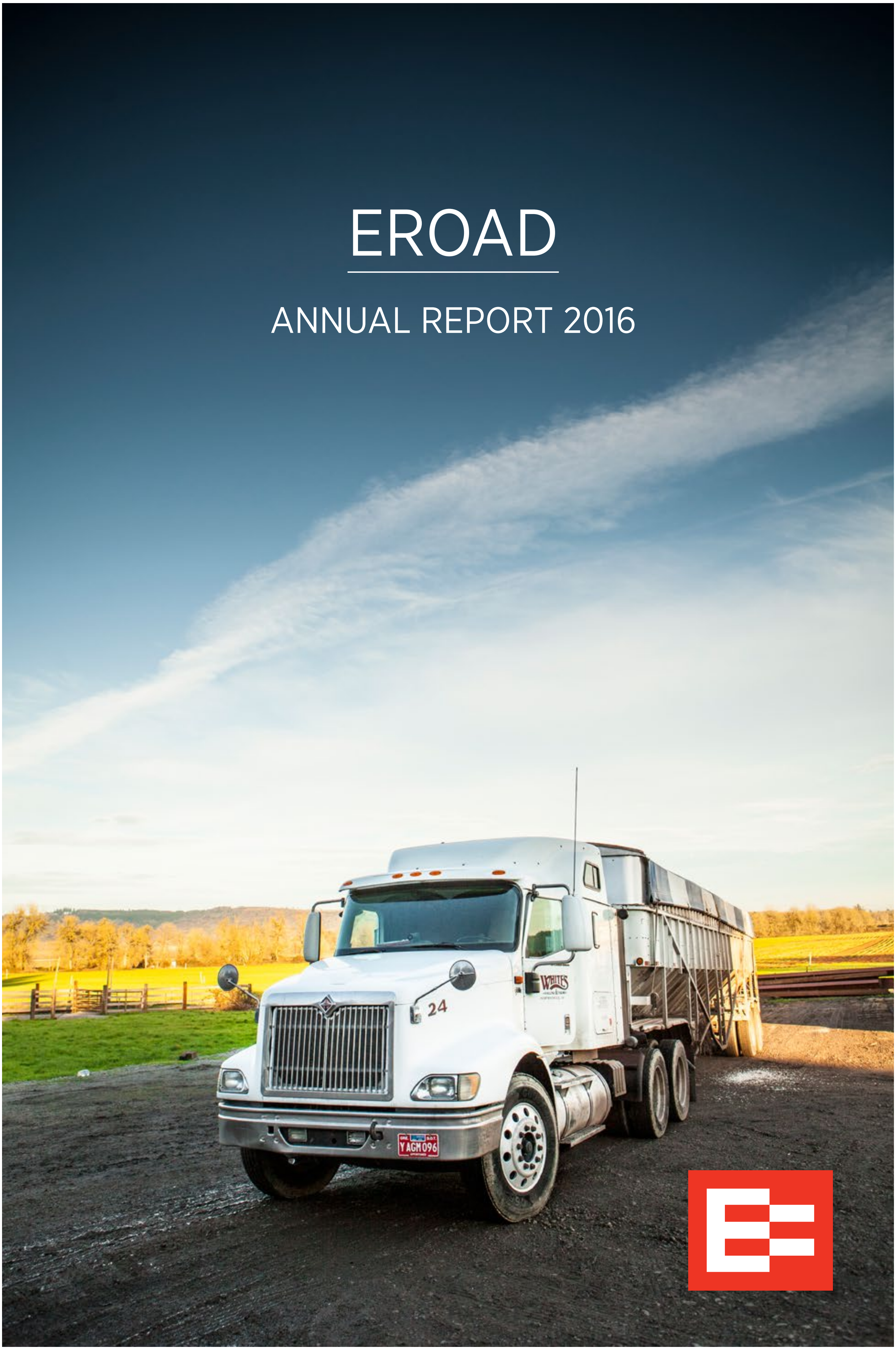
EROAD

ANNUAL REPORT 2016



KEY DATES

04
AUGUST 2016
Annual Shareholders Meeting

25
NOVEMBER 2016
Half Year Results announcement*

30
SEPTEMBER 2016
Financial Half Year End

31
MARCH 2017
Financial Year End

This annual Report is dated 28 June 2016 and is signed on behalf of the Board of EROAD by Michael Bushby, Chairman and Steven Newman Chief Executive Officer.

Michael Bushby, Chairman

Steven Newman, Chief Executive Officer

*Proposed date

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2016 Business Highlights

Q1 April to June 2015

- Awarded Callaghan Innovation Growth Grant, worth up to $3 million over three years
- Completed development and launched enhanced International Fuel Tax Agreement (IFTA) services in the US Pacific North West
- Launched vehicle booking system to meet demand in New Zealand
- Continued to increase investment in research & development staff and development ahead of expected Electronic Logging Device (ELD) regulations

Q2 July to September 2015

- Milestone 30,000 units contracted on EROAD system
- Launched EROAD's services into the US states of Washington and Idaho
- Partnered with New Zealand's largest commercial vehicle insurer NZI to offer insurance service
- Launched Drive Buddy driver behaviour safety feature in advance of New Zealand's new health and safety laws

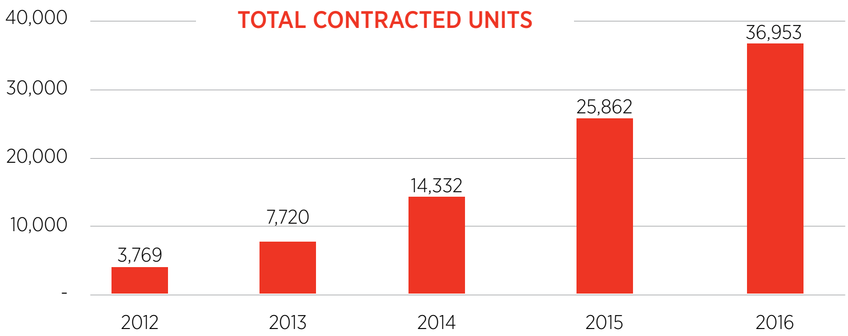
Q3 October to December 2015

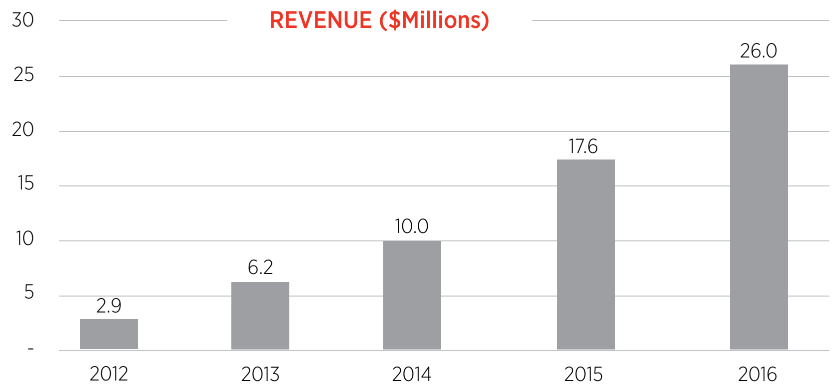
- Ranked on the Deloitte Technology Fast500 Asia Pacific for the fourth consecutive year
- Entered into supply partnership agreement with FleetPartners, a leading New Zealand fleet leasing company
- Launched electronic logbook in North America in advance of the expected ELD regulations
- US government published final ELD regulations in line with EROAD expectations

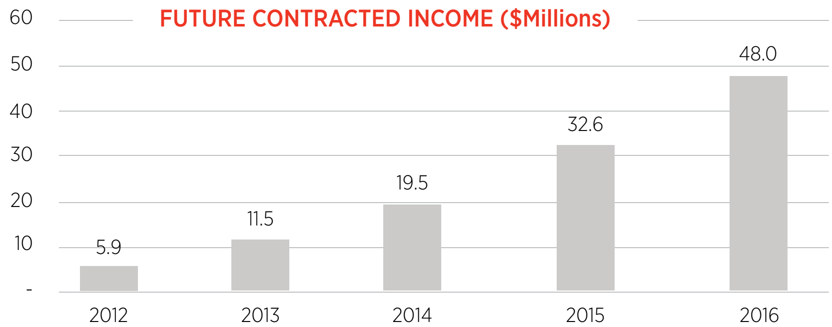
Q4 January to March 2016

- Milestone of $1 billion of road users charges collected on behalf of New Zealand Transport Agency
- Selected as the sole technology provider to heavy vehicles in the California road charging pilot
- Reached 196 staff, with 29 in North America
- Entered into supply partnership agreement with Custom Fleet, a leading New Zealand fleet management company
- EROAD's "next generation" Ehubo2 received NZTA approval as electronic distance recorder

2016
Results in Brief







Revenue

49%

Total Contracted Units

43%

Future Contracted Income

47%

Retention Rate

97.1%

Staff Numbers

26%

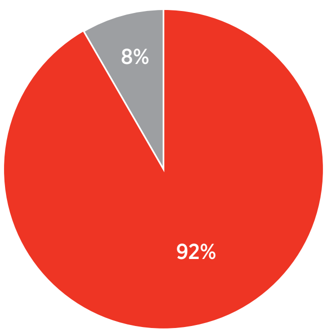
Invested in R&D

$12.6m

Rental units continue to dominate our total contracted units.

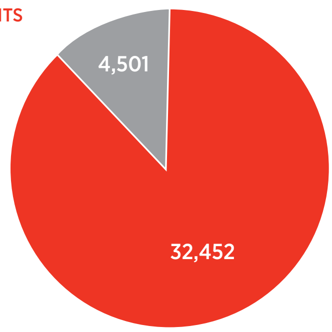
TOTAL CONTRACTED UNITS
BY SALES TYPE
MARCH 2016

- Rented
- Sold



TOTAL CONTRACTED UNITS
BY MARKET
MARCH 2016

- Established Market
- Commercial Market



The EROAD Business

WHO WE ARE

EROAD is a leading transport technology and services company, headquartered in Auckland, New Zealand and listed on the New Zealand Stock Exchange (NZX) under the stock ticker of ERD. Its US business is based in Portland, Oregon. EROAD's in-vehicle technology and global services platform provides customers with automated solutions to manage and pay road user charges and weight-mile tax, to meet regulatory and compliance obligations, and to provide a range of valuable commercial services. Its goal is to offer accurate and easy-to-use solutions based on its innovative technology to assist in the creation of a transport sector that is responsive to the evolving needs of business, government and the wider community.

EROAD designs and manufactures in-vehicle hardware, operates secure payment and merchant gateways and offers web-based value-added services. The EROAD team are experts in their field, highly qualified, and very experienced in technology and security, SaaS and cloud infrastructure, the transport industry and the public sector.

EROAD is a vertically integrated technology company which has developed a product suite that integrates the complete customer experience from hardware to software and services. EROAD generates revenue and Future Contracted Income from charging customers for its services and selling or renting its hardware to customers. This arrangement promotes strong customer relationships and ensures more stable revenue streams.

WHAT WE DO

Road User Charging/Electronic Tax Management

EROAD has set the standard as the first provider to offer an electronic road user charging solution in New Zealand. Since the company commenced operations in 2009, it has built a strong business, having collected more than $1 billion of RUC on behalf of the New Zealand government from more than 2,000 client organisations.

In Oregon, EROAD became the first service provider approved by the state government to electronically calculate, process and pay weight-mile taxes (WMT) on behalf of commercial transport carriers. The state government audit concluded that the EROAD technology platform was accurate and reliable, and found that the EROAD data, reports and records were more accurate than the paper-based records compiled and filed by carriers.

The company also provides a comprehensive fuel tax reporting service in North America, making it much simpler for trucking firms to file their quarterly fuel tax returns required by the International Fuel Tax Agreement (IFTA).

Compliance Management

Operating a commercial vehicle fleet is a complex and demanding task. Drivers and managers face increasing regulatory oversight, infrastructure congestion and competitive pressure. Creating a safe workplace is a key goal for all transport operators, who recognise that driver error, fatigue and speed are major factors in crashes.

EROAD's advanced technology platform offers huge opportunities to improve driver compliance and safety outcomes, and the company has developed an electronic logbook solution to support driver hours-of-service obligations and record-keeping requirements, including a powerful driver vehicle inspection product.

Research and development has begun to deliver a compliant electronic logging device (ELD) to meet new US rules that mandate electronic recording of hours of service from December 2017.

Changing regulatory environments in our markets, especially new health and safety legislation in New Zealand, and the ELD mandate in the US, make it ever more important for customers to have accurate, auditable electronic systems to meet regulatory requirements.

Commercial Services

In New Zealand, the United States and Australia, EROAD offers a range of value-added commercial services to improve fleet management and performance. EROAD's intuitive web-based fleet management service offers improved operational transparency and enhanced control. Real-time vehicle information is displayed on digital maps, supplemented by a wide variety of tools and reports.

Transport operators benefit from enhanced fleet productivity, better route planning, higher customer satisfaction, timely maintenance, superior fuel efficiency, the ability to monitor driver performance and improved legal compliance.

Partnerships

EROAD's platform has been specifically designed to allow integration with third parties, and to provide additional commercial services. As such, EROAD is able to align and partner with providers who operate in specialised areas, such as cold chain logistics and monitoring, workflow management and manifest services. Partnerships with recognised technology leaders provide a richer client experience and allows EROAD to market to a wider group of potential clients.

THE EROAD ADVANTAGE

The road charging, compliance and commercial services industries are complex, requiring the company to build and maintain relationships with a wide range of industry, agency and political stakeholders, as well as customers.

EROAD enjoys a high international profile, and is seen as a credible and trusted expert in compliance, tolling, ecommerce and security.

EROAD has built a strong brand based on quality design as well as customer endorsements, advertising, alliances and partnerships.

