

Appendix 4D

Half Year Report

Name of entity

nearmap ltd

ABN 37 083 702 907

Financial period ended ('current period')

31 December 2014

Results for announcement to the market:

(All comparisons are to half year ended 31 December 2013)

				A\$'000
Revenues from ordinary activities	Increased	44%	to	11,384
Profit from ordinary activities after tax attributable to members	Decreased	(62%)	to	300
Net profit for the period attributable to members	Decreased	(62%)	to	300
		31/12/14		31/12/13
Net tangible assets per share (cents)		4.1		2.4

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

nearmap ltd has proposed to not pay any dividends for the half year ended 31 December 2014.

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 2014.

Directors

The directors of the Company at any time during or since the end of the half year are as follows:

Directors were in office for this entire period unless otherwise stated.

Mr Ross Norgard	Non-Executive Chairman
Mr Simon Crowther	Managing Director
Dr Rob Newman	Non-Executive Director
Mr Cliff Rosenberg	Non-Executive Director

Review and results of operations

For the six months to 31 December 2014, nearmap reported revenue of \$11,384K, up 44% on corresponding prior half year revenue of \$7,892K.

Renewal rates remained high with active subscription customers across local, state and federal government and commercial sectors.

nearmap's balance sheet remained strong with no debt and a steady cash balance. During the six month period to 31 December 2014, nearmap had negative cashflows of \$1,579K as a result of funding US operations with the cash balance decreasing to \$21,768K, compared to \$23,347K at 30 June 2014. Operating cash flows are positive at \$1,368K.

nearmap's net profit after tax for the half year to 31 December 2014 was \$300K, a decrease on the prior half year profit of \$780K.

In July 2014, nearmap announced the launch of HyperCamera, a new aerial camera system designed to fit in the cabin of any aircraft with a standard camera hole. The HyperCamera was approved by the FAA for unrestricted operation in the U.S.

nearmap launched nearmap Insurance in July, a visual analytics solution designed to give insurers a competitive advantage when assessing risk and managing claims.

nearmap also launched nearmap Construction, a construction planning solution with precise site information to map, measure and monitor the progress of a build.

In October 2014, nearmap announced its expansion into the US market, including the launch of its nationwide US urban capture program. First-year combined capital and capture costs are expected to be around \$8M per year. Ongoing capture costs, including expanding the capture program to cover major cities multiple times, is expected to be around \$8M per year.

Directors' Report

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated interim financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

KPMG, our auditors, 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 2014. This independence declaration forms part of the Directors' Report and can be found at page 4.

Signed in accordance with a resolution of the Directors.



Simon Crowther
Managing Director
Sydney, 17 February 2015



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 for the half-year ended 31 December 2014 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

17 February 2015

Consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2014

	Notes	31 December 2014 \$'000	31 December 2013 \$'000
Revenue		11,384	7,892
Other income		318	237
Total revenue	3	11,702	8,129
Employee benefits expenses		(6,473)	(4,366)
Depreciation and amortisation expense		(1,328)	(994)
Net foreign exchange differences		(83)	25
Other operational expenses	4	(3,138)	(2,014)
Total expenses		(11,022)	(7,349)
Profit before tax		680	780
Income tax expense	5	(380)	-
Profit for the half year		300	780
Total comprehensive income for the half year		300	780
Earnings per share			
Basic earnings per share for the half year (cents per share)		0.09	0.24
Diluted earnings per share for the half year (cents per share)		0.08	0.24

The above 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 2014

	Notes	31 December 2014 \$'000	30 June 2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		21,768	23,347
Trade receivables		2,965	2,670
Other current receivables		747	625
Total current assets		25,480	26,642
Non-current assets			
Plant and equipment	6	2,977	1,402
Intangible assets	7	7,845	5,268
Deferred tax asset		3,402	3,782
Total non-current assets		14,224	10,452
TOTAL ASSETS		39,704	37,094
LIABILITIES			
Current liabilities			
Trade and other payables		2,020	2,246
Unearned income		13,994	13,403
Employee benefits		1,168	852
Other current liabilities		81	-
Total current liabilities		17,263	16,501
Non-current liabilities			
Employee benefits		148	88
Total non-current liabilities		148	88
TOTAL LIABILITIES		17,411	16,589
NET ASSETS		22,293	20,505
EQUITY			
Contributed equity	8	27,559	27,113
Reserves		7,161	6,119
Profits reserve		7,378	7,078
Accumulated losses		(19,805)	(19,805)
TOTAL EQUITY		22,293	20,505

