EROAD

HALF YEAR REPORT

FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2015

CONTENTS

EROAD'S SIX STRATEGIES

1	Grow existing markets in New Zealand, Australia and Oregon, USA	PROGRESSED
2	Expand into the Northwest and then across wider North American market	PROGRESSED
3	Identify and develop new international opportunities	PROGRESSING
4	Accelerate market entry through acquisitions	PASSIVE ONLY
5	Develop further commercial services to support core road charging and compliance offer	PROGRESSED
6	Validate new product markets	PROGRESSING

EROAD AT A GLANCE

EROAD is a leading transport technology and services company. EROAD has created an electronic solution to manage and pay road and fuel taxes, support regulatory compliance and provide value added commercial services to the heavy vehicle industry.

- ✓ Operating in New Zealand, North America and Australia
- ✓ 31,298 hardware units on EROAD platform worldwide
- ✓ $47 million Future Contracted Income (FCI)
- ✓ 98% Customer Retention Rate
- ✓ Profitable business, $0.9 million Net Profit before tax for 6 months
- ✓ Team of 180 staff across New Zealand, North America and Australia
- ✓ $834 million Road User Charges collected by EROAD in New Zealand since 2009
- ✓ 306,000 Heavy Vehicles subject to Oregon Weight-Mile Tax (WMT) offered EROAD's services
- ✓ Entered International Fuel Tax (IFTA) market, 2.9 million heavy vehicles, in North America
- ✓ 10+ million vehicles represent EROAD's addressable market in North America
- ✓ Oregon Department of Transport approved supplier for mandatory electronic system
- ✓ Now has operations in three States in North America, Oregon, Washington and Idaho

EROAD has invested in expansion beyond Oregon during the period with operations now in three states: Washington, Idaho and Oregon.

EROAD's driver safety app "Drive Buddy" launched in New Zealand in August 2015, on our next-generation Ehubo.

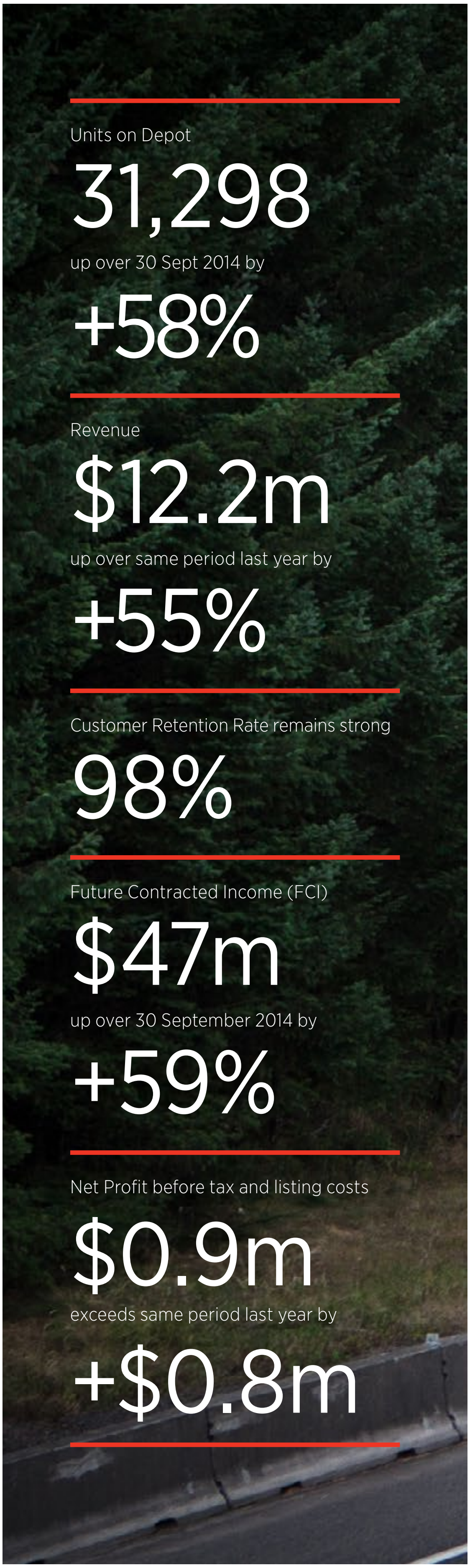
SUMMARY FOR THE SIX MONTHS

EROAD has continued to grow its Established business which incorporates New Zealand and Australia, and now collects 31% of all Heavy Vehicle RUC in New Zealand. For our Commercial business, focused on Oregon Weight Mile Tax, EROAD has proven the market having reached over 3,000 units. This is some 90% ahead of New Zealand after the same 18 month period, post launch.