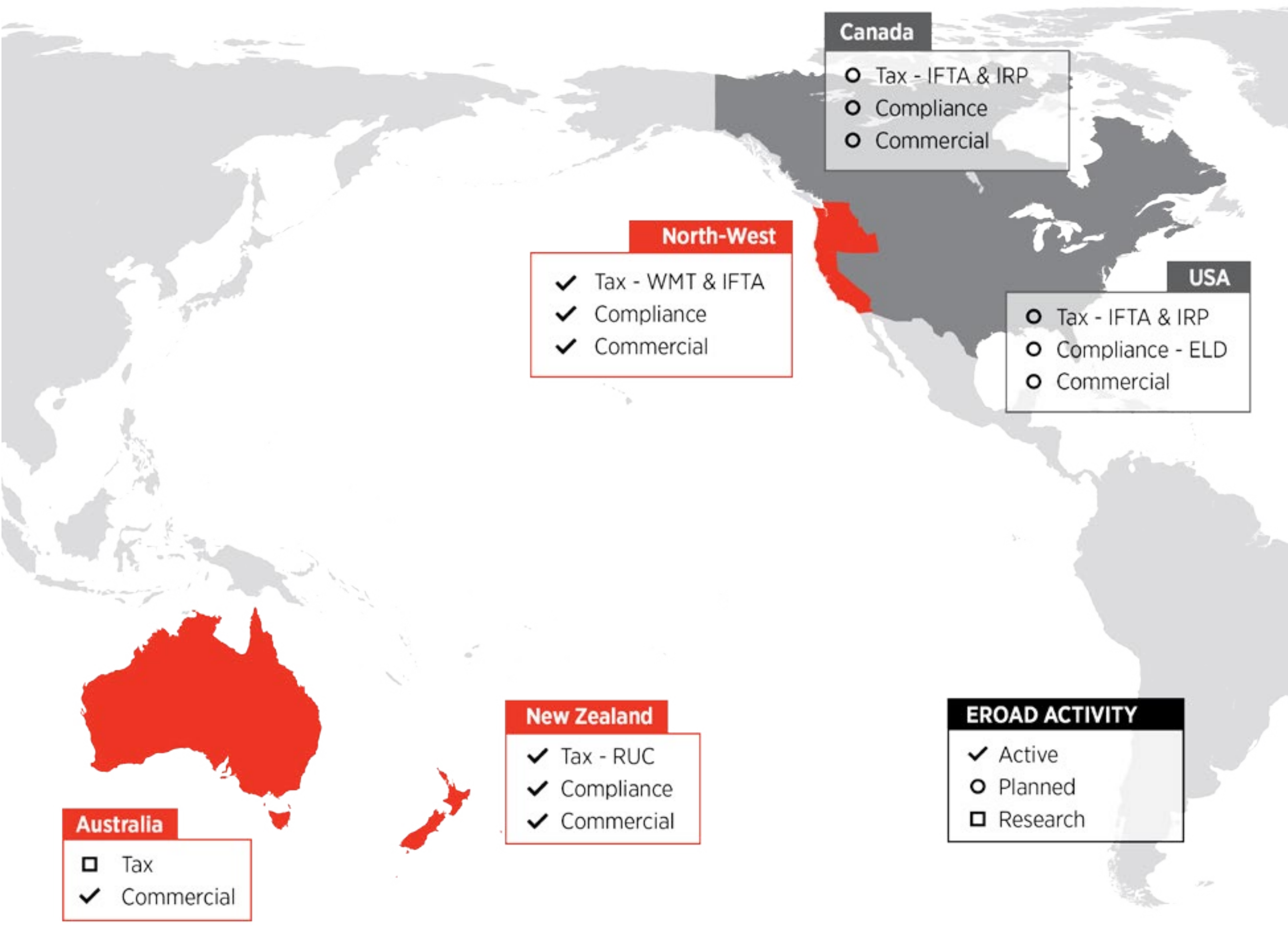
EROAD's trusted party status amongst regulators and customers is underpinned by the quality of our management, system performance and product and process security. EROAD's web services platform achieves 99.9% availability.

EROAD employs best-of-breed technology to protect its information systems, which are aligned with international and United States federal government standards.

The company continues to enjoy a strong competitive position underpinned by solution complexity, high security, financial and performance requirements, and regulatory approvals.

Strong barriers to entry create considerable development risk and long lead times to market for potential competitors, who are usually burdened by legacy technology platforms.

GLOBAL ACTIVITIES



EROAD FACTS AND FIGURES

	COMMERCIAL MARKET	ESTABLISHED MARKET	TOTAL
Total Contracted Units*	4,501	32,452	36,953
Tax collected or miles measured	148,000,000 miles	$1,000,000,000	-
Employees	29	167	196
Future Contracted Income#	$8,185,394	$39,825,321	$48,010,715

* Total Contracted Units is a non GAAP-measure used by EROAD which represents the total units subject to a customer contract and includes both Units on Depot and units pending installment.

Future Contracted Income is a non-GAAP measure which represents future hardware and SaaS revenue under non-cancellable long-term agreements for installed units. Refer to Note 5 of the Financial Statements.

PROGRESS AGAINST KEY STRATEGIES

1	Grow existing markets	***Grew units by 43% across all markets***
2	Expand Oregon operations to Northwest & North America	***Expanded in Northwest (Washington & Idaho)***
3	Identify, foster and develop new opportunities	***Won California Pilot and launched Electronic Logbook***
4	Consider accelerated market entry through acquisitions	***Watching brief, no acquisitions in FY16***
5	Further develop commercial services to support core offer	***Launched health & safety products in NZ and enhanced IFTA for US***
6	Validate new product markets and business models	***Partnered with insurer & light vehicle lease companies in NZ***

Tax reports are so simple and require little to no human intervention. It's like having another all-star employee in the ranks. If this was all EROAD did it would be a no brainer.

Brian Young
Equipment Division Manager,
Baker Rock Resources

Chairman Report

EROAD'S first full year as a listed company has been an exciting and productive year. We have continued to grow strongly in New Zealand while making progress in the development of our US business, where CEO Steven Newman has spent considerable time during the year. We are equally focused on refining our business model in the US to prepare for significant opportunities in that market, and on deepening and strengthening our New Zealand business, where considerable potential remains.

Our share registry has continued to diversify with continued support from cornerstone shareholders be they members of the EROAD team, who continue to hold a significant portion of shares, or financial institutions, and we continue to welcome new shareholders. In keeping with the company's focus on growth and developing new products and markets, there will be no dividend paid this year.

Domestically substantial opportunities remain in further growing our dominant share of the New Zealand ERUC and health and safety compliance market, and in expanding beyond our existing client base.

In the United States the potential market for electronic logging devices (ELDs) is of a scale that has required significant investment in research and development, whilst the company has also continued to grow our electronic weight mile tax and other compliance and commercial services.

Our team continues to grow, and we warmly welcomed another 41 EROADers into the business this year. Like any dynamic, high-growth business, we saw some changes in our executive team, and the Board would like to acknowledge the long-term contributions of former head of sales Peter Batcheler and EROAD founder and US SVP Brian Michie, who left their executive roles during the year, but remain shareholders.

Recently we announced the appointment of Gregg Dal Ponte as the company's newest director. The board had been seeking a US-based director for some time, and we are delighted that Gregg agreed to join the board, following a successful career in US transportation and public policy most latterly as Administrator of the State of Oregon Department of Transportation (ODOT), Motor Carrier Transportation Division.

We look forward to welcoming shareholders to our annual meeting on 4 August 2016. The AGM will provide further opportunity to update you on the progress that the business is making as we deliver on our strategies and pursue the creation of sustainable and lasting value for our customers, our shareholders, and all our stakeholders.

Yours sincerely

Michael Bushby, Chairman

CEO Report

This year we made progress towards securing an international leadership position in the provision of road user charging and compliance services to the global heavy transport sector. We extended our leadership position as the largest provider of RUC in the New Zealand market. The release of the finalised ELD regulations in the United States has enabled us to accelerate our investment in research and development as we create a fully compliant electronic logging device (ELD) for the US market. In anticipation of an uplift in national sales once we release our ELD we are realigning our US business to allow the company to reach well beyond the Pacific North-West. Together with our IFTA solution, our ELD solution will give us a compelling market advantage as we expand across North America.

We continued to refine our technology platform, and expand our range of products and services to add value for customers and give new customers even more reasons to go electronic. By year end, EROAD's Depot system had tracked vehicle journeys covering 148 million miles in the United States and processed over $1 billion in road user charges in New Zealand.

YEAR IN REVIEW

Our market share in New Zealand continues to grow as the transition from manual reporting systems in transportation to electronic gathers pace. During the year we marked the collection of $1 billion of RUC on behalf of NZTA, and EROAD is the ERUC provider of choice for heavy transport operators. Health and safety reforms in New Zealand provide additional reasons both for heavy transport operators and for light vehicle fleets to install EROAD's technology, to ensure they have accurate, auditable driver, vehicle and journey information. We are seeing growth driven both by customer need for ERUC and health and safety compliance services.

During the year revenue grew by 49% to $26.2 million. We added 11,091 contracted units, a growth rate of 43%. Our customers continue to favour renting units over buying them such that Future Contracted Income (FCI) grew by 47%, to $48 million. Our team of EROADers expanded to 196, and we continued to build our employment brand to attract high-calibre team members. Our R&D team grew by 25 members, a 44% increase. We moved into larger premises in Portland, Oregon as our US footprint increased. We launched a number of new products and services during the year, including our automated IFTA reporting service and Electronic Logbook in the US, and Drive Buddy, a driver behaviour safety feature in New Zealand.

ESTABLISHED MARKET: NEW ZEALAND AND AUSTRALIA

EROAD now collects 34% of New Zealand Heavy Vehicle RUC, up from 29% a year ago. A major step forward this year for New Zealand customers was our launch of electronic off-road filing. Kiwi customers can now claim off-road refunds in a completely paperless process. Automating off-road refunds completes the innovative end-to-end solution EROAD launched in 2009, enabling operators to purchase road user charges online, receive automatic alerts when a RUC licence expires, and have a vehicle's RUC status displayed on EROAD in-vehicle hardware, removing the need for paper labels. Operators can now also submit off-road refund claims electronically with the click of a button, at no extra charge.

A highlight of the year was receiving NZTA approval for Ehubo2, our second-generation in-vehicle device, as an approved electronic distance recorder (EDR). Of the three approved EDRs on the market in New Zealand, two are EROAD products. The Ehubo2 helps improve safety outcomes with a touchscreen colour display that delivers real-time in-cab driver feedback and EROAD's driver messaging service. Ehubo2 underwent a rigorous product testing and validation process in New Zealand, Australia and the USA, covering in excess of 200 million kilometres.

In keeping with our commitments to privacy and accuracy of all customer data, Ehubo2 is the only electronic distance recorder in the world to meet international security standards including Federal Information Processing Standards (FIPS) 140-2 Level 3. We now offer customers a choice of EDR.

We now offer customers a choice of two EDRs, with the Ehubo2 units available alongside the more than 30,000 Ehubo1 units that are installed in heavy and light vehicles across New Zealand.

We enjoyed further sales in Australia, mainly from New Zealand customers with operations across the Tasman and Australian operators looking for secure telematics, and we continue to engage at a business development level with future opportunities arising from regulatory reform.

COMMERCIAL MARKET: OREGON

The evolving regulatory environment in the US continues to present increasing opportunities. In December, the US Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) published its final rule requiring the use of electronic logging devices (ELD) for drivers to record their hours of service information. The rules were consistent with EROAD's expectations, and our focus is to complete a high-quality, compliant ELD and bring it to market as quickly as we can. It is estimated that more than three million drivers and vehicles are affected by this rule, which represents a significant opportunity for EROAD to provide customers across North America with a comprehensive electronic tax and compliance solution on our secure technology platform. An ELD offering complements our Electronic Logbook service, launched in the US this year, providing transport operators with an innovative electronic HOS (hours of service) solution to help improve compliance and reduce paperwork.

During the year, we re-set expectations for our rate of growth in the US in the short term, having chosen to invest in refining our sales model to support ELD customers, as well as achieving a compliant ELD as soon as possible. Many potential customers are holding off on purchase decisions to ensure any new purchases are ELD compliant. Even so, we continue to grow in the US faster we than we did in New Zealand at a comparable stage, now with 4,501 units in vehicles, and Future Contracted Income of $8.2 million, an annual growth rate of 126%. We are selling around 14 units per customer in the US, compared to two to three units per customer in New Zealand at the same stage of market development. As we complete our ELD offer, and further refine the market segments that offer EROAD the best opportunities, we are confident we can accelerate our growth track.

A significant step for EROAD was its selection by the California Department of Transportation (Caltrans) as its heavy vehicle technology provider for the California Road Charge Pilot. This is the United States' largest road charge pilot to date and is scheduled to run for nine months from this July. EROAD was named the sole provider in the heavy vehicle category. The pilot will provide data for the state to consider as it assesses alternative road charging options to California's existing fuel tax regime

THE YEAR AHEAD

Looking forward, we will continue to execute our growth plans, while at the same time becoming more cost conscious as the business grows, to ensure we can grow sustainably. In New Zealand, an opportunity exists to offer additional benefits to customers with our Ehubo2, which we are confident the market will respond positively to, as well as continuing to offer our Ehubo1 units. We also anticipate demand from a wider range of vehicle fleets will continue to grow as health and safety requirements prompt companies to improve vehicle safety as well as their audit and information systems.

In the US we look forward to completing the realignment of our business to better address our target segments in Oregon and across North America. We are focused on delivering a compliant ELD, and being among the first movers in this very significant market space.

It has been another year of dynamic transformation at EROAD. My thanks to our dedicated team that continues to demonstrate our philosophy of agile thinking and innovation, as well as a commitment to our values and ambition to achieve global leadership in our market space.

Steven Newman

Steven Newman, CEO

2.0

GOVERNANCE

Board of Directors

MICHAEL BUSHBY

Chairman

Michael is General Manager of the Ventia Asset and Infrastructure Services division (previously known as Leighton Contractors Infrastructure Services). Ventia is one of the largest telecommunications, infrastructure and utilities services providers operating in Australia and New Zealand. He was previously Chief Executive of the New South Wales Roads and Traffic Authority. Michael joined the EROAD board in May 2012 and was appointed chair shortly thereafter.

TONY GIBSON

Independent Director, Chairman of Remuneration, Talent and Nomination Committee, and Finance Risk and Audit Committee

Tony is the Chief Executive of Ports of Auckland and one of New Zealand's most experienced transport professionals, with 30 years in shipping and logistics. He has worked in various senior management roles in Africa, Asia and Europe. In 2008 the Minister of Transport appointed him to the Road User Review Group. Tony joined EROAD's board in October 2009.

SEAN KEANE

Independent Director, Chairman of Finance Risk and Audit Committee

Sean is the founder and Managing Director of Triple T Consulting, a financial market commentary and advisory company. Sean's career spans 27 years in the financial markets, in a variety of senior roles in London, Wellington, Sydney, Singapore and Tokyo. Most recently he was Managing Director of Interest Rate Trading and Funding for Credit Suisse. Sean is a non-executive Director of First NZ Capital. He was appointed to EROAD's board in February 2013.

CANDACE KINSER

Independent Director, Member of Remuneration, Talent and Nomination Committee, and Finance Risk and Audit Committee

Candace is an experienced director, CEO and tech entrepreneur. Previously the CEO of the NZ Technology Industry Association and science software company Biomatters, she is currently an Advisor for Palantir Technologies. She is also a Director for global technology recruitment company Talent International, an Advisor for the University of Waikato's Cyber Security Lab and a Director for the Cloud Security Alliance New Zealand chapter. Candace joined the EROAD Board in April 2014.

STEVEN NEWMAN

Executive Director/CEO

Steven brings a wealth of experience to EROAD after a long and successful association with Navman, which he co-founded. In his roles as COO and CEO, Steven helped establish Navman as a leading international brand within the Marine Electronics, Fleet Tracking, Precision GPS Modules and Consumer Car Navigation sectors, with annual sales in excess of NZ$500 million. Steven has been CEO and a member of the EROAD board since 2007.

