

Nearmap Ltd
ABN 37 083 702 907

Preliminary Final Report

Appendix 4E

Year ended 30 June 2017

Lodged with the ASX under Listing Rule 4.3A

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Appendix 4E Preliminary Final Report For the financial year ended 30 June 2017

Name of entity	Nearmap Ltd
ABN	37 083 702 907

Results for announcement to the market

\$'000

Revenue	Increased	31%	To	41,065
Loss from ordinary activities after tax attributable to members	Decreased	(26%)	To	(5,304)
Net loss for the period attributable to members	Decreased	(26%)	To	(5,304)
		2017		2016
Net tangible assets per share (cents)		4.09		0.35

Dividends

Nearmap Ltd has not proposed to pay any dividends for the year ended 30 June 2017.

Commentary and operational overview

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

Nearmap Ltd
ABN 37 083 702 907

Full Year Statutory Accounts
Year ended 30 June 2017

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Directors' report

Your Directors submit their report on the consolidated entity consisting of Nearmap Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Names, qualifications, experience, directorships and special responsibilities

Mr Peter James, BA, FAICD
Non-executive Chairman

Peter has enjoyed a successful business career with a focus on building emerging technology, media and telecommunications companies.

Peter is a member of the Australian Computer Society, a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Arts, Computer Science and Business Administration degree from the University of Canberra.

Previously among other roles, Peter was a long term director of iiNet where he chaired iiNet's Strategy and Innovation Committee and was actively involved in the \$1.5bn sale to TPG in August 2015.

Current ASX listed company directorships:

Nearmap Ltd (since 21 December 2015) - Chairman
Macquarie Telecom Ltd (ASX:MAQ) - Chairman
Droneshield Limited (ASX:DRO) - Chairman
Dreamscape Networks Limited (ASX: DN8) - Chairman
UUV Aquabotix Ltd (UUV) - Chairman

Former ASX listed company directorships in the last 3 years:

iiNet Limited (ASX: IIN – de-listed August 2015)

Special duties:

Chair of the Audit and Risk Management Committee
Member of the Nomination and Remuneration Committee

Dr Rob Newman, B.Eng(1st Hons), Ph.D.
CEO & Managing Director

Rob was appointed as CEO & Managing Director of Nearmap in October 2015, after having been a Non-executive Director of Nearmap (formerly Ipernica Limited) for almost 5 years.

He has established a unique track record as a successful Australian high technology entrepreneur in both Australia and the Silicon Valley. He has twice founded and built businesses based on Australian technology, both times successfully entering overseas markets. These businesses combined have established market values of over \$200M.

Rob is a trained engineer but has spent his career in marketing, business development and general management in Information Technology focusing on communications. Rob also spent ten years of his career as a venture capitalist co-founding Stone Ridge Ventures, and was previously an investment director for Foundation Capital. As a venture capitalist, Rob has extensive experience in identifying and helping grow companies with significant commercial potential, especially those addressing overseas markets.

In the 1980s, Rob was the inventor and co-founder of QPSX Communications Pty Ltd. After founding the company, Rob provided the technical leadership and product strategy. Rob was instrumental in establishing QPSX as a worldwide standard for Metropolitan Area Networks and the company successfully sold products to telecommunication carriers in Australia, Europe, Asia and the US.

Rob has been recognised with a number of awards including the Bicentennial BHP Pursuit of Excellence Award (Youth Category) and Western Australian Young Achiever of the Year 1987.

Current ASX listed company directorships:

Nearmap Ltd (since 17 February 2011) - CEO & Managing Director
Pointerra Limited (ASX: 3DP) - Chairman

Former ASX listed company directorships in the last 3 years:

None

Mr Ross Norgard, FCA
Non-executive Director

In 1987, Ross became the founding Chairman of Nearmap Ltd. He held this role until 18 March 2016, at which point he moved into a non-executive role.

Ross is a Fellow of the Institute of Chartered Accountants and former managing partner of Arthur Andersen and KMG Hungerfords and its successor firms in Perth, Western Australia. For over 30 years he has worked extensively in the fields of raising venture capital and the financial reorganisation of businesses. He has held numerous positions on industry committees including past Chairman of the Western Australian Professional Standards Committee of the Institute of Chartered Accountants, a former member of the National Disciplinary Committee, former Chairman of the Friends of the Duke of Edinburgh's Award Scheme and a former member of the University of WA's Graduate School of Management (MBA Program). Ross is also Western Australia's Honorary Consul-General to Finland.

Ross was the founding Chairman of Brockman Resources Ltd, and is now Non-executive Director of ASX and Hong Kong listed Brockman Mining Ltd.

Current ASX listed company directorships:

Nearmap Ltd (since 1987) - Non-executive Director
Brockman Mining Ltd (ASX:BCK) - Non-executive Director

Former ASX listed company directorships in the last 3 years:

Ammtec Ltd (ASX:AEC) (acquired by ALS Limited in November 2010)

Special duties:

Member of the Nomination and Remuneration Committee
Member of the Audit and Risk Management Committee

Mr Ian Morris, MBA
Non-executive Director

Ian has enjoyed a successful business career in the US technology sector. He brings this extensive and complementary experience to Nearmap at a time when the Company is accelerating its growth in the US.

Ian served as the President and CEO of Market Leader for more than a decade, establishing the company as the leading provider of "software-as-a-service" solutions to the real estate industry. Under his leadership, Market Leader was ranked the 4th fastest growing technology company in North America, leading to a successful IPO in 2004 and the sale of the company to Trulia in 2013 for US\$380M.

Before joining Market Leader, Ian spent seven years at Microsoft where he led a number of the company's early online marketing efforts and later served as the General Manager of Microsoft HomeAdvisor.

Ian is a graduate of Bryant University, holds an MBA from Harvard Business School and serves as a strategic advisor and Board member with a number of leading US technology companies.

Current ASX listed company directorships:

Nearmap Ltd (since 28 January 2016) - Non-executive Director

Former ASX listed company directorships in the last 3 years:

None

Special duties:

Member of the Nomination and Remuneration Committee

Mr Cliff Rosenberg, B.Bus.Sci., M.Sc. Management
Non-executive Director

Cliff has a distinguished 20 year career in the digital space, both as an entrepreneur and executive. He was previously the Managing Director for LinkedIn South East Asia, Australia and New Zealand where he drove awareness and uptake of LinkedIn's products, including talents solutions, marketing solutions and sales solutions. Since January 2010, Cliff set up offices for LinkedIn in Sydney, Melbourne and Perth, growing the local team to more than 250 staff, including sales, marketing and public relations personnel.

Prior to joining LinkedIn, Cliff was the Managing Director of Yahoo! Australia and New Zealand where he was responsible for all aspects of the local operation for more than three years. He was also a Non-executive Director of Australia's leading online restaurant booking platform, dimmi.com.au, which was sold to Tripadvisor in early 2015.

Prior to joining Yahoo!, Cliff was the Founder and Managing Director of iTouch Australia and New Zealand, a leading wireless application service provider. He grew the Australian office to one of the largest mobile content and application providers in Australia with key partnerships with companies such as Ninemsn, Yahoo!, Telstra and Vodafone. Previously, Cliff was head of corporate strategy for Vodafone Australasia and also served as an international management consultant with Gemini Consulting and Bain Consulting. He earned a Master of Science degree in Management as well as Bachelor's degree of Business Science in Economics and Marketing.

Current ASX listed company directorships:

Nearmap Ltd (since 3 July 2012) - Non-executive Director
Pureprofile Ltd (ASX:PPL) - Non-executive Director
Afterpay Ltd (ASX:AFY) - Non-executive Director

Former ASX listed company directorships in the last 3 years:

None

Special duties:

Chair of the Nomination and Remuneration Committee
Member of the Audit and Risk Management Committee

Ms Sue Kloose, B.Sci.Econ., MBA
Non-executive Director

Sue is an experienced senior executive and board director, with a diverse background in Software as a Service (SaaS) businesses with a focus on digital strategy, corporate development, partnerships and business growth in Australia and the US. Sue was previously the Chief Marketing Officer of GraysOnline, where she was responsible for brand development, marketing operations and digital product strategy.

In prior roles in consulting and global media companies including News Ltd, Sue has led strategic planning and development and is passionate about helping teams continually seek new opportunities for growth and innovation. As Director of Digital Corporate Development for News Ltd, Sue screened hundreds of potential investments, leading multiple acquisitions, establishing the CareerOne and Carsguide joint ventures, and holding multiple board roles in high-growth digital and SaaS businesses.

Sue has an MBA with honours in Finance, Strategy and Marketing from the JL Kellogg School of Management at Northwestern University Chicago, and a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania. With a strong interest in lifelong learning and development, Sue is currently a Non-executive Director of Aftercare, one of Australia's largest mental health care providers, and is Board Chair for 10thousandgirl, a social enterprise focused on financial literacy for young women.

Current ASX listed company directorships:

Nearmap Ltd (since 14 August 2017) - Non-executive Director

Former ASX listed company directorships in the last 3 years:

None

Directors interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares and options of Nearmap Ltd were:

	Ordinary Shares	Options over ordinary shares
P James	282,000	2,500,000
R Norgard	50,076,295	-
R Newman	6,000,000	4,000,000
C Rosenberg	2,301,000	1,500,000
I Morris	-	1,500,000
S Klose	-	-

Corporate structure

Nearmap Ltd is a company limited by shares incorporated and domiciled in Australia.

Nature of operations and principal activities

The principal activity of the consolidated entity during the course of the financial year was online aerial photomapping via its 100% owned subsidiaries, Nearmap Australia Pty Ltd and Nearmap US Inc.

Business model

Nearmap is an innovative online PhotoMap content provider that creates high quality current and changing maps. The Company generates revenues through licensing its content to a broad range of customers including government agencies and commercial enterprises of all sizes.

Nearmap's breakthrough technology has been designed to fully automate the process of creating high definition PhotoMaps of large areas such as cities rapidly and in a cost effective manner. The technology enables PhotoMaps to be updated more frequently than other providers, which can be months, if not years, out of date.

Nearmap's strategy is to effectively monetise all of its content by providing convenient access to the content via desktop and mobile platforms, and through subscription models and value-add products supported by e-commerce facilities.

The pivotal features underpinning the success of the Nearmap business model are:

- the frequency with which this data is updated;
- the clarity (resolution) of the PhotoMaps; and
- the availability of previous surveys on the same platform, allowing users to track changes at locations over time.

Consolidated result

The consolidated entity's result after provision for income tax was a loss of \$5.3M (2016: loss of \$7.1M).

Review and results of operations

For the year ended 30 June 2017, Nearmap reported total revenue of \$41.1M, up 31% on corresponding prior year revenue of \$31.3M, underpinned by continued customer retention and growth in the customer base.

Nearmap's balance sheet remains strong with no debt and a strong cash balance of \$28.3M at year end. During the year ended 30 June 2017, Nearmap invested in sales and marketing in the US business, expanded Australian capture, and the HyperCamera2 system.

Cash receipts from customers for the year were \$48.0M compared to \$37.3M for the previous year, an increase of \$10.7M (29%).

Dividends

No dividends have been paid or proposed in respect of the current year (2016: nil).

Environmental regulation and performance

The current activities of Nearmap are not subject to any significant environmental regulation. However, the Board believes that Nearmap has adequate systems in place to manage its environmental obligations and is not aware of any breach of those environmental requirements as they apply to Nearmap.