With significant opportunities in North America, as well as Health and Safety reforms in New Zealand, EROAD has continued to invest in Research and Development to address these opportunities.

Our results for the half year are in line with expectations albeit we have grown more slowly that would have liked in Oregon, which is a key focus for the coming 6 months.

- ✓ Launched sales teams into new states of Washington and Idaho
- ✓ Continued to increase investment in R&D staff and resources
- ✓ Launched “next generation” Ehubo2 in-cab hardware in New Zealand
- ✓ Launched vehicle booking system to meet demand in New Zealand
- ✓ Beta tested Electronic Logbook in North America
- ✓ Awarded Callaghan R&D Growth Grant in New Zealand
- ✓ Relocated to larger premises in Oregon to support North American expansion
- ✓ Completed development, and launched, IFTA service in Oregon and neighbouring states
- ✓ Partnered with New Zealand’s largest commercial vehicle insurer, NZI, to offer insurance service
- ✓ Continued to rent a high percentage (91%) of units to customers over outright sale
- ✓ Ranked on the Deloitte Technology Fast 500 Asia Pacific for the fourth consecutive year
- ✓ Launched Drive Buddy driver behaviour safety feature in New Zealand



Units on Depot

31,298

up over 30 Sept 2014 by

+58%

Revenue

$12.2m

up over same period last year by

+55%

Customer Retention Rate remains strong

98%

Future Contracted Income (FCI)

$47m

up over 30 September 2014 by

+59%

Net Profit before tax and listing costs

$0.9m

exceeds same period last year by

+$0.8m

SUMMARY OF FINANCIAL RESULTS

EROAD LIMITED
STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

GROUP	30 September 2015 $ Unaudited	30 September 2014 $ Unaudited
Continuing operations		
Revenue	**12,215,543**	7,872,105
Expenses	**(9,470,649)**	(5,552,361)
Earnings before interest, taxation, depreciation, amortisation and costs of listing	**2,744,894**	2,319,744
Depreciation	**(1,821,493)**	(1,652,887)
Amortisation	**(798,149)**	(691,155)
Earnings before interest, taxation, and costs of listing	**125,252**	(24,298)
Finance income	**908,332**	203,141
Finance expense	**(182,822)**	(86,020)
Net financing costs	**725,510**	117,121
Profit before tax expense and costs of listing	**850,762**	92,823
Costs of listing	**-**	(1,970,566)
Profit/(loss) before tax	**850,762**	(1,877,743)
Income tax expense	**(239,335)**	(22,704)
Profit/(loss) from continuing operations	**611,427**	(1,900,447)
Profit/(loss) after tax for the six month period attributable to the shareholders	**611,427**	(1,900,447)
Other comprehensive income	**(347,509)**	-
Total comprehensive income/(loss) for the six month period	**263,918**	(1,900,447)
Earnings per share - Basic & Diluted (cents)	**1.02**	(3.84)

CEO REPORT

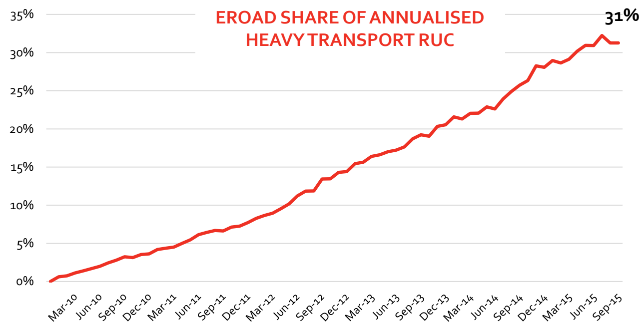
"The recently finalised US Government Electronic Logging Device regulations represent a significant growth opportunity for EROAD across North America. Over 3 million drivers and vehicles will be required to fit an approved Electronic Logging Device within the next 2 to 4 years."

MARKETS

New Zealand

The New Zealand market continues to grow as customers look to EROAD to help them meet tax, compliance and commercial needs.