GREGG DAL PONTE

Non-independent Director

Gregg will join the EROAD Board on 1 July 2016. Gregg has served in multiple executive leadership positions in the transportation industry throughout his career. From 1996 until recently, he served as Administrator for Oregon Department of Transport's Motor Carrier Transportation Division.

Executive Management Team

STEVEN NEWMAN

Executive Director/CEO

(See previous page)
Steven is also acting President of EROAD North America.

BRUCE WILSON

Chief Technology Officer & Head of Product

Bruce is responsible for technical leadership across product development at EROAD. Bruce provides technical guidance to the engineering, enterprise and market development teams. Bruce joined EROAD in 2008. Bruce has worked locally and internationally on many wireless embedded projects for companies such as Nokia and Navman.

MARK SIMPSON

Chief Financial Officer

Mark is responsible for EROAD's financial management and legal affairs. Mark joined EROAD in 2011 and has 25 years' experience as a finance professional including roles as CFO and CEO of publicly listed organisations in New Zealand, and consulting through KPMG.

JARRED CLAYTON

Executive Vice President, Engineering

Jarred oversees technical delivery to customers through his management of EROAD's engineering teams. Jarred joined EROAD in 2008 with a wealth of experience from engineering in the telecommunications industry and consulting on architecture and agile development.

TONY WARWOOD

General Manager New Zealand

Tony leads EROAD's New Zealand business. Tony joined EROAD in 2009 having worked in the heavy transport industry for a number of years. Until October 2015 Tony led the New Zealand sales team as National Sales Manager.

REBECCA MCKASKELL

Vice President, People & Capability

Rebecca is responsible for all aspects of People & Capability, including recruitment, staff engagement, training and career development. Rebecca joined EROAD in 2012 after extensive HR and recruitment experience in New Zealand and the UK. Since joining, Rebecca has overseen the growth in the EROAD team from 34 employees to 196.

SARA GOESSI

Vice President Communications & Marketing

Sara has responsibility for EROAD's global marketing and communications. Sara joined EROAD in 2012, after working in media relations and marketing for New Zealand high-tech companies.

MARK HEINE

Executive Vice President, General Counsel & Company Secretary

Mark is responsible for all aspects of legal compliance at EROAD including health and safety. Mark joined EROAD in 2015 after a career in the legal profession, having worked for Bell Gully in Auckland and Allens in Sydney.

Corporate Governance

The Board and management of EROAD are committed to ensuring that the company adheres to best practice governance principles and maintains the highest ethical standards. The Board reviews and assesses the company's governance structures to ensure that they are consistent with best practice.

EROAD's corporate governance is aligned with the NZX Main Board Listing Rules relating to corporate governance, the NZX Corporate Governance Best Practice Code, and the New Zealand Financial Markets Authority Corporate Governance in New Zealand Principles and Guidelines. In this Corporate Governance section, we report on how the company has followed the recommendations set out in these principles. The company's corporate governance policies, practices and procedures can be found on the Company's website.

PRINCIPAL ACTIVITIES

EROAD has created an electronic solution to manage and pay road user charges (RUC) and road tax regimes, support regulatory compliance as well as provide value-added commercial services to the heavy vehicle industry. There were no significant changes to the company's principal activities during the financial year.

CODE OF ETHICS

The company expects its employees and directors to maintain high ethical standards. The Code of Ethics for the company sets out these standards and addresses amongst other things:

- confidentiality
- conflicts of interest and corporate opportunities;
- receipt of gifts and personal benefits;
- expected conduct; and
- reporting concerns regarding breaches of this code, other policies and the law.

The Code of Ethics requires employees to act in the best interests of the company at all times and to not accept from, or offer to, anyone, bribes or improper inducements.

The Code of Ethics specifically addresses EROAD's commitment to providing equal employment opportunities. EROAD ensures that its selection process for recruitment and employee development opportunities are free from bias and are based on merit.

The company's Code of Ethics can be found on the Company's website.

RESPONSIBILITIES OF THE BOARD AND EXECUTIVE MANAGEMENT

The business and affairs of the company are managed under the direction of the Board of Directors. At a general level, the Board is elected by shareholders to:

- form the company's objectives;
- advance major strategies for achieving the company's objectives;
- manage risks;
- determine the overall policy framework within which the business of the company is conducted; and
- monitor management's performance with respect to these matters.

The Board Charter sets internal Board procedure and defines the Board's specific role and responsibilities. The Board delegates management of the day-to-day operations and responsibilities of the company to the executive management team under the leadership of the Chief Executive Officer to deliver the strategic direction and goals determined by the Board.

THE BOARD

Board Composition

At present, there are five directors on the Board, four of which are non-executive directors. Steven Newman, Chief Executive Officer, is the only executive director on the Board. The Chairman of the Board is Michael Bushby.

A brief biography of each Board member, including each director's experience, expertise, role and the term of office held at the date of this Annual Report, is set out in the "The Board" section of this Annual Report. Gregg Dal Ponte will be appointed as a non-executive, non-independent director on 1 July 2016.

INDEPENDENCE OF DIRECTORS

The factors that the company takes into account when assessing the independence of its directors are set out in the Board Charter. After consideration of these factors, the company is of the view that:

1. No non-executive director is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company.
2. Steven Newman is a director who, within the last three years, has been employed in an executive capacity by the company and is a substantial shareholder.

3. No director has been a principal of a material professional adviser to the company, or an employee materially associated with such service provider, within the last three years.
4. No director is a material supplier or customer of the company, or an officer of, or otherwise associated directly or indirectly with, a material supplier or customer.
5. No director has a material contractual relationship with the company other than as a director of the company and in the case of Steven Newman only, as an employee of the company and substantial shareholder.
6. No director has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.
7. All directors are free from any close family ties with any person who falls within the above categories.
8. All directors are free from any interest or any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

Based on these assessments, the company considers that, as at 31 March 2016, Michael Bushby, Tony Gibson, Sean Keane and Candace Kinser were independent directors

COMMITTEES

Specific responsibilities are delegated to the Finance, Risk and Audit Committee and the Remuneration, Talent and Nomination Committee. These Board committees support the Board by working with management and advisors on relevant issues at a suitably detailed level and report to the Board. These committees have specific charters setting out objectives, procedures, composition and responsibilities. Copies of these charters are available on the Company's website.

Finance, Risk and Audit Committee

The primary function of the Finance, Risk and Audit Committee is to assist the Board in fulfilling its oversight responsibilities relating to the company's risk management and internal control framework, the integrity of its financial reporting and the company's auditing processes and activities. Six meetings of the Finance, Risk and Audit Committee were held during the financial year ended 31 March 2016.

Under the Finance, Risk and Audit Committee Charter, the Committee must be comprised of non-executive directors, all of whom must be independent. Further, the Chair of the Committee must be an independent director and cannot be the Chairman of the Board.

The current members of the Finance, Risk and Audit Committee are Sean Keane (Chairman), Anthony Gibson and Candace Kinser and their qualifications are specified in "The Board" section of this Annual Report. All members of the Finance, Risk and Audit Committee are independent non-executive directors.

Remuneration, Talent and Nomination Committee

The Remuneration, Talent and Nomination Committee's role is to oversee and regulate remuneration and organisation matters of the company and recommend candidates to be nominated as a director or candidate for a committee. Responsibilities encompass remuneration and benefits policies; performance objectives and remuneration of the company's senior executives; succession planning and associated management development for the chief executive and senior executives. When recommending candidates to act as director, the committee takes into account such factors as it deems appropriate, including the diversity of background, experience and qualifications of the candidate. The current members of the Remuneration, Talent and Nomination Committee are Anthony Gibson (Chairman), Candace Kinser and Steven Newman. The majority of members of the Remuneration, Talent and Nomination Committee are independent directors.

	Board		Finance, Risk and Audit Committee		Remuneration, Talent and Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Michael Bushby	9	9	-	-	-	-
Sean Keane	9	9	6	6	-	-
Anthony Gibson	9	9	6	6	1	1
Candace Kinser	9	9	6	5	1	1
Steven Newman	9	9	-	6	1	1

BOARD PROCESSES

The Board held 9 meetings during the year ended 31 March 2016. The table above shows attendance at the Board and committee meetings.

If circumstances arise where a director needs to obtain independent advice, that director is, as a matter of practice, at liberty to seek such advice at the expense of the company.

At the company's Annual Meeting of Shareholders held on Thursday 6th August 2015, all of the then-serving directors attended the meeting.

EMPLOYEE AND DIRECTOR GENDER MIX

The table below shows the respective number of men and women on the Board, in executive management positions (as "Officers") and across the whole organisation as at 31 March 2015 and 31 March 2016:

	2015		2016	
	Women	**Men**	**Women**	**Men**
Board	1	4	1	4
Officers	2	6	2	4
All employees	45	110	61	137

"Officers" are the Chief Executive Officer and senior executives reporting directly to the Chief Executive Officer, who are concerned or take part in the management of the company

DIRECTORS' REMUNERATION

The Remuneration, Talent and Nomination Committee is responsible for establishing and monitoring remuneration policies and guidelines for directors which enable the company to attract, motivate and retain directors who will contribute to the successful governing of the company and create value for shareholders.

The company also takes advice from independent advisors, and takes into account fees paid to directors of comparable New Zealand companies as part of its assessment of the appropriate level of remuneration of directors.

Non-executive directors received the following directors' fees from the company in the year ended 31 March 2016:

	NZ$
Michael Bushby	76,792
Candace Kinser	49,061
Sean Keane	49,061
Anthony Gibson	49,061
Total	**233,975**

The maximum total financial sum payable by the company by way of directors' fees is $300,000 per annum as approved by shareholders at the 2014 annual general meeting.

Directors do not take a portion of their remuneration under a share plan but directors may hold shares in the company, details of which are set out in the "Directors' Shareholdings" section of this Annual Report. It is the company's policy to encourage directors to acquire shares on-market.

Steven Newman, acting in his capacity as an employee of the company, received fixed remuneration in the year ended 31 March 2016 of $524,000.

In addition to this fixed remuneration, Steven Newman also received performance based at-risk components of $95,403.

Steven Newman, in his capacity as an executive director, does not receive remuneration as a director of the company.

No director of any EROAD subsidiary receives or retains any remuneration or other benefits in their capacity as a director.

EXECUTIVE MANAGEMENT REMUNERATION

The Remuneration, Talent and Nomination Committee is responsible for reviewing the remuneration of the company's executive management in consultation with EROAD's Chief Executive Officer.

The remuneration packages of executive management consist of a mixture of a base remuneration package, a variable remuneration component based on relevant performance measures, and participation in the company's employee share purchase plan.

The remuneration policy for executive management is designed to attract, motivate and retain high quality employees who will enable the company to achieve both its short and long term objectives. The policy includes providing incentives that allow executives to share in the long term success of the company and share purchase plans intended to encourage the retention of executive management and increase the alignment between the interests of management and shareholders

EMPLOYEE REMUNERATION

The company and its subsidiaries operate in three countries where remuneration market levels differ. The overseas remuneration amounts are converted into New Zealand dollars. Of the employees noted in the table below 23% are employed by EROAD outside New Zealand. During the year a number of employees, not being directors of the company and its subsidiaries, received remuneration and other benefits that exceeded NZ$100,000 in value as follows:

NZ$	Number of Employees
100,000 – 110,000	9
110,001 – 120,000	14
120,001 – 130,000	11
130,001 – 140,000	5
140,001 – 150,000	11
150,001 – 160,000	1
160,001 – 170,000	1
170,001 – 180,000	2
180,001 – 190,000	2
190,001 – 200,000	1
210,001 – 220,000	1
220,001 – 230,000	1
310,001 – 320,000	1
480,001 – 490,000	1
610,001 – 620,000	1
Total	**62**

PERFORMANCE EVALUATION

The Board has a policy in place relating to the performance evaluation of the Board, the Board's committees, individual directors and senior executives. For the year ended 31 March 2016, performance evaluations took place in relation to the Board, the Board's committees, individual directors and senior executives in accordance with the company's policies.

The Board Charter requires the Board to undertake an annual performance evaluation of itself that:

- compares the performance of the Board with the requirements of its Charter;
- reviews the performance of the Board's committees and individual Directors; and
- makes improvements to the Board Charter where considered appropriate.

RISK MANAGEMENT

The company has a number of risk management policies for the oversight and management of financial and non-financial material business risks, as well as related internal systems that are designed to:

- optimise the return to, and protect the interests of, stakeholders;
- safeguard the company's assets and maintain its reputation;
- improve the company's operating performance; and
- support the company's strategic objectives.

A summary of the company's Risk Management Policy is available on the Company's website. The Board ultimately has responsibility for internal compliance and control. The Finance, Risk and Audit Committee undertakes an annual review of the risk management framework. In addition, a review is undertaken, with the external auditors and management, of the policies and procedures in relation to material business risks.

The Finance, Risk and Audit Committee, in conjunction with management, reports to the Board on the effectiveness of the company's management of its material business risks and whether the risk management framework is operating effectively in all material respects.

POLICIES

The company has in place a number of policies including those covering external auditors, remuneration, market disclosure, communication with shareholders and securities trading. Further information with respect to a number of these policies appears below.

Securities Trading

The Securities Trading Policy identifies circumstances where directors, officers, employees and advisors are permitted to trade, or prohibited from trading, company shares. The company is committed to ensuring its directors, officers, employees and advisors do not trade company shares while in possession of inside information. The Securities Trading Policy is available on the Company's website.

Market Disclosure Policy

The company is committed to the promotion of investor confidence by ensuring that the trading of company shares takes place in an efficient, competitive and informed market. The company's Market Disclosure Policy establishes the company's disclosure policies for meeting the continuous disclosure requirements of the NZX Main Board. The Market Disclosure Policy is available on the Company's website.

Shareholder Communication Policy

The aim of the company's communication arrangements is to provide all shareholders with information about the company and to enable shareholders to actively engage with the company and exercise their rights as shareholders in an informed manner. The company's Shareholder Communication Policy facilitates communication with shareholders through written and electronic communication, and by facilitating shareholder access to directors, executive management and the company's auditors. The Shareholder Communication Policy is available on the Company's website.

External Auditor Independence

The company maintains external auditor independence consistent with regulatory and stock exchange requirements and current best practice in New Zealand for companies of similar nature and size.

