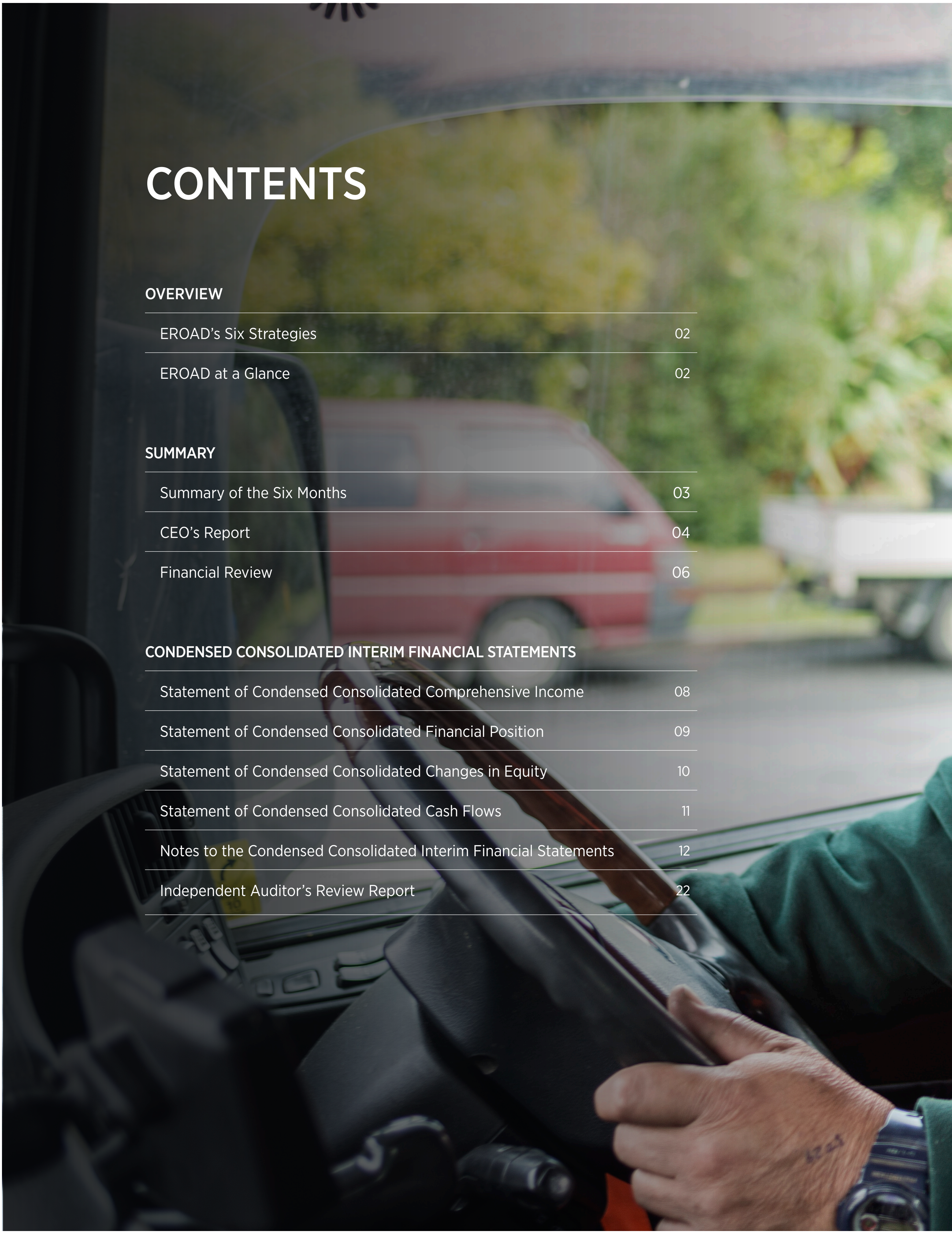
EROAD

HALF YEAR REPORT

FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2017



CONTENTS

ROMA RUNGA
Driver
Machinery Movers
Auckland

EROAD's Six Strategies

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

   New Zealand / Australia Units at 49,802, up 31% since 30 Sept 2016

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

   North American units at 9,736, 80% in Northwest and 20% across North America

3. Identify and develop new international opportunities

   Sole provider to heavy transport in the California Road Charge Pilot

4. Accelerate market entry through acquisitions

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

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

   Released more than 300 product enhancements across all markets

6. Validate new product markets

   Ongoing

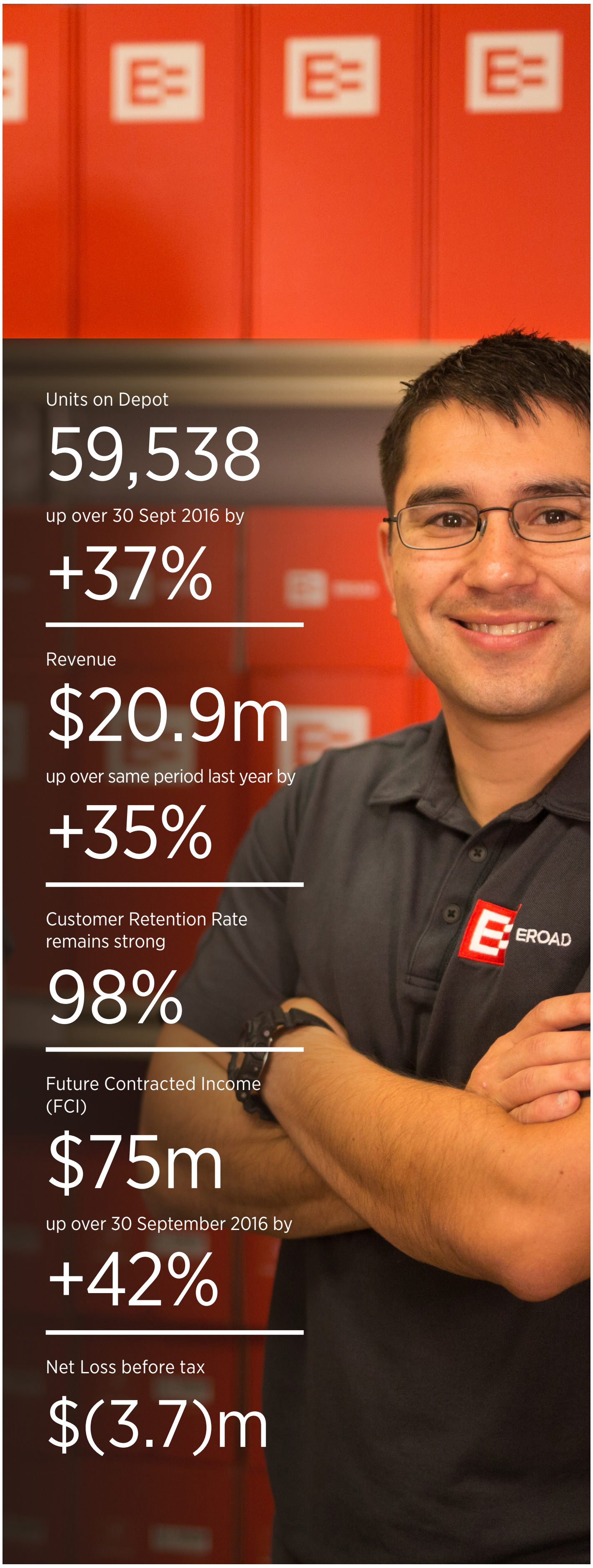
EROAD at a Glance

EROAD modernises road charging and compliance for road transport by replacing paper-based systems with easy-to-use electronic systems that also improve fleet management, bringing benefits to our customers who operate transport fleets, as well as benefits to communities and the wider public through improved road safety and valuable data about road use to improve the planning, management and maintenance of our roads.

- World's first GNSS/cellular-based road charging solution across an entire country in New Zealand (launched 2009) has collected $1.7 billion in RUC since launch
- Collects 39% of New Zealand's total heavy vehicle RUC, up from 36% at 30 September 2016
- First state-audited (Oregon, USA) electronic Weight Mile Tax (WMT) provider in the US (2014)
- First independently verified ELD in North America, verified by PIT Group (2017)
- In-vehicle units connected to EROAD platform now 59,538, with 49,802 in New Zealand /Australia and 9,736 in the US
- Customer retention rate of 98%, consistent with prior years
- Future Contracted Income now totals $75m to be earned in future periods
- Operating cash flow from New Zealand/Australia business funds all of US operations, all corporate costs and a proportion of Research and Development.
- Team of 207 (following restructure in July 2017) – 160 in New Zealand and 47 in the US
- Manufactures its Ehubo and Ehubo2 at its factory in Albany, Auckland

Summary of the Six Months

- Two record quarters achieved in both New Zealand / Australia and North American markets, driven by growing Health and Safety focus in New Zealand and need to meet ELD regulations in North America. A total of 11,497 units were added in the half year to 30 September 2017, up from 6,477 last year
- Two of New Zealand's leading companies, Fulton Hogan and Waste Management, install new, sophisticated EROAD in-vehicle technology in their transport fleets, 4,500 Ehubo2 units, to further improve their management of health and safety
- EROAD accepted a new credit facility from the BNZ, EROAD's long term banking partner. The new credit facility provided a total facility of $33.4 million, for an initial term of 12 months from the date of drawdown
- The US Supreme Court rejected a hearing on the lawsuit against the US Department of Transportation's ELD mandate. The Supreme Court decision in June 2017 ended the court challenge by the OOIDA (Owner Operator Independent Drivers Association)
- EROAD became the first provider to deliver an independently verified and compliant ELD to the US market, following extensive testing by PIT Group, which specializes in the testing and implementation of transportation-related products across North America
- EROAD's ELD was ranked number 3 (out of 24) on ELD Ratings.com website that reviews, compares and rates ELD solutions available in the North America www.eldratings.com