The above 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 2014

	31 December 2014 \$'000	31 December 2013 \$'000
Cash flows from operating activities		
Receipts from customers	11,512	9,682
Payments to suppliers and employees ¹	(10,413)	(5,743)
Interest received	269	205
Income taxes paid	-	-
Net cash flows generated from operating activities	1,368	4,144
Cash flows from investing activities		
Purchase of plant and equipment	(1,814)	(257)
Payments for development costs	(1,662)	(208)
Proceeds from sale of plant and equipment	-	3
Net cash flows used in investing activities	(3,476)	(462)
Cash flows from financing activities		
Proceeds from exercise of share options	446	307
Proceeds from exercise of loans share options	-	96
Net cash flows from financing activities	446	403
Net (decrease)/increase in cash and cash equivalents	(1,662)	4,085
Net foreign exchange difference	83	36
Cash and cash equivalents at beginning of period	23,347	13,387
Cash and cash equivalents at end of period	21,768	17,508

¹ Includes capture costs in Australia and the US of \$882K and \$1,184K, respectively (2013: \$492K, nil).

The above 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 2014

For the half year ended 31 December 2014

	Contributed Equity \$'000	Accumulated Losses \$'000	Profits reserve \$'000	Share Based Payment Reserve \$'000	Other Reserves \$'000	Total Equity \$'000
At 1 July 2014	27,113	(19,805)	7,078	6,119	-	20,505
Profit / total comprehensive income for the period	-	300	-	-	-	300
Transfer between reserves	-	(300)	300	-	-	-
Other comprehensive income:						
Changes in fair value of cash flow hedges	-	-	-	-	(81)	(81)
Exchange differences on translation of foreign operations	-	-	-	-	(24)	(24)
Total comprehensive income for the period	27,113	(19,805)	7,378	6,119	(105)	20,700
Transactions with owners of the company:						
Issue of ordinary shares	-	-	-	-	-	-
Share options exercised	446	-	-	-	-	446
Share based payment transactions	-	-	-	1,147	-	1,147
At 31 December 2014	27,559	(19,805)	7,378	7,266	(105)	22,293

Consolidated statement of changes in equity

for the half year ended 31 December 2014

For the half year ended 31 December 2013

	Contributed Equity \$'000	Accumulated Losses \$'000	Profits reserve \$'000	Share Based Payment Reserve \$'000	Other Reserves \$'000	Total Equity \$'000
At 1 July 2013	26,536	(19,805)	-	4,222	-	10,953
Profit / total comprehensive income for the period	-	780	-	-	-	780
Transfer between reserves	-	(780)	780	-	-	-
Transactions with owners of the company:						
Issue of ordinary shares	99	-	-	-	-	99
Share options exercised	403	-	-	-	-	403
Share based payment transactions	-	-	-	700	-	700
At 31 December 2013	27,038	(19,805)	780	4,922	-	12,935

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

Notes to the half year consolidated financial statements for the half year ended 31 December 2014

1. Basis of preparation of the half year financial statements

(a) Reporting entity

nearmap ltd (the "Company") is a company domiciled in Australia. These half year consolidated financial statements as at and for the six months ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group during the course of the financial year was online aerial photomapping via its 100% owned subsidiaries, nearmap Australia Pty Ltd and nearmap US Inc.

(b) Statement of Compliance

These condensed general purpose financial statements for the interim half year reporting period ended 31 December 2014 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporation 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 as at and for the year ended 30 June 2014. These half year 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 2014.

These half year consolidated financial statements were approved by the Board of Directors on Tuesday, 17 February 2015.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the half year consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

(c) Judgements and Estimates

In preparing these half year consolidated 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 as at and for the year ended 30 June 2014 except for:

- Measurement of fair value of derivative instruments. See Note 9 for further information about the assumptions made in measuring fair value of financial instruments.