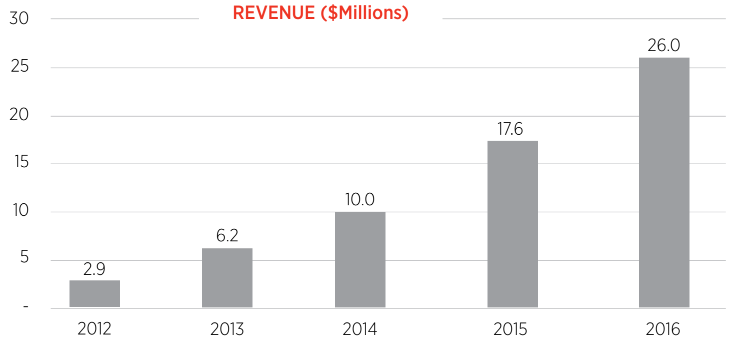
3.0

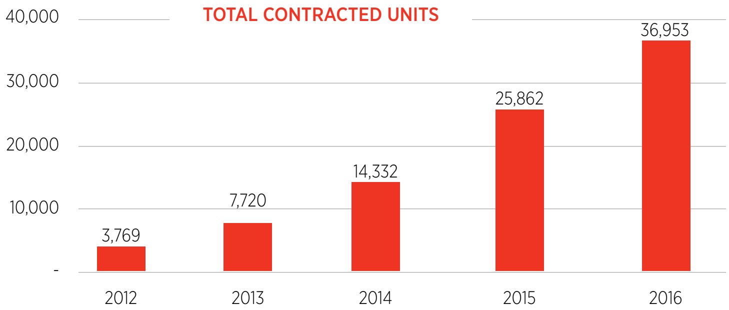
FINANCIAL PERFORMANCE

Financial Review

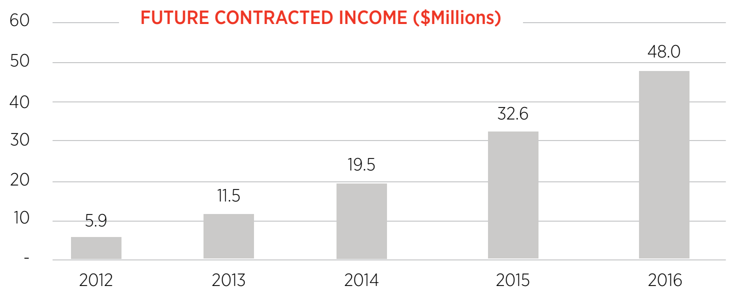
The Group's result reflects continued revenue growth across all markets with total revenues of $26.2m, an increase of 49% on compared to the prior years $17.6m. Total Contracted Units grew by 43% to 36,953 at 31 March 2016.

PERFORMANCE INDICATORS





Total Contracted Units is a measure that represents Units on Depot and Units that have been dispatched pending installation. Total Contracted Units is a non-GAAP measure that EROAD management uses to track sales growth.



Future Contracted Income is a non-GAAP measure which represents future hardware and SaaS revenue under non-cancellable long-term agreements for installed units. Refer to Note 5 of the Financial Statements.

	2011	2012	2013	2014	2015	2016
Retention Rate	100%	100%	99.5%	99.3%	99.2%	97.1%

Retention Rate is a non-GAAP measure that represents the number of Units installed at the beginning of the period and retained on Depot at the end of the period as a percentage of the number of Units on Depot at the beginning of that period. A unit ceases to be on Depot if the contract is terminated and the Unit is returned to EROAD.

FIVE YEAR SUMMARY

($'000)	2012	2013	2014	2015	2016
Revenue	2,860	6,209	9,964	17,550	**26,165**
EBITDA before non-operating costs[1]	228	1,782	4,029	5,038	**5,687**
Depreciation	(766)	(1,684)	(2,320)	(3,560)	**(5,813)**
Amortisation	(193)	(353)	(648)	(1,140)	**(1,676)**
EBIT before non-operating costs	(731)	(255)	1,062	338	**(1,802)**
Net financing costs	(21)	(43)	(42)	758	**491**
Net Profit before listing costs	(752)	(298)	1,020	1,096	**(1,311)**
Total Assets	7,533	14,812	31,595	71,310	**66,835**
Net Assets	102	1,592	11,549	51,763	**50,718**

[1] EBITDA before non-operating costs is earnings before interest income and expense, taxation, depreciation, amortisation and non-operating costs. EBITDA before non-operating costs is a non-GAAP measure presented to enable readers to consider EROAD's profitability before non-operating costs. Non-operating costs in the year-ended 31 March 2015 comprised costs of listing on the NZX Main Board.

CURRENT YEAR FINANCIAL PERFORMANCE

The Group's financial statements for the year ended 31 March 2016 and comparative financial information for the year ended 31 March 2015 have been prepared under New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The Group's full audited financial statements are presented on pages 25 to 59.

Revenue

Revenues of $26.2m were 49% higher than the prior year. The increase in revenue was primarily driven by an increase in Contracted Units of 11,091 (43%) from prior year. Also contributing to the revenue growth was the introduction of grant revenue of $0.7m following the successful application for a Callaghan Innovation Research & Development Growth Fund.

The Group continued its strong record of revenue growth in its Established market which includes New Zealand and Australia. External revenues were up 40% on the previous year to $24.0m. Contracted Units grew by 8,580 (36%).

The Group's Commercial market which includes the Northwest of the United States contributed $2.2m of revenue, up from $0.4m in the prior period driven by growth in Contracted Units of 2,511 (126%) in the year. As previously reported to the market, growth in Contracted Units in the Commercial market was below expectations which the Group attributes largely to customer uncertainty arising from the new Federal regulations surrounding Electronic Logging Devices (ELDs).

Operating Expenses

Operating expenses of $20.4m were 64% higher than the prior year. The increase in operating expenses is reflective of increased headcount to resource our research and development activities and increased headcount in the US to gear the business to take advantage of the sales and regulatory opportunities which exist in the Commercial market.

Included within operating expenditure there is $3.5m of expensed research and development related costs. The increase of 71% on prior year is driven by the increased research and development headcount and a reduction in the percentage of costs capitalised as development assets as a result of more time being spent on projects that are in the earlier stage of the research and development process.

Depreciation and Amortisation

Depreciation costs of $5.8m were 63% higher than the previous year. $4.9m of the depreciation costs relate to Leased Assets. Growth in Leased Asset depreciation is driven by the growth in rental units and a full years depreciation on rented units in the Commercial market, most of which were added in the latter months of the prior financial year.

Amortisation of Intangible Assets was $1.7m, an increase of 47% from the previous period. Development Assets are amortised on a per unit basis at a rate expected to amortise the intangible asset over its estimated useful life.

Finance Income and Finance Expenses

Finance Income of $0.7m down 13% on the prior period due to lower interest being earned on interest bearing deposits.

Finance expenses of $0.2m are primarily the result of realised foreign exchange losses during the period.

	2016	2015
Earnings Per Share - Ordinary	(1.84)	(2.24)
Earnings Per Share - Diluted	(1.84)	(2.24)
Net Tangible Assets per Security	0.46	0.60

FINANCIAL POSITION AND CASH FLOW

Property, Plant & Equipment

Additions to Property, Plant and Equipment amounted to $12.1m up 29% on prior year. $10.6m of the additions related to the increase in Leased Assets reflecting the overall growth in Contracted Units and the continued strong demand for our rental offering over outright hardware sales. Renting units does have an upfront cash flow impact due to the cost of the hardware being recovered over the term of the rental, as opposed to being received upfront for outright hardware sales.

After depreciation the net increase in Property, Plant and Equipment for the period was $6.2m.

Development Assets

The research and development team grew by 25 members during the year, up 44% on 2015. This expansion was undertaken in order to resource for the significant US ELD opportunity. The increased headcount had a direct impact on the amount of development costs capitalised in the period which was $8.0m, up 30% on the previous period. Significant projects in the period included development required to obtain NZTA approval for our next-generation hardware (Ehubo2) as an electronic distance recorder, and work relating to electronic log books and other ELD related projects. The proportion of total research and development costs capitalised was lower than the previous year as a result of a higher proportion of earlier stage research work (which must be expensed) being performed by the team particularly in relation to the ELD opportunity.

After amortisation the net increase in Development Assets for the period was $6.8m.

Cash flow

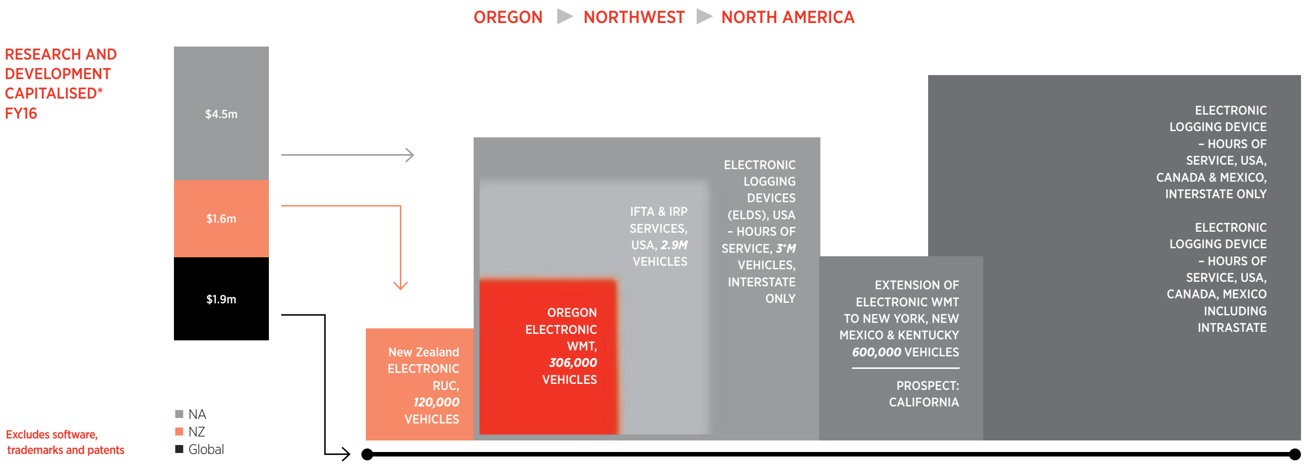
Total cash held decreased by $20.7m during the period. Cash inflows from underlying operations were $3.4m with strong operating cash flows in the Established market of $7.4m being partly offset by operating cash outflows in the Commercial market. Cash outflows from investing activities were $21.2m up 29% on the previous year with $12.0m spent on Property, Plant and Equipment largely relating to funding our rental offering and $9.1m on Intangible Assets relating to development activities.

The Group had cash inflows from finance activities of $1m. During the period EROAD entered into a $10m Committed Cash Advance Facility to help support the growth of our rental offering and development activities. $1m of this facility was drawn during the year.

DIVIDEND

Consistent with its Dividend Policy, EROAD does not intend to pay a final dividend for the year ended 31 March 2016.

RESEARCH AND DEVELOPMENT



EROAD is leveraging its platform, initially built for NZ RUC, to access significantly larger market opportunities.

Financial Statements

- Directors' Responsibility Statement
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements
- Independent Auditor's Report

Directors' Responsibility Statement

In the opinion of the Directors of EROAD Limited, the consolidated financial statements and notes, on pages 25 to 59, comply with New Zealand Generally Accepted Accounting Practice and have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of EROAD Limited and its subsidiaries (the "Group") and facilitate compliance of the financial statements with the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements of the Group for the period ended 31 March 2016.

For and on behalf of the Board of Directors:

Michael Bushby
28 June 2016

Steven Newman
28 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

		GROUP	
		31 March 2016	31 March 2015
	Notes	$	$
Continuing operations			
Revenue		**26,164,570**	17,550,323
Expenses	2	**(20,477,298)**	(12,511,682)
Earnings before interest, taxation, depreciation, amortisation and costs of listing		**5,687,272**	5,038,641
Depreciation	12	**(5,812,543)**	(3,560,474)
Amortisation	13	**(1,676,471)**	(1,140,251)
Earnings before interest, taxation, and costs of listing		**(1,801,742)**	337,916
Finance income	6	**735,836**	843,662
Finance expense	6	**(244,959)**	(86,020)
Net financing costs		**490,877**	757,642
Profit before tax expense and costs of listing		**(1,310,865)**	1,095,558
Costs of listing	2	**-**	(2,022,675)
Profit/(loss) before tax		**(1,310,865)**	(927,117)
Income tax (expense)/benefit	7	**211,351**	(293,563)
Profit/(loss) from continuing operations		**(1,099,514)**	(1,220,680)
Profit/(loss) after tax for the year attributable to the shareholders		**(1,099,514)**	(1,220,680)
Other comprehensive income - net of tax		**(47,986)**	(61,715)
Total comprehensive income/(loss) for the year		**(1,147,500)**	(1,282,395)
Earnings per share - Basic & Diluted (cents)	9	**(1.84)**	(2.24)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

		GROUP	
		31 March 2016	31 March 2015
	Notes	$	$
CURRENT ASSETS			
Cash and cash equivalents	10	**13,377,680**	34,117,652
Trade and other receivables	11	**5,112,645**	3,828,751
Finance lease receivable	5	**294,678**	127,810
Loan to shareholders and directors	25	**279,996**	-
Current tax receivable		**456,881**	168,718
Total Current Assets		**19,521,880**	38,242,931
NON-CURRENT ASSETS			
Property, plant and equipment	12	**21,361,280**	15,138,577
Intangible assets	13	**23,268,959**	15,816,083
Finance lease receivable	5	**730,599**	182,556
Loan to shareholders and directors	25	**-**	279,996
Deferred tax assets	8	**1,952,706**	1,649,754
Total Non-Current Assets		**47,313,544**	33,066,966
TOTAL ASSETS		**66,835,424**	71,309,897
CURRENT LIABILITIES			
Borrowings	15	**1,002,305**	-
Trade payables and accruals	14	**3,261,460**	1,865,388
Payable to NZTA		**5,558,453**	9,567,274
Deferred revenue	17	**3,378,928**	4,082,183
Employee entitlements		**920,078**	718,867
Total Current Liabilities		**14,121,224**	16,233,712
NON-CURRENT LIABILITIES			
Deferred revenue	17	**1,995,719**	3,313,209
Total Non-Current Liabilities		**1,995,719**	3,313,209
TOTAL LIABILITIES		**16,116,943**	19,546,921
NET ASSETS		**50,718,481**	51,762,976
EQUITY			
Share capital	9	**58,819,932**	58,819,932
Translation reserve		**(109,701)**	(61,715)
Retained earnings		**(7,991,750)**	(6,995,241)
TOTAL SHAREHOLDERS' EQUITY		**50,718,481**	51,762,976

Chairman, 28 June 2016

Steven Newman

Executive Director, 28 June 2016

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

GROUP		Share Capital	Retained Earnings	Translation Reserve	Total
	Notes	$	$	$	$
Balance at 1 April 2014		17,471,968	(5,923,268)	-	11,548,700
Profit after tax for the period		-	(1,220,680)	-	(1,220,680)
Other comprehensive income		-	-	(61,715)	(61,715)
Total comprehensive loss for the period - net of tax		-	(1,220,680)	(61,715)	(1,282,395)
Equity settled share-based payments		-	148,707	-	148,707
Share capital issued	9	41,347,964	-	-	41,347,964
Balance at 31 March 2015		**58,819,932**	**(6,995,241)**	**(61,715)**	**51,762,976**
Balance as at 1 April 2015		**58,819,932**	**(6,995,241)**	**(61,715)**	**51,614,269**
Profit after tax for the period		**-**	**(1,099,514)**	**-**	**(1,099,514)**
Other comprehensive income		**-**	**-**	**(47,986)**	**(47,986)**
Total comprehensive loss for the period - net of tax		**-**	**(1,099,514)**	**(47,986)**	**(1,147,500)**
Equity settled share-based payments		**-**	**103,005**	**-**	**103,005**
Share capital issued	9	**-**	**-**	**-**	**-**
Balance at 31 March 2016		**58,819,932**	**(7,991,750)**	**(109,701)**	**50,718,481**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

		GROUP	
		31 March 2016	31 March 2015
	Notes	$	$
Cash flows from operating activities			
Cash received from customers		**22,145,020**	13,477,547
Payments to suppliers and employees		**(18,916,597)**	(11,673,877)
Interest received/ (paid)		**490,877**	757,642
Tax paid		**(288,163)**	(123,936)
Net cash inflow from operating activities before listing costs and NZTA collections		**3,431,137**	2,437,376
Payments made to suppliers in listing on NZX		**-**	(2,022,675)
Net cash received from customers / (paid to NZTA)		**(4,008,821)**	2,938,065
Net cash inflow from operating activities	23	**(577,684)**	3,352,766
Cash flows from investing activities			
Payments for purchase of property, plant & equipment		**(12,035,246)**	(9,375,573)
Payments for purchase of intangible assets		**(9,129,347)**	(6,982,060)
Net cash outflow from investing activities		**(21,164,593)**	(16,357,633)
Cash flows from financing activities			
Loan from/(repayment) bank		**1,002,305**	(3,101,274)
Net proceeds from equity raising		**-**	41,067,968
Net cash outflow from financing activities		**1,002,305**	37,966,694
Net increase/(decrease) in cash held		**(20,739,972)**	24,961,827
Cash at beginning of the financial period		**34,117,652**	9,155,825
Closing cash and cash equivalents (net of overdrafts)		**13,377,680**	34,117,652

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

EROAD Limited (the "Parent") is a company domiciled in New Zealand registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) Main Board. The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the financial statements have been prepared in accordance with the requirements of that Act and the Financial Reporting Act 2013. The consolidated financial statements comprise EROAD Limited and its subsidiaries (the "Group"). The Group provides electronic on-board units and software as a service to the heavy vehicle industry.

