Appendix 4D
Half Year Report

Results for announcement to the market

Company name:	Nearmap Ltd
ABN:	37 083 702 907
Reporting period:	Half year ended 31 December 2017
Previous corresponding period:	Half year ended 31 December 2016
Release date:	21 February 2018

				A$'000
Revenue from ordinary activities	up	27%	to	24,413
Loss from ordinary activities after tax attributable to members	up	120%	to	6,500
Net loss for the period attributable to members	up	120%	to	6,500

	31 December 2017	31 December 2016
Net tangible assets per share (cents)[1]	1.9	5.2

Dividend
Nearmap Ltd does not propose to pay any dividends for the half year ended 31 December 2017.

For a discussion on the items above refer to Review and results of operations section contained in the Directors' Report on the next page.

[1] *Net assets minus Intangible assets minus Net deferred tax liabilities divided by number of shares outstanding at the end of the period*

Directors' Report

Your directors submit their report, together with the consolidated financial statements of the Group (referred to hereafter as “Nearmap”) consisting of Nearmap Ltd and the entities it controlled at the end of, or during the half year ended 31 December 2017.

Directors

The directors of the Company at any time during or since the end of the half year and up to the date of this report are:

Mr Peter James	Non-Executive Chairman
Mr Ross Norgard	Non-Executive Director
Mr Cliff Rosenberg	Non-Executive Director
Mr Ian Morris	Non-Executive Director
Ms Sue Klose	Non-Executive Director
Dr Rob Newman	Managing Director

Review and results of operations

For the six months to 31 December 2017, Nearmap reported revenue of $24,413k, up 27% on corresponding prior half year revenue of $19,170k. Total subscription revenue increased by 28%, up to $24,364k from $19,090k, reflecting continuing customer growth in Australia and an acceleration of growth in the US.

Nearmap’s net loss after tax for the half year to 31 December 2017 was $6,500k, a 120% increase on the prior half year loss of $2,953k.

Nearmap’s balance sheet remained strong with no debt and a closing cash balance at 31 December 2017 of $20,642k (30 June 2017: $28,338k). This includes funds used to expand the Group's sales and marketing capabilities, to expand the capture footprint in both Australia and the US, and to develop HyperCamera2 units for oblique and 3D imagery capture.

Rounding off

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

KPMG, our auditor, have provided a written independence declaration as required under section 307C of the *Corporations Act 2001* to the directors in relation to their review for the half year ended 31 December 2017. This independence declaration forms part of the Directors' Report and can be found at page 3.

Signed in accordance with a resolution of the directors.

Dr Rob Newman
Managing Director
Sydney, 21 February 2018

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Nearmap Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Nearmap Ltd for the half-year ended 31 December 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Trent Duvall
Partner

Sydney

21 February 2018

Consolidated statement of profit or loss and other comprehensive income

for the half year ended 31 December 2017

	Notes	31 December 2017 $'000	31 December 2016 $'000
Revenue		**24,413**	19,170
Other income		**264**	256
Total revenue and other income	3	**24,677**	19,426
Employee benefits expense		**(14,724)**	(11,216)
Amortisation and depreciation		**(5,913)**	(3,506)
Net foreign exchange differences		**(226)**	(225)
Other operational expenses	4	**(8,563)**	(5,606)
Total expenses		**(29,426)**	(20,553)
Loss before tax		**(4,749)**	(1,127)
Income tax expense	5	**(1,751)**	(1,826)
Loss for the half year		**(6,500)**	(2,953)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**49**	9
Unrealised gain on cash flow hedges		**119**	503
Income tax associated with these items		**(36)**	(151)
Total comprehensive income for the half year		**(6,368)**	(2,592)
Earnings per share			
Basic earnings per share for the half year (cents per share)		**(1.67)**	(0.81)
Diluted earnings per share for the half year (cents per share)		**(1.67)**	(0.81)

The above interim consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 31 December 2017

	Notes	31 December 2017 $'000	30 June 2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**20,642**	28,338
Trade receivables		**9,699**	7,051
Other current receivables		**2,612**	623
Other current assets		**2,224**	909
Total current assets		**35,177**	36,921
Non-current assets			
Plant and equipment	6	**11,758**	10,610
Intangible assets	7	**29,696**	24,824
Deferred tax assets		**2,239**	2,060
Total non-current assets		**43,693**	37,494
TOTAL ASSETS		**78,870**	74,415
LIABILITIES			
Current liabilities			
Trade and other payables		**2,441**	1,609
Unearned income		**29,010**	25,171
Employee benefits		**3,382**	2,441
Current tax liability		**337**	298
Other current liabilities		**3,144**	2,039
Total current liabilities		**38,314**	31,558
Non-current liabilities			
Employee benefits		**153**	105
Deferred tax liabilities		**7,356**	5,594
Other non-current liabilities		**1,121**	-
Total non-current liabilities		**8,630**	5,699
TOTAL LIABILITIES		**46,944**	37,257
NET ASSETS		**31,926**	37,158
EQUITY			
Contributed equity	8	**51,885**	51,446
Reserves		**12,496**	11,667
Profits reserve		**7,078**	7,078
Accumulated losses		**(39,533)**	(33,033)
TOTAL EQUITY		**31,926**	37,158

