# Appendix 4D
# Half Year Report

Name of entity

Nearmap Ltd

Reporting period ('current period')

| ABN 37 083 702 907 | Half year ended 31 December 2016 |
|---|---|

Results for announcement to the market:

**(All comparisons are to half year ended 31 December 2015)**

| | | | | **A$'000** |
|---|---|---|---|---|
| Revenues from ordinary activities | Increased | 38% | to | 19,215 |
| Loss from ordinary activities after tax attributable to members | Decreased | 10% | to | 2,953 |
| Net loss for the period attributable to members | Decreased | 10% | to | 2,953 |
| | | 31-12-15 | | 31-12-16 |
| Net tangible assets per share (cents)[1] | | 0.9 | | 5.2 |

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

Nearmap Ltd has proposed to not pay any dividends for the half year ended 31 December 2016.

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

# Directors' Report

Your directors submit their report, together with the consolidated financial statements of the Group (referred to hereafter as “Nearmap”) consisting of Nearmap Ltd and the entities it controlled at the end of, or during the half year ended 31 December 2016.

## Directors

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

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

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

## Review and results of operations

For the six months to 31 December 2016, Nearmap reported revenue of $19,426K, up 37% on corresponding prior half year revenue of $14,141K. Total subscription revenue increased by 38%, up to $19,090K from $13,800K, reflecting continuing customer growth in Australia and an acceleration of growth in the US.

Nearmap’s net loss after tax for the half year to 31 December 2016 was $2,953K, a 10% decrease on the prior half year loss of $3,295K.

Nearmap’s balance sheet remained strong with no debt and a closing cash balance as at 31 December 2016 of $28,395K. This includes the proceeds of the capital raising undertaken in November 2016 which raised $20M before costs (28.6 million new shares issued at the offer price of $0.70) from institutional investors. The funds have and will be used to expand the Group's sales and marketing capabilities, to expand the capture footprint in both Australia and the US and to develop HyperCamera2 units for oblique imagery capture.

In December 2016, Mr Andrew Watt commenced as the Group's Chief Financial Officer, replacing Mr Gerhard Beukes.

## Rounding off

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

## Auditor's independence declaration

KPMG, our auditor, have provided a written independence declaration as required under section 307C of the *Corporations Act 2001* to the directors in relation to their review for the half year ended 31 December 2016. This independence declaration forms part of the Directors' Report and can be found at page 3.

Signed in accordance with a resolution of the directors.

Dr Rob Newman
Managing Director
Sydney, 14 February 2017

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

*To: the directors of Nearmap Ltd*

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2016 there have been:

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

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

KPMG

Trent Duvall
*Partner*

Sydney

14 February 2017

# Consolidated statement of profit or loss and other comprehensive income

## for the half year ended 31 December 2016

| | Notes | 31 December 2016 $'000 | 31 December 2015 $'000 |
|---|---|---|---|
| Revenue | | **19,215** | 13,896 |
| Other income | | **211** | 245 |
| **Total revenue** | 3 | **19,426** | 14,141 |
| | | | |
| Employee benefits expense | | **(11,216)** | (11,022) |
| Amortisation and depreciation | | **(3,506)** | (2,678) |
| Net foreign exchange differences | | **(225)** | 614 |
| Other operational expenses | 4 | **(5,606)** | (4,998) |
| **Total expenses** | | **(20,553)** | (18,084) |
| **Loss before tax** | | **(1,127)** | (3,943) |
| Income tax (expense)/benefit | 5 | **(1,826)** | 648 |
| **Loss for the half year** | | **(2,953)** | (3,295) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Exchange differences on translation of foreign operations | | **9** | (263) |
| Unrealised gain/(loss) on cash flow hedges | | **503** | (359) |
| Income tax associated with these items | | **(151)** | 108 |
| **Total comprehensive income for the half year** | | **(2,592)** | (3,809) |
| | | | |
| **Earnings per share** | | | |
| Basic earnings per share for the half year (cents per share) | | **(0.81)** | (0.93) |
| Diluted earnings per share for the half year (cents per share) | | **(0.81)** | (0.93) |