- Following the successful launch of EROAD's ELD and the release of its full Health and Safety suite, a restructuring of the business was undertaken to ensure the EROAD team was aligned to deliver sales growth in all markets
- For the first time in New Zealand's history RUC (Road User charges) collected electronically exceeded that collected by traditional paper based means. EROAD collected 80% of the RUC collected electronically



CEO's Report

The six months to September 30, 2017, marked a number of key milestones for EROAD as it seeks to leverage its significant investment in R&D and product development that has provided a world-leading suite of products and services to solve problems for road transport carriers. Our renewed focus on sales growth to leverage this investment is beginning to produce results, though we know a lot of hard work still lies ahead.

In the period under review we achieved two record sales quarters in our New Zealand / Australia market and two record sales quarters in the US, where our Electronic Logging Device (ELD), independently verified by PIT Group, has been well-received, placed 3rd in North America by online transport publication ELDRatings.com. Tracking our rate of growth since launch in our two main markets, the US has once again edged ahead of NZ (see page 21 of half year presentation) however growth in NZ remains very strong with a healthy forward pipeline.

As signalled at year-end 2017, we weren't happy with where our result ended up, given our long run strategy to grow rapidly, but to do so profitably or close to breakeven. Over recent months we restructured the business to reduce cost, recognising that our peak R&D demands – including our US ELD – are behind us for the time being. We also undertook investment in renewing the first of our back office systems. It's worth noting that, despite this moderate down-sizing, our R&D investment remains very significant by NZ standards and continual innovation remains important to us.

EROAD's total contracted units grew by 37% over the previous year, supporting revenue growth of 35%. Our EBITDA margin at 19%, compared to 30.4% a year ago reflects our continued investment in sales capability in the US. Our loss of $3.8 million before tax for the half-year reflects a cost structure that we have addressed, as well as one-off costs of our restructure. We expect to see lower costs in the coming six months, arising from the restructure and our systematic changes, with continued strong growth in revenue. EROAD's Future Contracted Income rose 42% on the comparative balance last year to $75 million, reflecting not only higher sales, but also high levels of renewals for customers on 36-month leases. Our customer retention rate remains very high at 98%.

NEW ZEALAND/AUSTRALIA MARKET

Around half of heavy transport Road User Charges (RUC) in New Zealand is now paid and collected electronically. This 50% market conversion, since EROAD launched the world's first GPS-based road user charging system in New Zealand in 2009, represents a rapid eCommerce adoption by our road transport sector – faster, for example, than transitions to Internet shopping or Internet banking. This shift to eCommerce solutions brings with it significant private and public sector benefits, and benefits to all New Zealanders. Our customers are achieving improvements in health and safety thanks to services to support driver behaviour. And road planners and policy makers now have high quality network data from the activity of around 50,000 vehicles on our platform. For example, road transport accounts for around 15% of the fuel used in New Zealand, and our customers are achieving, on average, fuel savings of around six per cent, representing a significant cost saving and carbon saving to the economy.