(d) Significant accounting policies

The accounting policies applied by nearmap in this consolidated interim report are the same as those applied in the financial report as at and for the year ended 30 June 2014 except for adoption of the following:

- *Derivative financial instruments and hedge accounting:* The Group holds derivative financial instruments to hedge its foreign currency risk exposures. These derivative instruments are designated as a cash flow hedging instruments. The effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is immediately recognised in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

Notes to the half year consolidated financial statements

for the half year ended 31 December 2014

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

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

2. Segment information

During the six months ended 31 December 2014, the Group changed its internal organisation and the composition of its reportable segments in light of the recent expansion into the United States. Accordingly, the Group has restated the operating segment information for the six months ended 31 December 2013. The change in operating segments does not result in any change to the reported profit for the Group on prior periods. An overview of the new 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.
- Global: The Global segment holds all the IP and product “know-how” which allows nearmap to deliver its product offering, being online aerial photomapping. The segment facilitates the day to day survey operations 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 capture costs, technology costs and amortisation of the photomaps.

Sales and marketing costs including direct in-country costs.

General and administration for Global 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.

Notes to the half year consolidated financial statements

for the half year ended 31 December 2014

	Australia \$'000	United States \$'000	Global \$000	Total \$'000
6 months ended 31 December 2014				
Subscription revenue	11,233	-	-	11,233
On-demand revenue	151	-	-	151
Other income	-	-	318	318
Total revenue	11,384	-	318	11,702
Cost of revenue	(1,309)	(417)	-	(1,726)
Gross Profit	10,075	(417)	318	9,976
Sales & marketing	(2,894)	(517)	-	(3,411)
General & administration	-	-	(5,885)	(5,885)
EBIT	7,181	(934)	(5,567)	680
Royalty	(3,985)	-	3,985	-
Net segment contribution	3,196	(934)	(1,582)	680
Income tax expense				(380)
Profit after tax				300

	Australia \$'000	United States \$'000	Global \$000	Total \$'000
6 months ended 31 December 2013				
Subscription revenue	7,788	-	-	7,788
On-demand revenue	104	-	-	104
Other income	3	-	234	237
Total revenue	7,895	-	234	8,129
Cost of revenue	(1,158)	-	-	(1,158)
Gross Profit	6,737	-	234	6,971
Sales & marketing	(1,241)	-	-	(1,241)
General & administration	-	-	(4,950)	(4,950)
EBIT	5,496	-	(4,716)	780
Royalty	(2,762)	-	2,762	-
Net segment contribution	2,734	-	(1,954)	780
Income tax expense				-
Profit after tax				780

3. Total revenue

	31 December 2014 \$'000	31 December 2013 \$'000
Subscription revenue	11,233	7,788
On-demand revenue	151	104
Interest income	318	234
Other income	-	3
Total other income	318	237
Total revenue	11,702	8,129

Notes to the half year consolidated financial statements

for the half year ended 31 December 2014

	31 December 2014 \$'000	31 December 2013 \$'000
4. Other operational expenses		
Servicing and processing costs	503	367
Operating lease expenses	182	167
Audit and consulting fees	294	391
Travel and office costs	639	266
Legal and listing fees	462	266
Insurance costs	118	62
All other operating expenses	940	495
Total other operational expenses	3,138	2,014

5. Tax expense

All tax losses available were recognised in the comparative period, offsetting income tax payable. As there are no further tax losses to be utilised in the current period, the Group has recognised income tax expense for the six months ended 31 December 2014.

