changed its definition of cash and cash equivalents to exclude restricted bank accounts. Restricted bank accounts are now presented seperately from cash and cash equivalents on the face of the Statement of Financial Position and as a result movements in restricted bank accounts are excluded from the Statement of Cash Flows. Comparative amounts have been restated to align with the current year's presentation.*

EROAD LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

The condensed consolidated interim financial statements of EROAD Limited (EROAD), together with its subsidiaries (the "Group"), as at and for the six months ended 30 September 2016, have been prepared in accordance with the New Zealand equivalent to International Accounting Standard 34: "Interim Financial Reporting" (NZ IAS 34), and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a profit oriented entity.

EROAD Limited (the "Company") is a company domiciled in New Zealand, is registered under the Companies Act 1993 and listed on the NZX main board. The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Group is involved in providing electronic on-board units and software as a service to the heavy vehicle industry.

The condensed consolidated interim financial statements for the Group are for the period ended 30 September 2016. The financial statements were authorised for issue by the directors on 29 November 2016 and are unaudited. References in these financial statements to "$" are in New Zealand dollars.

With the exception of the change in presentation of restricted bank accounts outlined below, the condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with the financial statements and related notes included in EROAD's annual report for the year ended 31 March 2016. The preparation of interim financial statements also requires management to make judgements and assumptions. EROAD has been consistent in applying the judgements, estimates and assumptions adopted in the annual report for the year ended 31 March 2016. Critical accounting policies are the same as those set out in the annual report for the year ended 31 March 2016.

Change in presentation of Restricted Bank Accounts:
In the current period, EROAD has changed its definition of cash and cash equivalents to exclude restricted bank accounts. Restricted bank accounts are now presented separately from cash and cash equivalents on the face of the Statement of Financial Position and as a result movements in restricted bank accounts are excluded from the Statement of Cash Flows.

Where presentation has changed in the current period comparative amounts have been restated to align with the current year's presentation.

There is no seasonality or cyclicality influences on the results of the Group.

NOTE 2 • EXPENSES

	Notes	GROUP 30 September 2016 Unaudited $	GROUP 30 September 2015 Unaudited $
Personnel expenses		**4,717,347**	3,974,263
Administrative and other operating expenses		**3,603,388**	3,550,269
Auditor's remuneration - KPMG		**100,000**	60,000
Tax compliance services - KPMG		**48,791**	68,233
Health & Safety - KPMG		**74,531**	-
Operating lease expense		**508,355**	447,875
Directors fees		**124,239**	83,482

During the six months the costs expensed in Research and Development was $2,373,180 (30 September 2015: $1,436,408).

NOTE 3 • SEGMENTAL NOTE

“The group has three reportable segments as described below, which are the group’s strategic divisions. The strategic divisions offer different services and are managed separately because they require different technology, services and marketing strategies. For each strategic division, the group’s CEO (the chief operating decision maker) reviews internal management reports. The following summary describes the operations in each of the group’s segments.

EROAD reports selected financial information depending on the stage of its development in each market:

- *Development Markets:* the market opportunity has been validated, or has been identified and is in the process of being validated
- *Commercial Markets:* the market has been entered and trading has commenced
- *Established Markets:* a sustainable business has been established in the market.

Inter-segment pricing is determined on an arm’s length basis.

Reportable segment information

Information related to each reportable segment is set out below. Segment result represents net profit before tax, which is the measure reported to the chief operating decision maker.

	Development Markets		Commercial Markets		Established Markets	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	Unaudited $	Unaudited $	Unaudited $	Unaudited $	Unaudited $	Unaudited $
Revenue [1]	**-**	-	**1,875,443**	747,774	**14,396,069**	12,179,328
Net profit (loss) before taxation and costs of listing	**(2,373,180)**	(1,436,408)	**(1,941,657)**	(2,152,447)	**3,970,949**	4,512,991
Total assets	**1,137,739**	1,409,788	**4,489,654**	3,598,236	**72,772,287**	64,773,430
Depreciation	**-**	-	**(523,961)**	(167,601)	**(3,282,002)**	(1,653,892)
Amortisation	**-**	-	**-**	-	**(1,375,445)**	(798,149)