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

# Consolidated statement of financial position

## as at 31 December 2016

| | Notes | 31 December 2016 $'000 | 30 June 2016 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **28,395** | 12,189 |
| Trade receivables | | **7,729** | 4,273 |
| Other current receivables | | **1,862** | 1,774 |
| **Total current assets** | | **37,986** | 18,236 |
| **Non-current assets** | | | |
| Plant and equipment | 6 | **8,148** | 6,167 |
| Intangible assets | 7 | **20,026** | 17,240 |
| Deferred tax assets | | **2,690** | 2,624 |
| **Total non-current assets** | | **30,864** | 26,031 |
| **TOTAL ASSETS** | | **68,850** | 44,267 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **1,040** | 1,339 |
| Unearned income | | **21,075** | 18,908 |
| Employee benefits | | **2,212** | 1,731 |
| Other current liabilities | | **1,313** | 1,005 |
| Current tax liability | | **223** | 123 |
| **Total current liabilities** | | **25,863** | 23,106 |
| **Non-current liabilities** | | | |
| Employee benefits | | **173** | 143 |
| Deferred tax liabilities | | **4,407** | 2,525 |
| **Total non-current liabilities** | | **4,580** | 2,668 |
| **TOTAL LIABILITIES** | | **30,443** | 25,774 |
| **NET ASSETS** | | **38,407** | 18,493 |
| **EQUITY** | | | |
| Contributed equity | | **50,441** | 28,779 |
| Reserves | | **11,570** | 10,365 |
| Profits reserve | | **7,078** | 7,078 |
| Accumulated losses | | **(30,682)** | (27,729) |
| **TOTAL EQUITY** | | **38,407** | 18,493 |

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

# Consolidated statement of cash flows

## for the half year ended 31 December 2016

| | 31 December 2016 $'000 | 31 December 2015 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | **19,728** | 15,532 |
| Payments to suppliers and employees[1] | **(21,063)** | (17,762) |
| Interest received | **175** | 252 |
| Grant income | **45** | - |
| R&D refund received | **-** | 1,828 |
| Income tax refund | **-** | 420 |
| **Net cash (outflow)/inflow from operating activities** | **(1,115)** | 270 |
| **Cash flows from investing activities** | | |
| Purchase of plant and equipment | **(2,743)** | (1,564) |
| Payments for development costs | **(1,697)** | (2,288) |
| Proceeds from sale of plant and equipment | **-** | 72 |
| **Net cash flows used in investing activities** | **(4,440)** | (3,780) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares (net of transaction costs) | **19,247** | - |
| Proceeds from exercise of share options | **326** | - |
| Proceeds from exercise of share option loans | **2,089** | 750 |
| Transfers to non cash trust deposits | **-** | (138) |
| **Net cash inflows from financing activities** | **21,662** | 612 |
| Net increase/(decrease) in cash and cash equivalents | **16,107** | (2,898) |
| Effect of movement of exchange rates on cash held | **98** | 142 |
| Cash and cash equivalents at the beginning of the half year | **12,190** | 17,169 |
| **Cash and cash equivalents at the end of the half year** | **28,395** | 14,413 |

[1] Includes capture costs in Australia and the US of $1,208K and $3,411K respectively (2015: $904K and $2,440K).

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

# Consolidated statement of changes in equity

## for the half year ended 31 December 2016

| | Notes | Contributed Equity $'000 | Accumulated Losses $'000 | Profits Reserve $'000 | Share Based Payment Reserve $'000 | Other Reserves $'000 | Total Equity $'000 |
|---|---|---|---|---|---|---|---|
| **At 1 July 2016** | | **28,779** | **(27,729)** | **7,078** | **10,657** | **(292)** | **18,493** |
| Loss for the period | | **-** | **(2,953)** | **-** | **-** | **-** | **(2,953)** |
| *Other comprehensive income:* | | | | | | | |
| Changes in fair value of cash flow hedges | | **-** | **-** | **-** | **-** | **9** | **9** |
| Exchange differences on translation of foreign operations | | **-** | **-** | **-** | **-** | **352** | **352** |
| **Total other comprehensive income** | | **28,779** | **(30,682)** | **7,078** | **10,657** | **69** | **15,901** |
| *Transactions with owners of the company:* | | | | | | | |
| Share issue | 8 | **19,247** | **-** | **-** | **-** | **-** | **19,247** |
| Share options exercised | 8 | **2,415** | **-** | **-** | **-** | **-** | **2,415** |
| Share based payment transactions | | **-** | **-** | **-** | **844** | **-** | **844** |
| **Total transactions with owners of the company** | | **21,662** | **-** | **-** | **844** | **-** | **22,506** |
| **At 31 December 2016** | | **50,441** | **(30,682)** | **7,078** | **11,501** | **69** | **38,407** |
| | | | | | | | |
| **At 1 July 2015** | | **27,621** | **(20,594)** | **7,078** | **8,737** | **(262)** | **22,580** |
| Loss for the period | | - | (3,295) | - | - | - | (3,295) |
| *Other comprehensive income:* | | | | | | | |
| Changes in fair value of cash flow hedges | | - | - | - | - | (251) | (251) |
| Exchange differences on translation of foreign operations | | - | - | - | - | (244) | (244) |
| **Total other comprehensive income** | | **27,621** | **(23,889)** | **7,078** | **8,737** | **(757)** | **18,790** |
| *Transactions with owners of the company:* | | | | | | | |
| Share options exercised | 8 | 750 | - | - | - | - | 750 |
| Share based payment transactions | | - | - | - | 943 | - | 943 |
| **Total transactions with owners of the company** | | **750** | **-** | **-** | **943** | **-** | **1,693** |
| **At 31 December 2015** | | **28,371** | **(23,889)** | **7,078** | **9,680** | **(757)** | **20,483** |