Significant changes in the state of affairs

Significant changes in the state of affairs of Nearmap reflect an increase in contributed equity of \$22,667,000 (from \$28,779,000 to \$51,446,000) as the result of a capital raise from institutional investors, a Share Purchase Plan and the exercise of options under the Nearmap Employee Share Option Plan. Details of the changes in contributed equity are disclosed in note 7 to the financial statements.

Except for the above, in the opinion of the Directors there were no significant changes in the state of affairs of Nearmap that occurred during the financial year under review.

Significant events subsequent to balance date

On 21 August 2017, Nearmap Australia Pty Limited entered into a contract for the lease of office premises located at Level 4, Tower One, International Towers Sydney, Barangaroo NSW 2000 from Lendlease (Millers Point) Pty Limited as trustee for Lendlease (Millers Point) Trust.

On 14 August 2017, Nearmap appointed Ms Sue Klose as a Non-executive Director of the Company. Sue is an independent director pursuant to the ASX Corporate Governance Council's definition of independence.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Prospects for future years

The Directors believe that the business strategies put in place will ensure that the Group continues on its growth trajectory in the foreseeable future. Nearmap is primed to continue generating value to its shareholders in future years, subject to a stable macro-economic environment. The Group will continue to seek new opportunities to build scale and to broaden its customer base.

The Group faces a number of risks, including availability and cost of funds, which may impact on its ability to achieve its revenue targets.

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Indemnification and insurance of Directors

During the financial year, the Group paid a premium to insure the Directors and officers of the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Share options

As at 30 June 2017 there were 34,300,921 unissued ordinary shares under option. Refer to note 5 of the financial statements for further details of the Share based payment plan.

Directors' meetings

The numbers of meetings of Directors (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director was as follows:

	Full Board Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee Meetings	
	A	B	A	B	A	B
P James	7	7	3	3	2	2
R Norgard	7	7	3	3	2	2
R Newman	7	7	-	2 ¹	-	-
C Rosenberg	7	6	3	3	2	1
I Morris	7	7	-	-	2	1
S Klose ²	-	-	-	-	-	-

¹ Attended as an invitee.

² Appointed 14 August 2017.

A - Number of meetings held during the time the Director held office and the Director was eligible to attend.

B - Number of meetings attended.

Rounding of amounts

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.

Introduction from the Chair of the Nomination and Remuneration Committee

On behalf of the Board I am pleased to present the Remuneration Report for the Financial Year ended 30 June 2017 (FY17).

The Board is committed to ensuring our remuneration is structured and governed in a way that supports our business strategy and our ability to recruit and reward the best people to deliver results for our shareholders.

In FY17 Nearmap increased the total revenue of the company by 31% by growing the customer base and through excellent customer retention. Ongoing strong performance will allow us to continue our investment in the Australian business, the US market and our products.

To support these growth ambitions, the company has continued to strengthen the Board and management team. In this context, the Nomination and Remuneration Committee has completed a review of our approach to remuneration, taking into consideration input from external advisors, shareholders and other stakeholders.

As a result, in FY18 we will make changes to the remuneration structures to ensure it supports our evolving business and remains adaptable to our future needs. The key changes for FY18 are:

- Discontinuing option grants to Non-executive Directors (NEDs): we have taken on board feedback on this practice and from FY18 will compensate NEDs through cash fees (inclusive of superannuation) only. We will introduce fees for the sub-committee Chairs and members (other than the Board Chair) to recognise their additional responsibilities.
- Better alignment of the short-term incentive plan (STI) to business objectives: a revenue growth gateway will be introduced for participating executives to provide a strong focus on the top line growth required for the business to expand. The scorecard for assessing the STI will be more transparent, with executives assessed against a scorecard of financial (60%) and strategic (40%) measures. Subject to meeting the gateway, outperformance can result in higher than target payments, while underperformance will result in below target payments.
- Simplifying and strengthening the long-term incentive (LTI) plan: recognising our evolution and considering external feedback, we will replace the premium priced option plan for executives with market priced options that are subject to a 20% CAGR absolute TSR hurdle. The awards will vest, subject to meeting the hurdle, after 3 years from grant. This is a simpler plan with clear alignment to long term shareholder value creation.

Overall these changes for FY18 are designed to support Nearmap's continuing evolution and align our reward structure with our business strategy and talent objectives to deliver sustainable shareholder returns.

I trust you will find this report useful and informative.



Cliff Rosenberg
Chair – Nomination and Remuneration Committee

Remuneration report (audited)

This remuneration report outlines the remuneration arrangements in place for Directors and key management personnel of Nearmap Ltd (the Company) and the consolidated entity (the Group) during the financial year.

The report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Employment contracts
- D. Share based compensation
- E. Transactions of key management personnel
- F. Additional information
- G. Shares under option

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the CEO & Managing Director and the senior management team and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director.

The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive Director and key management personnel remuneration is separate and distinct.

Non-executive Director remuneration

Objective The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, while incurring a cost which is acceptable to shareholders.

Structure Each Non-executive Director receives a fee for being a Director of the Company. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting (AGM) held on 30 November 2015 when shareholders approved an aggregate remuneration of \$500,000 per year. Further fees may be paid to Non-executive Directors where additional time commitment is required such as that required by the Chairman of the Company. A grant of Non-executive Director share options was made during the year ended 30 June 2016. No grants were made in the year ended 30 June 2017.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned among Directors is reviewed annually.

Services from remuneration consultants

The Board periodically reviews the level of fees paid to Non-executive Directors, including seeking external advice. No change was made to fees during the year ended 30 June 2017 as the current level of fees was deemed appropriate.

Voting and comments made at the Company's 2016 Annual General Meeting

The Company received 5.74% "no" votes on its remuneration report for the 2016 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration report (audited)

A. Principles used to determine the nature and amount of remuneration (cont.)

Key management personnel and executive Director remuneration

Objective The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives and individual performance against key performance indicators;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure Remuneration typically consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
 - Short Term Incentive (STI) and
 - Long Term Incentive (LTI)

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each key management personnel by the Nomination and Remuneration Committee.

Fixed Remuneration

Objective The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee. The process consists of a review of individual performance, comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

The Board determined that the only change to the fixed remuneration of key management personnel in the 2017 financial year would be for Patrick Quigley, based on performance. No other increases were made to the fixed remuneration of the CEO & Managing Director and any other key management personnel as the current level of remuneration was considered appropriate.

Structure Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Remuneration — Short Term Incentive (STI)

Objective The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the employees charged with meeting those targets. The total potential STI where available is set at a level so as to provide sufficient incentive to employees to achieve the operational targets at a cost to the Company that is reasonable in the circumstances.

Structure Actual STI payments granted to each employee depend on the extent to which specific operating targets set are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to net profit after tax, customer management and leadership/team contribution.

On an annual basis, after consideration of performance against KPIs, an overall performance rating for the Group and each individual's performance is made and is taken into account when determining the amount, if any, of the short term incentive pool to be allocated to each employee. The aggregate of annual STI payments available for employees across the Group is subject to the approval of the Nomination and Remuneration Committee. Payments made are usually delivered as a cash bonus. However, STI payments are subject to discretion by the Board based on performance at the end of the year.

Variable Remuneration – Long Term Incentive (LTI)

Objective The objective of the LTI plan is to reward employees in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Australian employees

Options are granted with a strike price of at least 143% of the share price prevailing at the time of the grant. Executives are therefore required to achieve a fixed increase in share price of more than 43% before any value attracts to the individual.

The options have a 4 year term with the following service condition structures:

- service vesting condition of 1 year for 50% of each tranche granted and 2 years for the second 50% tranche, or
- service vesting condition of 1 year for 33% of each tranche granted, 2 years for 33% of the next tranche and 3 years for the remaining 34%

Remuneration report (audited)

A. Principles used to determine the nature and amount of remuneration (cont.)

There are no performance related vesting conditions. The Board believes that this is a challenging fixed target in share price over the option term and is therefore an appropriate mechanism to align Company performance with that of the individual.

An employee loan scheme arrangement exists should an employee elect to apply for a loan on exercise of options, which may be granted subject to Nomination and Remuneration Committee discretion.

United States employees

Options are granted with a strike price of the share price prevailing at the time of the grant.

The options have a 5 year term and a service vesting condition of 1 year for 25% of each tranche granted and then in equal tranches at 3 monthly intervals to 4 years for the remaining 75%. There are no performance related vesting conditions. The Board believes that this structure is necessary to attract and retain high calibre executives to deliver the Group's strategy in the United States market. The Board ensures the alignment of Company performance with that of the individual through the STI program as documented above.

Structure LTI grants to employees are delivered in the form of options and the amount is determined by the Nomination and Remuneration Committee having regard to:

- the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- the length of service of the Eligible Person with the Group;
- the record of employment of the Eligible Person with the Group;
- the potential contribution of the Eligible Person to the growth of the Group;
- the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- any other matters which the Board considers relevant.

Group performance

The overall level of executive reward takes into account the nature of the technology commercialisation business and realistic timeframes for generating profits. In particular, executive rewards recognise the commercialisation of the Nearmap business and future shareholder wealth contained therein and the progress that has been made in unlocking value to date. Executive performance of the Group has been reviewed over the past 5 years taking into account future shareholder wealth and profit performance.

In considering the Group's performance and benefits for shareholder wealth, the Nomination and Remuneration Committee has given regard to the following indices in respect of the current financial year over the last 5 financial years.

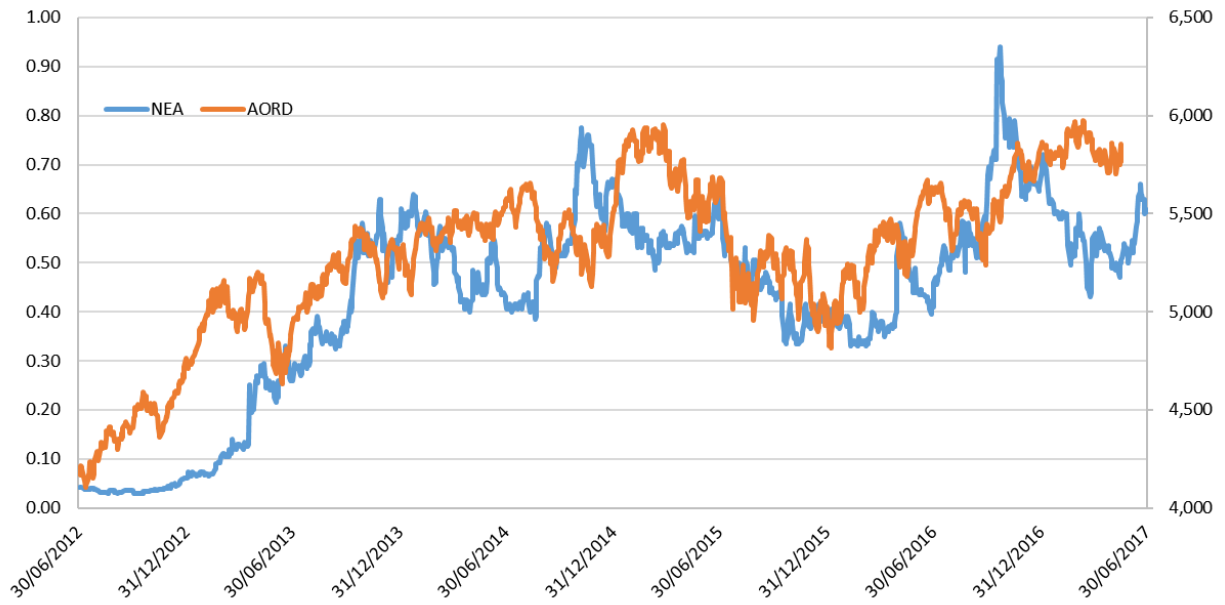
	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
Total revenue	\$41,065	\$31,289	\$26,124	\$20,069	\$12,766
EBITDA (earnings before interest, tax, depreciation and amortisation) ¹	\$6,017	\$632	\$944	\$3,384	\$752
Change in share price	\$0.20	(\$0.18)	\$0.16	\$0.17	\$0.22

¹ EBITDA also excludes R&D tax rebates, foreign currency differences and impairment adjustments

The graph on the following page shows Nearmap's closing share price since 1 July 2012 and the relative performance against the ASX All Ordinaries.