[1] Revenue from Established Markets includes R&D Grant Income of $474,636 (30 September 2015: $229,852)

Reconciliation of information on reportable segments

	30 September 2016	30 September 2015
	Unaudited $	Unaudited $
Revenue		
Total revenue for reportable segments	**16,271,512**	12,927,102
Elimination of inter-segment revenue	**(747,673)**	(711,559)
Consolidated revenue	**15,523,839**	12,215,543
Net profit (loss) before taxation		
Total profit before tax for reportable segments	**(343,888)**	924,136
Profit before tax for other segments	**-**	-
Elimination of inter-segment profit	**(1,170)**	(73,374)
Consolidated net profit (loss) before taxation	**(345,058)**	850,762
Total assets		
Total assets for reportable segments	**78,399,680**	69,781,454
Total assets for other segments	**-**	-
Elimination of inter-segment balances	**(4,252,942)**	(3,909,609)
Consolidated total assets	**74,146,738**	65,871,845

NOTE 4 • PERSONNEL EXPENSES

	GROUP	
	30 September 2016	30 September 2015
	Unaudited $	Unaudited $
Employment expenses - excluding sales commissions capitalised	**8,443,054**	7,599,744
Salaries and wages capitalised	**(3,725,707)**	(3,625,481)
	4,717,347	3,974,263

NOTE 5 • PAID UP CAPITAL

All issued shares are fully paid up and have equal voting rights and share equally in dividends and surplus on winding up.

GROUP	Number of ordinary shares	Issue price $	Issued Capital $
At 31 March 2015 (audited)	60,000,000		58,819,932
At 30 September 2015 (unaudited)	60,000,000		58,819,932
Issue of shares to staff under LTI/LTS schemes	168,864	$3.64	614,378
Held in trust as treasury stock			(614,378)
At 31 March 2016 (audited)	**60,168,864**		**58,819,932**
Issue of shares to staff under LTI/LTS schemes	**76,796**	**$2.83**	**217,678**
Held in trust as treasury stock			**(217,678)**
At 30 September 2016 (unaudited)	**60,245,660**		**58,819,932**

At 30 September 2016 there was 60,245,660 authorised and issued ordinary shares (30 September 2015: 60,000,000). 468,092 shares are held in trust for employees in relation to the long-term incentive and service plan and are accounted for as treasury stock.

The calculation of both basic and diluted earnings per share at 30 September 2016 was based on the profit/(loss) attributable to ordinary shareholders of ($241,222) (30 September 2015: $611,427). The weighted number of ordinary shares was 59,777,568 (30 September 2015: 59,777,568) for basic earnings per share, and $59,853,950 for diluted earnings per share (30 September 2015: 59,777,568).

Other components of equity include:

- *Translation reserve* - comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign subsidiaries into New Zealand Dollars.
- *Retained earnings* - includes all current and prior period retained profits and share-based employee renumeration.

NOTE 6 • CASH AND CASH EQUIVALENTS

	GROUP		
	30 September 2016	30 September 2015	31 March 2016
	Unaudited $	Unaudited $	Audited $
Cash and bank	**6,701,619**	9,748,501	7,873,012
Term deposits	**-**	5,000,000	-
	6,701,619	14,748,501	7,873,012

In the current period, EROAD has changed its definition of cash and cash equivalents to exclude restricted bank accounts. Restricted bank accounts are now presented seperately from cash and cash equivalents on the face of the Statement of Financial Position and as a result movements in restricted bank accounts are excluded from the Statement of Cash Flows. Comparative amounts have been restated to align with the current year's presentation.

The restricted bank relates to Road Users tax collected from clients due for payment to the local government agency.