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

# Notes to the consolidated financial statements
## for the half year ended 31 December 2016

### 1. Basis of preparation of the half year financial statements

**(a) Reporting entity**

Nearmap Ltd (the "Company") is a company domiciled in Australia. These consolidated interim financial statements for the six months ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group during the course of the financial year was online aerial photomapping via its 100% owned subsidiaries, Nearmap Australia Pty Ltd, Nearmap US Inc and Nearmap Remote Sensing US Inc.

**(b) Statement of compliance**

These condensed general purpose financial statements for the half year reporting period ended 31 December 2016 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* . The half year consolidated financial statements of the Company also comply with IAS 134 *Interim Financial Reporting* .

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements as at and for the year ended 30 June 2016. These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2016 and any public announcements made by Nearmap Ltd during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001* .

These consolidated interim financial statements were approved by the Board of Directors on Tuesday, 14 February 2017.

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

Certain comparative amounts have been reclassified to conform with current period presentation.

**(c) Judgements and estimates**

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

The significant judgements made by the Company in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2016.

**(d) Significant accounting policies**

The accounting policies applied by the Company in these consolidated interim financial statements are the same as those applied in the financial report for the year ended 30 June 2016.

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

# Notes to the consolidated financial statements
## for the half year ended 31 December 2016

### 2. Segment information

An overview of the operating segments is provided below.

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

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

Sales and marketing costs include direct in-country costs.

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

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

| **6 months ended 31 December 2016** | **Australia $'000** | **United States $'000** | **Corporate $'000** | **Total $'000** |
|---|---|---|---|---|
| Total revenue | **17,741** | **1,429** | **256** | **19,426** |
| Cost of revenue [1] | **(1,564)** | **(1,941)** | **-** | **(3,505)** |
| **Gross profit** | **16,177** | **(512)** | **256** | **15,921** |
| Sales & marketing | **(4,236)** | **(3,805)** | **-** | **(8,041)** |
| General & administration [2] | **(1,772)** | **(1,932)** | **(3,595)** | **(7,299)** |
| **Segment contribution** | **10,169** | **(6,249)** | **(3,339)** | **581** |
| Amortisation & depreciation [3] | | | | **(1,482)** |
| Interest expense | | | | **(1)** |
| FX loss | | | | **(225)** |
| Income tax expense | | | | **(1,826)** |
| **Loss after tax** | | | | **(2,953)** |

| **6 months ended 31 December 2015** | **Australia $'000** | **United States $'000** | **Corporate $'000** | **Total $'000** |
|---|---|---|---|---|
| Total revenue | 13,610 | 222 | 309 | 14,141 |
| Cost of revenue [1] | (1,359) | (1,442) | - | (2,801) |
| **Gross profit** | **12,251** | **(1,220)** | **309** | **11,340** |
| Sales & marketing | (3,722) | (4,505) | - | (8,227) |
| General & administration [2] | (1,540) | (1,173) | (3,051) | (5,764) |
| **Segment contribution** | **6,989** | **(6,898)** | **(2,742)** | **(2,651)** |
| Amortisation & depreciation [3] | | | | (1,905) |
| Interest expense | | | | (1) |
| FX gain | | | | 614 |
| Income tax benefit | | | | 648 |
| **Loss after tax** | | | | **(3,295)** |