EROAD has collected over $834 million in RUC since 2009 with an annualised collection rate of over $337 million. EROAD is now collecting over 31% of New Zealand's total Heavy Vehicle RUC up from 26% at September 2014.



We see significant further growth in the New Zealand market as customers focus not only on the benefits of electronic RUC but also on better-managing their health and safety compliance. EROAD's products and services, such as EROAD Electronic Logbook and driver behaviour reporting, and our new Drive Buddy product, provide customers with much greater transparency over their supply chain management, thereby improving compliance as well as commercial outcomes.

We partnered with New Zealand's largest heavy vehicle insurer, NZI, to offer an insurance service with no excess for vehicles whose drivers consistently perform in the top 25% of EROAD's 28,000 connected vehicles in terms of safe driving measures. Our ability to assess driver behavior and benchmark it across all drivers in vehicles on our platform offers health and safety, as well as commercial fleet management, benefits to our customers.

North America

We grew our team from 17 to 28 team members as we expanded direct sales beyond Oregon into the neighbouring states of Washington and Idaho, and established an indirect sales team investigating sales channels and opportunities right across North America.

Our sales growth in Oregon was slower than anticipated; we have nonetheless grown in the US around 90% faster than we had in NZ at a similar stage. We are continuing to improve our direct sales model, taking into account the complexities of individual regulatory environments in each state. Some carriers have been deferring purchase decisions until the rules around the United States Government's Federal Motor Carriers Safety Administration (FMCSA) Electronic Logging Device (ELD) mandate are published.

We have made reasonable progress in the market for Oregon Weight Mile Tax, having reached more than 3,000 units in the 18 months since launch, compared to the 1,600 units we had sold in New Zealand at the same stage.

We launched our International Fuel Tax Agreement (IFTA) solution in Oregon and the neighbouring states. IFTA covers interstate transport across the whole of North America, and our development team is working towards offering our electronic IFTA reporting services to operators in states beyond the North West region.

The long awaited FMCSA ELD ruling, requiring all drivers of interstate commercial vehicles subject to Hours of Service obligations to have their vehicle equipped with an Electronic Logging Device (ELD) was published on 10 December.

Provision of an ELD, to complement our Electronic Logbook, which we launched in the US in December 2015, represents a significant growth opportunity for EROAD across North America. More than 3 million drivers and vehicles will be required to fit an approved ELD within the next 2 to 4 years. Our development team will be focused on ensuring we can offer our North American customers an approved ELD as soon as possible, following the release of our Electronic Logbook, which is the our first step towards a compliant ELD solution.

Australia

Much of our focus in Australia is on supporting trans-Tasman customers with fleets in both markets, and on acquiring new customers looking for accurate, robust fleet management systems. Future development is focused on potential State and Federal road charging opportunities which are long term in nature. We have a small team in Australia addressing these opportunities as well as supporting customers.

DEVELOPMENT MARKETS

Our regulatory team continues to engage with roading authorities, regulators and industry groups around the world. It is clear that there is mounting interest in road user charging to help mitigate the growing problem of diminishing fuel tax revenues and deteriorating road networks.

Our pipeline of future opportunities remains healthy, and we continue to nurture these while prioritising immediate markets for our products and services.

R&D

We are very pleased to have attracted new talent and recruited our full complement of R&D staff.

During the period we have developed and released a number of exciting new services as well as our Ehubo2 in New Zealand. This is enabling EROAD to meet the increasingly diverse needs of our customers beyond RUC and WMT to manage Compliance and Commercial requirements.

As discussed earlier, investment in our technology platform and suite of services remains a key focus for development. Development of services relating to IFTA and ELD in North America is progressing well, and has entered a new level of intensity following publication of the ELD rules in the US.

OUTLOOK FOR THE REMAINDER OF FY2015

We expect our full year results to be in line with guidance released to the market on 28 September 2015. The New Zealand business is expected to continue to achieve strong sales growth. EROAD's North American performance will be influenced by:

- proving the direct sales model and sales teams in new states of Washington and Idaho;
- training the relatively new Oregon sales team;
- evaluating and implementing the indirect sales strategy; and
- the recent publication of the ELD ruling, which is expected to provide customers with more certainty to make a purchase decision.

Looking further out, we are confident that accepting slower WMT sales in Oregon in the short term to prepare for the US ELD regulations, and the opportunities of IFTA is the right decision for long term shareholder value.