NOTE 7 • PROPERTY, PLANT AND EQUIPMENT

GROUP	Leased equipment $	Plant and equipment $	Leasehold improvements $	Motor vehicles $	Office equipment $	Computers $	Total $
Year ended 31 March 2016 - Audited							
Opening net book amount	13,079,303	94,291	237,747	489,394	411,131	826,711	15,138,577
Additions	10,615,330	30,531	576,403	204,111	281,451	397,111	12,104,937
Disposals	-	-	-	(102,160)	-	-	(102,160)
Depreciation charge	(4,931,419)	(34,606)	(89,016)	(151,206)	(154,428)	(451,868)	(5,812,543)
Depreciation recovered	-	-	-	42,203	-	-	42,203
Effect of movement in exchange rates	(27,760)	-	572	6,931	10,061	462	(9,734)
Closing net book amount	18,735,454	90,216	725,706	489,273	548,215	772,416	21,361,280
Cost	30,497,989	276,729	1,119,333	773,564	869,748	2,356,485	35,893,848
Accumulated depreciation	(11,762,535)	(186,513)	(393,627)	(284,291)	(321,533)	(1,584,069)	(14,532,568)
Net book amount	18,735,454	90,216	725,706	489,273	548,215	772,416	21,361,280

GROUP	Leased equipment $	Plant and equipment $	Leasehold improvements $	Motor vehicles $	Office equipment $	Computers $	Total $
Six months ended 30 September 2015 - Unaudited							
Opening net book amount	13,079,303	94,291	237,747	489,394	411,131	826,711	15,138,577
Additions	5,918,081	8,246	30,288	197,186	258,854	285,905	6,698,560
Depreciation charge	(1,412,474)	(18,394)	(25,785)	(71,645)	(66,895)	(226,300)	(1,821,493)
Effect of movement in exchange rates	(13,648)	-	(109)	12,990	16,355	(688)	14,900
Closing net book amount	17,571,262	84,143	242,141	627,925	619,445	885,628	20,030,544
Cost	25,848,923	254,444	573,218	876,540	856,072	2,245,280	30,654,477
Accumulated depreciation	(8,277,661)	(170,301)	(331,077)	(248,615)	(236,627)	(1,359,652)	(10,623,933)
Net book amount	17,571,262	84,143	242,141	627,925	619,445	885,628	20,030,544

NOTE 7 • PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	Leased equipment $	Plant and equipment $	Leasehold improvements $	Motor vehicles $	Office equipment $	Computers $	Total $
Six months ended 30 September 2016 - Unaudited							
Opening net book amount	18,735,454	90,216	725,706	489,273	548,215	772,416	21,361,280
Additions	4,837,312	28,489	3,560	39,551	62,455	69,122	5,040,489
Disposals	-	-	-	(65,127)	(23,947)	-	(89,074)
Depreciation charge	(3,173,531)	(15,127)	(66,486)	(69,725)	(88,035)	(219,562)	(3,632,466)
Depreciation recovered	-	-	-	20,199	6,039	-	26,238
Effect of movement in exchange rates	(14,198)	-	(33,154)	(589)	(14,796)	(6,289)	(69,026)
Closing net book amount	**20,385,037**	**103,578**	**629,626**	**413,582**	**489,931**	**615,687**	**22,637,441**
Cost	35,262,813	305,218	1,085,985	747,173	888,793	2,416,592	40,706,574
Accumulated depreciation	(14,877,776)	(201,640)	(456,359)	(333,591)	(398,862)	(1,800,905)	(18,069,133)
Net book amount	**20,385,037**	**103,578**	**629,626**	**413,582**	**489,931**	**615,687**	**22,637,441**

Included in the Leased equipment is equipment under construction to be leased of $3,913,961 (31 March 2016: $4,243,191, 30 September 2015: $4,502,960).

NOTE 8 • INTANGIBLE ASSETS

GROUP	Patents $	Trade Marks $	Development $	Software $	Total $
Year ended 31 March 2016 - Audited					
Opening net book amount	15,351	32,576	13,984,074	1,784,082	15,816,083
Additions	-	-	7,997,846	1,131,501	9,129,347
Amortisation charge	(350)	-	(1,156,871)	(519,250)	(1,676,471)
Closing net book amount	15,001	32,576	20,825,049	2,396,333	23,268,959
Cost	17,800	32,576	24,030,005	3,277,013	27,357,394
Accumulated amortisation	(2,799)	-	(3,204,956)	(880,680)	(4,088,435)
Net book amount	15,001	32,576	20,825,049	2,396,333	23,268,959