Total contracted units in New Zealand/Australia grew to 49,802 units as at 30 September, 2017, a 31% growth rate. Revenue rose to $17.4 million with an EBITDA of just over $11 million, underscoring the importance of our NZ/Australia business to enabling investment for US growth. We remain the market leader in New Zealand having collected $1.7 billion in RUC with 80% of the heavy vehicle eRUC market. It was a record six months of sales for EROAD, adding 7,863 units (compared to 5,667 last year). Our NZ sales pipeline remains strong with health and safety services like driver behaviour now as strong a driver of sales as eRUC services. EROAD's SaaS platform Depot is now crucial to NZ's transport ecosystem, enabling innovation in services like cold chain monitoring and insurance.

NORTH AMERICAN MARKET

Our two record sales quarters in the US reflects increased market attention on the US Federal mandate requiring vehicles to have an Electronic Logging Device (ELD). During the six months, legal appeals against the mandate were thrown out, and a last-ditch attempt to have Congress halt implementation of the mandate was dismissed. Fleets that must meet the December, 2017, deadline are urgently seeking a solution, and tend to be price rather than value focused. Fleets whose vehicles already have an automatic on-board (AOBRD) device have two years' grace (18 December, 2019), and these operators are looking for more robust and value-oriented solutions, and are likely to consider a solution when their existing technology leases come up for renewal. EROAD will remain very focused on the ELD market for the next two years and beyond.

Total contracted units in the US grew to 9,736 units, with around 20% of these units now beyond our area of initial focus in the Pacific North West (Oregon, California, Washington and Idaho). ELD sales remain our primary focus. Electronic Weight Mile Tax services (for vehicles in or travelling through Oregon), IFTA automation, and our fleet management and health and safety services become particularly important for those customers focussed on obtaining the most value out of the changes created by the ELD. While our investment in sales capability and a more targeted strategy is generating results, we remained focused on growing the total contracted units and moving towards breakeven and profitability in the US.

TEAM, R&D AND BACK OFFICE

While we can reflect on significant achievements in the past six months, it has been a challenging time for the EROAD team as we have undergone a restructuring of the business, farewelling a number of good people, as well as investing in new back office systems, to reduce costs in the longer run. We successfully implemented stage one of a new Microsoft Dynamics 365 finance system, and were awarded Callaghan Growth Funding of $0.4million during the period. Our team stands at around 200 team members, and our right-sizing of the business ended a continuous and rapid expansion from a small team of EROAD founders when we began 10 years ago, to an established and growing listed company. The commitment and dedication of our team remains a vital component in EROAD's success today, and its bright prospects for the period ahead. We will continue our investment in improved back office and customer support systems to maintain growth. Our R&D team will continue to work with customers to further improve service offers and bring new analytics and services to market.

OUTLOOK FOR FULL YEAR 2018

Our sales pipeline for New Zealand/Australia remains strong as we continue to install units in a number of large fleets for enterprise customers, as well as expand our offer to light vehicles and other fleets and respond to customer health and safety needs as well as eRUC. While half the heavy vehicle RUC market in NZ has transitioned from paper to electronic, the remaining 50% of the market offers continued opportunity, particularly when added to the commercial light vehicle market. In the US, we expect inside sales and direct sales to continue to perform strongly, and our focus will remain on the ELD market. We expect our NZ/Australia business will continue to deliver strong profits as we work hard to develop our US business towards a similar profitable growth dynamic.

Steven Newman

Steven Newman, CEO

Financial Review

FINANCIAL PERFORMANCE

Revenue

Operating revenues of $20.9m for the six months to 30 September 2017 were 35% higher than the comparative period last year. Total Contracted Units increased by 37% on the comparative period last year to 59,538.

Our Australian and New Zealand business contributed revenues of $17.4m, an increase of 32% on the comparative period last year. Total Contracted Units grew 31% on the comparative period to 49,802 at 30 September 2017. The largest contributor to unit sales increasing came from continued penetration into larger enterprise accounts and lighter vehicles with our health and safety offering. This has led to some downwards pressure on recurring revenue per unit. We have seen an increase in customers taking longer term contracts (greater than 36 months) resulting in an increase in Finance Lease revenues.

The North American business contributed revenues of $3.2m an increase of 71% on the comparative period last year. Total Contracted Units grew to 9,736 at 30 September 2017 growth of 84% on the comparative period. Unit volumes have increased each month since the beginning of the financial year and reflect the momentum building in the ELD market as the December 2017 mandate approaches.

Expenses

Operating expenses of $16.9m for the six months to 30 September 2017 were 57% higher than the comparative period. Expenses grew at a higher rate than revenue primarily due to investment in customer acquisition costs in North America. Following reaching peak R&D headcount in the leadup to the launch of our ELD solution, the Group undertook some restructuring during the period, the benefits of which were not realised in the six months due to the related one-off costs incurred. We expect margin to improve in the second half of the year as the revenue benefits from the investment in customer acquisition materialise and the cost savings are realised.

Depreciation costs have increased by 27% on the comparative period to $4.6m as a result in the growth of leased assets. During the period management have reduced its assessment of the economic life of our trailer units (Tubos) and as a result 36-month rentals of Tubos are now treated as finance leases, and the cost of the units are expensed as a cost of sale on dispatch rather than being depreciated their useful lives.

Amortisation has increased by 93% on the comparative period last year. The significant increase in the charge is a result of the completion of the ELD development and commencing amortization and the change to the straight line amortisation method that was disclosed in the 2017 annual report. The amortisation charge in the comparative interim period was calculated under the previous basis of amortisation.

Finance Income and Finance Expenses

Net finance costs are largely comprised of the $0.4m of interest expense. Interest expenses have increased significantly on the comparative period as a result of the higher level of debt used to fund unit growth, on the Group's balance sheet.

FINANCIAL POSITION & CASH FLOW

Property, Plant & Equipment

Additions to Property, Plant and Equipment amounted to $7.0m for the 6 months to 30 September 2017. $6.7m of these additions relate to additions to leased assets (units rented to customers under operating leases) and leased assets under construction.

Development Assets

During the period a further $4.3m was invested into Development and Software assets, down slightly from $4.5m in the comparative 6-month period. In addition to working on creating a more efficient and scalable platform, investment has continued to be focused on improving our ELD solution, developing our driver inspection products for both markets, and continuing to expand our health and safety offering.

Cash flow

Operating cash flows of $0.04m were impacted by working capital movements partly due to prepayments required for inventory purchases.

Cash outflows from investing activities were $11.2m for the six month period, an increase of 19% on the comparative period driven largely by the $2.1m increase in payments for property, plant and equipment as a result of higher leased unit growth.

