

Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

EROAD LIMITED

STATEMENT OF CONDENSED CONSOLIDATED COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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

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

EROAD LIMITED

STATEMENT OF CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2016

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

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



Chairman, 29 November 2016



Executive Director, 29 November 2016

EROAD LIMITED

STATEMENT OF CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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

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

EROAD LIMITED
STATEMENT OF CONDENSED CONSOLIDATED CASH FLOWS
 FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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

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

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

EROAD LIMITED

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

NOTE 1 • SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

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

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

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

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

Change in presentation of Restricted Bank Accounts:

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

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

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

NOTE 2 • EXPENSES

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

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

NOTE 3 • SEGMENTAL NOTE

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

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

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

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

Reportable segment information

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

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

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

NOTE 3 • SEGMENTAL NOTE (CONTINUED)**Reconciliation of information on reportable segments**

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

NOTE 4 • PERSONNEL EXPENSES

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

NOTE 5 • PAID UP CAPITAL

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

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

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

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

Other components of equity include:

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

NOTE 6 • CASH AND CASH EQUIVALENTS

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

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

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

NOTE 7 • PROPERTY, PLANT AND EQUIPMENT

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

NOTE 7 • PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

NOTE 8 • INTANGIBLE ASSETS

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

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

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

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

NOTE 9 • DEFERRED REVENUE

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

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

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

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

NOTE 10 • INCOME TAX EXPENSE

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

NOTE 11 • LEASES AS A LESSOR

Operating leases

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

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

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

Finance leases

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

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

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

Total Future Contracted Income

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

NOTE 12 • RECONCILIATION OF CASH FLOWS

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

NOTE 13 • BORROWINGS

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

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

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

NOTE 14 • FINANCE INCOME & FINANCE EXPENSES

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

NOTE 15 • RELATED PARTY TRANSACTIONS

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

NOTE 16 • CAPITAL COMMITMENTS

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

NOTE 17 • CONTINGENT LIABILITIES

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

NOTE 18 • EVENTS SUBSEQUENT TO BALANCE DATE

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



INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of EROAD Limited

We have completed a review of the consolidated interim financial statements of EROAD Limited on pages 1 to 15 which comprise the statement of financial position as at 30 September 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 months ended on that date, and a summary of significant accounting policies and other explanatory information.

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

Directors' responsibilities

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

Our responsibilities

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

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

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

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

Conclusion

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

29 November 2016