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the half year ended 31 December 2017

	31 December 2017 $'000	31 December 2016 $'000
Cash flows from operating activities		
Receipts from customers	**27,986**	19,728
Payments to suppliers and employees[1]	**(31,358)**	(21,063)
Interest received	**204**	175
Other receipts	**21**	45
Income taxes paid	**(165)**	-
Net cash outflow from operating activities	**(3,312)**	(1,115)
Cash flows from investing activities		
Purchase of plant and equipment	**(2,318)**	(2,743)
Payments for development costs	**(2,454)**	(1,697)
Proceeds from sale of plant and equipment	**79**	-
Net cash outflow from investing activities	**(4,693)**	(4,440)
Cash flows from financing activities		
Proceeds from issue of shares (net of transaction costs)	**-**	19,247
Proceeds from exercise of share options	**439**	326
Proceeds from exercise of share option loans	**-**	2,089
Net cash inflow from financing activities	**439**	21,662
Net (decrease)/increase in cash and cash equivalents	**(7,566)**	16,107
Cash and cash equivalents at the beginning of the half year	**28,338**	12,190
Effect of movement of exchange rates on cash held	**(130)**	98
Cash and cash equivalents at the end of the half year	**20,642**	28,395

[1] Includes capture costs in Australia and the US of $1,349k and $5,847k respectively (2016: $850k and $2,953k).

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the half year ended 31 December 2017

	Notes	Contributed Equity $'000	Accumulated Losses $'000	Profits Reserve $'000	Share Based Payments Reserve $'000	Other Reserves $'000	Total Equity $'000
At 1 July 2017		**51,446**	**(33,033)**	**7,078**	**12,002**	**(335)**	**37,158**
Loss for the period		**-**	**(6,500)**	**-**	**-**	**-**	**(6,500)**
Other comprehensive income:							
Changes in fair value of cash flow hedges (net of tax)		**-**	**-**	**-**	**-**	**83**	**83**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**49**	**49**
Total other comprehensive income		**-**	**(6,500)**	**-**	**-**	**132**	**(6,368)**
Transactions with owners of the Company:							
Share options exercised	8	**439**	**-**	**-**	**-**	**-**	**439**
Share based payment transactions		**-**	**-**	**-**	**697**	**-**	**697**
Total transactions with owners of the Company		**439**	**-**	**-**	**697**	**-**	**1,136**
At 31 December 2017		**51,885**	**(39,533)**	**7,078**	**12,699**	**(203)**	**31,926**
At 1 July 2016		**28,779**	**(27,729)**	**7,078**	**10,657**	**(292)**	**18,493**
Loss for the period		-	(2,953)	-	-	-	(2,953)
Other comprehensive income:							
Changes in fair value of cash flow hedges (net of tax)		-	-	-	-	352	352
Exchange differences on translation of foreign operations		-	-	-	-	9	9
Total other comprehensive income		**-**	**(2,953)**	**-**	**-**	**361**	**(2,592)**
Transactions with owners of the Company:							
Share issue		19,247	-	-	-	-	19,247
Share options exercised	8	326	-	-	-	-	326
Share option loans exercised	8	2,089	-	-	-	-	2,089
Share based payment transactions		-	-	-	844	-	844
Total transactions with owners of the Company		**21,662**	**-**	**-**	**844**	**-**	**22,506**
At 31 December 2016		**50,441**	**(30,682)**	**7,078**	**11,501**	**69**	**38,407**

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the half year ended 31 December 2017

1. Basis of preparation of the half year financial statements

(a) Reporting entity

Nearmap Ltd (the "Company") is a company domiciled in Australia. These consolidated interim financial statements for the six months ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group during the course of the reporting period was online aerial photomapping via its 100% owned subsidiaries, Nearmap Australia Pty Ltd, Nearmap US Inc and Nearmap Remote Sensing US Inc.