Cash flows from financing activities were $10.1m up from $5.3m in the comparative period. The Group secured an interim bank facility to assist with the funding of the significant growth in leased assets. The facility has an end date of 3 July 2018 and has been classified as a current liability at 30 September 2017. Subsequently the Group has received a committed term sheet for a new longer term facility and agreements are expected to be completed in December 2017.

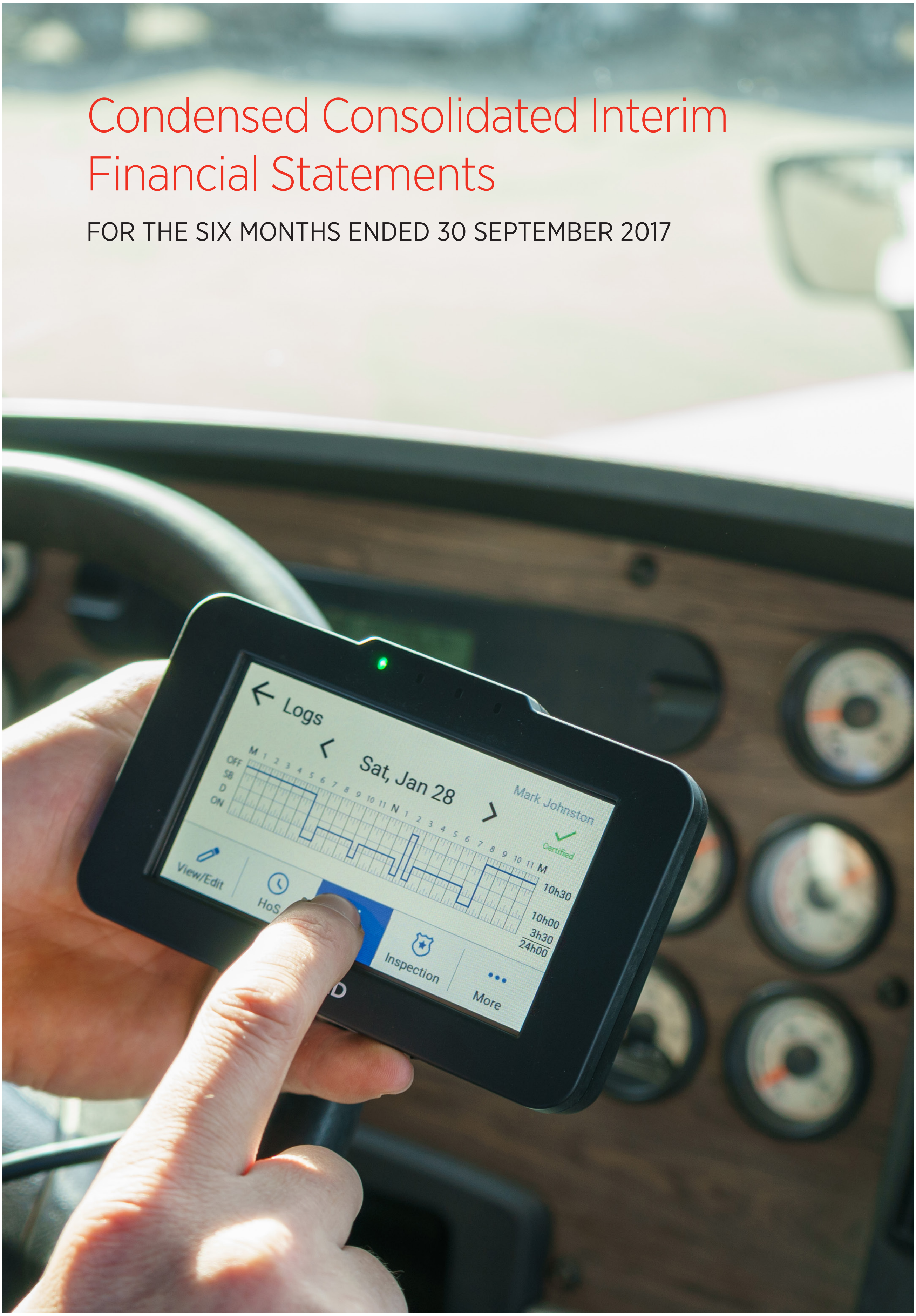
Net tangible assets per share at 30 September 2017 were $0.20 compared to $0.40 as at 30 September 2016.

DIVIDEND

Consistent with its Dividend Policy, EROAD does not intend to pay an interim dividend for the period ended 30 September 2017.

Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017



EROAD LIMITED

STATEMENT OF CONDENSED CONSOLIDATED COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

		GROUP	
		30 September 2017	30 September 2016
		Unaudited	Unaudited
	Notes	$	$
Continuing operations			
Revenue		**20,905,733**	15,523,839
Expenses	2	**(16,940,596)**	(10,798,937)
Earnings before interest, taxation, depreciation and amortisation		**3,965,137**	4,724,902
Depreciation	7	**(4,638,052)**	(3,632,466)
Amortisation	8	**(2,655,749)**	(1,375,445)
Earnings before interest and taxation		**(3,328,664)**	(283,009)
Finance income		**44,732**	52,849
Finance expense		**(482,327)**	(114,898)
Net financing costs		**(437,595)**	(62,049)
Profit/(loss) before tax		**(3,766,259)**	(345,058)
Income tax (expense)/benefit	10	**149,750**	103,836
Profit/(loss) after tax for the six month period attributable to the shareholders		**(3,616,509)**	(241,222)
Other comprehensive income		**(80,808)**	(167,230)
Total comprehensive income/(loss) for the six month period		**(3,697,317)**	(408,452)
Earnings per share - Basic & Diluted (cents)	5	(6.03)	(0.40)