We are confident EROAD has the products and R&D capability to meet the expected standards and pursue the market of up to 4.5 million trucks for IFTA and ELD services.

We remain committed to being a global leader in heavy transport road user charging, compliance and commercial services. We will continue to invest in opportunities that we expect to deliver profitable and sustainable growth.

Signed

Steven Newman

HALF YEAR RESULTS COMMENTARY

Revenue was $12.2m for the six months ended 30 September 2015, up by 55% over the same period last year. Total Contracted Units grew by 58% in the 12 months to 30 September 2015 to reach a total of 31,298. The Group reports a Net Profit before tax and costs of listing of $0.9m for the six months compared to $0.1m in the comparative period.

FINANCIAL PERFORMANCE

Revenue

Operating revenues of $12.2m for the six months to 30 September 2015 were 55% higher than the comparative period last year. Total Contracted Units increased by 58% on the comparative period last year to 31,298.

The Group's Established market, which includes New Zealand and Australia, contributed external revenues of $11.5m with continued strong growth in Total Contracted Units up 47% since September 2014 to 28,140 units.

The Commercial market in the United States contributed external revenues of $0.7m with Total Contracted Units reaching 3,158, an increase of 300% since September 2014. As previously announced, both revenue and unit growth was below what was forecast in the original Prospective Financial Information; however sales in the Commercial market are significantly ahead of the equivalent point of market entry in New Zealand.

There has been continued strong demand for our long-term rental offering with rental units now making up 91% of total unit sales. Future Contracted Income at 30 September 2015 was $46.9m, an increase of 59% since 30 September 2014.
The growth in Future Contracted Income was driven by both an increase in new units and also the renewal of existing customers on new long-term contracts.

Operating

Operating expenses of $9.5m for the six months to 30 September 2015 were 71% higher than the comparative period last year. This increase is in line with expectations as a result of the increased headcount, funding of early growth activity in the Commercial market and the increased costs related to being a listed company.

Finance Income and Finance Expenses

Net financing income of $0.7m incudes $0.5m of interest income from funds on deposit and finance lease contracts. Interest income was up significantly on the comparative period last year as a result of higher deposit balances throughout the period following the IPO. $0.2m of the net financing income relates to movements in exchange rates during the period.

FINANCIAL POSITION & CASH FLOW

Property, Plant & Equipment

Additions to Property, Plant and Equipment amounted to $6.7m for the 6 months to 30 September 2015, up 40% on the comparative period last year. $5.9m of these additions relate to additions to leased assets (units rented to customers under operating leases) and leased assets under construction.

Development Assets

The Group has continued its investment in R&D activities. During the period a further $4.0m was invested into Development and Software assets to develop both the platforms and services necessary to take advantage of the significant market opportunities in North America such as IFTA and ELD as well as meeting our customers' needs in New Zealand.

Cash flow

Non-restricted cash reduced by $9.9m in the six months to 30 September 2015. The cash outflow was driven by investment in Property, Plant and Equipment of $6.7m, which largely relates to the funding of leased units, and investment in R&D activities of $4.0m. The Group had operating cash inflows (before NZTA collections) of $0.9m with strong operating cash inflows in the Established market being subdued by operating cash outflows in the Commercial market.

The strong demand for our rental offering results in the majority of our hardware investment being recovered over the long-term rental period as opposed to being received upfront from outright hardware sales. The Group has recently agreed a new $10m bank facility to fund the expected continued growth in our long-term rental book. The facility was agreed subsequent to 30 September 2015 and has not yet been drawn upon.

Net tangible assets per share as at 30 September 2015 were $0.55 compared to $0.65 as at 30 September 2014.