Remuneration report (audited)

A. Principles used to determine the nature and amount of remuneration (cont.)



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Remuneration report (audited)

B. Details of remuneration

Directors

The following persons were Directors of the Company during the financial year:

P James	Non-executive Chairman
R Norgard	Non-executive Director
R Newman	Chief Executive Officer
C Rosenberg	Non-executive Director
I Morris	Non-executive Director

Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

L Rankin	Vice President of Product and Engineering
P Quigley	Senior Vice President and General Manager North America
A Watt	Chief Financial Officer (appointed 12 December 2016)
S Steel	Vice President, People and Culture (appointed 1 February 2017)
S Preston	Vice President of Sales – Australia (appointed 20 March 2017)
G Beukes	Chief Financial Officer and Chief Operating Officer (resigned 5 January 2017)
J Biviano	Senior Vice President and General Manager Australia (resigned 16 March 2017)
P Lapstun	Chief Technology Officer (resigned 30 June 2017)

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Remuneration report (audited)

B. Details of remuneration (cont.)

Financial year 2017 performance is reflected in the outcome of the variable components of the remuneration framework:

- STI payments were made to the CEO & Managing Director and other key management personnel based on the pro-rata attainment of management growth targets.
- LTI was awarded to the CEO & Managing Director and other key management personnel:
 - Dr Newman received a grant of 2,000,000 premium-priced share options vesting in equal tranches over three years, as approved at the Company AGM on 30 November 2015;
 - Upon joining the Company Mr Watt, Mr Preston and Ms Steel received grants of 2,500,000, 775,032 and 697,530 premium-priced share options respectively, vesting in equal tranches over three years;
 - Ms Rankin received a grant of 516,690 premium-priced share options, vesting in equal tranches over three years, based on performance during the year.

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*):

		Short-term			Long-term	Post-employment benefits		Share-based payment options ¹	Total	Percentage performance related
		Salary & fees ³	Non monetary ²	Cash bonus	Long service leave	Super-annuation	Termination benefits			
Non-executive Directors										
P James	2017	91,324	-	-	-	8,676	-	140,470	240,470	-
P James	2016	44,140	-	-	-	4,193	-	85,918	134,251	-
R Norgard	2017	63,926	-	-	-	6,074	-	-	70,000	-
R Norgard	2016	64,057	-	-	-	8,025	-	-	72,082	-
C Rosenberg	2017	63,926	-	-	-	6,074	-	70,938	140,938	-
C Rosenberg	2016	63,926	-	-	-	6,074	-	60,699	130,699	-
I Morris	2017	70,935	-	-	-	6,739	-	115,731	193,405	-
I Morris	2016	31,963	-	-	-	3,037	-	59,072	94,072	-
Sub-total Non-executive Directors	2017	290,111	-	-	-	27,563	-	327,139	644,813	
	2016	204,086	-	-	-	21,329	-	205,689	431,104	
Executive Directors										
R Newman	2017	500,692	18,000	132,683	334	19,616	-	314,978	986,303	13%
R Newman	2016	356,971	42,896	184,080	133	19,308	-	121,399	724,787	25%

¹AASB 2 accounting value determined at grant date, recognised over related vesting periods. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual key management personnel may ultimately realise should the equity instruments vest. The notional value of options as at the date of their grant has been determined in accordance with the accounting policy in note 5.

²Non-monetary benefits include the cost to the Company of providing vehicle, living away from home benefits and accommodation.

³Salary includes annual leave.

ASX Listing Rule 10.17 states that 'Directors' fees' constitutes fees, including superannuation, but excluding securities issued. The total directors' fees paid to Non-executive Directors during the year ended 30 June 2017, excluding share based payments, was \$317,674 which is within the amount determined at the AGM on 30 November 2015.

Remuneration report (audited)

B. Details of remuneration (cont.)

		Short-term			Long-term	Post-employment benefits		Share-based payment options ¹	Total	Percentage performance related
		Salary & fees ⁹	Non monetary ²	Cash bonus	Long service leave	Super-annuation	Termination benefits			
Other key management personnel (Group)										
L Rankin	2017	200,440	-	53,000	1,027	19,008	-	117,009	390,484	14%
L Rankin	2016	193,479	-	76,650	129	18,335	-	44,370	332,963	23%
P Quigley	2017	489,619	-	-	-	-	-	222,933	712,552	-
P Quigley	2016	234,084	-	-	-	-	-	87,778	321,862	-
A Watt ³	2017	156,369	-	40,917	58	11,345	-	221,054	429,743	10%
S Steel ⁴	2017	113,380	-	21,781	47	10,564	-	18,998	164,770	13%
S Preston ⁵	2017	79,802	-	39,561	30	4,904	-	21,109	145,406	27%
Sub-total other key management personnel	2017	1,039,610	-	155,259	1,162	45,821	-	601,103	1,842,955	
	2016	427,563	-	76,650	129	18,335	-	132,148	654,825	
Former key management personnel (Group)										
G Beukes ⁶	2017	211,273	-	-	-	10,218	75,000	(80,685)	215,806	-
G Beukes	2016	281,767	-	112,500	7,437	19,308	-	351,184	772,196	15%
J Biviano ⁷	2017	317,456	-	-	-	19,616	269,050	(11,351)	594,771	-
J Biviano	2016	325,889	-	130,966	170	19,308	-	269,913	746,246	18%
P Lapstun ⁸	2017	314,041	-	-	-	19,616	-	(68,891)	264,766	-
P Lapstun	2016	280,210	-	150,000	3,046	19,308	-	351,507	804,071	19%
Total Directors and key management personnel	2017	2,673,183	18,000	287,942	1,496	142,450	344,050	1,082,293	4,549,414	
	2016	1,876,486	42,896	654,196	10,915	116,896	-	1,431,840	4,133,229	

¹AASB 2 accounting value determined at grant date, recognised over related vesting periods. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual key management personnel may ultimately realise should the equity instruments vest. The notional value of options as at the date of their grant has been determined in accordance with the accounting policy in note 5.

²Non-monetary benefits include the cost to the Company of providing vehicle, living away from home benefits and accommodation.

³Mr Watt was appointed as Chief Financial Officer on 12 December 2016.

⁴Ms Steel was appointed as Vice President, People and Culture on 1 February 2017.

⁵Mr Preston was appointed as Vice President of Sales – Australia on 20 March 2017.

⁶Mr Beukes resigned on 5 January 2017.

⁷Mr Biviano resigned on 16 March 2017.

⁸Mr Lapstun resigned on 30 June 2017.

⁹Salary includes annual leave.

Remuneration report (audited)

B. Details of remuneration (cont.)

Structure The key management personnel remuneration framework consists of the following components:

- Fixed Remuneration
- Variable Remuneration
 - Short Term Incentive (STI) and
 - Long Term Incentive (LTI)

The proportion of fixed remuneration and potential variable remuneration is established for each key management personnel by the Nomination and Remuneration Committee. The proportion of fixed and potential at risk components for the key management personnel as a percentage of potential maximum total annual remuneration for the 2017 year, is shown below:

Name	Fixed remuneration		
	Salaries and benefits	LTI ¹	At risk – STI
	2017	2017	2017
Non – executive Directors			
P James	100%	-	-
R Norgard	100%	-	-
C Rosenberg	100%	-	-
I Morris	100%	-	-
Executive Directors			
R Newman	40%	40%	20%
Other key management personnel			
L Rankin	52%	24%	24%
P Quigley	50%	-	50%
A Watt	27%	61%	13%
S Steel	48%	30%	22%
S Preston	52%	24%	24%
Former other key management personnel			
G Beukes	52%	24%	24%
J Biviano	50%	24%	27%
P Lapstun	52%	24%	24%

¹ LTI awards have service related vesting conditions. See Section A for further detail on the remuneration structure of Directors and key management personnel.

C. Employment contracts

All executive employees and key management personnel are employed under contract. All executives have ongoing contracts and as such only have commencement dates and no expiry dates. Details of key management personnel contracts as at 30 June 2017 are:

Name	Notice period for termination at will
R Newman	6 months
A Watt	4 months
S Steel	4 months
S Preston	4 months
L Rankin	4 months
P Quigley	4 months

- On resignation any unvested options are forfeited. Limited recourse loans (LRLs) are only granted to key management personnel in respect of vested options, therefore the loans are not subject to cancellation on resignation.
- The Company may terminate an employment agreement by providing the respective written notice period or provide payment in lieu of the notice period (based on the fixed component of remuneration). On such termination by the Company, any LTI options that have vested, or will vest during the notice period will be required to be exercised within 180 days from termination date (unless agreed otherwise by the Company) or their options expiry date if earlier. LTI options that have not yet vested will be forfeited.
- The Company may terminate an employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the employee is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Remuneration report (audited)

- If an employee ceases to be employed by the Company (including by way of resignation, retirement, dismissal, etc) and has an outstanding LRL, the employee may elect to have the Company sell the loan shares and apply the net proceeds of the sale in repayment of the loan or repay the outstanding amount on the loan. This determination must generally be made within one month of the date of ceased employment.
- There are no formal contracts between the Company and Non-executive Directors in relation to remuneration other than the letter of appointment that stipulates the remuneration as at the commencement date.

D. Share based compensation

Options

A share option incentive scheme, the Nearmap Employee Share Option Plan, has been established whereby Directors and certain employees of the Group may be issued with options over the ordinary shares of the Company. In Australia, options are issued for nil consideration at an exercise price calculated with reference to prevailing market prices and a 43% premium in accordance with performance guidelines established by the Directors of the Company. The options are issued for terms of up to four years and are exercisable on various dates (usually in two or three equal annual tranches when vested) within four years from the grant date.

In the US, options are issued for nil consideration at an exercise price equal to the prevailing market price. The options are issued for terms up to five years and are exercisable on various dates within five years from grant date.

The options only vest under certain conditions, principally centred on the employee still being employed, or the Director still engaged, at the time of vesting (that is, once the service has been satisfied). The options cannot be transferred without the approval of the Company's Board and are not quoted on the ASX. As a result, plan participants may not enter into any transaction designed to remove the "at risk" aspect of an option before it is exercised.

Refer to the table on page 20 for details of the options that were issued to Directors and key management personnel during the year ended 30 June 2017.

Limited recourse loans (LRLs)

Nearmap's Employee Share Option Plan includes an Employee Loan Scheme that permits Nearmap to grant financial assistance to employees by way of LRLs to enable them to exercise options and acquire shares. Interest on the loans is payable by key management personnel at loan maturity and accrues daily. The Company determines the rate of interest applicable to LRLs (currently the cash rate set by the Reserve Bank of Australia plus 20 basis points). Loans are repayable four years after the issue date subject to the total share value being greater than the loan's principal plus accrued interest.