GROUP	Patents $	Trade Marks $	Development $	Software $	Total $
Six months ended 30 September 2015 - Unaudited					
Opening net book amount	15,351	32,576	13,984,074	1,784,082	15,816,083
Additions	-	-	3,514,348	472,867	3,987,215
Amortisation charge	(175)	-	(566,727)	(231,247)	(798,149)
Closing net book amount	15,176	32,576	16,931,695	2,025,702	19,005,149
Cost	17,800	32,576	19,546,506	2,618,380	22,215,262
Accumulated amortisation	(2,624)	-	(2,614,811)	(592,678)	(3,210,113)
Net book amount	15,176	32,576	16,931,695	2,025,702	19,005,149

NOTE 8 • INTANGIBLE ASSETS (CONTINUED)

GROUP	Patents $	Trade Marks $	Development $	Software $	Total $
Six months ended 30 September 2016 - Unaudited					
Opening net book amount	15,001	32,576	20,825,049	2,396,333	23,268,959
Additions	-	-	4,237,617	304,742	4,542,359
Amortisation charge	(175)	-	(1,041,923)	(333,347)	(1,375,445)
Closing net book amount	**14,826**	**32,576**	**24,020,743**	**2,367,728**	**26,435,873**
Cost	17,800	32,576	28,267,622	3,581,755	31,899,753
Accumulated amortisation	(2,974)	-	(4,246,879)	(1,214,027)	(5,463,880)
Net book amount	**14,826**	**32,576**	**24,020,743**	**2,367,728**	**26,435,873**

The useful lives of the Group's Intangible Assets are assessed to be finite. Assets with finite lives are amortised over their useful lives and tested for impairment whenever there are indications that the assets may be impaired. Where an indicator of impairment exists the Group makes a formal assessment of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the greater of fair value less costs to sell of the assets value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

NOTE 9 • DEFERRED REVENUE

The Group has dealer agreements with third-party financiers. Under the terms of the dealer agreements, the third parties enter into a lease agreement with the Company's customers (where agreed by all parties) and the third party makes an upfront payment for the use of the Company's hardware products. Under the revenue recognition policy for hardware income it is deemed that the Company in substance retains the significant risks and rewards of ownership of the hardware assets. Revenue relating to hardware is therefore accounted for as an operating lease and recognised in the statement of comprehensive income on a straight-line basis over the term of the lease, and any amounts received in advance are included as deferred revenue. Under the terms of the dealer agreements, the Company would be liable to repay the third parties in the event the customer operating lease was cancelled prior to the end of the agreed term.

In addition, the Group provides hardware to clients under long-term rental agreements. These are accounted for as operating leases. If the Group receives any up-front payments for installation fees, these amounts are initially deferred and recognised in the statement of comprehensive income over the life of the rental agreement.

	GROUP		
	30 September 2016	**30 September 2015**	**31 March 2016**
	Unaudited $	**Unaudited $**	**Audited $**
Opening balance	**5,374,647**	7,395,392	7,395,392
Amounts deferred during the period	**1,547,912**	1,929,463	3,107,355
Amount recognised in the Statement of Comprehensive Income	**(2,075,144)**	(2,648,215)	(5,128,100)
Closing balance	**4,847,415**	6,676,640	5,374,647

At 30 September 2016, $2,895,166 is expected to be recognised in the Statement of Comprehensive Income in the next twelve months and has therefore been classified as a current on the balance sheet (31 March 2016: $3,378,928, 30 September 2015: $3,999,883).

NOTE 10 • INCOME TAX EXPENSE

	GROUP	
	30 September 2016	30 September 2015
	Unaudited $	Unaudited $
(a) Reconciliation of effective tax rate		
Profit/(Loss) before income tax	**(345,058)**	850,762
Income tax using the Company's domestic tax rate of 28%	**(96,616)**	238,213
Non-deductible expense/(non-assessable income)	**9,692**	7,119
Temporary differences		
Losses and timing differences (recognised)/not recognised	**(22,155)**	-
Effect of different tax rates	**5,243**	(5,997)
Income tax expense/(benefit)	**(103,836)**	239,335

NOTE 11 • LEASES AS A LESSOR

Operating leases

The Group leases out products on long-term rentals, usually for a period of 36 months. At period end, the future minimum lease payments (future contracted income) under non-cancellable operating leases are receivable as follows.