(b) Statement of compliance

These condensed general purpose financial statements for the half year reporting period ended 31 December 2017 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half year consolidated financial statements of the Company also comply with IAS 134 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements for the year ended 30 June 2017. These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by Nearmap Ltd during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

These consolidated interim financial statements were approved by the Board of Directors on Tuesday, 20 February 2018.

The Group's current liabilities exceeded its current assets as at 31 December 2017 by $3,137k including a current liability for unearned income of $29,010k. Unearned income includes income received in advance which has been deferred in the statement of financial position until service is performed. The preliminary final report has been prepared on a going concern basis, based on the Group's cash flows for the current year and estimated profits and cash flows for future years.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated interim financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(c) Judgements and estimates

In preparing these consolidated interim financial statements, the Company makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the Company in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2017. The only exception is in the expected pattern of consumption of assets used in the generation of aerial images. The Group has determined that it can no longer reliably attribute camera system usage to specific images as the variety of applications for this data becomes increasingly sophisticated. Effective from 1 July 2017, depreciation of camera system assets is recognised directly in profit or loss rather than capitalised to capture costs.

1. Basis of preparation of the half year financial statements (continued)

(d) Changes in accounting policies and new standards and interpretations not yet adopted (continued)

AASB 9 *Financial Instruments*
While the Group has yet to undertake a detailed assessment of the classification and measurement impacts of the new standard, the Group expects the following impacts:
• the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets;
• the Group does not hold any financial liabilities at fair value through profit and loss and as such there is no impact of the new standard on financial liabilities;
• as a general rule, more hedge relationships may be eligible for hedge accounting. Existing hedge relationships would appear to qualify as continuing hedge relationships upon adoption of the new standard;
• the new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses. Whilst the Group has to yet finalise its detailed assessment of the impact of AASB 9 and its interaction with AASB 15, it may result in earlier recognition of credit loss provisions.

AASB 15 *Revenue from Contracts with Customers*
The Group is assessing the impact on its consolidated financial statements resulting from the application of the new standard. It replaces AASB 118 *Revenue* and related interpretations and provides a single comprehensive model for revenue recognition based on the satisfaction of performance obligations. Given the majority of the Group's customers access images online by purchasing an annual subscription, revenue in any particular year is not expected to vary materially. The following areas have been identified that are likely to be significantly affected:
• Multi-year payment ramp contracts. Revenue will continue to be recognised over time however the amount will be the total contract value amortised over the contract period.
• The new standard requires significant increases in disclosures in relation to revenue derived from contracts, key judgments and future revenue expected to be generated.
The Group is continuing its analysis of the changes to enable the expected financial impacts to be quantified.

AASB 16 *Leases*
The new standard requires a lessee to recognise a right-of-use asset representing its rights to use the underlying lease asset and a lease liability representing its obligations to make lease payments, other than short-term leases or leases of low value assets, on balance sheet. It replaces AASB 117 *Leases*. The Group's operating leases with terms of more than 12 months and therefore expected to be impacted by the new standard, relate to leases of office facilities. The Group has not quantified the effect of the new standard, however the following impacts are expected:
• total assets and liabilities on the balance sheet will increase with a likely decrease in net assets, due to the reduction of the capitalised asset being on a straight line basis while the liability reduces by the principal amount of repayments. Net current assets will show a decrease due to an element of the liability being disclosed as a current liability;
• interest expense will increase due to the underwriting of the effective interest rate implicit in the lease. Interest expense will be greater at the beginning of the life of a lease due to the higher principal value causing profit variability over the course of a lease life. This effect may be partially mitigated due to the number of leases held in the Group at different stages of their terms; and
• operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified as financing activities.
The Group expects to adopt the retrospective transitional approach to implementation in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* by adjusting the comparatives of each year presented in the annual report in which the standard is first applied by the Group. The Group does not expect to adopt these standards early.

(e) Significant accounting policies

The accounting policies applied by the Company in these consolidated interim financial statements are the same as those applied in the financial report for the year ended 30 June 2017.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. Segment information

An overview of the operating segments is provided below.

- Australia: this segment is responsible for all sales and marketing efforts in Australia.
- United States: this segment is responsible for all sales and marketing efforts in the United States.
- Corporate: the Corporate segment holds all the IP and product “know-how” which allows Nearmap to deliver globally and derives its revenues from ongoing royalty payments from the regions that are determined based on percentage of subscription revenue.

Cost of revenue are all the costs directly attributable to the ongoing delivery of the subscription product, including uncapitalised capture costs, technology costs and amortisation of the photomaps.

Sales and marketing costs include direct in-country costs.

General and administration costs for the Corporate segment represent all operating expenses and product design and development expenses.