The financial statements for the Group are for the period ended 31 March 2016.
The financial statements were authorised for issue by the directors on 28 June 2016.

The accounting policies below have been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation

Statement of compliance with IFRS
The consolidated financial statements comprise the following: consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of financial position, consolidated statement of cash flows, and accounting policies and notes to the financial statements contained on pages 25 to 59.

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

Comparative Figures
Where a change in presentation of the financial statement has been made during the period, comparative figures have been restated accordingly.

Basis of measurement
The financial statements are prepared on the historical cost basis. Except for certain financial instruments carried at fair value as described in (g) and (h).

Going concern
The financial statements have been prepared using the going concern assumption.

Presentation currency
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar ($). The functional currency of EROAD Limited is New Zealand Dollars (NZD).

Use of estimates and judgements
In preparing these consolidated financial statements in conformity with NZ IFRS, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.
Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period are included in the following notes:

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

- **Note 8:** recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used.
- **Note 13:** impairment testing for intangible assets, key assumptions underlying recoverable amounts, including the recoverability of development costs.
- **Notes 5:** Assessment of whether whether a long-term rental agreement is a finance or operating lease (also refer note (d) below).

(b) Basis of Consolidation

The Group financial statements consolidate the financial statements of subsidiaries using the purchase method of accounting. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(c) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in equity.

(d) Revenue

Hardware

Revenue from the sale of goods and services is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods, or where there is continuing management involvement with the goods.

Lease revenue as a lessor

In certain circumstances, the Group retains the significant risks and rewards of ownership of hardware products. In such cases the hardware assets are carried on the balance sheet and revenue relating to the hardware is 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. Any lease incentives provided are recognised as an integral part of the total lease, over the term of the lease.

Finance lease revenue

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.

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

Service Fee Revenue
Revenue from services rendered is recognised in the Statement of Comprehensive Income in proportion to the stage of completion.

Transaction Fees
When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(e) Finance income and finance expenses

The Group's finance income and finance expenses include: interest payable and receivable recognised using the effective interest rate method, foreign exchange gains and losses and fair value movements on derivative financial instruments.

(f) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) Financial Instruments

Derivative financial instruments
The Group, may on occasion, use derivative financial instruments to hedge its exposure to foreign currency fluctuations.

Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Non-derivative financial instruments
The Group initially recognises loans and receivables, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets and liabilities into the following categories: loans and receivables and other financial liabilities.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loans to shareholders and directors.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Other liabilities
The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

(h) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. Fair values reflect the credit risk of the financial instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

The carrying value less impairment provision of trade receivables is assumed to approximate its fair value due to its short term nature. The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(i) Property, Plant and Equipment

Owned assets
Items of plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes the purchase consideration, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Where an item of plant and equipment is disposed of, the gain or loss recognised in the statement of comprehensive income is calculated as the difference between the net sales price and the carrying amount of the asset.

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense in the period they are incurred.

Depreciation

Depreciation begins when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. The following rates have been used:

Leasehold improvements	12 - 30%	Straight line
Leased equipment	20 - 33%	Straight line
Plant and equipment	9 - 30%	Straight line
Computer/Office equipment	36 - 60%	Straight line
Motor vehicles	20 - 30%	Straight line

The above rates reflect the estimated useful lives of the respected categories. Leasehold improvements are depreciated over the contracted lease term.

(j) Leases as a lessee

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are operating leases and the leased assets are not recognised on the Group's statement of financial position. Payments made under operating leases are recognised in the statement of comprehensive income on a basis representative of the pattern of benefits expected to be derived from the leased asset.

(k) Intangible assets

Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.
The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangibles assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is only capitalised only when it increases the future economic benefits embodied in the specific asset to which is relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of comprehensive Income when incurred.

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

Amortisation

Amortisation is recognised in the statement of comprehensive Income on a per unit basis at a rate expected to amortise the intangible asset over the estimated useful life of intangible asset. The estimated useful lives for the current and comparative periods are as follows:

Patents	10-20 years
Development	5-7 years
Software	5-7 years

(l) Inventories

Inventories are valued at the lower of cost or net realisable value. Costs are based on actual costs, applying the first in first out principle, and include expenditure incurred in acquiring the inventories and bringing them to the existing condition and location. In the case of manufactured inventories, cost includes direct materials and labour

(m) Foreign Currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Foreign currency gains and losses are reported on a net basis as either finance income or finance expenses.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NZD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NZD at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve.

(n) Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

(o) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Shared-based payments

The grant-date fair value of equity-settled share-based payment awards to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amounts recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and actual outcomes.

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of assets

The carrying amounts of the Group's assets other than inventories are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, an impairment test is undertaken to reduce the carrying amount of assets to the estimated recoverable amount and an impairment loss is recognised in the income statement.

Estimated recoverable amount receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(r) Grant income

Government grants are recognised at fair value in the statement of comprehensive income over the same periods as the costs for which the grants are intended to compensate.

(s) Segment reporting

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise income tax.

(t) Standards issued but not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after a 1 April 2015, and have not been applied in preparing these consolidated financial statements.

NZ IFRS 15 Revenue from Contracts with Customers - The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and NZ IFRIC 13 Customer Loyalty Programmes. NZ IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017 with early adoption permitted. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of NZ IFRS 15.

NZ IFRS 9 Financial Instruments - The standard replaces the existing guidance in NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39. NZ IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is assessing the potential impact on its financial statements resulting from the application of NZ IFRS 9.

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES (CONTINUED)

NZ IFRS 16 Leases - The standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under NZ IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. Lessor accounting is substantially the same as NZ IAS 17's dual classification approach. Application of NZ IFRS 16 is required for annual periods beginning on or after 1 January 2019 with early adoption permitted but not before an entity applied NZ IFRS 15.

There are a number of other new or amended standards that are effective for annual period beginning on or after 1 April 2016 that are not expected to have a significant impact on the Group's consolidated financial statements.

NOTE 2 • EXPENSES

		GROUP	
		2016	2015
	Notes	$	$
Personnel expenses	4	**9,040,428**	5,595,157
Administrative and another operating expenses		**6,594,544**	3,720,373
Auditor's remuneration - KPMG		**145,000**	143,500
Tax compliance services - KPMG		**140,315**	131,417
Auditors remuneration for investigative accountants report in prospectus - KPMG		**-**	311,705
Health & safety, IT and deal advisory - KPMG		**52,672**	-
Operating lease expense	16	**964,843**	652,687
Directors fees	25	**223,975**	191,123

During the year the costs expensed in Research and Development was $3,535,466 (2015: $2,061,984).

The costs of listing expensed in the income statement in the year ended 31 March 2015 are the proportion of the listing costs incurred when listing on the New Zealand Stock Exchange, that relate to the shares held before allotment.

NOTE 3 • SEGMENTAL NOTE

The group has three 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.

Due to changes in the group and the information provided to the chief operating decision maker, the group has changed its reportable segments from those reported in 2015. As a result, comparative amounts in the operating segment disclosure below have been restated to align with the current years presentation.

NOTE 3 • SEGMENTAL NOTE (CONTINUED)

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	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**	**$**	**$**
Revenue [1]	**-**	-	**2,176,606**	384,078	**25,873,395**	18,537,842
Net profit (loss) before taxation and costs of listing	**(3,535,466)**	(2,061,984)	**(4,035,980)**	(1,098,204)	**6,721,587**	4,598,381
Total assets	**-**	2,131,001	**4,668,683**	2,321,177	**66,869,139**	70,259,021
Depreciation	**-**	-	**(767,405)**	(52,782)	**(5,209,657)**	(3,507,692)
Amortisation	**-**	-	**-**	-	**(1,676,471)**	(1,140,251)

[1] Revenue from Established Markets includes R&D Grant Income of $707,093.

Reconciliation of information on reportable segments

GROUP	2016	2015
	$	**$**
Revenue		
Total revenue for reportable segments	**28,050,001**	18,921,920
Elimination of inter-segment revenue	**(1,885,431)**	(1,371,597)
Consolidated revenue	**26,164,570**	17,550,323
Net profit (loss) before taxation and costs of listing		
Total profit before tax for reportable segments	**(849,859)**	1,438,193
Profit before tax for other segments	**-**	-
Elimination of inter-segment profit	**(461,006)**	(342,635)
Consolidated net profit (loss) before taxation and costs of listing	**(1,310,865)**	1,095,558
Depreciation		
Total depreciation for reportable segments	**(5,977,062)**	(3,560,474)
Elimination of inter-segment profit	**164,519**	-
Consolidated depreciation	**(5,812,543)**	(3,560,474)
Total assets		
Total assets for reportable segments	**71,537,822**	74,711,199
Total assets for other segments	**-**	-
Elimination of inter-segment balances	**(4,702,398)**	(3,401,302)
Consolidated total assets	**66,835,424**	71,309,897

NOTE 3 • SEGMENTAL NOTE (CONTINUED)

Geographic information

The geographic information below analyses the group's revenue and non-current assets by the company's country of domicile and other countries. In presenting the following information segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	GROUP	
	2016	**2015**
	$	**$**
Revenue		
New Zealand	**23,442,964**	16,969,719
All foreign countries:		
USA	**2,176,606**	384,078
Australia	**545,000**	196,526
Total revenue	**26,164,570**	17,550,323
Non-current assets		
New Zealand	**42,120,404**	29,475,725
All foreign countries:		
USA	**2,906,581**	1,883,527
Australia	**333,853**	57,960
Total non-current assets	**45,360,838**	31,417,212

Non-current assets exclude financial instruments and deferred tax assets.

NOTE 4 • PERSONNEL EXPENSES

	GROUP	
	2016	**2015**
	$	**$**
Salaries and wages - excluding sales commissions capitalised	**15,751,116**	10,217,250
Annual leave	**167,106**	283,844
Performance bonus	**686,424**	650,080
Share-based payments	**103,005**	148,707
Salaries and wages capitalised to development and software assets	**(7,667,223)**	(5,704,724)
Total personnel expenses	**9,040,428**	5,595,157

NOTE 5 • LEASES AS A LESSOR

Operating leases

The Group leases out products on long-term rentals, usually for a period of 36 months. At 31 March, the future minimum lease payments (future contracted income) under non-cancellable operating leases are receivable as follows.

	GROUP	
	2016	2015
	$	$
Future minimum lease payments		
Not later than one year	**8,185,884**	5,103,287
Later than one year, not later than five years	**8,062,245**	5,724,398
Later than five years	**-**	-
	16,248,129	10,827,685

During the period $20,776,453 was recognised as revenue in the statement of comprehensive income in relation to long-term rentals accounted for as operating leases and related Software as a Service (SaaS) revenue (2015: $14,519,059).

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 31 March, the future minimum lease payments (future contracted income) under non-cancellable leases are receivable as follows.

	Gross investment in the lease		Unearned finance income		Present value of minimum lease payments	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Not later than one year	**329,811**	133,131	**35,133**	5,321	**294,678**	127,810
Later than one year not later than five years	**770,354**	199,696	**39,755**	17,140	**730,599**	182,556
Later than five years	**-**	-	**-**	-	**-**	-
	1,100,165	**332,827**	**74,888**	**22,461**	**1,025,277**	**310,366**

During the period $926,965 (2015: $376,176) 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 in relation to leases was $727,984 (2015: $65,565).

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 31 March 2015 is $48,010,715 (2015: $32,658,552).

NOTE 6 • FINANCE INCOME & FINANCE EXPENSES

	GROUP	
	2016	2015
	$	$
Finance income		
Interest income	**649,419**	825,575
Foreign exchange gains	**86,417**	18,087
	735,836	843,662
Finance expenses		
Interest expense	**(2,285)**	(86,020)
Interest expense - intercompany	**-**	-
Foreign exchange losses	**(242,674)**	-
	(244,959)	(86,020)
Net financing costs	**490,877**	757,642

NOTE 7 • INCOME TAX EXPENSE

	GROUP	
	2016	2015
	$	$
(a) Reconciliation of effective tax rate		
Profit/(Loss) before income tax	**(1,310,865)**	(927,117)
Income tax using the Company's domestic tax rate of 28%	**(367,043)**	(259,593)
Non-deductible expense/(non-assessable income)	**79,472**	576,574
Temporary differences		
Losses and timing differences (recognised)/not recognised	**71,297**	(24,856)
Effect of different tax rates	**4,923**	1,438
Income tax expense/(benefit)	**(211,351)**	293,563
(b) Current tax (benefit)/expense		
Current period	**-**	-
	-	-
(c) Deferred tax (benefit)/expense		
Current period	**(211,351)**	293,562
	(211,351)	293,562

At 31 March 2016 there were no imputation credit available to shareholders (2015: Nil)

NOTE 8 • DEFERRED TAX ASSETS / (LIABILITIES)

	GROUP	
	2016	2015
	$	$
Recognised deferred tax assets and liabilities		
Deferred tax assets and (liabilities) are attributable to the following:		
Tax loss carry forward	**4,961,509**	1,866,205
Property, plant and equipment	**125,688**	(24,288)
Deferred development expenditure	**(1,915,689)**	(326,881)
Provisions and accruals	**232,840**	189,282
Equity-settled share-based payments	**70,479**	41,638
Revenue recognition	**(1,522,121)**	(96,202)
Total deferred tax asset/(liability)	**1,952,706**	1,649,754

The movement in temporary differences has been recognised in profit or loss. Deferred tax assets have been recognised at a rate of 28% at which they are expected to be realised.