Remuneration report (audited)

D. Share based compensation (cont.)

Compensation options:

Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price determined at a 43% premium to the market price of the shares on the date of grant (Australia) or the market price on grant date (US). When an individual is granted a LRL to exercise their option, the effect is to extend the life of the original option. The exercise price includes interest accrued.

30 June 2017	Balance at 1 July	Granted during the period	Lapsed or forfeited during the period	Exercised during the period	Balance at 30 June	Vested during the period	Unvested at balance date	Grant date	Value per option/share at grant date ²	Exercise price per share (options)/ current price per share (loans)	Vesting date	Expiry date	Value exercised during the period ³
									\$	\$			\$
Directors													
P James													
- Options	833,333	-	-	-	833,333	833,333	-	Mar 16	0.1125	0.55	Mar 17	Mar 20	-
- Options	833,333	-	-	-	833,333	-	833,333	Mar 16	0.1125	0.55	Mar 18	Mar 20	-
- Options	833,334	-	-	-	833,334	-	833,334	Mar 16	0.1125	0.55	Mar 19	Mar 20	-
R Newman													
- Options	1,000,000	-	-	1,000,000 ¹	-	-	-	Nov 15	0.1135	0.56	Nov 16	Nov 19	75,000
- Options	1,000,000	-	-	-	1,000,000	-	1,000,000	Nov 15	0.1135	0.56	Nov 17	Nov 19	-
- Options	1,000,000	-	-	-	1,000,000	-	1,000,000	Nov 15	0.1135	0.56	Nov 18	Nov 19	-
- Options	-	666,666	-	-	666,666	-	666,666	Dec 16	0.2428	1.06	Dec 17	Dec 20	-
- Options	-	666,667	-	-	666,667	-	666,667	Dec 16	0.2428	1.06	Dec 18	Dec 20	-
- Options	-	666,667	-	-	666,667	-	666,667	Dec 16	0.2428	1.06	Dec 19	Dec 20	-
C Rosenberg													
- Options	500,000	-	-	-	500,000	500,000	-	Nov 15	0.1135	0.56	Nov 16	Nov 19	-
- Options	500,000	-	-	-	500,000	-	500,000	Nov 15	0.1135	0.56	Nov 17	Nov 19	-
- Options	500,000	-	-	-	500,000	-	500,000	Nov 15	0.1135	0.56	Nov 18	Nov 19	-
I Morris													
- Options	500,000	-	-	-	500,000	500,000	-	Mar 16	0.1547	0.40	Mar 17	Mar 20	-
- Options	500,000	-	-	-	500,000	-	500,000	Mar 16	0.1547	0.40	Mar 18	Mar 20	-
- Options	500,000	-	-	-	500,000	-	500,000	Mar 16	0.1547	0.40	Mar 19	Mar 20	-

¹ The exercise of these options was funded through the grant of a LRL under the Employee Loan Scheme.

² AASB 2 accounting value determined at grant date.

³ Value determined based on the share price at exercise date less exercise price.

Remuneration report (audited)

D. Share based compensation (cont.)

Compensation options (cont.)

30 June 2017	Balance at 1 July	Granted during the period	Lapsed or forfeited during the period	Exercised during the period	Balance at 30 June	Vested during the period	Unvested at balance date	Grant date	Value per option/share at grant date ¹	Exercise price per share (options)/ current price per share (loans)	Vesting date	Expiry date	Value exercised during the period ²
									\$	\$			\$
Other key management personnel													
A Watt													
- Options	-	833,333	-	-	833,333	-	833,333	Dec 16	0.2480	0.93	Dec 17	Dec 20	-
- Options	-	833,333	-	-	833,333	-	833,333	Dec 16	0.2480	0.93	Dec 18	Dec 20	-
- Options	-	833,334	-	-	833,334	-	833,334	Dec 16	0.2480	0.93	Dec 19	Dec 20	-
S Steel													
- Options	-	232,510	-	-	232,510	-	232,510	Mar 17	0.1783	0.64	Mar 18	Mar 21	-
- Options	-	232,510	-	-	232,510	-	232,510	Mar 17	0.1783	0.64	Mar 19	Mar 21	-
- Options	-	232,511	-	-	232,511	-	232,511	Mar 17	0.1783	0.64	Mar 20	Mar 21	-
S Preston													
- Options	-	258,344	-	-	258,344	-	258,344	Mar 17	0.1783	0.64	Mar 18	Mar 21	-
- Options	-	258,345	-	-	258,345	-	258,345	Mar 17	0.1783	0.64	Mar 19	Mar 21	-
- Options	-	258,345	-	-	258,345	-	258,345	Mar 17	0.1783	0.64	Mar 20	Mar 21	-
L Rankin													
- Options	150,000	-	-	-	150,000	150,000	-	Dec 14	0.1608	0.85	Dec 16	Dec 18	-
- Options	150,000	-	-	-	150,000	-	150,000	Dec 14	0.1608	0.85	Dec 17	Dec 18	-
- Options	83,333	-	-	-	83,333	83,333	-	Nov 15	0.1157	0.56	Nov 16	Nov 19	-
- Options	83,333	-	-	-	83,333	-	83,333	Nov 15	0.1157	0.56	Nov 17	Nov 19	-
- Options	83,334	-	-	-	83,334	-	83,334	Nov 15	0.1157	0.56	Nov 18	Nov 19	-
- Options	333,333	-	-	-	333,333	333,333	-	May 16	0.1532	0.68	May 17	May 20	-
- Options	333,333	-	-	-	333,333	-	333,333	May 16	0.1532	0.68	May 18	May 20	-
- Options	333,334	-	-	-	333,334	-	333,334	May 16	0.1532	0.68	May 19	May 20	-
- Options	-	172,230	-	-	172,230	-	172,230	Mar 17	0.1783	0.64	Mar 18	Mar 21	-
- Options	-	172,230	-	-	172,230	-	172,230	Mar 17	0.1783	0.64	Mar 19	Mar 21	-
- Options	-	172,230	-	-	172,230	-	172,230	Mar 17	0.1783	0.64	Mar 20	Mar 21	-

¹ AASB 2 accounting value determined at grant date.

² Value determined based on the share price at exercise date less exercise price.

Remuneration report (audited)

D. Share based compensation (cont.)

Compensation options (cont.)

30 June 2017	Balance at 1 July	Granted during the period	Lapsed or forfeited during the period	Exercised during the period	Balance at 30 June	Vested during the period	Unvested at balance date	Grant date	Value per option/share at grant date ¹ \$	Exercise price per share (options)/ current price per share (loans) \$	Vesting date	Expiry date	Value exercised during the period ² \$
P Quigley													
- Options	375,000	-	-	-	375,000	375,000	-	Feb 16	0.1480	0.39	Feb 17	Jan 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.1480	0.39	May 17	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 17	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 17	Jan 21	-
- Options	375,000	-	-	-	375,000	-	375,000	Feb 16	0.1480	0.39	Nov 17	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 18	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 18	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	May 18	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	May 18	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 18	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 18	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 18	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 18	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	May 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	May 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 20	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 20	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	May 20	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 20	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 20	Nov 21	-

¹ AASB 2 accounting value determined at grant date.

² Value determined based on the share price at exercise date less exercise price.

Remuneration report (audited)

D. Share based compensation (cont.)

Compensation options (cont.)

30 June 2017	Balance at 1 July	Granted during the period	Lapsed or forfeited during the period	Exercised during the period	Balance at 30 June	Vested during the period	Unvested at balance date	Exercised during the period	Grant date	Value per option/share at grant date ¹ \$	Exercise price per share (options)/current price per share (loans) \$	Vesting date	Expiry date	Value exercised during the period ² \$
Former other key management personnel														
G Beukes ⁴														
- Options	1,250,000	-	-	-	1,250,000	1,250,000	-	-	Nov 13	0.2943	0.76	Nov 15	Nov 17	-
- Options	1,250,000	-	-	-	1,250,000	1,250,000	-	-	Nov 13	0.2943	0.76	Nov 16	Nov 17	-
- Options	500,000	-	-	-	500,000	500,000	-	-	Nov 14	0.2160	1.08	Nov 16	Nov 18	-
- Options	500,000	-	500,000	-	-	-	-	-	Nov 14	0.2160	1.08	Nov 17	Nov 18	-
- Options	500,000	-	-	-	500,000	500,000	-	-	Nov 15	0.1157	0.56	Nov 16	Nov 19	-
- Options	500,000	-	500,000	-	-	-	-	-	Nov 15	0.1157	0.56	Nov 17	Nov 19	-
- Options	500,000	-	500,000	-	-	-	-	-	Nov 15	0.1157	0.56	Nov 18	Nov 19	-
J Biviano ⁵														
- Options	1,000,000	-	-	-	1,000,000	1,000,000	-	-	Mar 15	0.1453	0.79	Mar 16	Mar 19	-
- Options	1,000,000	-	-	-	1,000,000	1,000,000	-	-	Mar 15	0.1453	0.79	Mar 17	Mar 19	-
- Options	1,000,000	-	1,000,000	-	-	-	-	-	Mar 15	0.1453	0.79	Mar 18	Mar 19	-
- Options	500,000	-	-	-	500,000	500,000	-	-	Nov 15	0.1157	0.56	Nov 16	Nov 19	-
- Options	500,000	-	500,000	-	-	-	-	-	Nov 15	0.1157	0.56	Nov 17	Nov 19	-
- Options	500,000	-	500,000	-	-	-	-	-	Nov 15	0.1157	0.56	Nov 18	Nov 19	-
P Lapstun ⁶														
- Options	1,250,000	-	-	-	1,250,000	1,250,000	-	-	Nov 13	0.2943	0.76	Nov 15	Nov 17	-
- Options	1,250,000	-	-	-	1,250,000	1,250,000	-	-	Nov 13	0.2943	0.76	Nov 16	Nov 17	-
- Options	500,000	-	-	-	500,000	500,000	-	-	Nov 14	0.2160	1.08	Nov 16	Nov 18	-
- Options	500,000	-	500,000	-	-	-	-	-	Nov 14	0.2160	1.08	Nov 17	Nov 18	-
- Options	500,000	-	-	-	500,000	500,000	-	-	Nov 15	0.1157	0.56	Nov 16	Nov 19	-
- Options	500,000	-	500,000	-	-	-	-	-	Nov 15	0.1157	0.56	Nov 17	Nov 19	-
- Options	500,000	-	500,000	-	-	-	-	-	Nov 15	0.1157	0.56	Nov 18	Nov 19	-

¹ AASB 2 accounting value determined at grant date.

² Value determined based on the share price at exercise date less exercise price.

³ Mr Beukes resigned on 5 January 2017.

⁴ Mr Biviano resigned on 16 March 2017.

⁵ Mr Lapstun resigned on 30 June 2017.

Remuneration report (audited)

D. Share based compensation (cont.)

Modification of Terms of Share-based Payment Transactions

A modification to the terms of share-based payment transactions occurs when the Board accepts a key management personnel's loan request to exercise fully vested options under the Employee Loan Scheme through a LRL in lieu of cash payment of the exercise price. Please refer to Section E, Financial assistance under the employee option plan, for details of the terms of the loans granted to these key management personnel.