DIVIDEND

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2015

EROAD LIMITED
STATEMENT OF CONDENSED CONSOLIDATED COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

GROUP	Notes	30 September 2015 $ Unaudited	30 September 2014 $ Unaudited
Continuing operations			
Revenue		**12,215,543**	7,872,105
Expenses	2	**(9,470,649)**	(5,552,361)
Earnings before interest, taxation, depreciation, amortisation and costs of listing		**2,744,894**	2,319,744
Depreciation	7	**(1,821,493)**	(1,652,887)
Amortisation	8	**(798,149)**	(691,155)
Earnings before interest, taxation, and costs of listing		**125,252**	(24,298)
Finance income		**908,332**	203,141
Finance expense		**(182,822)**	(86,020)
Net financing costs		**725,510**	117,121
Profit before tax expense and costs of listing		**850,762**	92,823
Costs of listing	2	**-**	(1,970,566)
Profit/(loss) before tax		**850,762**	(1,877,743)
Income tax expense	10	**(239,335)**	(22,704)
Profit/(loss) from continuing operations		**611,427**	(1,900,447)
Profit/(loss) after tax for the six month period attributable to the shareholders		**611,427**	(1,900,447)
Other comprehensive income		**(347,509)**	-
Total comprehensive income/(loss) for the six month period		**263,918**	(1,900,447)
Earnings per share - Basic & Diluted (cents)	5	**1.02**	(3.84)

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

EROAD LIMITED
STATEMENT OF CONDENSED CONSOLIDATED FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

GROUP	Notes	30 September 2015 $ Unaudited	30 September 2014 $ Unaudited	31 March 2015 $ Audited
CURRENT ASSETS				
Cash and cash equivalents	6	**19,166,956**	40,558,978	34,117,652
Trade and other receivables		**4,574,873**	2,210,717	3,828,751
Finance lease receivable	11	**259,358**	-	127,810
Loan to shareholders and directors		**279,996**	-	-
Current tax receivable		**406,066**	136,299	168,718
Total Current Assets		**24,687,249**	42,905,994	38,242,931
NON-CURRENT ASSETS				
Property, plant and equipment		**20,030,544**	12,450,009	15,138,577
Intangible assets		**19,005,149**	11,790,520	15,816,083
Finance lease receivable	11	**748,774**	-	182,556
Loan to shareholders and directors		**-**	279,996	279,996
Deferred tax assets		**1,400,129**	1,899,041	1,649,754
Total Non-Current Assets		**41,184,596**	26,419,566	33,066,966
TOTAL ASSETS		**65,871,845**	69,325,560	71,309,897
CURRENT LIABILITIES				
Trade payables and accruals		**1,995,929**	1,608,069	1,865,388
Payable to NZTA		**4,419,685**	7,699,329	9,567,274
Deferred revenue	9	**3,999,883**	4,578,146	4,082,183
Employee entitlements		**689,138**	717,247	718,867
Total Current Liabilities		**11,104,635**	14,602,791	16,233,712
NON-CURRENT LIABILITIES				
Deferred revenue	9	**2,676,757**	3,711,664	3,313,209
Total Non-Current Liabilities		**2,676,757**	3,711,664	3,313,209
TOTAL LIABILITIES		**13,781,392**	18,314,455	19,546,921
NET ASSETS		**52,090,453**	51,011,105	51,762,976
EQUITY				
Share capital	5	**58,819,932**	58,834,820	58,819,932
Translation reserve		**(409,224)**	-	(61,715)
Retained earnings		**(6,320,255)**	(7,823,715)	(6,995,241)
TOTAL SHAREHOLDERS' EQUITY		**52,090,453**	51,011,105	51,762,976

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

Director	*Director*
14th December 2015	14th December 2015
Date	*Date*

EROAD LIMITED
STATEMENT OF CONDENSED CONSOLIDATED CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

GROUP	Notes	Share Capital $	Retained Earnings $	Translation Reserve $	Total $
Balance as at 1 April 2014 - Audited		17,471,968	(5,923,268)	-	11,548,700
Profit after tax for the period		-	(1,900,447)	-	(1,900,447)
Total comprehensive loss for the period, net of tax		-	(1,900,447)	-	(1,900,447)
Share capital issued	5	41,362,852	-	-	41,362,852
Balance as at 30 September 2014 - Unaudited		**58,834,820**	**(7,823,715)**	**-**	**51,011,105**
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 income for period - net of tax		**-**	**674,986**	**(347,509)**	**327,477**
Balance as at 30 September 2015 - Unaudited		**58,819,932**	**(6,320,255)**	**(409,224)**	**52,090,453**