Movement in temporary differences during the period:

GROUP	Balance 31 March 16	Recognised in profit or loss	Under/(over) from prior periods	Currency Translation	Balance 31 March 15	Recognised in profit or loss	Balance 31 March 14
	$	$	$	$	$	$	$
Tax loss carry forward	**4,961,509**	3,217,066	(150,135)	28,373	1,866,205	1,809,606	56,599
Property, plant and equipment	**125,688**	(645)	88,594	62,027	(24,288)	(24,288)	-
Deferred development expenditure	**(1,915,689)**	(1,588,808)	-	-	(326,881)	(1,164,051)	837,170
Provisions and accruals	**232,840**	43,558	-	-	189,282	66,389	122,893
Equity-settled share-based payments	**70,479**	28,841	-	-	41,638	41,638	-
Revenue recognition	**(1,522,121)**	(1,427,120)	-	1,201	(96,202)	(1,001,293)	905,091
Total	**1,952,706**	272,892	(61,541)	91,601	1,649,754	(271,999)	1,921,753

The New Zealand tax group consists of EROAD Limited, EROAD New Zealand Limited and EROAD Financial Services Limited. Losses incurred within this group are transferred freely within the group with no compensation being recognised. Deferred tax assets have been recognised in respect of these items because it is probable that future taxable profit will be available against which the Group can utilise the benefits there from based on the expected profitability in the New Zealand group. Determining the extent to which the losses will be utilised requires judgment.

NOTE 9 • 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 2014	9,996,855		17,471,968
Issue of shares pursuant to LTI plan	48,595	$12.68	616,185
Held in trust as treasury stock			(616,185)
Issue of shares	129,796	$12.68	1,645,812
	10,175,246		19,117,780
Share split at 4.5771 for each share	36,398,174		-
New shares issued on listing with NZX	13,333,248	$3.00	39,999,744
New shares issued to directors	93,332	$3.00	279,996
Cost relating to raising capital	-		(577,588)
At 31 March 2015	**60,000,000**		**58,819,932**
Issue of shares pursuant to LTI plan	168,864	$3.64	614,378
Held in trust as treasury stock			(614,378)
At 31 March 2016	**60,168,864**		**58,819,932**

At 31 March 2016 there was 60,168,864 authorised and issued ordinary shares (2015: 60,000,000). 391,296 (2015: 222,432) shares are held in trust for employees in relation to the long-term incentive plan and are accounted for as treasury stock.

The calculation of both basic and diluted earnings per share at 31 March 2016 was based on the profit attributable to ordinary shareholders of ($1,099,514) (2015: ($1,220,680)) and a weighted number of ordinary shares of 59,777,568 (2015: 56,612,679).

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 remuneration.

NOTE 10 • CASH AND CASH EQUIVALENTS

	GROUP	
	2016	2015
	$	$
Cash and bank	**7,873,012**	4,611,093
Term deposits	**-**	20,000,000
Restricted bank account	**5,504,668**	9,506,559
	13,377,680	34,117,652

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

NOTE 11 • TRADE AND OTHER RECEIVABLES

	GROUP	
	2016	2015
	$	$
Trade receivables	**2,319,312**	2,220,538
Provision for doubtful debts	**(18,684)**	-
	2,300,628	2,220,538
Prepayments and other receivables	**2,812,017**	1,608,213
	5,112,645	3,828,751

(a) Credit risk

The ageing of the Group's Trade receivables at the reporting date was as follows:

	Gross	Allowance for doubtful debts	Gross	Allowance for doubtful debts
	2016	2016	2015	2015
GROUP	$	$	$	$
Not past due	**1,266,487**	**(51)**	1,396,156	-
Past due 1-30 days	**796,959**	**(2,086)**	398,335	-
Past due 31-60 days	**102,126**	**(2,207)**	173,032	-
Past due over 61 days	**153,740**	**(14,340)**	253,015	-
	2,319,312	**(18,684)**	2,220,538	-

NOTE 12 • PROPERTY, PLANT AND EQUIPMENT

GROUP	Leased equipment $	Plant and equipment $	Leasehold improvements $	Motor vehicles $	Office equipment $	Computers $	Total $
Year ended 31 March 2015							
Opening net book amount	7,649,525	50,985	178,427	319,806	222,820	901,915	9,323,478
Additions	8,386,705	80,169	97,457	285,151	268,212	284,055	9,401,749
Disposals	-	-	-	(30,144)	-	-	(30,144)
Depreciation charge	(2,954,491)	(36,863)	(38,137)	(92,263)	(79,461)	(359,259)	(3,560,474)
Depreciation recovered	-	-	-	7,317	-	-	7,317
Effect of movement in exchange rates	(2,436)	-	-	(473)	(440)	-	(3,349)
Closing net book amount	13,079,303	94,291	237,747	489,394	411,131	826,711	15,138,577
Cost	19,914,911	246,197	542,930	664,127	577,866	1,959,374	23,905,405
Accumulated depreciation	(6,835,608)	(151,906)	(305,183)	(174,733)	(166,735)	(1,132,663)	(8,766,828)
Net book amount	13,079,303	94,291	237,747	489,394	411,131	826,711	15,138,577

GROUP	Leased equipment $	Plant and equipment $	Leasehold improvements $	Motor vehicles $	Office equipment $	Computers $	Total $
Year ended 31 March 2016							
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**

Included in the Leased equipment is equipment under construction to be leased of $4,243,191 (2015: $3,123,750).

NOTE 13 • INTANGIBLE ASSETS

	Patents	Trade Marks	Development	Software	Total
GROUP	**$**	**$**	**$**	**$**	**$**
Year ended 31 March 2015					
Opening net book amount	15,700	32,576	8,665,454	1,260,544	9,974,274
Additions	-	-	6,166,163	815,897	6,982,060
Amortisation charge	(349)	-	(847,543)	(292,359)	(1,140,251)
Closing net book amount	15,351	32,576	13,984,074	1,784,082	15,816,083
Cost	17,800	32,576	16,032,159	2,145,513	18,228,048
Accumulated amortisation	(2,449)	-	(2,048,085)	(361,431)	(2,411,965)
Net book amount	15,351	32,576	13,984,074	1,784,082	15,816,083

	Patents	Trade Marks	Development	Software	Total
GROUP	**$**	**$**	**$**	**$**	**$**
Year ended 31 March 2016					
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
Disposals	-	-	-	-	-
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**

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. In considering indicators of impairment, the assessment of the addressable market opportunity to deliver new and existing products supports the carrying value of the intangible assets which is qualitative and judgemental. 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).

No impairment tests were performed during the year ended 31 March 2016 as there were no indicators of impairment.

NOTE 14 • TRADE PAYABLES AND ACCRUALS

	GROUP	
	2016	2015
	$	$
Trade creditors	**1,277,086**	527,279
Sundry accruals	**1,984,374**	1,338,109
	3,261,460	1,865,388

NOTE 15 • BORROWINGS

	GROUP	
	2016	2015
	$	$
Current borrowings		
Secured bank loan	**1,002,305**	-
	1,002,305	-

During the year EROAD Limited entered into a $10,000,000 Committed Cash Advance Facility of which $1,002,305 was drawn at 31 March 2016. Each drawdown has a 365-day term, with the facility itself having a two-year term. 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 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 31 March 2016 (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 and funding base:drawn down balance. EROAD was compliant with all covenants at 31 March 2016.

Terms and debt repayment schedule

			2016	2016	2015	2015
	Nominal Interest	Year of Maturity	Face Value	Carrying amount	Face Value	Carrying Amount
GROUP			$	$	$	$
Secured bank loan	4.95%	2017	1,002,305	1,002,305	-	-
			1,002,305	**1,002,305**	-	-

NOTE 16 • OPERATING LEASES AS A LESSEE

Leases as lessee

	GROUP	
	2016	2015
	$	$
Non-cancellable operating lease commitments due:		
Not later than one year	**899,783**	662,976
Later than one year not later than five years	**2,625,674**	1,962,880
Later than five years	**608,901**	-
	4,134,358	2,625,856
Operating lease expense recognised	**964,843**	652,687

The Group leases premises. Operating leases held over properties give the Group the right to renew the lease subject to redetermination of the lease rental by the lessor. The lease for the head office expires on 10 July 2019 and has a current annual rental of $572,800.

NOTE 17 • 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 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	
	2016	2015
	$	$
Opening balance	**7,395,392**	8,503,465
Amounts deferred during the period	**3,107,355**	4,602,797
Amount recognised in the Statement of Comprehensive Income	**(5,128,100)**	(5,710,870)
	5,374,647	7,395,392

At 31 March 2016, $3,378,928 is expected to be recognised in the Statement of Comprehensive Income in the next financial period and has therefore been classified as a current liability on the balance sheet (2015: $4,082,183).

NOTE 18 • FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments include trade receivables and payables, cash and short term deposits, and advances from group companies.

As a result of the Group's operations and sources of finance, it is exposed to credit risk, liquidity risk and market risks which include foreign currency risk, commodity price risk and interest rate risk. These risks are described below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis upon which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the Statement of Accounting Policies to the financial statements.

The Group holds the following financial instruments:

	2016		2015	
	$	$	$	$
GROUP	Loans and receivables	Other amortised cost	Loans and receivables	Other amortised cost
Financial assets				
Cash and cash equivalents	**13,377,680**	**-**	34,117,652	-
Trade receivables	**2,319,312**	**-**	2,220,538	-
Other receivables	**250,986**	**-**	-	-
	15,947,978	**-**	36,338,190	-
Financial liabilities				
Borrowings	**-**	**1,002,305**	-	-
Employee Entitlements	**-**	**920,078**	-	718,867
Trade and other payables	**-**	**3,261,460**	-	1,865,388
Payable to NZTA	**-**	**5,558,453**	-	9,567,274
	-	**10,742,296**	-	12,151,529

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and it arises principally from the Group's trade receivables from customers in the normal course of business.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The creditworthiness of a customer, financial institution or other counterparty is determined by a number of qualitative and quantitative factors. Qualitative factors include external credit ratings (where available), payment history and strategic importance of customer or counterparty. Quantitative factors include transaction size, net assets of customer or counterparty, and ratio analysis on liquidity, cash flow and profitability.

NOTE 18 • FINANCIAL RISK MANAGEMENT (CONTINUED)

In relation to trade receivables, it is the Group's policy that all customers who wish to trade on terms are subject to credit verification on an ongoing basis with the intention of minimising bad debts. The nature of the Group's trade receivables is represented by regular turnover of product and billing of customers based on the Group's contractual payment terms.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The carrying amount of the Group's financial assets represents the maximum credit exposure as summarised above.

Refer to note 11 for an aging profile for the Group's trade receivables at reporting date.

(b) Liquidity risk

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

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Maturities of financial liabilities

The following table details the Group's contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, as at the reporting date:

	1 year or less	Over 1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
GROUP 2016	**$**	**$**	**$**	**$**	**$**
Non-derivative financial liabilities					
Borrowings	1,002,305	-	-	1,002,305	1,002,305
Trade and other payables	3,261,460	-	-	3,261,460	3,261,460
Payable to NZTA	5,558,453	-	-	5,558,453	5,558,453
	9,822,218	-	-	9,822,218	9,822,218

NOTE 18 • FINANCIAL RISK MANAGEMENT (CONTINUED)

	1 year or less	Over 1 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
GROUP 2015	**$**	**$**	**$**	**$**	**$**
Non-derivative financial liabilities					
Borrowings	-	-	-	-	-
Trade and other payables	1,865,388	-	-	1,865,388	1,865,388
Payable to NZTA	9,567,274	-	-	9,567,274	9,567,274
	11,432,662	-	-	11,432,662	11,432,662

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group is exposed to currency risk on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities, primarily the US Dollars (USD) and Australian Dollar (AUD). The Group, may on occasion, enter into forward exchange contracts to hedge the exposure to foreign currency fluctuations on sales receipts.

The Group reports in New Zealand dollars. Movements in foreign currency exchange rates affect reported financial results, financial position and cash flows. Where practical, the Group attempts to reduce this risk by matching revenues and expenditures, as well as assets and liabilities, by country and by currency.

Foreign exchange rates applied against the New Zealand Dollar, at 31 March are as follows:

	2016	2015
	$	**$**
AUD 1	**0.90**	0.99
USD 1	**0.69**	0.76

The Group's exposure to foreign currency risk on its financial assets and liabilities at the reporting date was as follows (all amounts are denominated in New Zealand Dollars):

	AUD	USD
2016	**$**	**$**
Cash and cash equivalents	**45,399**	**1,293,415**

	AUD	USD
2015	**$**	**$**
Cash and cash equivalents	44,710	357,269

NOTE 18 • FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2016		2015	
		Carrying amount		Carrying amount
	%	$	%	$
Secured bank loan	4.95%	**1,002,305**	-	-
Net exposure to interest rate risk		**1,002,305**		-

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign currency risk and interest rate risk.

	Foreign currency risk[1]				Interest rate risk[2]			
	-10%		+10%		-100bps		+100bps	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
GROUP 2016	$	$	$	$	$	$	$	$
Cash and cash equivalents	**(89,246)**	**(89,246)**	**89,246**	**89,246**	**(133,777)**	**(133,777)**	**133,777**	**133,777**
Borrowings	**-**	**-**	**-**	**-**	**10,023**	**10,023**	**(10,023)**	**(10,023)**
Total increase/ (decrease)	**(89,246)**	**(89,246)**	**89,246**	**89,246**	**(123,753)**	**(123,753)**	**123,753**	**123,753**

	Foreign currency risk[1]				Interest rate risk[2]			
	-10%		+10%		-100bps		+100bps	
	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
GROUP 2015	$	$	$	$	$	$	$	$
Cash and cash equivalents	(27,152)	(27,152)	27,152	27,152	(341,177)	(341,177)	341,177	341,177
Borrowings	-	-	-	-	-	-	-	-
Total increase/ (decrease)	(27,152)	(27,152)	27,152	27,152	(341,177)	(341,177)	341,177	341,177

The Parent is subject to foreign currency risk on its intercompany receivable from its subsidiary Eroad Inc which is denominated in US dollars. At 31 March 2016 the amount receivable in NZ dollars was $3,109,393 (2015: $2,157,497)

[1]The foreign currency sensitivity above represents a 10% decrease and increase in spot foreign exchange rates.
[2]The interest rate sensitivity above represents a 100 basis point decrease and increase in variable interest rates.