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 2017

		GROUP		
		30 September 2017	30 September 2016	31 March 2017
	Notes	Unaudited $	Unaudited $	Audited and Restated $
CURRENT ASSETS				
Cash and cash equivalents	6	**829,706**	6,701,619	935,359
Restricted Bank Account		**9,910,148**	7,885,376	9,208,289
Trade and other receivables		**8,818,179**	6,664,197	6,800,780
Finance lease receivable	11	**776,654**	450,292	498,142
Current tax receivable		**18,502**	358,956	361,912
Total Current Assets		**20,353,189**	22,060,440	17,804,482
NON-CURRENT ASSETS				
Property, plant and equipment	7	**26,092,420**	22,637,441	23,763,937
Intangible assets	8	**30,271,828**	26,435,873	28,662,777
Finance lease receivable	11	**1,434,196**	1,003,922	906,265
Deferred tax assets		**2,084,612**	2,009,062	1,925,352
Total Non-Current Assets		**59,883,056**	52,086,298	55,258,331
TOTAL ASSETS		**80,236,245**	74,146,738	73,062,813
CURRENT LIABILITIES				
Overdraft	6	**940,393**	-	873
Borrowings	13	**17,170,484**	6,019,311	-
Trade payables and accruals		**4,345,231**	3,729,588	5,632,175
Payable to NZTA		**9,886,234**	7,954,188	9,243,383
Current tax payable		**18,743**	-	-
Deferred revenue	9	**2,520,429**	2,895,166	2,656,518
Employee entitlements		**1,187,028**	1,096,967	1,201,002
Total Current Liabilities		**36,068,542**	21,695,220	18,733,951
NON-CURRENT LIABILITIES				
Borrowings		**-**	-	7,029,304
Deferred Revenue	9	**1,749,310**	1,952,249	1,743,824
Total Non-Current Liabilities		**1,749,310**	1,952,249	8,773,128
TOTAL LIABILITIES		**37,817,852**	23,647,469	27,507,079
NET ASSETS		**42,418,393**	50,499,269	45,555,734
EQUITY				
Share capital	5	**59,467,161**	58,819,932	58,965,367
Translation reserve		**(424,197)**	(276,931)	(343,389)
Retained earnings		**(16,624,571)**	(8,043,732)	(13,066,244)
TOTAL SHAREHOLDERS' EQUITY		**42,418,393**	50,499,269	45,555,734

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

Chairman, 28 November 2017

Executive Director, 28 November 2017

EROAD LIMITED

STATEMENT OF CONDENSED CONSOLIDATED CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

GROUP	Notes	Share Capital $	Retained Earnings $	Translation Reserve $	Total $
Balance as at 1 April 2016 - Audited		58,819,932	(7,991,750)	(109,701)	50,718,481
Loss after tax for the period		-	(241,222)	-	(241,222)
Other comprehensive income		-	-	(167,230)	(167,230)
Total comprehensive loss for the period - net of tax		-	(241,222)	(167,230)	(408,452)
Equity settled share-based payments		-	189,240	-	189,240
Balance as at 30 September 2016 - Unaudited		**58,819,932**	**(8,043,732)**	**(276,931)**	**50,499,269**
Balance as at 1 April 2017 - Audited		**58,965,367**	**(13,066,244)**	**(343,389)**	**45,555,734**
Loss after tax for the period		**-**	**(3,616,509)**	**-**	**(3,616,509)**
Other comprehensive income		**-**	**-**	**(80,808)**	**(80,808)**
Total comprehesive loss for period - net of tax		**-**	**(3,616,509)**	**(80,808)**	**(3,697,317)**
Equity settled share-based payments		**37,818**	**58,182**	**-**	**96,000**
Share capital issued	5	**463,976**	**-**	**-**	**463,976**
Balance as at 30 September 2017 - Unaudited		**59,467,161**	**(16,624,571)**	**(424,197)**	**42,418,393**

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 2017

		GROUP	
		30 September 2017	30 September 2016
	Notes	Unaudited $	Unaudited $
Cash flows from operating activities			
Cash received from customers		**17,951,288**	12,934,526
Payments to suppliers and employees		**(17,871,747)**	(10,069,403)
Interest received		**44,732**	52,849
Interest paid		**(441,444)**	(33,306)
Tax received		**362,153**	97,925
Net cash inflow from operating activities	12	**44,982**	2,982,591
Cash flows from investing activities			
Payments for purchase of property, plant & equipment		**(6,966,535)**	(4,908,627)
Payments for creation of intangible assets		**(4,264,800)**	(4,542,359)
Net cash outflow from investing activities		**(11,231,335)**	(9,450,986)
Cash flows from financing activities			
Loan from / (repayment) bank		**10,141,180**	5,017,006
Repayment of loans from directors		**-**	279,996
Net cash outflow from financing activities		**10,141,180**	5,297,002
Net increase/(decrease) in cash held		**(1,045,173)**	(1,171,393)
Cash at beginning of the financial period (net of overdraft)		**934,486**	7,873,012
Closing cash and cash equivalents (net of overdraft)		**(110,687)**	6,701,619

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

EROAD LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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 2017, 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 transport industry.

The condensed consolidated interim financial statements for the Group are for the period ended 30 September 2017. The financial statements were authorised for issue by the directors on 28 November 2017 and are unaudited. References in these financial statements to ""$"" are in New Zealand dollars.

With the exception of the change in presentation of Note 3 Segmental Reporting, 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 2017. 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 2017. Critical accounting policies are the same as those set out in the annual report for the year ended 31 March 2017.

Change in presentation of Note 3 Segmental Reporting:
Due to changes in the Group and the reporting information provided to the chief operating decision maker, the Group has changed its reportable segments from those reported at 31 March 2017. The segment result has also been changed from net profit after tax to EBITDA. As a result of the change, comparative amounts in the operating segment disclosure have been restated to align with the current year's presentation.

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

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

The financial statements have been prepared on a going concern basis based on the establishment post 30 September 2017 of a new and extended financing facility of the current debt and for future funding requirements. The Directors' opinion is based on the fact that the Group has refinanced the current facility and extended the overall facility based on the long-term profit and cash flow forecast and assumptions from the date of signing these accounts.

In preparing the financial statements, the Directors and management have assessed the Group's ability to fund the business' operations and meet its short-term obligations, as required by IAS 1 particularly in light of the financial performance of the Group at 30 September 2017. The group's debt has been classified as short term for the period ending 30 September 2017, this debt has been subsequently refinanced (refer note 13), as the debt was classified as current, the Group reported negative working capital of $17m. In making an assessment of the impact of the reported negative working capital at 30 September 2017, both Directors and management conducted a comprehensive review of the funding options available to the Group, of which there are several available to the Group, the financial position of the Group, the carrying value of its assets and the forecast cashflow proceeds and needs.

NOTE2 • EXPENSES

		GROUP	
		30 September 2017	30 September 2016
	Notes	Unaudited $	Unaudited $
Personnel expenses	4	**7,639,255**	4,717,347
Administrative and other operating expenses		**4,525,776**	3,603,388
Auditor's remuneration - KPMG		**101,750**	100,000
Tax compliance services - KPMG		**72,853**	48,791
Tax advisory services - KPMG		**41,176**	-
Health & Safety, Advisory - KPMG		**-**	74,531
Corporate Finance - KPMG*		**55,000**	-
Operating lease expense		**488,449**	508,355
Directors fees		**136,520**	124,239

During the six months the costs expensed in Research and Development was $1,626,420 (30 September 2016: $2,373,180).
* Gross fees were $172,714 of which $117,714 was capitalised.

