2014 nearmap Limited Annual Report

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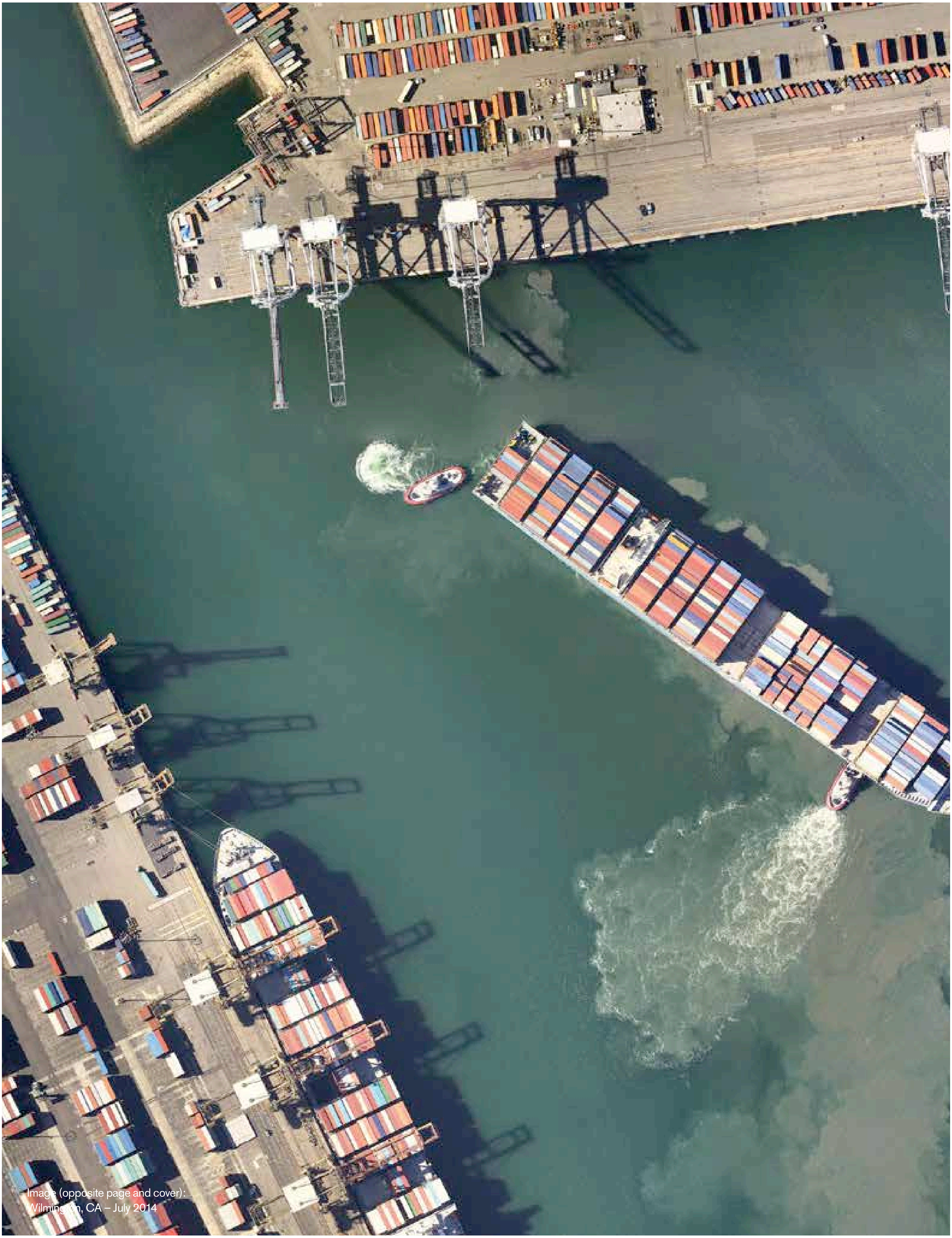

Image (opposite page and cover):
Wilmington, CA – July 2014

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Chairman’s Letter

Mr Ross Norgard
Non-executive Chairman

Dear Shareholders,

It is a pleasure to present the nearmap 2014 Annual Report.

The 2014 financial year has been pivotal for nearmap, which again saw strong growth and significant progress on a number of operational targets. Having proven the subscription-based business model, focus was on laying the groundwork for building sustainable growth. During the year, we introduced Advantage pricing, a pricing model based on data consumption. Advantage pricing, together with initiatives to drive data usage and increase penetration into our customers’ businesses, are aimed at monetising the increased utility from our products, thereby generating annuity revenue streams.