E. Transactions of key management personnel

Shares held in the Company

30 June 2017	Balance at 1 July 2016	Exercise of options	Net other change	Balance at 30 June 2017	Balance held nominally
Directors					
P James	190,000	-	92,000	282,000	282,000
R Norgard	50,076,295	-	-	50,076,295	50,036,295
R Newman	5,000,000	1,000,000	-	6,000,000	6,000,000
C Rosenberg	2,901,000	-	(600,000)	2,301,000	2,301,000
I Morris	-	-	-	-	-
Other key management personnel					
L Rankin	-	-	-	-	-
P Quigley	-	-	-	-	-
A Watt	-	-	-	-	-
S Steel	-	-	-	-	-
S Preston	-	-	-	-	-
Former other key management personnel					
G Beukes ¹	5,755,000	-	-	n/a	n/a
J Biviano ²	-	-	-	n/a	n/a
P Lapstun ³	4,500,000	-	-	n/a	n/a

¹Mr Beukes resigned on 5 January 2017.

²Mr Biviano resigned on 16 March 2017.

³Mr Lapstun resigned on 30 June 2017.

Loan shares held in the Company

30 June 2017	Balance at 1 July 2016	Exercise of LRL	Repayments	Balance at 30 June 2017	Balance held nominally
Other key management personnel					
R Newman	-	1,000,000	-	1,000,000	1,000,000
Former other key management personnel					
G Beukes ¹	5,000,000	-	(5,000,000)	-	-
P Lapstun ²	2,500,000	-	(2,500,000)	-	-

¹Mr Beukes resigned on 5 January 2017.

²Mr Lapstun resigned on 30 June 2017.

Financial assistance under the Employee Share Option Plan

LRLs advanced to key management personnel during the year ended 30 June 2017 amounted to \$560,000 (2016: \$2,317,500). Interest on the loans during the period has been accrued at rates of between 1.50% and 2.00%.

F. Additional information

The Company has applied the fair value measurement provisions of AASB 2 *Share-based Payment* for all options granted to Directors and employees. The fair value of such grants is being amortised and disclosed as part of Director and employee remuneration on a straight-line basis over the vesting period. Options granted as part of Director and employee remuneration have been valued using the Black-Scholes Option Pricing Model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

Remuneration report (audited)**G. Shares under option**

All unissued ordinary shares of the Company under option (relating to key management personnel and other personnel) as at 30 June 2017:

Date options granted	Expiry date	Exercise price of options	Number under option
30-Sep-13	2-Oct-17	\$0.544	200,000
21-Nov-13	21-Nov-17	\$0.761	5,000,000
24-Feb-14	24-Feb-18	\$0.730	1,350,000
21-Nov-14	21-Nov-18	\$1.080	1,000,000
8-Dec-14	11-Dec-18	\$0.850	2,350,000
6-Mar-15	6-Mar-19	\$0.790	2,000,000
30-Nov-15	30-Nov-19	\$0.560	7,111,666
30-Nov-15	30-Nov-20	\$0.400	400,000
1-Feb-16	31-Jan-21	\$0.390	1,500,000
1-Feb-16	30-Nov-21	\$0.390	1,500,000
18-Mar-16	18-Mar-20	\$0.395	1,500,000
18-Mar-16	18-Mar-20	\$0.551	2,500,000
20-May-16	20-May-20	\$0.680	1,000,000
20-Jul-16	28-Jun-21	\$0.405	200,000
4-Nov-16	11-Oct-21	\$0.730	200,000
2-Dec-16	2-Dec-20	\$1.060	2,000,000
14-Dec-16	12-Dec-20	\$0.930	2,500,000
30-Jun-17	20-Mar-21	\$0.640	1,989,255
			<u>34,300,921</u>

This is the end of the audited remuneration report.

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Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 27 and forms part of the Directors' report for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'R Newman', is written over a faint, light-colored rectangular background.

Dr R Newman
CEO & Managing Director
22 August 2017

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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 audit for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Trent Duvall
Partner

Sydney
22 August 2017

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Consolidated statement of comprehensive income for the year ended 30 June 2017

	Notes	Consolidated	
		2017 \$'000	2016 \$'000
Revenue	3	40,666	30,882
Other income	3	399	407
Total revenue		41,065	31,289
Employee benefits expense	4	(22,741)	(20,303)
Amortisation and depreciation		(7,468)	(5,642)
Net foreign exchange differences		(475)	(90)
Other operational expenses	4	(11,915)	(9,947)
Total expenses		(42,599)	(35,982)
Loss before tax		(1,534)	(4,693)
Income tax expense	6	(3,770)	(2,442)
Loss after tax		(5,304)	(7,135)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		4	1
Unrealised loss on cash flow hedges		(67)	(44)
Income tax associated with these items		20	13
Total comprehensive loss attributable to members of the Company		(5,347)	(7,165)
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)	13	(1.41)	(2.01)
Diluted loss per share (cents per share)	13	(1.41)	(2.01)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2017

	Notes	Consolidated	
		2017 \$'000	2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents	12	28,338	12,189
Trade receivables	8	7,051	4,273
Other current receivables		1,532	1,774
TOTAL CURRENT ASSETS		36,921	18,236
NON-CURRENT ASSETS			
Plant and equipment	11	10,610	6,167
Intangible assets	10	24,824	17,240
Deferred tax assets	6	2,060	2,624
TOTAL NON-CURRENT ASSETS		37,494	26,031
TOTAL ASSETS		74,415	44,267
CURRENT LIABILITIES			
Trade and other payables		1,609	1,339
Unearned income	3	25,171	18,908
Employee benefits		2,441	1,731
Other current liabilities		2,039	1,005
Current tax liabilities		298	123
TOTAL CURRENT LIABILITIES		31,558	23,106
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6	5,594	2,525
Employee benefits		105	143
TOTAL NON-CURRENT LIABILITIES		5,699	2,668
TOTAL LIABILITIES		37,257	25,774
NET ASSETS		37,158	18,493
EQUITY			
Contributed equity	7	51,446	28,779
Reserves		11,667	10,365
Profits reserve		7,078	7,078
Accumulated losses		(33,033)	(27,729)
TOTAL EQUITY		37,158	18,493

The above consolidated statement of financial position should be read in conjunction with the accompanying note

Consolidated statement of changes in equity for the year ended 30 June 2017

	Contributed Equity	Accumulated Losses	Profits Reserve	Share Based Payments Reserve	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED						
At 1 July 2016	28,779	(27,729)	7,078	10,657	(292)	18,493
Loss for the year	-	(5,304)	-	-	-	(5,304)
<i>Other comprehensive income:</i>						
Changes in fair value of cash flow hedges	-	-	-	-	(47)	(47)
Exchange differences on translation of foreign operations	-	-	-	-	4	4
Total comprehensive income for the year	28,779	(33,033)	7,078	10,657	(335)	13,146
<i>Transactions with owners of the Company:</i>						
Share issue	19,972	-	-	-	-	19,972
Loan share options exercised	2,089	-	-	-	-	2,089
Share options exercised	606	-	-	-	-	606
Share-based payment transactions	-	-	-	1,345	-	1,345
At 30 June 2017	51,446	(33,033)	7,078	12,002	(335)	37,518
	Contributed Equity	Accumulated Losses	Profits Reserve	Share Based Payments Reserve	Other Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED						
At 1 July 2015	27,621	(20,594)	7,078	8,737	(262)	22,580
Loss for the year	-	(7,135)	-	-	-	(7,135)
<i>Other comprehensive income:</i>						
Changes in fair value of cash flow hedges	-	-	-	-	(31)	(31)
Exchange differences on translation of foreign operations	-	-	-	-	1	1
Total comprehensive income for the year	-	(7,135)	-	-	(30)	(7,165)
<i>Transactions with owners of the Company:</i>						
Loan share options exercised	1,139	-	-	-	-	1,139
Share options exercised	19	-	-	-	-	19
Share-based payment transactions	-	-	-	1,920	-	1,920
At 30 June 2016	28,779	(27,729)	7,078	10,657	(292)	18,493

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

Consolidated statement of cash flows for the year ended 30 June 2017

	Notes	Consolidated	
		2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		48,016	37,286
Payments to suppliers and employees ¹		(44,741)	(38,703)
Interest received		346	454
Other receipts		73	-
R&D refund received		-	1,828
Income taxes (paid) / received		(22)	420
Net cash from operating activities	12	3,672	1,285
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(6,377)	(3,035)
Payments for development costs		(3,750)	(4,427)
Proceeds from sale of plant and equipment		10	72
Net cash used in investing activities		(10,117)	(7,390)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share offer		19,972	-
Proceeds from exercise of share options		606	19
Proceeds from exercise of loans share options		2,089	1,139
Transfers to non cash trust deposits		-	(112)
Net cash from financing activities		22,667	1,046
Net increase / (decrease) in cash and cash equivalents		16,222	(5,059)
Cash and cash equivalents at beginning of year		12,189	17,169
Effect of movement in exchange rates on cash held		(73)	79
Cash and cash equivalents at end of year	12	28,338	12,189

¹ Includes capture costs in Australia and the US of \$2,269,000 and \$7,100,000 respectively (2016: \$1,384,000 and \$4,647,000).

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

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Notes to the consolidated financial statements for the year ended 30 June 2017

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. The notes are organised into the following sections:

A. Basis of preparation	B. Key financial results	C. Capital structure and financial risk management	D. Investing activities	E. Other
1. Reporting entity	3. Segment results and revenue	7. Contributed equity	10. Intangibles	13. Earnings per share
2. Summary of significant accounting policies	4. Expenses	8. Financial instruments – fair value and risk management	11. Plant and equipment	14. Expenditure commitments
	5. Share based payment plan	9. Dividends paid on ordinary shares	12. Cash flow reconciliation	15. Parent entity information
	6. Income tax			16. Group entities
				17. Auditor's remuneration
				18. Related parties
				19. Contingent liabilities
				20. Subsequent events

A. Basis of preparation

In this section

This section sets out the basis upon which the Group's financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in 2017 or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

The financial 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.

1. REPORTING ENTITY

Nearmap Ltd (the 'Company') is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The Company's registered office is located at Level 6, 6-8 Underwood Street, Sydney NSW 2000. These consolidated financial statements as at 30 June 2017 comprise the Company and its subsidiaries (the 'Group').

The Group is a for-profit entity and the nature of the operations and principal activities of the Group are described in the Directors' report. The Group is primarily involved in the provision of online PhotoMap content via its 100% owned subsidiaries, Nearmap Australia Pty Ltd and Nearmap US Inc.

The consolidated financial statements for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 22 August 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies appear within the respective note disclosure. Other relevant policies are in this section.

a. Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

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.

b. Changes in accounting policies and new standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for financial years commencing on or after 1 July 2017.

AASB 9 *Financial Instruments* was issued in December 2014 and includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. This standard becomes mandatory for the Group's 30 June 2019 financial statements. The Group acknowledges that changes as a result of AASB 9 may result in earlier recognition of impairment losses on receivables. The Group currently applies AASB 139 to account for hedges of foreign exchange exposures, which the group predicts will qualify for hedge accounting under AASB 9. As a result, present hedge relationships are expected to continue to be treated as hedges. When adopted, the standard will not have a material impact on the financial statements.

AASB 15 *Revenue from Contracts with Customers* was issued in December 2014 and provides a single comprehensive model for revenue recognition based on the satisfaction of performance and obligations and additional disclosures about revenue. It replaces AASB 118 *Revenue and related interpretations*. This standard becomes mandatory for the Group's 30 June 2019 financial statements. The Group is assessing the new standard's impact and currently does not anticipate a significant impact on the Group's financial statements on initial application.