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

# Notes to the consolidated financial statements
## for the half year ended 31 December 2016

### 3. Total revenue

| | 31 December 2016 $'000 | 31 December 2015 $'000 |
|---|---|---|
| Subscription revenue | **19,090** | 13,800 |
| On-demand revenue | **35** | - |
| Royalty income | **45** | 96 |
| Grant income | **45** | - |
| | **19,215** | 13,896 |
| Interest income | **211** | 245 |
| **Total other income** | **211** | 245 |
| **Total revenue** | **19,426** | 14,141 |

### 4. Other operational expenses

| | 31 December 2016 $'000 | 31 December 2015 $'000 |
|---|---|---|
| Servicing and processing costs | **1,022** | 852 |
| Operating lease expenses | **476** | 413 |
| Audit, consulting and legal fees | **986** | 927 |
| Travel and office costs | **848** | 863 |
| Insurance costs | **192** | 122 |
| Marketing costs | **941** | 770 |
| Subscription fees | **601** | 610 |
| All other operating expenses | **540** | 441 |
| **Total other operational expenses** | **5,606** | 4,998 |

### 5. Tax expense

The Group had unrecognised tax losses of $9,612K as at 31 December 2016.

# Notes to the consolidated financial statements
## for the half year ended 31 December 2016

### 6. Plant and equipment

| | 31 December 2016 $'000 | 30 June 2016 $'000 |
|---|---|---|
| **Balance at the beginning of the half year** | **6,167** | 4,381 |
| Additions (at cost) | **2,743** | 3,055 |
| Disposals (at net book value)[1] | **38** | (114) |
| Transfer from Intangible assets (at net book value) | **-** | 487 |
| Depreciation | **(800)** | (1,642) |
| **Closing balance at the end of the half year** | **8,148** | 6,167 |
| | | |
| At cost | **15,493** | 12,716 |
| Accumulated depreciation | **(7,345)** | (6,549) |
| **Closing net book value** | **8,148** | 6,167 |

[1]In June 2016, the Group wrote off a camera unit worth $42K as the insurers did not have confidence that the unit was recoverable. In December 2016 the write off was reversed as the camera system was returned.

### 7. Intangible assets

| | Goodwill $'000 | Development costs $'000 | Capture costs $'000 | Other $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Half year ended 31 December 2016** | | | | | |
| Opening net book value | **135** | **5,879** | **10,379** | **847** | **17,240** |
| Intangible additions | **-** | **1,577** | **4,519** | **119** | **6,215** |
| Amortisation charge | **-** | **(1,632)** | **(1,560)** | **(237)** | **(3,429)** |
| **Closing net book value** | **135** | **5,824** | **13,338** | **729** | **20,026** |
| | | | | | |
| **At 31 December 2016** | | | | | |
| Cost | **135** | **15,358** | **17,537** | **1,528** | **34,558** |
| Accumulated amortisation | **-** | **(9,534)** | **(4,199)** | **(799)** | **(14,532)** |
| **Closing net book value** | **135** | **5,824** | **13,338** | **729** | **20,026** |
| | | | | | |
| **Year ended 30 June 2016** | | | | | |
| Opening net book value | 135 | 5,358 | 5,125 | 648 | 11,266 |
| Intangible additions | - | 3,872 | 7,135 | 555 | 11,562 |
| Amortisation charge | - | (2,825) | (1,913) | (363) | (5,101) |
| Transfers to Plant and equipment (at net book value) | - | (526) | 32 | 7 | (487) |
| **Closing net book value** | **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 value** | **135** | **5,879** | **10,379** | **847** | **17,240** |

### 8. Contributed equity

**Issued and paid up capital**

| Movement in shares on issue | 2016 Number of shares | 2016 $'000 | 2015 Number of shares | 2015 $'000 |
|---|---|---|---|---|
| **Balance at the beginning of the half year** | **356,246,101** | **28,779** | **355,496,101** | **27,621** |
| Issue of shares during the year | **28,571,429** | **19,247** | **-** | **-** |
| Issued from exercise of share options | **800,000** | **326** | **-** | **-** |
| Issued from exercise of loan share options | **1,033,333** | **-** | **-** | **-** |
| Repayment of loan share options | **-** | **2,089** | **-** | **750** |
| **Balance at the end of the half year** | **386,650,863** | **50,441** | **355,496,101** | **28,371** |

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.