	GROUP		
	30 September 2016	30 September 2015	31 March 2016
	Unaudited $	Unaudited $	Audited $
Future minimum lease payments			
Not later than one year	**10,272,622**	7,381,808	8,185,884
Later than one year not later than five years	**10,560,901**	7,988,918	8,062,245
Later than five years	**-**	-	-
	20,833,523	15,370,726	16,248,129

During the period $12,132,872 was recognised as revenue in the statement of comprehensive income in relation to long-term rentals accounted for as operating leases and the related SaaS revenue (30 September 2015: $9,294,276).

Finance leases

The Group, on rare occasions, leases out hardware products for a period longer than the usual 36 month rental. In such circumstances the substance of the transaction is assessed and if it is considered that substantially all the risks and rewards incident to ownership have been transferred, the arrangement is accounted for as a finance lease. At period end, the future minimum lease payments under non-cancellable leases are receivable as follows.

NOTE 11 • LEASES AS A LESSOR (CONTINUED)

	Gross investment in the lease			Unearned finance income			Present value of minimum lease payments		
	30 September 2016	30 September 2015	31 March 2016	30 September 2016	30 September 2015	31 March 2016	30 September 2016	30 September 2015	31 March 2016
	Unaudited $	Unaudited $	Audited $	Unaudited $	Unaudited $	Audited $	Unaudited $	Unaudited $	Audited $
Not later than one year	**497,289**	294,963	329,811	**46,997**	35,605	35,133	**450,292**	259,358	294,678
Later than one year not later than five years	**1,052,177**	794,503	770,354	**48,255**	45,729	39,755	**1,003,922**	748,774	730,599
Later than five years	**-**	-	-	**-**	-	-	**-**	-	-
	1,549,466	1,089,466	1,100,165	**95,252**	81,334	74,888	**1,454,214**	1,008,132	1,025,277

During the period $610,836 (30 September 2015: $695,526) was recognised as revenue in relation to long-term rentals accounted for as finance leases. The net impact of finance leases recognised in the statement of comprehensive income was $501,305 (30 September 2015: $501,415).

Total Future Contracted Income

Amounts disclosed above in relation to future minimum lease payments (operating leases) and gross investment in leases (finance leases) only relate to the hardware element of long-term rentals accounted for as leases. The Total Future Contracted Income (hardware and SaaS) under non-cancellable long-term agreements at 30 September 2016 is $52,776,991 (31 March 2016: $48,010,715, 30 September 2015: $46,949,634). EROAD expects the profile of future recognition of this income to be consistent with the profile of the future minimum lease payments for the hardware element of this income which is outlined above for operating leases.

NOTE 12 • RECONCILIATION OF CASH FLOWS

	GROUP	
	30 September 2016	30 September 2015
	Unaudited $	Unaudited $
Reconciliation of operating cash flows with reported profit/(loss) after tax:		
Profit/(loss) after tax for the six month period attributable to the shareholders	**(241,222)**	611,427
Add/(less) non-cash items		
Tax asset recognised	**(56,356)**	249,625
Depreciation and amortisation	**5,007,911**	2,619,642
Other non-cash expenses/(income)	**22,010**	(283,950)
	4,973,565	2,585,317
Add/(less) movements in other working capital items:		
Decrease/(increase) in trade and other receivables	**(1,551,552)**	(746,122)
Decrease/(increase) in finance lease receivables	**(428,937)**	(697,766)
Decrease/(increase) in current tax receivable	**97,925**	(237,348)
Increase/(decrease) in deferred income	**(527,232)**	(718,752)
Increase /(decrease) in trade payables and accruals	**660,044**	41,327
	(1,749,752)	(2,358,661)
Net cash from operating activities	**2,982,591**	838,083

NOTE 13 • BORROWINGS

During the six months ended 30 September 2016, increased the size of its Committed Cash Advance Facility from $10,000,000 to $15,000,000. $6,019,311 was drawn as at 30 September 2016 (31 March 2016: $1,002,305, 30 September 2015: Nil). Each drawdown has a 365-day term and the facility itself has an end date of 31 July 2018. The interest rate is variable based on our banks CCAF Prime Rate on the date of each individual drawdown plus a margin of 1.75%. The facility is secured by the value of all present and after acquired property of EROAD Limited including the value of its long-term rental agreements.