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 2015

GROUP	Notes	30 September 2015 $ Unaudited	30 September 2014 $ Unaudited
Cash flows from operating activities			
Cash received from customers		**9,824,711**	6,622,148
Payments to suppliers and employees		**(9,643,497)**	(5,090,720)
Net interest received/ (paid)		**953,702**	117,122
Net tax paid		**(237,348)**	(91,517)
Net cash inflow from operating activities before listing costs and NZTA collections		**897,568**	1,557,033
Payments made to suppliers in listing on NZX		**-**	(1,970,566)
Net cash received from / (paid to) NZTA		**(5,147,589)**	1,070,121
Net cash inflow from operating activities	12	**(4,250,021)**	656,588
Cash flows from investing activities			
Payments for purchase of property, plant & equipment		**(6,713,460)**	(4,727,613)
Payments for purchase of intangible assets		**(3,987,215)**	(2,507,401)
Net cash outflow from investing activities		**(10,700,675)**	(7,235,014)
Cash flows from financing activities			
Loan from / (repayment) bank		**-**	(3,101,274)
Net proceeds from equity raising		**-**	41,082,854
Net cash outflow from financing activities		**-**	37,981,580
Net increase/(decrease) in cash held		**(14,950,696)**	31,403,154
Cash at beginning of the financial period		**34,117,652**	9,155,824
Closing cash and cash equivalents (net of overdrafts)		**19,166,956**	40,558,978

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

NOTE 1 SUMMARY OF SIGNIFICANT 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 2015, 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 2015. The financial statements were authorised for issue by the directors on 14 December 2015 and are unaudited. References in these financial statements to "$" are in New Zealand dollars

These 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 2015. 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 2015. Critical accounting policies are the same as those set out in the annual report for the year ended 31 March 2015. There is no seasonality or cyclicality influences on the results of the Group.

NOTE 2 EXPENSES

GROUP	September 2015 $ Unaudited	September 2014 $ Unaudited
Personnel expenses	**5,603,405**	2,443,420
Auditor's remuneration - KPMG	**60,000**	30,000
Tax services - KPMG	**68,233**	51,047
Auditor's remuneration for investigative accountants report in prospectus - KPMG	**-**	311,705
Operating lease expense	**447,875**	307,616
Directors fees	**83,482**	94,441

During the six months the costs expensed in Research and Development was $1,436,408 (30 September 2014: $1,124,197).

The costs of listing expensed in the income statement in the six months ended 30 September 2014 were the proportion of the listing costs incurred when listing on the New Zealand Stock Exchange, that related to the shares held before allotment.

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.

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 2014. As a result, comparative amounts in the operating segment disclosure below have been restated to align with the current year's presentation.

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	
	September 2015 $ Unaudited	September 2014 $ Unaudited	September 2015 $ Unaudited	September 2014 $ Unaudited	September 2015 $ Unaudited	September 2014 $ Unaudited
Revenue	**-**	-	**747,774**	-	**12,179,328**	7,872,105
Net profit (loss) before taxation and costs of listing	**(1,436,408)**	(1,124,197)	**(2,152,447)**	(86,368)	**4,512,991**	1,303,388
Total assets	**1,409,788**	5,041,067	**3,598,236**	1,809,072	**64,773,430**	62,475,421
Depreciation	**-**	-	**(167,601)**	-	**(1,653,892)**	(1,652,887)
Amortisation	**-**	-	**-**	-	**(798,149)**	(691,155)

Reconciliation of information on reportable segments

	September 2015 $ Unaudited	September 2014 $ Unaudited
Revenue		
Total revenue for reportable segments	12,927,102	7,872,105
Elimination of inter-segment revenue	(711,559)	-
Consolidated revenue	**12,215,543**	7,872,105
Net profit (loss) before taxation and costs of listing		
Total profit before tax for reportable segments	924,136	92,823
Profit before tax for other segments	-	-
Elimination of inter-segment profit	(73,374)	-
Consolidated net profit (loss) before taxation and costs of listing	**850,762**	92,823
Total assets		
Total assets for reportable segments	69,781,454	69,325,560
Total assets for other segments	-	-
Elimination of inter-segment balances	(3,909,609)	-
Consolidated total assets	**65,871,845**	69,325,560

NOTE 4 PERSONNEL EXPENSES

GROUP	September 2015 $ Unaudited	September 2014 $ Unaudited
Employment expenses	**9,228,886**	4,646,932
Salaries and wages capitalised	**(3,625,481)**	(2,203,512)
	5,603,405	2,443,420

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 2014 (audited)	**9,996,855**		**17,471,968**
Issue of shares to staff	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	-		(562,700)
At 30 September 2014 (unaudited)	**60,000,000**		**58,834,820**
Cost relating to raising capital	-		(14,888)
At 31 March 2015 (audited)	**60,000,000**		**58,819,932**
At 30 September 2015 (unaudited)	**60,000,000**		**58,819,932**

At 30 September 2015 there was 60,000,000 authorised and issued ordinary shares (30 September 2014: 60,000,000). 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 30 September 2015 was based on the profit attributable to ordinary shareholders of $611,427 (30 September 2014: ($1,900,447)) and a weighted number of ordinary shares of 59,777,574 (30 September 2014: 49,476,008).