AASB 16 *Leases* was issued in February 2016 and introduced changes to lessee accounting. It 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 statement of financial position. This will replace the operating/finance lease distinction and accounting requirements prescribed in AASB 117 *Leases*. This standard becomes mandatory for the Group's 30 June 2020 financial statements. The Group has completed a preliminary assessment of the potential impact on the consolidated financial statements resulting from the application of AASB 16 with respect to existing leases (primarily in relation to property and aviation service contracts) for continuing operations. The standard will have an impact on key financial measures such as EBITDA, EBIT and net assets, due to the standard replacing straight line operating lease expenses with a depreciation charge for the lease asset and interest expense for the lease liability. The extent of the impact is under evaluation.

The Group does not plan to adopt these standards early.

c. Basis of consolidation

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d. Significant accounting judgments, estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key judgments and estimates which are material to the financial report are found in the following notes:

- Note 6: Income tax
- Note 10: Intangibles

e. Foreign currencies

(i) Foreign currency transactions

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars (A\$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges (to the extent that the hedges are effective) are recognised in OCI.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

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B. Key financial results

In this section

This section explains the results and performance of Nearmap Ltd and provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity, including:

- Accounting policies that are relevant for understanding the items recognised in the financial statements.
- Analysis of the Group's result for the year by reference to key areas, including: segment results and revenue, operational expenses, personnel costs including share-based payments and income tax.

3. SEGMENT RESULTS AND REVENUE

This note provides results by operating segment for the year ended 30 June 2017. Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Nearmap Board who ultimately makes strategic decisions. This note also provides additional information on revenue, including types of revenue and the respective recognition criteria.

(i) Segment reporting

An overview of the operating segments is provided below:

Segment	Information
Australia	Responsible for all sales and marketing efforts in Australia.
United States	Responsible for all sales and marketing efforts in the United States.
Corporate	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.

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

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 uncapitalised 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 \$'000	United States \$'000	Corporate \$'000	Total \$'000
Year ended 30 June 2017				
Total revenue	36,292	4,301	472	41,065
Cost of revenue ¹	(3,538)	(4,578)	-	(8,116)
Gross Profit	32,754	(277)	472	32,949
Sales & marketing	(8,260)	(8,578)	-	(16,838)
General & administration	(3,620)	(3,824)	(6,847)	(14,291)
Segment contribution	20,874	(12,679)	(6,375)	1,820
Amortisation & depreciation ²				(2,881)
FX Loss				(473)
Income tax expense				(3,770)
Loss after tax				(5,304)
	Australia \$'000	United States \$'000	Corporate \$000	Total \$'000
Year ended 30 June 2016				
Total revenue	29,746	1,002	541	31,289
Cost of revenue ¹	(2,828)	(3,036)	-	(5,864)
Gross Profit	26,918	(2,034)	541	25,425
Sales & marketing	(7,774)	(5,755)	-	(13,529)
General & administration	(2,693)	(4,151)	(6,660)	(13,504)
Segment contribution	16,451	(11,940)	(6,119)	(1,608)
Amortisation & depreciation ²				(2,995)
FX Gain				(90)
Income tax expense				(2,442)
Loss after tax				(7,135)

¹ Includes amortisation of capitalised capture costs

² Includes amortisation and depreciation of corporate assets

Accounting policy – revenue recognition and measurement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific revenue recognition criteria must also be met before revenue is recognised:

Subscription revenue

Subscription revenue is recognised over the life of the contract in line with when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, and the amount of revenue can be measured reliably. The timing of the transfer of risks and rewards varies depending on the individual terms of the subscription agreement.

On-demand revenue

On-demand revenue is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to percentage area captured to date as a percentage of the total estimated capture area for each contract.

Royalty income

Royalty income is earned through third parties who sell Nearmap imagery on behalf of the Group. It is recognised when the contract of sale between the parties has been signed.

Grant income

Grant income is the New South Wales payroll grant of \$73,000 received from Office of State Revenue. It is recognised when incremental headcounts are hired for new jobs created.

Interest income

Interest income is recognised as interest accrues using the effective interest method.

Unearned revenue

Prepaid amounts received from customers in advance are deferred to the relevant future subscription agreement periods. Unearned revenue comprises photo mapping subscription license service fees charged, the revenue for which is primarily recognised in the profit or loss over the subscription period. Unearned revenue at 30 June 2017 was \$25,171,000 (2016: \$18,908,000).

(ii) Total revenue and other income

	Consolidated	
	2017	2016
	\$'000	\$'000
Subscription revenue	40,351	30,592
On-demand revenue	162	75
Royalty income	80	81
Grant income	73	134
	40,666	30,882
Interest income	389	407
Gain on disposal of assets	10	-
	399	407
Total revenue and other income	41,065	31,289

4. EXPENSES**(i) Employee benefits expense**

	Consolidated	
	2017	2016
	\$'000	\$'000
Share based payment expense	1,345	1,920
Defined contribution plan expense	1,278	1,044
Other employee benefits expenses	20,118	17,339
Total employee benefits expense	22,741	20,303

(ii) Other operational expenses

	Consolidated	
	2017	2016
	\$'000	\$'000
Servicing and storage costs	2,221	1,790
Operating lease expenses	982	917
Travel and office costs	1,882	1,560
Audit, consulting and legal fees	1,912	1,652
Insurance costs	365	304
Marketing costs	2,170	1,532
Subscription costs	1,346	1,128
All other operating expenses	1,037	1,064
Total other operational expenses	11,915	9,947

5. SHARE BASED PAYMENT PLAN

An Employee Share Option Plan has been established whereby Directors and certain employees of the consolidated entity may be issued with options over the ordinary shares of the Company. The options, which are usually issued for nil consideration at an exercise price calculated with reference to prevailing market prices, are issued in accordance with terms established by the Directors of the Company. The options are generally issued for 4 years and are exercisable on various dates (usually in 2 or 3 equal annual tranches when vested) within 4 years from the issue date. The options cannot be transferred without the approval of the Company's board and are not quoted on the ASX.

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

Key estimates and judgments

The Group estimates the fair value of equity-settled transactions (share options and LRLs at the date at which they are granted. The fair value is determined using the Black-Scholes model and includes assumptions in the following areas: risk free rate, volatility and estimated service periods. The expected life of the options is based on historical data and not necessarily indicative of exercise patterns than may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be actual outcome. No other features of options granted were incorporated into the measurement of fair value. There are no voting or dividend rights attached to the options.

Accounting policy - recognition and measurement of share-based payments

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions') if applicable.

The fair value of equity-settled transactions is recognised, together with the corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting period').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

The profit or loss charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Movement in shares options - share based payments

	2017	2016
Number of options outstanding at the beginning of the year	37,445,000	30,555,000
Options lapsed	(8,200,001)	(14,005,000)
Options exercised – loans granted	(1,033,333)	(500,000)
Options exercised – cash payments	(800,000)	(250,000)
Options granted	6,889,255	21,645,000
Total number of options outstanding at the end of the year	34,300,921	37,445,000

Reconciliation of options issued under Employee Share Option Plan 30 June 2017						
	Balance at 1 July	Granted	Lapsed/ Forfeited	Exercised	Balance at 30 June	Vested & exercisable
30 June 17						
Total number of options	37,445,000	6,889,255	(8,200,001)	(1,833,333)	34,300,921	16,117,072
Weighted average price \$	0.64	0.86	0.70	0.49	0.68	0.71
30 June 16						
Total number of options	30,555,000	21,645,000	(14,005,000)	(750,000)	37,445,000	6,025,000
Weighted average price \$	0.79	0.53	0.57	0.14	0.64	0.69

As at 30 June 2017, there were 34,300,921 options outstanding at exercise prices ranging from \$0.39 to \$1.08 and a weighted average remaining contractual life of 4.11 years.

Expenses arising from share-based payment transactions during the year was \$1,345,000 (2016: \$1,920,000).

The following table lists the options and LRLs granted and the inputs to the model used to measure their fair value for the years ended 30 June 2017 and 30 June 2016 to key management personnel:

Model inputs to share option and LRL grants 30 June 2017 (key management personnel)							
Grant date	Expiry date	Exercise price \$	Number of options / LRLs granted	Fair value at grant date \$	Expected price volatility %	Risk free interest rate %	Expected life (years)
30-Jun-16							
30-Nov-15	30-Nov-19	0.56	4,500,000	0.1135	53	2.19	3.5
30-Nov-15	30-Nov-19	0.56	4,750,000	0.1157	53	2.19	3.5
31-Jan-16	31-Jan-21	0.39	3,000,000	0.1486	53	1.89	3.5
18-Mar-16	18-Mar-20	0.40	1,500,000	0.1547	53	1.89	3.5
18-Mar-16	18-Mar-20	0.55 ¹	2,500,000	0.1125	53	2.05	3.5
20-May-16	20-May-20	0.68	1,000,000	0.1532	58	1.73	3.5
30-Jun-17							
2-Dec-16	2-Dec-20	1.06	2,000,000	0.2428	66	2.12	3.5
14-Dec-16	12-Dec-20	0.93	2,500,000	0.2480	65	2.09	3.5
20-Mar-17	20-Mar-21	0.64	697,531	0.1783	67	2.14	3.5
20-Mar-17	20-Mar-21	0.64	775,034	0.1783	67	2.14	3.5
20-Mar-17	20-Mar-21	0.64	516,690	0.1783	67	2.14	3.5

¹These relate to grants of LRLs to key management personnel under the Employee Loan Scheme.

6. INCOME TAX

Key estimates and judgments*Deferred tax*

Pursuant to AASB 112 *Income Taxes*, the Company has assessed its best estimate of the probability that future taxable profits will be available against which the Group can utilise its unused tax losses and deductible temporary differences in future periods.

Accounting policy - recognition and measurement of income tax*Research and development tax incentive*

The Group accounts for the benefit of refundable research and development tax incentives as government grant income, which is recognised when there is reasonable assurance that the Group will comply with the conditions that attach to the incentive and that it will be received. The income is recognised in Other Income on a systematic basis over the periods in which the Group recognises the related research and development expense. The Group accounts for any non-refundable research and development tax credits as an income tax benefit.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss.

Tax consolidation

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Nearmap Ltd, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

	Consolidated	
	2017	2016
	\$'000	\$'000
Income tax expense		
Current tax expense	(206)	(869)
Deferred tax expense	(3,564)	(1,573)
	(3,770)	(2,442)
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax	(1,534)	(4,693)
Tax at the Australian tax rate of 30% (2016: 30%)	460	1,408
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of higher tax rate in the US	665	600
R&D grant	137	266
Shared based payments expense	(404)	(532)
Entertainment expenses	(40)	(79)
Recognition of previously unrecognised deductible temporary differences	801	-
Current and prior year losses for which no deferred tax asset is recognised	(6,755)	(4,320)
Over provision in the prior year	1,366	184
Other	-	31
	(3,770)	(2,442)

The Group has an unrecognised deferred tax asset of \$10,931K in respect of tax losses as at 30 June 2017.