EROAD Limited also has an overdraft of a $1,000,000 facility of which no amount has been drawn at 30 September 2016 (31 March 2016: Nil, 30 September 2015: Nil). The facility is to allow for the working capital requirements of the business (if needed) and is on call. This is an on demand Facility.

EROAD's operating covenants to support the above facilities include debt service coverage ratio, funding base:drawn down balance and liquidity cover. EROAD was compliant with all covenants at 30 September 2016.

NOTE 14 • FINANCE INCOME & FINANCE EXPENSES

	GROUP	
	30 September 2016	30 September 2015
	Unaudited $	Unaudited $
Finance income		
Interest income	**52,849**	477,216
Foreign exchange gains	**-**	431,116
	52,849	908,332
Finance expenses		
Interest expense	**(33,306)**	-
Foreign exchange losses	**(81,592)**	(182,822)
	(114,898)	(182,822)
Net financing costs	**(62,049)**	725,510

NOTE 15 • RELATED PARTY TRANSACTIONS

Loans to Non-executive Directors of $279,996 were repaid by the Directors during the six months ended 30 September 2016 in accordance with the contractual terms of the loan. Other related party transactions are in line with the transactions for the period to 31 March 2016.

NOTE 16 • CAPITAL COMMITMENTS

The capital expenditure commitments are in line with those at 31 March 2016.

NOTE 17 • CONTINGENT LIABILITIES

The contingent liabilities are in line with those at 31 March 2016.

NOTE 18 • EVENTS SUBSEQUENT TO BALANCE DATE

There are no reportable events subsequent to balance date (30 September 2015: Nil, 31 March 2016: Nil).

INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of EROAD Limited

We have completed a review of the consolidated interim financial statements of EROAD Limited on pages 8 to 20 which comprise the statement of financial position as at 30 September 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 months ended on that date, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Shareholders as a body. Our review work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in the independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's shareholders as a body, for our review work, this report or any of the conclusions we have formed.

Directors' responsibilities

The directors of EROAD Limited are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting. As the auditor of EROAD Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Our firm has also provided other services to EROAD Limited in relation to taxation and advisory. Subject to certain restrictions, partners and employees of our firm may also deal with EROAD Limited on normal terms within the ordinary course of trading activities of the business of the EROAD Limited. These matters have not impaired our independence as auditors of EROAD Limited. The firm has no other relationship with, or interest in, EROAD Limited.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated interim financial statements of EROAD Limited do not present fairly, in all material respects, the financial position of the EROAD Limited as at 30 September 2016, and of its financial performance and its cash flows for the 6 months ended on that date, in accordance with NZ IAS 34 Interim Financial Reporting.

KPMG

29 November 2016

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KPMG
KPMG Centre
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Non GAAP Measures

UNITS ON DEPOT

The number of EROAD devices installed in vehicles and subject to a service contract with a customer.

UNITS PENDING INSTALLATION

The number of EROAD devices subject to a service contract with a customer but not yet installed.

TOTAL CONTRACTED UNITS (TCU)

TCU is made up of Units on Depot plus Units Pending Installation.

FUTURE CONTRACTED INCOME (FCI)

Total revenue to be earned from existing customer contracts in future accounting periods.

RETENTION RATE

The number of Total Contracted Units at the beginning of the 12 month period and retained on Depot at the end of the 12 month period, as a percentage of Total Contracted Units at the beginning of the 12 month period.

ANNUALISED HEAVY TRANSPORT RUC

The New Zealand Road User Charges for vehicles over 3,500kg purchased through EROAD for the month, multiplied by 12.

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