(d) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital employed, which the Group defines as reported EBIT (Earnings Before Interest and Tax) divided by capital employed.

(e) Fair value measurement

The carrying amounts of the Groups financial assets and liabilities approximate their fair value due to their short maturity periods or fixed rate nature.

NOTE 19 • SHARE-BASED PAYMENTS

At 31 March 2016, the Group had the following share-based payment arrangements:

EROAD LTI Plan (equity-settled)

During the period the Group established the EROAD LTI plan whereby eligible employees were invited to purchase EROAD shares.

Under the terms of the scheme the purchase of the shares is funded by a loan granted to the eligible employees by EROAD Limited. At the end of the vesting period the employee will be paid a net bonus in relation to the shares that vest to the employee, equal to the amount of their loan outstanding to the Company, enabling the loan to be repaid.

Shares issued under the scheme are held in trust for the employees during a 3 year restrictive period. If the employee ceases to be an employee during the restrictive period the Trustees will repurchase the employees shares at the original issue price.

The eligible employees must meet certain performance conditions during each year of the restrictive period, as determined by the remuneration committee and approved by the board. 50% of the scheme shares initially granted will be forfeited for each year the participant fails to achieve their performance conditions. Additionally the employee's shares will also be forfeited if the enterprise value of the Company has not doubled by the end of the restrictive period.

Employee's shares that are forfeited due to failure to meet market and non-market performance conditions will be repurchased by the Trustee at the original grant date price.

All employees who had been granted shares on 1 April 2014 under the previous Employee Share Purchase Scheme - Scheme C agreed for their share entitlements under that scheme to be transferred to the new scheme and subject to the EROAD LTI plan rules. The vesting conditions under the EROAD LTI plan are consistent with the vesting conditions of the previous scheme.

The EROAD LTI Plan has been accounted for as grant of shares to employees in accordance with NZ IFRS 2. The key terms and conditions relating to the grants under this Scheme are as follows:

Grant date/ employees entitled	Shares granted	Vesting conditions	Vesting period
Shares granted to key management personnel			
On 1 April 2014	51,171	• 3 years service from grant date • Employees performance equal or greater than the company's as determined by remuneration committee • Enterprise value must double by end of restrictive period	3 years
On 1 April 2015	69,896	• As above	3 years
Shares granted to other employees			
On 1 April 2014	171,261	• 3 years' service from grant date • Employee's performance equal or greater than the company's as determined by remuneration committee • Enterprise value must double by end of restrictive period	3 years
On 1 April 2015	98,968	• As above	3 years
	391,296		

NOTE 19 • SHARE-BASED PAYMENTS (CONTINUED)

Measurement of fair value

The fair value of the shares issued under the EROAD LTI plan during the year ended 31 March 2016 was determined with reference to the Company's share price on the NZX at grant date. A discount was applied to the fair value of the shares issued under the scheme to reflect the non-vesting market condition.

The 1 April 2014 grant was prior to the Group's listing on the NZX, therefore the fair value of the shares issued was based on a valuation performed by an independent professional services firm. The number of shares granted and forfeited during the period were as follows:

	GROUP	
	2016	2015
	$	$
Outstanding at 1 April	**214,726**	-
Granted during the period	**168,864**	222,432
Forfeited during the period	**(162,563)**	(7,706)
Outstanding at 31 March	**221,027**	214,726

During the year-ended 31 March 2016 an amount of $103,005 (2015: $148,707) was recognised as an expense within the Statement of Comprehensive Income in relation to share-based payments.

NOTE 20 • CAPITAL COMMITMENTS

The capital expenditure commitments as at 31 March 2016 are Nil. (2015: Nil).

NOTE 21 • CONTINGENT LIABILITIES

There are no contingent liabilities to report at 31 March 2016 (2015: Nil)

NOTE 22 • EVENTS SUBSEQUENT TO BALANCE DATE

There are no other events subsequent to balance date which have not already been taken up in the accounts (2015: Nil).

NOTE 23 • RECONCILIATION OF CASH FLOWS

	GROUP	
	2016	2015
	$	$
Reconciliation of operating cash flows with reported profit/(loss) after tax:		
Profit/(loss) after tax for the year attributable to the shareholders	**(1,099,514)**	(1,220,680)
Add/(less) non-cash items		
Tax asset recognised	**(211,351)**	271,999
Depreciation and amortisation	**7,489,014**	4,700,725
Other non-cash expenses/(income)	**(36,582)**	86,992
	7,241,081	5,059,716
Add/(less) movements in other working capital items:		
Decrease/(increase) in trade and other receivables	**(1,283,894)**	(2,686,755)
Decrease/(increase) in finance lease receivables	**(714,911)**	(310,366)
Decrease/(increase) in current tax receivables	**(288,163)**	(91,518)
Increase/(decrease) in deferred income	**(2,020,745)**	(1,108,073)
Increase /(decrease) in NZTA payable	**(4,008,821)**	2,938,065
Increase /(decrease) in trade payables and accruals	**1,597,283**	772,377
	(6,719,251)	(486,270)
Net cash from operating activities	**(577,684)**	3,352,766

NOTE 24 • COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION

The Group's Investment Statement and Prospectus dated 18 July 2014 included prospective financial statements from 1 April 2014 to 31 March 2016. Below is the actual year's trading result covering the period 1 April 2015 to 31 March 2016, which is compared to the prospective financial statements.

Prospective Consolidated Statement of Comprehensive Income
For the year ended 31 March 2016

		GROUP	
		Actual 2016	Prospective 2016
	Notes	$	$
Continuing operations			
Revenue	(a)	**26,164,570**	34,098,000
Expenses	(b)	**(20,477,298)**	(21,413,000)
		5,687,272	12,685,000
Depreciation	(c)	**(5,812,543)**	(3,024,000)
Amortisation	(d)	**(1,676,471)**	(3,282,000)
Earnings before interest, taxation, and costs of listing		**(1,801,742)**	6,379,000
Finance income	(e)	**735,836**	1,327,000
Finance expense	(f)	**(244,959)**	-
Net financing costs		**490,877**	1,327,000
Profit/(loss) before tax		**(1,310,865)**	7,706,000
Income tax (expense)/benefit		**211,351**	(2,200,000)
Profit/(loss) from continuing operations		**(1,099,514)**	5,506,000
Profit/(loss) after tax for the year attributable to the shareholders		**(1,099,514)**	5,506,000
Other comprehensive income		**(47,986)**	-
Total comprehensive income/(loss) for the year		**(1,147,500)**	5,506,000

NOTE 24 • COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

Prospective Consolidated Statement of Financial Position
As at 31 March 2016

		GROUP	
		Actual 2016	Prospective 2016
	Notes	$	$
CURRENT ASSETS			
Cash and cash equivalents	(g)	**13,377,680**	42,642,000
Trade and other receivables		**5,112,645**	2,180,000
Inventory	(h)	**-**	2,252,000
Finance lease receivable	(i)	**294,678**	-
Loans to Directors (to acquire shares)		**279,996**	280,000
Current tax receivable		**456,881**	-
Total Current Assets		**19,521,880**	47,354,000
NON-CURRENT ASSETS			
Property, plant and equipment	(h)	**21,361,280**	9,288,000
Intangible assets	(j)	**23,268,959**	17,423,000
Finance lease receivable	(i)	**730,599**	-
Deferred tax assets	(k)	**1,952,706**	-
Total Non-Current Assets		**47,313,544**	26,711,000
TOTAL ASSETS		**66,835,424**	74,065,000
CURRENT LIABILITIES			
Borrowings		**1,002,305**	-
Trade payables and accruals		**3,261,460**	1,819,000
Payable to NZTA		**5,558,453**	6,600,000
Deferred revenue		**3,378,928**	5,206,000
Employee entitlements		**920,078**	649,000
Total Current Liabilities		**14,121,224**	14,274,000
NON-CURRENT LIABILITIES			
Deferred revenue		**1,995,719**	2,018,000
Deferred Tax Liabilities		**-**	379,000
Total Non-Current Liabilities		**1,995,719**	2,397,000
TOTAL LIABILITIES		**16,116,943**	16,671,000
NET ASSETS		**50,718,481**	57,394,000
TOTAL SHAREHOLDERS' EQUITY		**50,718,481**	57,394,000

NOTE 24 • COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

Prospective Consolidated Statement of Cash Flows
For the year ended 31 March 2016

		GROUP	
		Actual 2016	Prospective 2016
	Notes	$	$
Cash flows from operating activities			
Cash received from customers		**22,145,020**	33,119,000
Payments to suppliers and employees		**(18,916,597)**	(20,833,000)
Net interest received/ (paid)		**490,877**	1,327,000
Net tax paid		**(288,163)**	(234,000)
Net cash inflow from operating activities before listing costs and NZTA collections	(l)	**3,431,137**	13,379,000
Net cash received from customers / (paid to) NZTA		**(4,008,821)**	-
Net cash inflow from operating activities	(m)	**(577,684)**	13,379,000
Cash flows from investing activities			
Payments for purchase of property, plant & equipment		**(12,035,246)**	(4,075,000)
Payments for purchase of intangible assets		**(9,129,347)**	(6,936,000)
Net cash outflow from investing activities	(n)	**(21,164,593)**	(11,011,000)
Cash flows from financing activities			
Loan from / (repayment) bank		**1,002,305**	-
Net cash outflow from financing activities	(o)	**1,002,305**	-
Net increase/(decrease) in cash held		**(20,739,972)**	2,368,000
Cash at beginning of the financial period		**34,117,652**	40,274,000
Closing cash and cash equivalents (net of overdrafts)		**13,377,680**	42,642,000

NOTE 24 • COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

EXPLANATIONS OF VARIANCES

(a) Revenue was below PFI due to both lower units and significant uptake of our rental offering in the US compared to outright sales that were anticipated in the PFI.

Total Contracted Units of 36,953 were 16% below the PFI forecast of 44,057. Substantially all of the shortfall relates to the shortfall in forecast units in the US which has been previously signalled to the market.

The PFI had assumed that all units in the US would be outright sales, however long-term rentals now account for 80% of all Contracted Units in the US. With the long-term rental offering, the hardware revenue is spread over the life of the lease, as opposed to outright sales where the full hardware sale is recognised immediately.

(b) Expenses were broadly in line with PFI. With the higher demand for our rental offering over outright sales there was lower than forecast cost of sales relating to hardware sales. This was partly offset by higher than forecast non-capitalised research costs as a result of higher investment in research activities.

(c) Depreciation was higher than PFI as a result of the higher than forecast leased assets balance due to the higher than forecast uptake of our rental offering compared to outright sales.

(d) A large portion of development spend in recent years has been focussed on the US market and our Generation 2 hardware. Amortisation is lower than forecast due to the lower than forecast unit uptake in the US.

(e) Finance Income was lower than PFI. Funding of rentals and lower revenue in the US has resulted in lower interest generating deposits.

(f) Finance expenses largely relate to realised foreign exchange gains that were not anticipated in the PFI.

(g) Cash balances are significantly lower than PFI due to lower revenue (outlined above) and higher than anticipated funding of hardware units in the US as a result of the higher proportion of rentals.

(h) Property, plant and equipment was higher than PFI. This is primarily due to the higher amount of leased assets as a result of a higher proportion of rental sales than the PFI forecast. Inventory balances have also been reclassified as leased assets under construction to reflect the fact that we expect most units will be rented in the future.

(i) There were no finance leases anticipated in the PFI (see (a)).

(j) Intangible assets were higher than PFI due to additional investment in development focussed on the US market. There was also lower than forecast amortisation due to the lower number of Contracted Units in the US.

(k) Deferred tax balances were not forecast in the PFI. The deferred tax balance is driven by higher losses and temporary differences.

(l) Net cash inflows from underlying operations were lower than PFI largely driven by the lower cash received from customers as a result of the lower revenue compared to PFI (outlined above).

(m) Cash flows in the restricted NZTA bank account were lower than PFI due to the timing of the NZTA cash collection cycle, this decrease is offset by a corresponding decrease in the payable to NZTA.

(n) Cash outflows from investing activities were higher than PFI primarily due to the additional rentals. There was also additional investment in development activities, and software to support these activities, resulting in a higher level of intangible assets.

(o) During the period the company entered into a $10,000,000 Committed Cash Advance Facility to help provide funding for rental agreements and continued investment in research and development. $1,025,305 was drawn at 31 March 2016.

NOTE 25 • RELATED PARTY TRANSACTIONS

The subsidiaries of the Company are:

Company	Country of Incorporation	Interest %	Principal activity
EROAD Financial Services Ltd	New Zealand	100	Financing activities within group
EROAD (New Zealand) Ltd	New Zealand	100	Non Trading
EROAD LTI Trustee Limited	New Zealand	100	LTI Scheme Trustee
EROAD (Australia) Pty Limited	Australia	100	Transport Technology & SaaS
EROAD Inc	United States of America	100	Transport Technology & SaaS

Key management personnel compensation comprised:

	2016	2015
	$	$
Short-term employee benefits	**2,179,797**	1,661,364
Share-based payments	**45,079**	129,076
	2,224,876	1,790,440

(a) Loans to key management personnel

There have been no loans to management personnel.

(b) Other transactions with key management personnel

There were no other transactions with key management personnel during the period. From time to time, key management personnel of the Group may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

(c) Remuneration of Non-Executive Directors

	2016	2015
	$	$
Michael Bushby	**76,792**	65,223
Anthony Gibson	**49,061**	42,959
Sean Keane	**49,061**	42,959
Candace Kinser	**49,061**	39,982
	223,975	191,123

The following additional fees were paid to certain Directors for additional consultancy in relation to the Company's IPO:

	2016	2015
	$	$
Sean Keane	**-**	15,000
Candace Kinser	**-**	5,000
	-	**20,000**

NOTE 25 • RELATED PARTY TRANSACTIONS (CONTINUED)

Sean Keane is also a Director of First NZ Capital. During the year ended 31 March 2015, First NZ Capital provided the Company with advisory and brokerage services to a value of $1,416,994. Amounts were charged on normal market rates for such services and were due and payable under normal payment terms. At 31 March 2015, an amount of $66,998 remained payable to First NZ Capital. No additional transactions were entered into during the year ended 31 March 2016.

(d) Loans to Non-executive Directors

In order to further align Director and Shareholder interests, during the year ended 31 March 2015 EROAD provided loans to its non-executive Directors for the sole purpose of enabling each of them to subscribe for shares. The loans are secured, interest free and repayable upon the earlier of two years from the drawn down date or the date on which a Director ceases to hold any shares.