	31 December 2014 \$'000	30 June 2014 \$'000
6. Plant and equipment		
Balance at beginning of the year	1,402	1,099
Additions (at cost)	1,814	582
Disposals (at net book value)	-	-
Depreciation	(239)	(279)
Closing balance at end of period	2,977	1,402
At cost	4,488	2,404
Accumulated depreciation	(1,510)	(1,002)
Closing net book value	2,977	1,402

Notes to the half year consolidated financial statements

for the half year ended 31 December 2014

7. Intangible assets

	Goodwill \$'000	Development costs \$'000	Capture costs \$'000	Other \$'000	Total \$'000
Period ended 31 December 2014					
Opening net book amount	135	4,166	745	222	5,268
Intangible additions	-	1,459	2,148	203	3,810
Amortisation charge	-	(978)	(194)	(61)	(1,233)
Closing net book amount	135	4,647	2,699	364	7,845
At 31 December 2014					
Cost	135	11,506	2,987	467	15,095
Accumulated amortisation	-	(6,859)	(288)	(103)	(7,250)
Closing net book amount	135	4,647	2,699	364	7,845
Year ended 30 June 2014					
Opening net book amount	135	5,112	-	-	5,247
Intangible additions	-	713	840	263	1,816
Amortisation charge	-	(1,659)	(95)	(41)	(1,795)
Closing net book amount	135	4,166	745	222	5,268
At 30 June 2014					
Cost	135	10,047	840	263	11,285
Accumulated amortisation	-	(5,881)	(95)	(41)	(6,017)
Closing net book amount	135	4,166	745	222	5,268

Capitalised capture costs are amortised over a period of 5 years. Amortisation of capture costs for the six months ended 31 December 2014 has been included within "depreciation and amortisation expenses" in the statement of profit or loss and other comprehensive income.

8. Contributed equity

Issued and paid up capital

	31 December 2014 \$'000	31 December 2013 \$'000
348,196,101 ordinary shares fully paid (2013: 333,846,101)	27,559	27,038

During the half year ended 31 December 2014, 5,450,000 ordinary shares were issued after vested options arising from the 2014 share option programme were exercised by employees (see the 2014 consolidated financial statements of the Company) (2013: 4,100,000). Options were exercised at prices of 7.5 cents to 17.9 cents per share. All issued shares are fully paid.

Notes to the half year consolidated financial statements

for the half year ended 31 December 2014

Movement in share options – Share based payments

	Number of options
Number of options outstanding as at 30 June 2014	35,750,000
Options expired	-
Options exercised – loans granted	(5,400,000)
Options exercised – cash payments	(5,450,000)
Options granted	9,050,000
Total number of options outstanding as at 31 December 2014	33,950,000

The estimated fair value at grant date of the options granted for the period ended 31 December 2014 was between 16.0 cents and 22.0 cents per share (2013: between 17.0 cents and 29.0 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 60% has been estimated taking into account historic average share price volatility.

Other model input includes: exercise price of between 85.0 cents and \$1.08; expiry date between November 2018 and December 2018; share price at grant date of between 59.0 cents and 74.0 cents per share; a risk free rate of 2.77%; and an expected life of 4 years.

9. 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.

	\$'000 Carrying amount	\$'000 Level 2 Fair value
31 December 2014		
Financial assets		
Cash and cash equivalents	21,768	21,768
Trade and other receivables	3,712	3,712
Financial liabilities		
Trade and other payables	2,020	2,045
Employee benefits	1,316	1,316
Other current liabilities	81	81

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 value are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Notes to the half year consolidated financial statements

for the half year ended 31 December 2014

- 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 which the transfer has occurred. There were no transfers between Levels of the fair value hierarchy during the six months ended 31 December 2014.

Except as noted below, the fair value measurement principles adopted in this report are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2014.

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 designed 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.

10. Related parties

Financial assistance under the Employee 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

Unsecured loans advanced to directors during the six months ended 31 December 2014 amounted to \$375,000 (30 June 2014: \$825,000). Loans are interest bearing and interest accrues daily at the Australian Taxation Office approved rate for the purposes of the fringe benefit tax provisions. Loans are repayable in full three years after the issue date.

11. Events after the balance sheet date

There were no matters or circumstances specific to the Company that have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- the Company's operations in future financial years; or
- the results of those operations in future financial years; or
- the Company's state of affairs in future financial years.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 16 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 2014 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that nearmap ltd 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.



Simon Crowther
Managing Director

Sydney, 17 February 2015



Independent auditor's review report to the members of nearmap ltd

We have reviewed the accompanying condensed half-year financial report of nearmap ltd, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility 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* and 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

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 2014 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.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed half-year financial report of nearmap ltd is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Trent Duvall
Partner

Sydney

17 February 2015