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	September 2015 $ Unaudited	September 2014 $ Unaudited	March 2015 $ Audited
Cash and bank	**9,748,501**	32,853,988	4,611,093
Term deposits	**5,000,000**	-	20,000,000
Restricted bank account	**4,418,455**	7,704,990	9,506,559
	19,166,956	40,558,978	34,117,652

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 2015 - Audited							
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 $
Six months ended 30 September 2014 - Unaudited							
Opening net book amount	7,649,525	50,985	178,427	319,806	222,820	901,915	9,323,478
Additions	4,045,331	45,230	11,530	212,246	117,847	347,234	4,779,418
Disposals	-	-	-	-	-	-	-
Depreciation charge	(1,350,507)	(14,105)	(17,185)	(39,480)	(29,916)	(201,694)	(1,652,887)
Effect of movement in exchange rates	-	-	-	-	-	-	-
Closing net book amount	10,344,349	82,110	172,772	492,572	310,751	1,047,455	12,450,009
Cost	15,573,536	211,258	457,003	621,367	427,501	2,022,552	19,313,217
Accumulated depreciation	(5,229,187)	(129,148)	(284,231)	(128,795)	(116,750)	(975,097)	(6,863,208)
Net book amount	10,344,349	82,110	172,772	492,572	310,751	1,047,455	12,450,009

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

Included in the Leased equipment is equipment under construction to be leased of $4,502,960 (31 March 2015: $3,123,750, 30 September 2014: $2,202,095).

In the prior year the Group presented a portion of materials and finished hardware as inventory, as the expectation at the time was that these goods would be sold via outright sales. Given the strong demand for the long-term rental offering across all markets, all materials and finished hardware products have been classified as leased equipment under construction. Comparatives have been adjusted to align with the current year presentation.

NOTE 8 INTANGIBLE ASSETS

GROUP	Patents $	Trade Marks $	Development $	Software $	Total $
Year ended 31 March 2015 - Audited					
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

GROUP	Patents $	Trade Marks $	Development $	Software $	Total $
Six months ended 30 September 2014 - Unaudited					
Opening net book amount	15,700	32,576	8,665,454	1,260,544	9,974,274
Additions	-	-	2,091,071	416,330	2,507,401
Amortisation charge	(174)	-	(564,757)	(126,224)	(691,155)
Closing net book amount	15,526	32,576	10,191,768	1,550,650	11,790,520
Cost	17,800	32,576	11,957,074	1,745,940	13,753,390
Accumulated amortisation	(2,274)	-	(1,765,306)	(195,290)	(1,962,870)
Net book amount	15,526	32,576	10,191,768	1,550,650	11,790,520

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

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).

No impairment tests were performed during the six months ended 30 September 2015 as there were no indicators of impairment.

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 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	September 2015 $ Unaudited	September 2014 $ Unaudited	March 2015 $ Audited
Opening balance	**7,395,392**	8,503,465	8,503,465
Amounts deferred during the period	**1,929,463**	2,427,221	4,602,797
Amount recognised in the Statement of Comprehensive Income	**(2,648,215)**	(2,640,876)	(5,710,870)
	6,676,640	8,289,810	7,395,392

At 30 September 2015, $3,999,883 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 2015: $4,082,183, 30 September 2014: $4,578,146).

NOTE 10 INCOME TAX EXPENSE

GROUP	September 2015 $ Unaudited	September 2014 $ Unaudited
(a) Reconciliation of effective tax rate		
Profit/(Loss) before income tax	**850,762**	**(1,877,743)**
Income tax using the Company's domestic tax rate of 28%	**238,213**	(525,768)
Non-deductible expense/(non-assessable income)	**7,119**	548,472
Temporary differences		
Losses and timing differences (recognised)/not recognised	**-**	-
Effect of different tax rates	**(5,997)**	-
Income tax expense/(benefit)	**239,335**	**22,704**

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 will be receivable as follows.