	Balance at 1 July	Recognised in the statement of profit or loss	Change in recognised amount	Balance at 30 June	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax balances						
2017						
R&D credits carry forward	1,359	(661)	(24)	674	-	674
Tax losses	1,957	(1,957)	-	-	-	-
Unearned revenue	427	1,272	-	1,699	1,699	-
Provisions and other accruals	749	(48)	(65)	636	362	274
Plant and equipment	782	(728)	-	54	(1)	55
Intangible assets	(5,144)	(1,578)	-	(6,722)	-	(6,722)
Other	40	(13)	-	27	-	27
Derivative instruments	38	-	20	58	-	58
Unrealised foreign exchange Loss	(109)	149	-	40	-	40
Net tax assets/(liabilities)	99	(3,564)	(69)	(3,534)	2,060	(5,594)

	Balance at 1 July	Recognised in the statement of profit or loss	Change in recognised amount	Balance at 30 June	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax balances						
2016						
R&D credits carry forward	-	2,102	(743)	1,359	-	1,359
Tax losses	4,300	(1,875)	(468)	1,957	1,957	-
Unearned revenue	39	-	388	427	427	-
Provisions and other accruals	341	240	168	749	255	494
Plant and equipment	(52)	(2)	836	782	(15)	797
Intangible assets	(2,359)	(1,947)	(838)	(5,144)	-	(5,144)
Other	-	18	22	40	-	40
Derivative instruments	17	-	21	38	-	38
Unrealised foreign exchange Loss	-	(109)	-	(109)	-	(109)
Net tax assets/(liabilities)	2,286	(1,573)	(614)	99	2,624	(2,525)

C. Capital structure and financial risk management

In this section

This section outlines how Nearmap manages its capital structure and discusses the Group's exposure to various financial risks and how the Group manages these risks.

Capital Risk Management

The Group's objective in managing capital is to safeguard its ability to continue as a going concern, so it can continue to commercialise intellectual property with the ultimate objective of providing returns to shareholders whilst maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may issue new shares, sell assets, consider joint ventures and may return capital in some form to shareholders.

7. CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Details in relation to share option movements and share incentive scheme are contained in note 5.

	2017		2016	
	Number of shares	\$'000	Number of shares	\$'000
Movement in shares on issue				
Balance at the beginning of the year	356,246,101	28,779	355,496,101	27,621
Issue of shares during the year	29,607,081	19,972	-	-
Issued from exercise of share options	800,000	606	250,000	19
Issued from exercise of loans share options	1,033,333	-	500,000	-
Repayment of loans	-	2,089	-	1,139
Balance at the end of the year	387,686,515	51,446	356,246,101	28,779

On 24 November 2016, the Company completed a \$20M capital raising (before costs) through a fully underwritten institutional placement of 28,571,429 new fully paid ordinary shares at the offer price of \$0.70. The Company incurred \$753K in transaction costs, which have been recorded in equity, net of tax.

On 3 January 2017, the Company completed a \$725K share purchase plan through the issue of 1,035,652 new fully paid ordinary shares.

During the year, total loans of \$2,089K and accruing interest of \$110K was repaid to the Company, thereby releasing 8,800,000 shares previously under holding lock.

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held.

8. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Accounting policy – 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. The fair value of these instruments is categorised into different levels of the 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 the fair value hierarchy as of the end of the reporting period which the transfer has occurred.

Accounting policy – 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 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 derivatives 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.

The Group's principal financial instruments comprise cash, short-term deposits and derivatives. The Group is primarily exposed to the following risks arising from financial instruments:

- Market risk, particularly in relation to foreign currencies (see 8(ii));
- Credit risk (see 8(iii)).

This note provides information about the Group's exposure to the above risks and its objectives, policies and processes for measuring and managing those risks.

(i) Risk management framework

The Company's board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of Directors have established the Audit and Risk Management Committee which is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in the market and the Group's activities.

(ii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The Group uses derivatives to manage market risk related to foreign currencies. All such transactions are carried out within the guidelines of the Group's risk management policies.

Currency risk

The Group's functional currency is the Australian dollar (AUD) and it is exposed to currency risk on payments denominated in the United States dollar (USD). The Group uses forward exchange contracts to hedge its currency risk, all of which have 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.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

Exposure to foreign currency risk

The summary quantitative data about the Group's exposure to foreign currency risk is as follows:

	Consolidated	
	2017	2016
	USD'000	USD'000
Cash and cash equivalents	3,368	1,960
Receivables and other assets	1,301	288
Payables and other liabilities	1,457	851
Gross exposure	6,126	3,099

The following significant exchange rates applied during the year

	Average Rate		Year End Spot Rate	
	2017	2016	2017	2016
USD	0.7545	0.7283	0.7692	0.7426

Sensitivity analysis

A 10 percent strengthening or weakening of the Australian to US dollar exchange rate would have increased / (decreased) the net assets denominated in foreign currencies by the following amounts:

	Consolidated	
	2017	2016
	\$'000	\$'000
+10%	(380)	(171)
-10%	464	209

Interest rate risk

The Group is exposed to changes in interest rates as it relates to the Company's short-term deposits. The Company monitors changes in interest rates regularly to ensure the best possible return on deposits. Changes to interest rates in this context are not considered a significant financial risk.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and forward exchange contracts. The Group trades primarily with recognised, creditworthy third parties.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

Accounting policy – trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 7 – 60 days. The Group has no reliance on any major customers.

Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account for impairment is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms (such as significant financial difficulties of the debtor, probability of bankruptcy, etc). The amount of the impairment loss is recognised in profit or loss within other expenses.

When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Ageing profile of trade receivables	Consolidated	
	2017	2016
	\$'000	\$'000
Current	6,293	4,119
31 to 60 days overdue	145	33
Over 61 days overdue	431	68
Over 90 days overdue	314	225
Impairment loss	(132)	(172)
	7,051	4,273

Cash and cash equivalents

The Group held cash and cash equivalents with bank and financial institution counterparties which are rated BBB or above based on Standards & Poors ratings.

Derivatives

The forward exchange contracts are entered into with bank institutions which are rated BBB or above based on Standards & Poors ratings and are authorised in accordance with our Foreign Exchange Risk Management Policy.

The carrying amount of the Group's financial assets represents maximum credit exposure and is as follows:

	Consolidated	
	2017	2016
	\$'000	\$'000
Cash and cash equivalents	28,338	12,189
Trade receivables	7,051	4,273
Prepayments and other receivables	1,532	1,774

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding requirements. The Group continually monitors forecast and actual cash flows and the maturity profiles of assets and liabilities to manage its liquidity risk.

(iv) Fair values

The fair values of other financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, at 30 June 2017 and 30 June 2016 is detailed below.

Financial liabilities	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Forward exchange contracts used for hedging ¹	(193)	(193)	(126)	(126)

¹ 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) which 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. There were no transfers between levels of the fair value hierarchy during the year-ended 30 June 2017. The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables because their carrying amounts are a reasonable approximation of fair values.

9. DIVIDENDS PAID ON ORDINARY SHARES

	Consolidated	
	2017	2016
	\$'000	\$'000
No dividends were paid or proposed for the year ending 30 June 2017 (2016: nil).	-	-
Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the beginning of the financial year at 30% (2016: 30%)	-	-
Franking credits utilised through the receipt of R&D credits as at the end of the financial year	-	-
	<u>-</u>	<u>-</u>

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

D. Investing activities

In this section

This section outlines Nearmap's investment in intangible assets and property, plant and equipment as well as a broader discussion on the entity's cash flows.

10. INTANGIBLES

Key estimates and judgments

Capture costs

Pursuant to AASB 138 *Intangible Assets*, the Company has assessed its best estimate of the probability that the expected future economic benefits attributable to the Group's digital imagery will flow to the entity. As a result, capture costs directly attributable and necessary to create and upload digital imagery online have been recognised as an intangible asset. Historical usage patterns based on customer map tile requests were used to determine a period of 5 years over which to amortise the capitalised capture costs. Amortisation of capture costs has been included within 'depreciation and amortisation expenses' in the statement of profit or loss and other comprehensive income.

Impairment of assets

The Group assesses impairment at each reporting date by evaluation of conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates, including forecasting of profits, cash flows, and discount rates.

Accounting policy - impairment of assets

The Group assesses at each reporting period whether there is an indication that an asset (other than goodwill or intangibles with indefinite useful life) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Key assumptions used for value in use calculations

The Group's CGUs have been identified according to the business segments. As the Corporate segment does not generate cash inflows independently of the Australia and United States CGUs, its cash flows have been allocated to these CGUs on a reasonable and consistent basis.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on 2017 actual results, 2018 financial budgets and 2019 to 2022 financial projections approved by the Board.

Discount rate (Australia)	The discount rate of 16.5% represents the pre-tax discount rate applied to the cash flow projections, based on a market-determined, risk adjusted, post-tax discount rate of 14.0%.
Discount rate (USA)	The discount rate of 24.4% represents the pre-tax discount rate applied to the cash flow projections, based on a market-determined, risk adjusted, post-tax discount rate of 20.0%.
Terminal growth rate	The terminal growth rate of 3.0% represents the growth rate applied to extrapolate cash flows beyond the five year forecast period. The growth rate is based on management's expectations of the CGUs' long-term performance.

The recoverable amount for the Australia CGU continues to exceed the carrying value. A deterioration in the key assumptions surrounding the USA CGU is likely to result in a value in use that is less than the carrying amount.

Accounting policy - recognition and measurement of intangibles

Research and development costs

Intangible assets acquired separately are capitalised at cost and those arising from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to intangible assets.

The amortisation period and method for intangible assets is reviewed at least annually to determine if the useful lives remain appropriate. Where there is an expectation that the amortisation period or method does not match the consumption of the economic benefits embedded within the asset, the useful life of the asset will be adjusted to reflect this change.

Intangible assets are tested for impairment where an indicator of impairment exists. Intangibles under development are tested at the cash-generating unit level for impairment annually or at each reporting period where an indicator of impairment exists.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the disposal proceeds received and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Research costs and costs that do not meet the definition of development costs for the purpose of the Standard are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment rises during the reporting period.

A summary of the amortisation applied to the Group's intangible assets is as follows:

Development costs, patents, capture costs and licences

Useful lives Finite (generally for a period of 5 – 20 years).

Amortisation method used Amortised over the period of expected future benefit. The expected useful life is reviewed annually.

Internally generated or acquired and internally generated.

Impairment testing Annually as at 30 June for assets not yet available for use and more frequently when an indication of impairment exists.

The patents and licences have been granted or are expected to be granted for a minimum of 20 years by the relevant government agency with the option of renewal without significant cost at the end of this period provided that the Group meets certain predetermined targets. Accordingly, the patents and licences have been determined to have finite useful lives.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired.

All goodwill acquired through business combinations has been allocated to the Australian CGU. The recoverable amount of the Australian CGU has been determined based on a value-in-use calculation using cash flow projections based on board approved budgets and 4-year forecast period. No impairment was recognised at 30 June 2017 in relation to goodwill (2016: nil).

	Goodwill	Development costs	Capture costs	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation of carrying amount as at 30 June 2017					
Balance at the beginning of the year	135	5,879	10,379	847	17,240
Additions	-	3,528	11,142	222	14,892
Amortisation	-	(3,188)	(3,643)	(477)	(7,308)
Closing balance at the end of the year	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 amount	135	6,219	17,878	592	24,824
Reconciliation of carrying amount as at 30 June 2016					
Balance at the beginning of the year	135	5,358	5,125	648	11,266
Additions	-	3,872	7,135	555	11,562
Amortisation	-	(2,825)	(1,913)	(363)	(5,101)
Transfers to plant and equipment (at net book value)	-	(526)	32	7	(487)
Closing balance at the end of the year	135	5,879	10,379	847	17,240
At 30 June 2016					
Cost	135	13,783	13,018	1,408	28,344
Accumulated amortisation	-	(7,904)	(2,639)	(561)	(11,104)
Closing net book amount	135	5,879	10,379	847	17,240

11. PLANT AND EQUIPMENT

Accounting policy – plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated over the estimated useful life of the assets, which is between 2 and 10 years, on a straight-line basis.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year end and adjusted if appropriate.

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to be obtained from its use.