	2016	2015
	$	$
Michael Bushby	**69,999**	69,999
Anthony Gibson	**69,999**	69,999
Sean Keane	**69,999**	69,999
Candace Kinser	**69,999**	69,999
	279,996	279,996

(e) Remuneration of Executive Directors

	2016	2015
	$	$
Salary and bonus	**622,572**	388,889
Share-based payments	**35,440**	35,441
	658,012	424,330

KPMG

INDEPENDENT AUDITOR'S REPORT

To the shareholders of EROAD Limited

We have audited the accompanying consolidated financial statements of EROAD Limited and its subsidiaries (''the group'') on pages 25 to 59. The financial statements comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in the auditor's 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 company's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the consolidated financial statements

The directors are responsible on behalf of the company for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidated financial statements on pages 25 to 59 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of EROAD Limited as at 31 March 2016 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

KPMG

28th June 2016

Auckland

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REGULATORY DISCLOSURES

Director Disclosures

DIRECTORS

The persons who held office as directors of EROAD Limited at any time during the year ended 31 March 2016, each of whom remains a director as at the date of this Annual Report, are as follows:

Michael Bushby	Chairman, Non-Executive, Independent
Steven Newman	Chief Executive Officer
Sean Keane	Non-Executive, Independent
Candace Kinser	Non-Executive, Independent
Anthony Gibson	Non-Executive, Independent

Gregg Dal Ponte will be appointed as a non-executive, non-independent director on 1 July 2016.

SUBSIDIARY COMPANY DIRECTORS

The persons who held office as directors of subsidiary companies at 31 March 2016 are as follows:

EROAD Financial Services Limited (New Zealand)
Anthony Gibson, Sean Keane

EROAD (Australia) Pty Limited (Australia)
Michael Bushby, Steven Newman

EROAD Inc. (USA)
Michael Bushby, Steven Newman

EROAD LTI Trustee Limited (New Zealand)
Anthony Gibson, Candice Kinser

INTERESTS REGISTER

In accordance with Section 140(2) of the Companies Act, the directors named below have made a general disclosure of interest by a general notice disclosed to the Board and entered in the company's interests register. General notices given by directors which remain current as at 31 March 2016 are as follows:

Michael Bushby

- General Manager Infrastructure Services, Ventia Pty Limited
- Director, Lowelly Pty Limited
- Director, 45 Mimosa Pty Limited
- Director, Gateway Motorway Services Pty Limited
- Director, Brisbane Motorway Services Pty Limited
- Director, Delron Cleaning Pty Limited
- Director, Delron Group Facility Services Pty Limited
- Director, Infocus Infrastructure Management Pty Limited
- Director, Leighton Boral Amey NSW Pty Limited
- Director, Leighton Boral Amey QLD Pty Limited
- Director, Roads Australia Pty Limited

Sean Keane

- Financial Market Consultant, Credit Suisse
- Non-Executive Director, First NZ Capital
- Non-Executive Director, Foundation Life (NZ) Ltd
- Non-Executive Director, BRP General Partner Limited*
- Director, Triple T Consulting Limited
- Director, SLK Asset Management Limited

Anthony Gibson

- Chief Executive Officer, Ports of Auckland Limited
- Chairman, North Tugz Limited
- Director, AMG Consulting Limited
- Director, Seafuels Limited*
- Director, Waikato Freight Hub Limited*

Candace Kinser

- Non-Executive Director, Talent International Limited (Australia)
- Non-Executive Director, Quotable Value Limited*
- Director, Kinser Trustee Limited*
- Director, Longhorn Investments Limited
- Director, Sagitas Consulting Limited
- Independent Director, Livestock Improvement Corporation Limited*
- Chapter Director, Cloud Security Alliance (New Zealand Chapter)
- Board Trustee, The Well Foundation
- Advisory Board Member, University of Waikato: Cyber Security
- Advisor, Palantir Technologies

Steven Newman

- Director, NMC Trustees Limited

**Entries added by notices given by directors during the year ended 31 March 2016.*

The following details included in the company's interests register as at 31 March 2015 have been removed as at 31 March 2016:

- Michael Bushby is no longer a director of EROAD Offeror Limited
- Anthony Gibson is no longer a director of Ports of Auckland Nominees Limited, Ports of Auckland Investments Limited, Freemans Bay Properties Limited and Life Flight Trust
- Candace Kinser is no longer a director of 660 Main Road Stoke Limited
- Steven Newman is no longer a director of EROAD Offeror Limited or a Member of the New Zealand Technology Industry Association Board

Share dealings by directors

In accordance with Section 148(2) of the Companies Act, the Board has received disclosures from the director named below of acquisitions or dispositions of relevant interests in the company between 1 April 2015 and 31 March 2016, and details of those dealings were entered in the company's interests register. The particulars of such disclosures are:

Anthony Gibson

- 1) purchased 26,900 ordinary shares, valued at $3.72 per share, on 20 July 2015; 2) purchased 3,000 ordinary shares, valued at $1.98 per share, on 18 February 2016.

Use of company information

There were no notices from directors of the company requesting to use company information received in their capacity as directors that would not otherwise have been available to them.

Directors' and officers' insurance and indemnity

EROAD has arranged, as provided for under the company's constitution, policies of directors' and officers' liability insurance which, with a Deed of Indemnity entered into with all directors, ensures that generally directors will incur no monetary loss as a result of actions undertaken by them as directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines that may be imposed in respect of breaches of the law.

Directors' relevant interests

Directors held relevant interests in the following ordinary shares in the company as at 31 March 2016:

Name	Ordinary shares
Steven Newman*	16,059,466
Michael Bushby	156,070
Sean Keane	609,396
Anthony Gibson	563,789
Candace Kinser	37,065

* Steven Newman also had a beneficial interest in 51,172 performance shares issued under the Performance Share Plan.

Shareholder Information

ANNUAL SHAREHOLDERS' MEETING

The company's 2016 annual shareholders' meeting will be held at AUT Millennium Building, The Finish Line Room, 17 Antares Place, Mairangi Bay, Auckland, New Zealand on Thursday, 4th August 2016 commencing at 4:45pm.

DISTRIBUTION OF SHAREHOLDERS AND HOLDINGS

Size of	Number of holders	%	Number of ordinary shares	%
1 to 999	138	13.5	64,062	0.1
1,000 to 4,999	508	49.8	1,122,419	1.9
5,000 to 9,999	145	14.2	875,496	1.5
10,000 to 49,999	155	15.2	3,218,171	5.3
50,000 to 99,999	27	2.6	1,948,781	3.2
100,000 and over	48	4.7	53,016,731	88.0
Total	**1021**	**100**	**60,245,660**	**100**

The details set out above were as at 7 June 2016.

As disclosed in Note 19 of the Financial Statements, there were 391,296 (2015, 222,432) performance shares on issue for the benefit of employees as at 31 March 2016. The company only has one class of shares on issue, ordinary shares, and these shares are quoted on the NZX Main Board.

SUBSTANTIAL PRODUCT HOLDERS

According to notices given under the Financial Markets Conduct Act 2013, the substantial product holders in ordinary shares (being the only class of quoted voting products) of the company and their relevant interests according to the substantial product holder file as at 31 March 2016, were as follows:

Substantial product holder	Date of Notice	Number of shares	% of shares on issue at 31 March 2016
Steven Newman (includes NMC Trustees Limited's relevant interest)	8/12/2015	16,059,466	26.691%
NMC Trustees Limited as trustee of the NMC Investment Trust	8/12/2015	15,999,194	26.59%
EROAD Limited	23/12/15	18,801,271	31.248%
Commonwealth Bank of Australia	11/8/2015	3,033,133	5.041%
Colonial First State Asset Management AUS Limited	16/3/2016	3,028,199	5.033%

The total number of ordinary shares (being the only class of quoted voting products) on issue in the company as at 31 March 2016 was 60,168,864.

PRINCIPAL SHAREHOLDERS

The names and holdings of the twenty largest registered shareholders in the company as at 7 June 2016 were:

Holder Name	Shares	%
New Zealand Central Securities Depository Limited	16,780,342	27.85
NMC Trustees Limited	15,999,195	26.55
FNZ Custodians Limited	2,581,880	4.28
David Murray Jarrett & Julie Patricia Jarrett & Vlatkovich & McGowan Trustee Company Limited	1,801,000	2.98
SW Trust Services (Twelve) Limited	1,269,375	2.10
Brian Edward Michie	1,170,915	1.94
Andrew Bowker	951,131	1.57
Brendon Thomas	915,425	1.51
JB Were (NZ) Nominees Limited	650,764	1.08
Matu Trust Limited	631,890	1.04
SLK Asset Management Limited	603,996	1.00
Angela Jane McNaught & Colin Mason McNaught	563,225	0.93
Anthony Gibson	563,065	0.93
Paul Geoffrey Hewlett & Catherine Patricia Carter & Hoffman Trustees Limited	556,725	0.92
Bruce Wilson & Stephanie Wilson & SW Trust Services (Thirteen) Limited	491,326	0.81
Jarred Blair Clayton	453,155	0.75
Alister Moss	450,000	0.74
Somac Holdings Limited	407,806	0.67
Investment Custodial Services Limited	397,775	0.66
Nicholas Moor	360,209	0.59
Top 20 largest registered shareholders	**47,599,199**	**78.9**

Shareholdings larger than 1% held through New Zealand Central Securities Depository Limited (NZCSD):

Holder Name	Holding	%
Citibank Nominees (New Zealand) Limited	4,188,948	7.0
Accident Compensation Corporation	2,960,000	4.9
BNP Paribas Nominees (NZ) Limited	2,531,787	4.2
HSBC Nominees (New Zealand) Limited	1,685,645	2.8
JP Morgan Chase Bank NA NZ Branch-Segregated Clients Account	1,140,472	1.9
New Zealand Superannuation Fund Nominees Limited	1,100,705	1.8
HSBC Nominees (New Zealand) Limited A/C State Street	917,197	1.5
BNP Paribas Nominees (NZ) Limited	690,395	1.1
Shareholdings, over 1%, held through NZCSD	**15,215,149**	**25.3**

Other Information

NZX WAIVERS

No waivers were sought from the NZX within the 12-month period prior to 31 March 2016.

DISCIPLINARY ACTION TAKEN BY THE NZX

The NZX has not taken any disciplinary action against the company during the year ended 31 March 2016.

AUDITOR'S FEES

KPMG has continued to act as auditor of EROAD and its subsidiaries. The amount payable by EROAD and its subsidiaries to KPMG as audit fees during the year ended 31 March 2016 was $145,000. The amount of fees payable to KPMG for non-audit work during the year ended 31 March 2016 was $157,009.

DONATIONS

The company and its subsidiaries made donations totaling $4,177 during the year ended 31 March 2016.

CREDIT RATING

The company does not currently have a credit rating.

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GLOSSARY

Glossary

Annualised Recurring Revenue	Monthly Recurring Revenue recognised or expected to be recognised in the month of March by 12.
Auditor	KPMG
Companies Act	Companies Act 1993
Depot	EROAD's web-based platform that allows customers to manage (and pay) their RUC, WMT and fleet management services.
EBIT before non-operating costs	Earnings before non-operating costs, interest and tax.
Ehubo	EROAD's electronic distance recorder which replaces mechanical hubodometers. ® Ehubo is a trade mark registered in New Zealand
Electronic Logbook	A substitute for a paper-based logbook, to ensure compliance with Hours of Service regulations. Hours of Service regulations place limits on when and how long commercial motor vehicle drivers may drive to ensure drivers have sufficient time to rest before getting behind the wheel.
Electronic Logging Device (ELD)	Device for logging electronic hours of service, mandated by US Department of Transportation for commercial vehicles from December 2017.
EROAD	EROAD Limited, and where the context permits, includes its subsidiaries. ® EROAD is a trade mark registered in New Zealand
Future Contracted Income	Future Contracted Income is the total revenue to be earned from existing customer contracts in future periods.
FY	Financial year ended March
Heavy Vehicle	A truck, or a truck and trailer, weighing over: • 3.5 tonnes in New Zealand (required to pay RUC); • 12 tonnes in Oregon (required to pay WMT); or • 4.5 tonnes in Australia
International Fuel Tax Agreement (IFTA)	A cooperative agreement between all states (excluding Alaska and Hawaii) of the United States, and the Canadian provinces, designed to make it simpler for inter-jurisdictional carriers to report and pay fuel excise taxes, requiring only one fuel licence to operate across multiple jurisdictions.
International Registration Plan (IRP)	An agreement between all states (excluding Alaska, Hawaii and Washington D.C.) of the United States, and the Canadian provinces, for the registration of inter-jurisdictional vehicles. Registration fees are paid to a fleet's base jurisdiction, which then distributes them to other jurisdictions based on the miles travelled in each member jurisdiction.
Listing Rules	The listing rules applying to the NZX Main Board as amended from time to time.
Ministry of Transport (MOT)	The New Zealand government's principal transport policy adviser to the Minister and Associate Minister of Transport.
New Zealand Transport Agency (NZTA)	A government entity, whose role is to provide a link between government policy making and the operation of the sector. NZTA aims to achieve better use of existing transport capacity, more efficient freight and a resilient and secure transport network.

NZ GAAP or GAAP	New Zealand Generally Accepted Accounting Practice.
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards.
NZX	NZX Limited
NZX Main Board	The main board equity security market, operated by NZX.
Oregon Department of Transportation (ODOT)	A department of the state government of Oregon, responsible for managing the state's transportation systems.
PFI	Prospective financial information for FY2015(P) and FY2016(P).
Recurring Revenue	The revenue EROAD expects to receive in future months from existing Total Contracted Units from monthly charging of services, monthly hardware rentals and current monthly rates of transaction fees.
Retention Rate	Retention Rate is the number of Units installed at the beginning of the period and retained on Depot at the end of the period as a percentage of the number of Units on Depot at the beginning of that period.
Road User Charges (RUC)	In New Zealand, RUC is applicable to Heavy Vehicles and all vehicles powered by a fuel not taxed at source. The charges are paid into a fund called the National Land Transport Fund, which is controlled by NZTA, and go towards the cost of repairing the roads.
Tubo	The trailer version of the Ehubo1.
Total Contracted Units	Total Contracted Units represents the total Units subject to a customer contract and includes both Units on Depot and Units pending installment.
Unit	An EROAD device.
Units on Depot	The number of EROAD devices installed in vehicles and subject to a customer contract.
Weight-Mile Tax (WMT)	A mileage-based tax imposed on Heavy Vehicles according to a combination of the number of axles and/or combined weight of the vehicle and the number of miles driven in Oregon, USA.

Directory

EROAD

NEW ZEALAND
260 Oteha Valley Road
Albany, Auckland, 0632

USA
7654 SW Mohawk Street
Tualatin, OR 97062

SHARE REGISTRAR

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622

SOLICITORS

Chapman Tripp
Level 35, ANZ Centre
23-29 Albert Street, Auckland 1010

AUDITOR

KPMG
KPMG Centre
18 Viaduct Harbour Avenue, Auckland 1010

BANKER

Bank of New Zealand
80 Queen Street
Auckland Central, Auckland 1010

The Service module has allowed me to build cases for replacement because it's all there at the touch of a button.

Blair Inglis
Fleet Compliance Manager,
Foodstuffs North Island

Will Gunderson – Owner driver

INNOVATION AND INTEGRITY

EROAD.COM