The assets and liabilities of the Group are reported and reviewed by the Chief Operating Decision Maker in total and not allocated by operating segment. Therefore, operating segment assets and liabilities are not disclosed.

	Australia	United States	Corporate	Total
	$’000	$’000	$’000	$’000
6 months ended 31 December 2017				
Total revenue and other income	**20,623**	**3,790**	**264**	**24,677**
Cost of revenue [1]	**(1,268)**	**(3,715)**	**-**	**(4,983)**
Gross profit	**19,355**	**75**	**264**	**19,694**
Sales & marketing	**(4,574)**	**(6,163)**	**-**	**(10,737)**
General & administration [2]	**(3,383)**	**(3,264)**	**(3,949)**	**(10,596)**
Segment contribution	**11,398**	**(9,352)**	**(3,685)**	**(1,639)**
Amortisation & depreciation [3]				**(2,883)**
Interest expense				**(1)**
FX loss				**(226)**
Income tax expense				**(1,751)**
Loss after tax				**(6,500)**
6 months ended 31 December 2016				
Total revenue and other income	17,741	1,429	256	19,426
Cost of revenue [1]	(1,564)	(1,941)	-	(3,505)
Gross profit	16,177	(512)	256	15,921
Sales & marketing	(4,236)	(3,805)	-	(8,041)
General & administration [2]	(1,772)	(1,932)	(3,595)	(7,299)
Segment contribution	10,169	(6,249)	(3,339)	581
Amortisation & depreciation [3]				(1,482)
Interest expense				(1)
FX gain				(225)
Income tax expense				(1,826)
Loss after tax				(2,953)

1. Includes amortisation of capitalised capture costs.
2. Includes depreciation of local supporting assets e.g. furniture and fittings.
3. Includes amortisation and depreciation of business combination & corporate assets.

Notes to the consolidated financial statements
for the half year ended 31 December 2017

3. Total revenue and other income

	31 December 2017 $'000	31 December 2016 $'000
Subscription revenue	**24,364**	19,090
On-demand revenue	**-**	35
Royalty income	**49**	45
Total revenue	**24,413**	19,170
Interest income	**199**	211
Grant income	**21**	45
Gain on disposal of assets	**44**	-
Total other income	**264**	256
Total revenue and other income	**24,677**	19,426

4. Other operational expenses

	31 December 2017 $'000	31 December 2016 $'000
Servicing and processing costs	**1,940**	1,022
Marketing costs	**1,658**	941
Travel and office costs	**1,539**	848
Subscription fees	**1,012**	601
Audit, consulting and legal fees	**765**	986
Operating lease expenses	**581**	476
Insurance costs	**163**	192
All other operating expenses	**905**	540
Total other operational expenses	**8,563**	5,606

5. Tax expense

The Group had unrecognised tax losses of $8,985k as at 31 December 2017 (2016: $9,612k).

Notes to the consolidated financial statements
for the half year ended 31 December 2017

6. Plant and equipment

	31 December 2017 $'000	30 June 2017 $'000
Balance at the beginning of the half year	**10,610**	6,167
Additions (at cost)	**2,318**	6,377
Disposals (at net book value)	**(35)**	(10)
Depreciation	**(1,135)**	(1,924)
Closing balance at the end of the half year	**11,758**	10,610
At cost	**21,292**	19,117
Accumulated depreciation	**(9,534)**	(8,507)
Closing net book value	**11,758**	10,610

7. Intangible assets

	Goodwill $'000	Development costs $'000	Capture costs $'000	Other $'000	Total $'000
Half year ended 31 December 2017					
Opening net book value	**135**	**6,219**	**17,878**	**592**	**24,824**
Intangible additions	**-**	**2,343**	**7,196**	**111**	**9,650**
Amortisation charge	**-**	**(1,798)**	**(2,774)**	**(206)**	**(4,778)**
Closing net book value	**135**	**6,764**	**22,300**	**497**	**29,696**
At 31 December 2017					
Cost	**135**	**19,654**	**31,356**	**1,741**	**52,886**
Accumulated amortisation	**-**	**(12,890)**	**(9,056)**	**(1,244)**	**(23,190)**
Closing net book value	**135**	**6,764**	**22,300**	**497**	**29,696**
Year ended 30 June 2017					
Opening net book value	135	5,879	10,379	847	17,240
Intangible additions	-	3,528	11,142	222	14,892
Amortisation charge	-	(3,188)	(3,643)	(477)	(7,308)
Closing net book value	135	6,219	17,878	592	24,824
At 30 June 2017					
Cost	135	17,311	24,160	1,630	43,236
Accumulated amortisation	-	(11,092)	(6,282)	(1,038)	(18,412)
Closing net book value	135	6,219	17,878	592	24,824