We implemented a new capture programme, which resulted in increased coverage of the Australian population from 75% to 85%. The successful development and deployment of the Federal Aviation Administration (FAA) approved HyperCamera system, together with the receipt of a new patent for our aerial camera system, validated our strategy of continued focus on research and development.

We successfully launched three marketing platforms: Rail, Solar and Property, aimed at increasing penetration in high value verticals. In the coming year, nearmap will for the first time introduce focussed marketing targeting our key verticals.

I remain optimistic about the growth prospects in the Australian market. We continue to see strong opportunities for new product development and we will continue to invest ahead of the growth curve.

We signed an important world-wide licensing agreement with Google Maps, which together with our move to host our online content on Amazon Web Services in the prior year emphasise the scalability of the nearmap platform.

The United States has been identified as a market of significant potential for the business. During the year, we launched a test capture programme in the United States.

nearmap’s international expansion will leverage off our learnings from our Australian operation to date. We have a clear strategy that we are determined to execute in a disciplined manner that takes advantage of the tight risk controls already in place. The underlying business is scalable and capital light, and I am confident that the cash generative Australian business will provide the footing required to establish an offshore business with critical mass.

It is pleasing to note that we achieved a maiden net profit before tax of $3.5 million, driven by a 62% increase in revenue. Strong cash receipts from sales enhanced our healthy cash position, with a cash balance of $23.3 million and no debt as at year end. These results validate our value proposition to our customers and gives us the mandate to continue to build the business around our competitive strengths.

Chairman's Letter

The Board appointed Gerhard Beukes as the new Chief Financial Officer, and he has been instrumental in restructuring the business, achieving our maiden profit and positioning nearmap for future growth. Gerhard's appointment reflects the Board's preference to nurture talent from within. His appointment has strengthened the management team, and I wish him success in his new role.

Further detail on our performance for the year and our prospects for the future are contained in the sections that follow and I encourage you to read them.

I would like to thank our Managing Director Simon Crowther, together with his executive team of Gerhard Beukes, Paul Lapstun and Paul Peterson. Under their leadership, nearmap has consistently delivered on its strategic and operational goals. Beginning with the successful commercialisation of nearmap in November 2012, they have built an operationally efficient, cashflow generative business. As we embark on yet another definitive year ahead, Simon and his proven team are well equipped to scale the business and to increase shareholder value.

In conclusion, I would also like to thank my fellow Directors, our staff and our strategic partners for their invaluable contributions in what has been a milestone year. I look forward to another year of solid growth and development.

Ross Norgard
Chairman

Sydney
20 October 2014

Image: Mildura, VIC – March 2014

Managing Director’s Report

“The last 12 months have been pivotal for nearmap. We delivered a maiden profit, continued to achieve strong new customer sales and high retention, and embarked on our test surveying program in the USA.”

Mr Simon Crowther
Managing Director & CEO
@nearmapCEO

The 2014 financial year was a year of significant progress at nearmap. The Australian business grew substantially and the Company continued to evolve from a pure ‘imagery’ business to an ‘applications and analytics’ business model offering our customers a broader range of unique tools to support their businesses. Our goal remains to become a visual analytics business where the fusion of our unique PhotoMaps and data sets offers the user compelling value and unique insights.

Our efforts in previous years were focused on investing in the nearmap.com platform, in particular, improving stability and scalability. These investments culminated in the launch of unique marketing platforms Rail, Solar and Property with additional platforms scheduled for release throughout the remainder of the year.

Scalability has been the cornerstone of our Engineering strategy in recent years. Continual investment ahead of the growth curve ensured that business can scale efficiently as required.

Key Highlights During the Year Include

Signing an important licensing agreement with Google Maps to ensure our customers in Australia and overseas have access to accurate street map data.

The continued highly efficient use and deployment of Amazon Web Services both in Australia and the United States.

The effective roll out of platform upgrades that enable us to 'monetise every tile of data' that we publish – this has been a long-standing objective for the Company.

The launch of Advantage pricing and the successful roll out of consumption based products and pricing.

Improving our operational efficiency and capability resulting in the increase of our coverage of the Australian population from 75% to 85%. We have a highly efficient capture capability that is proven and highly scalable.

Our continued focus on Research & Development resulting in the creation of HyperCamera, which is cost effective, high performance and readily deployed internationally.

Granting of a US patent for our HyperPod camera system.

Like most early stage businesses the pace at nearmap is fast and agile. We have a highly experienced and settled Executive team and I would like to acknowledge their hard work and vision. I would also like to thank the entire nearmap team for their commitment throughout the year and their focus on ensuring the continued success of the Australian business.