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 segmented by geographic location for operating companies and corporate and development costs.

- *Corporate & Development:* Corporate head office costs and R&D activities for development of new and existing products and services
- *North America:* Operating company serving customers in North America
- *Australia & New Zealand:* Operating companies serving customers in Australia & New Zealand

Reportable segment information

Information related to each reportable segment is set out below. Segment result represents Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA), which is the measure reported to the chief operating decision maker.

Change in segment presentation

Due to changes in the Group and the reporting information provided to the chief operating decision maker the Group has changed its reportable segments from those reported at 31 March 2017. The segment result has also been changed from net profit after tax to EBITDA. As a result of the change, comparative amounts in the operating segment disclosure have been restated to align with the current year's presentation.

	Corporate & Development		North America		Australia & New Zealand	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	Unaudited $	Unaudited $	Unaudited $	Unaudited $	Unaudited $	Unaudited $
Revenue [1]	**9,181,793**	6,025,887	**3,198,290**	1,875,444	**17,367,437**	13,173,759
Earnings Before Interest, Taxation, Depreciation & Amortisation	**(3,452,176)**	(2,516,812)	**(2,778,866)**	(1,417,693)	**11,093,462**	8,834,074
Total assets	**53,158,765**	61,253,900	**8,088,448**	4,516,651	**34,490,760**	29,320,067
Depreciation	**(347,684)**	(295,194)	**(723,114)**	(523,961)	**(3,688,565)**	(2,986,808)
Amortisation	**(2,655,749)**	(1,375,445)	**-**	-	**-**	-

[1] Revenue in the Corporate & Development segment includes R&D Grant Income of $325,284 (2017:$474,636) and other external revenues of $14,722.
All other revenue for the Corporate & Development segment is inter-segment which is elimiated on consolidation.

NOTE 3 • SEGMENTAL NOTE (CONTINUED)

Reconciliation of information on reportable segments

	30 September 2017 Unaudited $	30 September 2016 Unaudited $
Revenue		
Total revenue for reportable segments	**29,747,520**	21,075,090
Elimination of inter-segment revenue	**(8,841,787)**	(5,551,251)
Consolidated revenue	**20,905,733**	15,523,839
EBITDA		
Total EBITDA for reportable segments	**4,862,420**	4,899,569
Elimination of inter-segment EBITDA	**(897,283)**	(174,667)
Consolidated EBITDA	**3,965,137**	4,724,902
Depreciation		
Total depreciation for reportable segments	**(4,759,363)**	(3,805,963)
Elimination of inter-segment profit	**121,311**	173,497
Consolidated Depreciation	**(4,638,052)**	(3,632,466)
Total assets		
Total assets for reportable segments	**95,737,973**	95,090,618
Elimination of inter-segment balances	**(15,501,728)**	(20,943,880)
Consolidated total assets	**80,236,245**	74,146,738

Allocation of Development Assets

Included within Total Assets are Development Assets of $27,177,895 at 30 September 2017 (30 September 2016: $24,020,743) for internal reporting purposes these are allocated to the Corporate & Development segment based on the ownership of intellectual property. The amortisation for these assets is also presented in the Corporate & Development segment.

For certain other purposes, the Development Asset is allocated to the operating segments that the Development Asset relates to, or if the Development Asset is developed for use globally across all operating companies the asset is allocated to segments based on the proportionate share of the Group's Contracted Units. At 30 September 2017 there was $16,873,215 (30 September 2016: $15,038,588) of global Development Assets that have been allocated across segments based on the Contracted Units.

	GROUP	
	30 September 2017 Unaudited $	30 September 2016 Unaudited $
Development Assets allocated to North America	**12,006,250**	9,613,243
Development Assets allocated to Australia & New Zealand	**15,171,645**	14,407,500
Total Development Assets	**27,177,895**	24,020,743

NOTE 4 • PERSONNEL EXPENSES

	GROUP	
	30 September 2017 Unaudited $	30 September 2016 Unaudited $
Employment expenses - excluding capitalised lease establishment costs	**10,817,114**	8,443,054
Salaries and wages capitalised to Development and Software Assets	**(3,177,859)**	(3,725,707)
	7,639,255	4,717,347

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 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
Vesting of shares under LTS scheme			145,435
At 31 March 2017 (audited)	**60,245,660**		**58,965,367**
Issue of shares to staff under LTI schemes	**490,000**	**$2.15**	**1,053,500**
Held in trust as treasury stock			**(1,053,500)**
Vested under LTS scheme			**37,818**
Shares issued to employees for 2017 bonus	**281,351**	**$1.65**	**463,976**
At 30 September 2017 (unaudited)	**61,017,011**		**59,467,161**

At 30 September 2017 there was 61,017,011 authorised and issued ordinary shares (30 September 2016: 60,245,660). 893,440 shares are held in trust for employees in relation to the long-term incentive and service plan and are accounted for as treasury stock (30 September 2016: 468,092).

The calculation of both basic and diluted earnings per share at 30 September 2017 was based on the profit attributable to ordinary shareholders of ($3,616,509) (30 September 2016: ($241,222)). The weighted number of ordinary shares was 59,982,002 (30 September 2016: 59,777,574) for basic earnings per share, and 60,001,111 for diluted earnings per share (30 September 2016: 59,777,574).