GROUP	September 2015 $ Unaudited	September 2014 $ Unaudited	March 2015 $ Audited
Future minimum lease payments			
Not later than one year	**7,381,808**	4,856,016	5,103,287
Later than one year not later than five years	**7,988,918**	5,770,957	5,724,398
Later than five years	**-**	-	-
	15,370,726	10,626,973	10,827,685

During the period $9,294,276 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 2014: 6,145,316).

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 (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	
	September 2015 $ Unaudited	March 2015 $ Audited	September 2015 $ Unaudited	March 2015 $ Audited	September 2015 $ Unaudited	March 2015 $ Audited
Not later than one year	**294,963**	133,131	**35,605**	5,321	**259,358**	127,810
Later than one year not later than five years	**794,503**	199,696	**45,729**	17,140	**748,774**	182,556
Later than five years	**-**	-	**-**	-	**-**	-
	1,089,466	332,827	**81,334**	22,461	**1,008,132**	310,366

During the period $501,415 was recognised in the statement of comprehensive income in relation to long-term rentals accounted for as finance leases (31 March 2015: $65,565). There were no finance lease receivables at 30 September 2014.

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 2015 is $46,949,634(31 March 2015: $32,658,552, 30 September 2014: $29,577,557).

NOTE 12 RECONCILIATION OF CASH FLOWS

GROUP	September 2015 $ Unaudited	September 2014 $ 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	**611,427**	(1,900,447)
Add/(less) non-cash items		
Tax asset recognised	**249,625**	22,704
Depreciation and amortisation	**2,619,642**	2,344,042
Other comprehensive income	**(347,509)**	-
Other non-cash expenses/(income)	**63,559**	(1,913,048)
	2,585,317	453,698
Add/(less) movements in other working capital items:		
Decrease/(increase) in trade and other receivables	**(746,122)**	(1,036,292)
Decrease/(increase) in finance lease receivables	**(697,766)**	-
Decrease/(increase) in current tax receivable	**(237,348)**	(91,517)
Decrease /(increase) in inventory	**-**	(51,805)
Increase/(decrease) in deferred income	**(718,752)**	2,427,220
Increase/(decrease) in NZTA payable	**(5,147,589)**	1,070,121
Increase /(decrease)in trade payables and accruals	**100,812**	(214,390)
	(7,446,765)	2,103,337
Net cash from operating activities	**(4,250,021)**	656,588

NOTE 13 RELATED PARTY TRANSACTIONS

The related party transactions are in line with the transactions for the period to 31 March 2015.

NOTE 14 CAPITAL COMMITMENTS

The capital expenditure commitments are in line with those at 31 March 2015.

NOTE 14 CONTINGENT LIABILITIES

The contingent liabilities are in line with those at 31 March 2015.

NOTE 15 EVENTS SUBSEQUENT TO BALANCE DATE

There are no reportable events subsequent to balance date (30 September 2014: Nil, 31 March 2015: Nil).

INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of EROAD Limited

We have completed a review of the consolidated interim financial statements of EROAD Limited on pages 8 to 19 which comprise the statement of financial position as at 30 September 2015, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 shareholders of EROAD Limited 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 shareholders of EROAD Limited as a body, for our review work, this report or any of the opinions 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. 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 company. 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 EROAD Limited as at 30 September 2015, and of its financial performance and its cash flows for the 6 month period ended on that date, in accordance with NZ IAS 34 Interim Financial Reporting.

KPMG

14 December 2015

DIRECTORY

EROAD

EROAD Limited
260 Oteha Valley Road
Albany, Auckland 0632

REGISTRAR

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

LEGAL ADVISERS TO EROAD

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

AUDITOR

KPMG
KPMG Centre
18 Viaduct Harbour Avenue, Auckland 1010

NON GAAP MEASURES

UNITS ON DEPOT

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

UNITS PENDING INSTALLATION

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

TOTAL CONTRACTED UNITS (TCU)

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

FUTURE CONTRACTED INCOME (FCI)

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

RETENTION RATE

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

ANNUALISED HEAVY TRANSPORT RUC

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

INNOVATION AND INTEGRITY

EROAD.COM