During the half year, total loans of $2,089K and accruing interest of $110K was repaid to the Company, thereby releasing 7,050,000 shares previously under holding lock.

Subsequent to the balance sheet date, on 3 January 2017, the Company completed a $725K share purchase plan with the issue of 1,035,652 new fully paid ordinary shares.

| Movement in share options – share based payments | 2016 | 2015 |
|---|---|---|
| **Number of options outstanding at the beginning of the half year** | **37,445,000** | **30,555,000** |
| Options expired | **-** | **-** |
| Options lapsed | **(2,075,000)** | **(7,750,000)** |
| Options exercised – loans granted | **(1,033,333)** | **-** |
| Options exercised – cash payments | **(800,000)** | **-** |
| Options granted | **4,900,000** | **13,645,000** |
| **Total number of options outstanding at the end of the half year** | **38,436,667** | **36,450,000** |

The estimated fair value at grant date of the options granted for the period ended 31 December 2016 was between 21 cents and 40 cents per share (2015: between 9 cents and 14 cents per share). The fair value at grant date is measured using a Black-Scholes option pricing model that takes into account the exercise price, volatility of the underlying share, the expected dividend yield, the risk free rate for the term of the option, and the expected option life.

Expected volatility of approximately 63% has been estimated taking into account historic average share price volatility.

Other model inputs include: exercise price of between 41 cents and 73 cents; expiry date between December 2020 and October 2021; share price at grant date of between 53 cents and 76 cents per share; a risk free rate of between 1.60% and 2.26%; and an expected life of 4 years.

## 9. Financial instruments

**Carrying amounts versus fair values**

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

| 31 December 2016 | Carrying amount $'000 | Fair value $'000 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 28,395 | 28,395 |
| Trade and other receivables | 7,729 | 7,729 |
| **Financial liabilities** | | |
| Trade and other payables | 1,040 | 1,040 |
| Employee benefits | 2,385 | 2,385 |
| Other current liabilities | 1,313 | 1,313 |

**Financial instruments carried at fair value**

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

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

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period which the transfer has occurred. There were no transfers between Levels of the fair value hierarchy during the six months ended 31 December 2016.

Except as noted below, the fair value measurement principles adopted in this report are consistent with those disclosed in the consolidated financial statements for the year ended 30 June 2016. The carrying value less impairment provision of trade receivables, payables and current employee benefits are assumed to approximate their fair values due to their short-term nature. The fair value of non-current employee benefits for disclosure purposes is based predominantly on the service cost since employment commencement date (level 3).

**Forward exchange contracts**

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

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

# Notes to the consolidated financial statements
## for the half year ended 31 December 2016

### 10. Related parties

**Financial assistance under the Employee Share Option Plan**

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

**Transactions with key management personnel**

During the period, former employee Mr Beukes repaid his $1,567,500 loan and accruing interest of $83,777 to the Company, thereby releasing the 3,250,000 shares which were previously under holding lock.

During the period, Mr Lapstun repaid his $375,000 loan and accruing interest of $19,283 to the Company, thereby releasing the 2,500,000 shares which were previously under holding lock.

An unsecured loan of $560,000 was advanced to Dr Rob Newman during the six months ended 31 December 2016 (30 June 2016: $2,317,000).

### 11. Subsequent events

On 3 January 2017, the Group completed a $725,000 capital raising through a non-underwritten share purchase plan (SPP) of 1,035,652 new fully paid shares from eligible shareholders at an offer price of $0.70. The allotment of the shares under the SPP was completed on 4 January, and the Company received proceeds from the capital raising on the same day.

Apart from the matters documented above, there were no matters or circumstances specific to the Company that have arisen since 31 December 2016 that have significantly affected or may significantly affect:

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

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 14 are in accordance with the Corporations Act 2001, including:

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

(ii) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and

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

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

Dr Rob Newman
Managing Director

Sydney, 14 February 2017

KPMG

## Independent auditor's review report to the members of Nearmap Ltd

We have reviewed the accompanying half-year financial report of Nearmap Ltd, which comprises the consolidated statement of financial position as at 31 December 2016, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

*Responsibility of the Directors for the half-year financial report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Nearmap Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

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

*Conclusion*

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

KPMG

Trent Duvall
*Partner*

Sydney

14 February 2017