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 (NET OF OVERDRAFTS)

	GROUP		
	30 September 2017 Unaudited $	30 September 2016 Unaudited $	31 March 2017 Audited $
Cash and bank	**829,706**	6,701,619	935,359
Overdraft	**(940,393)**	-	(873)
	(110,687)	6,701,619	934,486

NOTE 7 • PROPERTY, PLANT AND EQUIPMENT

GROUP	Leased equipment	Plant and equipment	Leasehold improvements	Motor vehicles	Office equipment	Computers	Total
	$	$	$	$	$	$	$
Year ended 31 March 2017 - Audited							
Opening net book amount	18,735,454	90,216	725,706	489,273	548,215	772,416	21,361,280
Additions	10,195,049	71,192	3,559	123,608	101,391	172,861	10,667,660
Disposals	-	-	-	(90,627)	(24,736)	-	(115,363)
Depreciation charge	(7,136,241)	(33,210)	(132,703)	(142,712)	(184,719)	(456,103)	(8,085,688)
Depreciation recovered	-	-	-	34,919	6,238	-	41,157
Effect of movement in exchange rates	(75,286)	-	(17,415)	(313)	(8,231)	(3,864)	(105,109)
Closing net book amount	21,718,976	128,198	579,147	414,148	438,158	485,310	23,763,937
Cost	40,607,259	347,920	1,105,111	806,152	937,004	2,525,003	46,328,449
Accumulated depreciation	(18,888,283)	(219,722)	(525,964)	(392,004)	(498,846)	(2,039,693)	(22,564,512)
Net book amount	21,718,976	128,198	579,147	414,148	438,158	485,310	23,763,937

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

GROUP	Leased equipment	Plant and equipment	Leasehold improvements	Motor vehicles	Office equipment	Computers	Total
	$	$	$	$	$	$	$
Six months ended 30 September 2017 - Unaudited							
Opening net book amount	21,718,976	128,198	579,147	414,148	438,158	485,310	23,763,937
Additions	6,672,577	117,365	-	97,218	58,793	50,444	6,996,397
Disposals	-	-	-	(26,083)	-	(3,690)	(29,773)
Depreciation charge	(4,100,948)	(32,175)	(65,743)	(82,231)	(106,595)	(250,360)	(4,638,052)
Depreciation recovered	-	-	-	18,546	-	866	19,412
Effect of movement in exchange rates	(10,425)	-	(5,477)	-	(2,409)	(1,190)	(19,501)
Closing net book amount	**24,280,180**	**213,388**	**507,927**	**421,598**	**387,947**	**281,380**	**26,092,420**
Cost	47,259,823	465,287	1,097,936	877,287	991,780	2,569,437	53,261,550
Accumulated depreciation	(22,979,643)	(251,899)	(590,009)	(455,689)	(603,833)	(2,288,057)	(27,169,130)
Net book amount	**24,280,180**	**213,388**	**507,927**	**421,598**	**387,947**	**281,380**	**26,092,420**

Included in the Leased equipment is equipment under construction to be leased of $5,361,693 (31 March 2017: $4,711,866 September 2016: $3,913,961).

NOTE 8 • INTANGIBLE ASSETS

GROUP	Patents $	Trade Marks $	Development $	Software $	Total $
Year ended 31 March 2017 - Audited					
Opening net book amount	15,001	32,576	20,825,049	2,396,333	23,268,959
Additions	-	-	8,655,609	729,845	9,385,454
Amortisation charge	(350)	-	(3,283,232)	(708,054)	(3,991,636)
Closing net book amount	14,651	32,576	26,197,426	2,418,124	28,662,777
Cost	17,800	32,576	32,685,614	4,006,859	36,742,849
Accumulated amortisation	(3,149)	-	(6,488,188)	(1,588,735)	(8,080,072)
Net book amount	14,651	32,576	26,197,426	2,418,124	28,662,777

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

GROUP	Patents $	Trade Marks $	Development $	Software $	Total $
Six months ended 30 September 2017 - Unaudited					
Opening net book amount	14,651	32,576	26,197,426	2,418,124	28,662,777
Additions	-	-	3,204,069	1,060,731	4,264,800
Amortisation charge	(175)	-	(2,223,600)	(431,974)	(2,655,749)
Closing net book amount	**14,476**	**32,576**	**27,177,895**	**3,046,881**	**30,271,828**
Cost	17,800	32,576	35,889,683	5,067,590	41,007,649
Accumulated amortisation	(3,324)	-	(8,711,788)	(2,020,709)	(10,735,821)
Net book amount	**14,476**	**32,576**	**27,177,895**	**3,046,881**	**30,271,828**

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 Group customers (where agreed by all parties) and the third party makes an upfront payment for the use of the Group hardware products. Under the revenue recognition policy for hardware income it is deemed that the Group 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 Group 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 2017	30 September 2016	31 March 2017
	Unaudited $	Unaudited $	Audited $
Opening balance	**4,400,342**	5,374,647	5,374,647
Amounts deferred during the period	**1,436,131**	1,547,912	2,866,842
Amount recognised in the Statement of Comprehensive Income	**(1,566,734)**	(2,075,144)	(3,841,147)
Closing balance	**4,269,739**	4,847,415	4,400,342

At 30 September 2017, $2,520,429 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 2017: $2,656,518, 30 September 2016: $2,895,166).

NOTE 10 • INCOME TAX EXPENSE

	GROUP	
	30 September 2017	30 September 2016
	Unaudited $	Unaudited $
(a) Reconciliation of effective tax rate		
Profit/(Loss) before income tax	**(3,766,259)**	(345,058)
Income tax using the Company's domestic tax rate of 28%	**(1,054,552)**	(96,616)
Non-deductible expense/(non-assessable income)	**4,205**	9,692
Temporary differences		
Losses and timing differences (recognised)/not recognised	**891,993**	(22,155)
Effect of different tax rates	**8,604**	5,243
Income tax expense/(benefit)	**(149,750)**	(103,836)

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 2017	30 September 2016	31 March 2017
	Unaudited $	Unaudited $	Audited $
Future minimum lease payments			
Not later than one year	**13,162,996**	10,272,622	10,791,554
Later than one year not later than five years	**14,708,658**	10,560,901	10,346,171
	27,871,654	20,833,523	21,137,725

During the period $16,297,290 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 2016: $12,132,872).

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.

In addition, on 1 April 2017 the Group revised its estimate of the expected useful life of its trailer hardware units (Tubos) from 5 years to 3 years to reflect the additional wear and tear the units are subjected to. This has resulted in all 36-month rental lease agreements for Tubos being accounted for as finance leases in the current period.

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 2017	30 September 2016	31 March 2017	30 September 2017	30 September 2016	31 March 2017	30 September 2017	30 September 2016	31 March 2017
	Unaudited $	Unaudited $	Audited $	Unaudited $	Unaudited $	Audited $	Unaudited $	Unaudited $	Audited $
Not later than one year	**858,184**	497,289	542,355	**81,530**	46,997	44,213	**776,654**	450,292	498,142
Later than one year not later than five years	**1,520,567**	1,052,177	944,988	**86,371**	48,255	38,723	**1,434,196**	1,003,922	906,265
	2,378,751	1,549,466	1,487,343	**167,901**	95,252	82,936	**2,210,850**	1,454,214	1,404,407

During the period $1,112,054 (30 September 2016: $610,836) 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 $734,489 (30 September 2016: $501,305).