8. Contributed equity

Securities issued – issue of ordinary shares during the half year:

	2017		2016	
Movement in shares on issue	**Number of shares**	**$'000**	Number of shares	$'000
Balance at the beginning of the half year	**387,686,515**	**51,446**	356,246,101	28,779
Issue of shares during the half year	**-**	**-**	28,571,429	19,247
Issued from exercise of share options	**1,283,333**	**439**	800,000	326
Issued from exercise of share option loans	**1,000,000**	**-**	1,033,333	-
Repayment of loan share options	**-**	**-**	-	2,089
Balance at the end of the half year	**389,969,848**	**51,885**	386,650,863	50,441

9. Movement in share options – share based payments

	2017	2016
Number of options outstanding at the beginning of the half year	**34,300,921**	37,445,000
Options lapsed	**(8,891,667)**	(2,075,000)
Options exercised – loans granted	**(1,000,000)**	(1,033,333)
Options exercised – cash payments	**(1,283,333)**	(800,000)
Options granted	**4,498,990**	4,900,000
Total number of options outstanding at the end of the half year	**27,624,911**	38,436,667

The estimated fair value at grant date of the options granted for the period ended 31 December 2017 was 28 cents per share (2016: between 21 cents and 40 cents per share). The fair value at grant date is measured using a Black-Scholes option pricing model that takes into account the exercise price, volatility of the underlying share, the expected dividend yield, the risk free rate for the term of the option, and the expected option life.

Expected volatility of approximately 53% has been estimated taking into account historic average share price volatility.

Other model inputs include: exercise price of 71 cents, expiry date of November 2021, share price at grant date of 70 cents per share, a risk free rate of 2.11%, and an expected life of 4 years.

10. Financial instruments

Carrying amounts versus fair values

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows.

31 December 2017	Carrying amount $'000	Fair value $'000
Financial assets		
Cash and cash equivalents	20,642	20,642
Trade and other receivables	9,699	9,699
Financial liabilities		
Trade and other payables	2,441	2,441
Employee benefits	3,535	3,535
Other current liabilities	3,144	3,144

Financial instruments carried at fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period in which the transfer has occurred. There were no transfers between Levels of the fair value hierarchy during the six months ended 31 December 2017.

Except as noted below, the fair value measurement principles adopted in this report are consistent with those disclosed in the consolidated financial statements for the year ended 30 June 2017. The carrying value less impairment provision of trade receivables, payables and current employee benefits are assumed to approximate their fair values due to their short-term nature. The fair value of non-current employee benefits for disclosure purposes is based predominantly on the service cost since employment commencement date (level 3).

Forward exchange contracts

The Group's functional currency is the Australian dollar (AUD) and it is exposed to currency risk on payments denominated in the US dollar (USD). The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than six months from the reporting date. The currency risk relating to payments denominated in USD have been fully hedged, with the forward exchange contracts maturing on the same dates that the forecast payments are expected to occur. These contracts are designated as cash flow hedges.

The forward exchange contracts are not quoted in active markets as they are not traded on a recognised exchange. Instead the Group uses valuation techniques (present value techniques). These valuation techniques use both observable and unobservable market inputs. As these financial instruments use valuation techniques with unobservable inputs that are not significant to the overall valuation, these instruments are included in Level 2 of the fair value hierarchy.

11. Related parties

Financial assistance under the Employee Share Option Plan

Nearmap's Employee Share Option Plan includes an Employee Loan Scheme that permits Nearmap to grant financial assistance to employees by way of loan to enable them to exercise options and acquire shares.

Transactions with key management personnel

An unsecured loan of $560,000 was advanced to Dr Rob Newman during the six months ended 31 December 2017 (2016: $560,000).

12. Contingent liabilities

As at 31 December 2017, except for a bank guarantee of $1,300k, the Directors are not aware of any contingent liabilities in relation to the Group.

13. Subsequent events

As at the date of this report, no matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 15 are in accordance with the *Corporations Act 2001* , including:

(i) complying with AASB 134 *Interim Financial Reporting* , the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dr Rob Newman
Managing Director

Sydney, 21 February 2018

Independent Auditor's Review Report

To the shareholders of Nearmap Ltd

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Nearmap Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Nearmap Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2017
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Nearmap Ltd (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

The ***Half-year*** is the 6 months ended on 31 December 2017.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Nearmap Ltd, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Trent Duvall
Partner

Sydney
21 February 2018