Gains or losses arising from the derecognition of an asset (calculated as the difference between the proceeds received and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

	Office equipment & furniture \$'000	Camera systems \$'000	Total \$'000
Reconciliation of carrying amount as at 30 June 2017			
Balance at the beginning of the year	824	5,343	6,167
Additions	385	5,992	6,377
Disposals	(8)	(2)	(10)
Depreciation	(482)	(1,442)	(1,924)
Closing balance at the end of the year	719	9,891	10,610
At 30 June 2017			
Cost	2,219	16,898	19,117
Accumulated depreciation	(1,500)	(7,007)	(8,507)
Closing net book amount	719	9,891	10,610
	Office equipment & furniture \$'000	Camera systems \$'000	Total \$'000
Reconciliation of carrying amount as at 30 June 2016			
Balance at the beginning of the year	519	3,862	4,381
Additions	665	2,390	3,055
Disposals	-	(114)	(114)
Depreciation	(380)	(1,262)	(1,642)
Transfers from intangible assets (at net book value)	20	467	487
Closing balance at the end of the year	824	5,343	6,167
At 30 June 2016			
Cost	1,844	10,872	12,716
Accumulated depreciation	(1,020)	(5,529)	(6,549)
Closing net book amount	824	5,343	6,167

12. CASH FLOW RECONCILIATION

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash at bank and short term deposits earn interest at floating rates based on daily bank deposit rates.

The Company had no financing facilities as at 30 June 2017 (2016: nil).

	Consolidated	
	2017	2016
	\$'000	\$'000
Reconciliation of net loss to net cash flows from operations		
Loss after tax	(5,304)	(7,135)
<i>Adjustment for non-cash items</i>		
Amortisation and depreciation	9,232	6,747
Capitalised amortisation and depreciation	(1,764)	(1,105)
Net unrealised exchange differences	77	10
Share based payment expense	1,345	1,920
Loss on disposal of non-current assets	(10)	42
<i>Changes in assets and liabilities</i>		
Payables and other current liabilities	7,519	2,806
Receivables	(2,534)	1,809
Provision for employee benefits	672	(89)
Other non-current assets	(9,369)	(6,030)
Income tax	3,808	2,310
Net cash from operating activities	3,672	1,285
Reconciliation of cash		
Cash and cash equivalents comprises:		
Cash at bank and on hand	11,335	5,319
Short term deposits at call	17,003	6,870
	28,338	12,189

E. Other**In this section**

This section provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however are not considered critical in understanding the financial performance or position of the Group.

13. EARNINGS PER SHARE

Basic earnings per share is calculated as net profit/loss attributable to shareholders, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to shareholders, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	Consolidated	
	2017	2016
	\$'000	\$'000
Net loss attributable to ordinary equity holders	(5,304)	(7,135)
Net loss used in calculating diluted earnings per share	(5,304)	(7,135)

	Number of shares	Number of shares
Weighted average number of ordinary shares on issue used in the calculation of basic profit per share	374,994,207	355,572,813
Weighted average number of ordinary shares on issue used in the calculation of diluted profit per share	374,994,207	355,572,813
Earnings per share attributable to the ordinary equity shareholders of the Company:		
Basic loss per share (cents per share)	(1.41)	(2.01)
Diluted loss per share (cents per share)	(1.41)	(2.01)

The options granted to employees are considered to be ordinary shares and are included in the determination of diluted earnings per share to the extent to which they are dilutive.

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

14. EXPENDITURE COMMITMENTS

Accounting policy – leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

Expenditure commitments

There are no capital expenditure commitments or hire purchase commitments contracted at 30 June 2017 (2016: nil).

	2017 \$'000	2016 \$'000
Operating lease commitments		
Minimum lease payments		
- Not later than one year	713	1,176
- Later than one year and no later than five years	1,585	2,076
Aggregate lease expenditure contracted for at reporting date	2,298	3,252

Operating lease commitments relate primarily to commercial office premises and IT related leases. These leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

15. PARENT ENTITY INFORMATION

	2017 \$'000	2016 \$'000
Financial position information relating to the Company		
Current assets	16,984	22,240
Total assets	39,900	22,454
Current liabilities	(194)	(187)
Total liabilities	(3,011)	(188)
Net assets	36,889	22,266
Contributed equity	51,446	28,779
Reserves	11,868	10,533
Accumulated losses	(26,425)	(17,046)
Total shareholder equity	36,889	22,266
Total comprehensive loss of the parent entity	(9,389)	(1,914)

Information relating to the Company

The parent entity entered into a Deed of Cross Guarantee (the Deed) dated 31 May 2017 with its subsidiaries. Under the Deed each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. Please refer to note 16 for listing of subsidiaries.

Details of the contingent liabilities of the Group are contained in note 19. There are no contingent liabilities of the parent entity.

Details of the contractual commitments of the Group are contained in note 14. There are no contractual commitments of the parent entity.

Wholly owned Group transactions

Loans made by the Company to and from wholly-owned subsidiaries are repayable on demand and unsecured. No interest is charged on the loans (2016: nil).

	2017 \$'000	2016 \$'000
Loans to wholly-owned subsidiaries		
Beginning of the year	15,429	8,380
Loans advanced	26,622	7,583
Provision	(4,960)	-
Loan repayments	(14,175)	(534)
End of the year	22,916	15,429

16. GROUP ENTITIES

The consolidated financial statements incorporate the assets, liabilities and equity of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Equity holding	
		2017 %	2016 %
Nearmap Australia Pty Ltd	Australia	100	100
Ipernica Ventures Pty Ltd	Australia	100	100
Ipernica Holdings Pty Ltd	Australia	100	100
Nearmap USA Pty Ltd	Australia	100	100
Nearmap Aerospace Inc.	United States	100	100
Nearmap US, Inc.	United States	100	100
Nearmap Remote Sensing US, Inc.	United States	100	100

17. AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	Consolidated 2017 \$	2016 \$
Audit services paid to KPMG		
Remuneration paid to KPMG for audit or review of the financial statements of the entity	110,025	92,300
Non-audit services paid to KPMG		
- Other assurance matters for the entity and any other entity in the Group	-	17,500
- Taxation advisory for the entity and any other entity in the Group	17,600	88,976
- Other advisory for the entity and any other entity in the Group	39,850	53,547
	57,450	160,023

18. RELATED PARTIES**(a) Compensation of key management personnel**

	2017	2016
	\$'000	\$'000
Short-term employee benefits	3,123	3,097
Post-employment benefits	142	148
Termination benefits	201	251
Share-based payments	1,082	1,508
	4,548	5,004

(b) Other related party transactions

Other than the loans granted to key management personnel under the employee loan scheme as disclosed in the Remuneration report, there have been no sales, purchases or other transactions with related parties during the year ended 30 June 2017 (2016: nil).

19. CONTINGENT LIABILITIES

As at 30 June 2017, the Directors are not aware of any contingent liabilities in relation to the Company or the Group.

20. SUBSEQUENT EVENTS

On 21 August 2017, Nearmap Australia Pty Limited entered into a contract for the lease of office premises located at Level 4, Tower One, International Towers Sydney, Barangaroo, NSW 2000 from Lendlease (Millers Point) Pty Limited as trustee for Lendlease (Millers Point) Trust.

On 14 August 2017, Nearmap appointed Ms Sue Klose as a Non-executive Director of the Company. Sue is an independent director pursuant to the ASX Corporate Governance Council's definition of independence.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' declaration

In accordance with a resolution of the Directors of the Company, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting standards; and
- (b) the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) the remuneration disclosures set out in the Directors' report (as part of audited remuneration report) for the year ended 30 June 2017, comply with section 300A of the Corporations Act 2001.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2017.

On behalf of the Board



Dr R Newman
CEO & Managing Director

Sydney
22 August 2017

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Independent Auditor's Report

To the shareholders of Nearmap Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Nearmap Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of financial position as at 30 June 2017
- Consolidated Statement of comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Carrying value of intangible assets of the US business
- Useful life of internally generated development costs and capture costs

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Carrying value of intangible assets of the US business (\$17,341,000)	
Refer to Note 10 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The group has \$24,825,000 of intangible assets comprising primarily of capture costs. The intangible assets attributed to the US business total \$17,341,000. These assets are assessed for impairment at the US business cash generating unit (CGU) level, using a value in use model (the model).</p> <p>The assessment of impairment was a key audit matter because it involved significant judgement in evaluating the assumptions used by the Group in their value in use model.</p> <p>The key judgements we focused on included:</p> <ul style="list-style-type: none"> - Complex modelling, particularly those containing judgemental allocations of corporate assets and costs to CGUs, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. - Future cash flow projections for FY 2018-2022 – The US business is still in the early stage of maturity which increases the risk of inaccurate forecasts. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We evaluated the methodology applied by the Group in allocating corporate assets and costs across CGU’s for consistency with our understanding of the business and the criteria in the accounting standards; • We assessed the methodology in the value in use model for consistency with the basis required by Australian Accounting Standards; • We compared the cash flow projections for FY2018-2022 in the value in use model to those in the latest Board approved budgets and evaluated their consistency with the Group’s intentions as outlined in Directors minutes and strategy documents. We challenged the forecasts using our knowledge of the business. The forecast growth was also assessed against that achieved in the establishment of the Australian business; • We assessed the historical accuracy of forecasts by comparing to actual results, to use in our evaluation of projections included in the value in use model;

Useful life of internally generated development costs and capture costs

Refer to Note 10 to the Financial Report

The key audit matter

The assessment of useful lives of internally generated development costs and capture costs was a key audit matter due to the judgement involved in assessing the future period that the images will generate future cash flows. The relatively short history of the Group and the potential impact on the profit result from the amortisation expense increases the estimation uncertainty and therefore the complexity to the audit.

On at least an annual basis, the Group assesses its portfolio of internally generated development costs and capture costs and uses judgement to determine the useful life. The useful life of internally generated development costs and capture costs is estimated by the Group through analysis of the historical frequency of map tile requests. These key inputs were therefore the focus of our work.

How the matter was addressed in our audit

Our procedures included:

- We developed an understanding of the accounting policies and useful lives used by the Group in the amortisation of internally generated development costs and capture costs
- We evaluated the Group's assessment of the useful lives of internally generated development costs and capture costs by comparing the estimated useful life to the historical map tile requests and the period over which those map tiles were used;
- We evaluated the accuracy of management reports of map tile requests by testing a sample of requests to actual usage dates.
- We tested a statistical sample of amortisation expense for finite life internally generated development costs and capture costs for consistency with the Group's accounting policy and stated amortisation rates.

Other Information

Other Information is financial and non-financial information in Nearmap Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Remuneration Report. The Chairman's letter, CEO's Report, Shareholder Information and Corporate Information are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's 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 the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nearmap Limited for the year ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.



KPMG

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 11 to 25 of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with *Australian Auditing Standards*.



Trent Duvall
Partner

Sydney
22 August 2017

Corporate information

Nearmap Ltd
ABN 37 083 702 907

Directors

Peter James (Non- executive Chairman)
Ross Norgard (Non-executive Director)
Ian Morris (Non-executive Director)
Cliff Rosenberg (Non-executive Director)
Sue Klose (Non-executive Director)
Rob Newman (CEO & Managing Director)

Company Secretary

Shannon Coates

Registered Office

Level 6, 6-8 Underwood Street
Sydney NSW 2000

Website

<http://www.nearmap.com>

Solicitors

DLA Piper

Bankers

Commonwealth Bank of Australia
Wells Fargo

Share Registry

Computershare Registry Services Pty Ltd
Level 11, 172 St Georges' Terrace
Perth WA 6000

Auditors

KPMG Australia
Tower Three,
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

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