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 2017 is $75,332,046 (31 March 2017: $58,538,888, 30 September 2016: $52,776,991). 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 2017	30 September 2016
	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	**(3,616,509)**	(241,222)
Add/(less) non-cash items		
Tax asset recognised	**(159,260)**	(56,356)
Depreciation and amortisation	**7,293,801**	5,007,911
Other non-cash expenses/(income)	**15,192**	22,010
	7,149,733	4,973,565
Add/(less) movements in other working capital items:		
Decrease/(increase) in trade and other receivables	**(2,017,399)**	(1,551,552)
Decrease/(increase) in finance lease receivables	**(806,443)**	(428,937)
Decrease/(increase) in current tax receivable	**343,410**	97,925
Decrease/(increase) in current tax payable	**18,743**	-
Increase/(decrease) in deferred income	**(130,603)**	(527,232)
Increase /(decrease) in trade payables and accruals	**(895,950)**	660,044
	(3,488,242)	(1,749,752)
Net cash from operating activities	**44,982**	2,982,591

NOTE 13 • BORROWINGS

On 3 July 2017, in order to support funding requirements in connection with the Group's growth and to manage the related working capital requirements, the Group entered into a Multi-Option Credit Facility Agreement with the Bank of New Zealand (BNZ).

$10,500,000 Term Loan – to restructure existing term facilities. The Term Loan has a term of 1 year with the facility having an end date of 3 July 2018. The interest rate is variable based on the 3-month BKBM bid plus a margin of 2.85%. Principal and interest payments are made quarterly in line with a 30 month repayment profile.

$19,000,000 Committed Cash Advance Facility – to finance the up-front costs in connection with securing Future Contracted Income. The Committed Cash Advance Facility has a 1 year term with the facility having an end date of 3 July 2018. Structurally the facility is paid down and redrawn (revolving credit) each time the Company presents a certificate outlining the Group's growth in new Future Contracted Income on a monthly basis. For drawings in New Zealand Dollars of a 1-month duration, the interest rate is the 1-month BKBM plus margin of 2.25%. For drawings in USD of a 1-month duration, the interest rate is the 1 month US LIBOR plus a margin of 2.25%.

$3,000,000 Overdraft Facility – for general working capital purposes. This is an on demand facility with the interest rate based on the Market Connect Overdraft Prime Rate plus a margin of 1%.

EROAD's operating covenants to support the above facilities include Loan to Total FCI Ratio, Interest Cover Ratio, Total Assets (Obligators) to Total Assets (Group) ratio, and an umbrella limit on the aggregate of all facilities being below $25,500,000. EROAD was compliant with all covenants at 30 September 2017.

The security package for the Multi-Option Credit Facility Agreement includes an all obligations cross-guarantee granted by EROAD Australia Pty Limited and EROAD Inc in favour of the BNZ in respect of the obligations of EROAD Limited, and a General Security Agreements granted by EROAD Limited, EROAD Inc and EROAD Australia Pty Limited in favour of the BNZ as secured parties.

The Group has positive operating cash flows which funds the day-to-day servicing and support of its existing customer base. The Group plans to fund future research and development spend with excess operating cash flows of the business, whilst looking to fund the capex needed for future growth in leased units with debt funding facilities.

Since 30 September, the Group has received a legally binding committed term sheet for a new growth funding facility with a term through to April 2019, it is expected that the documentation will be finalised for this facility in December 2017.

NOTE 13 • BORROWINGS (CONTINUED)

Terms and debt repayment schedule

	Nominal Interest	Year of Maturity	30 Sept 2017 Face Value	30 Sept 2017 Carrying amount	30 Sept 2016 Face Value	30 Sept 2016 Carrying Amount	31 Mar 2017 Face Value	31 Mar 2017 Carrying Amount
Term Loans	4.84%	2018	**10,629,418**	**10,629,418**	6,019,311	6,019,311	7,029,304	7,029,304
NZ Growth Funding - Committed Cash Advance Facility	4.25%	2018	**4,791,018**	**4,791,018**	-	-	-	-
US Growth Funding - Committed Cash Advance Facility	3.49%	2018	**1,750,048**	**1,750,048**	-	-	-	-
			17,170,484	**17,170,484**	6,019,311	6,019,311	7,029,304	7,029,304

EROAD Limited also has an on demand overdraft facility of $3,000,000 of which $940,393 has been drawn at 30 September 2017 (31 March 2017: $873; 30 September 2016: Nil).

NOTE 14 • RELATED PARTY TRANSACTIONS

Related party transactions are consistent in nature with those reported at 31 March 2017.

NOTE 15 • CAPITAL COMMITMENTS

The capital expenditure commitments are in line with those at 31 March 2017.

NOTE 16 • CONTINGENT LIABILITIES

The contingent liabilities are in line with those at 31 March 2017.

NOTE 17 • EVENTS SUBSEQUENT TO BALANCE DATE

There are no reportable events subsequent to balance date other than the receipt of a committed term sheet for a new growth facility as outlined in Note 13 - Borrowings. (30 September 2016: Nil, 31 March 2017: Nil)

Independent Review Report

To the shareholders of EROAD Limited

Report on the condensed consolidated interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements on pages 8 to 21 do not:

i. present fairly in all material respects the Group's financial position as at 30 September 2017 and its financial performance and cash flows for the 6 month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying condensed consolidated interim financial statements which comprise:

- the condensed consolidated statement of financial position as at 30 September 2017;
- the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

A review of condensed consolidated interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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.

Our firm has also provided other services to the group in relation to tax compliance, tax advisory, and corporate finance. 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 reviewer of the group. The firm has no other relationship with, or interest in, the group.

Use of this Independent Review Report

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 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 as a body for our review work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the condensed consolidated interim financial statements

The Directors, on behalf of the group, are responsible for:

- the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of condensed interim consolidated financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the condensed consolidated interim financial statements

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. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

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 these condensed consolidated interim financial statements.

This description forms part of our Independent Review Report.

KPMG

KPMG
Auckland

28 November 2017

ROGER ALLEY
Safety Manager
Blue Line Transportation/Cascade Petroleum
Portland, OR

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Non GAAP Measures

UNITS ON DEPOT

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

UNITS PENDING INSTALLATION

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

TOTAL CONTRACTED UNITS (TCU)

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

FUTURE CONTRACTED INCOME (FCI)

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

RETENTION RATE

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

ANNUALISED HEAVY TRANSPORT RUC

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

eroad.com