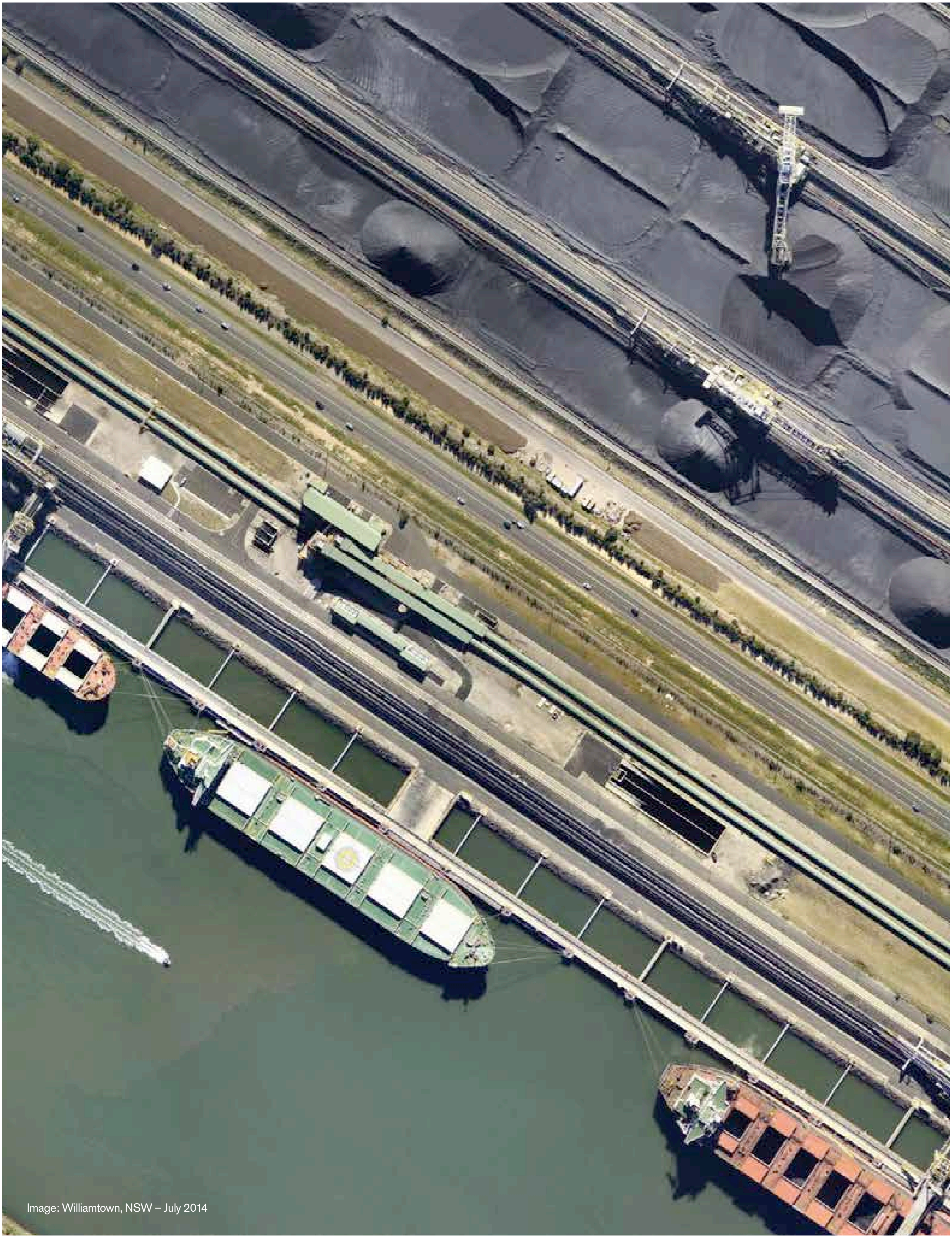


Image: Williamtown, NSW – July 2014

Group Highlights

Highlights from the 12 months ended 30 June 2014

Group Executives
Left to Right: Paul Peterson (Senior Vice President – Product & Engineering), Simon Crowther (Managing Director & CEO), Gerhard Beukes (Chief Financial Officer), and Paul Lapstun (Chief Technology Officer)

Customers

Strong growth in our customer subscriber base with 22,000 named users as at the end of June 2014.

Subscriptions

Very high retention of existing customers and subscription renewal.

Transition

'De whitelisting' of legacy customers and transition to individual user names and personal profiles.

Focus

Increased focus on R&D within the business culminating in the creation of HyperCamera.

Cash

Growing cash of $23m at year end.

Pricing

Successful introduction of 'Advantage' pricing – a data consumption based approach whereby customers pay based on the amount of data consumed.

Transition

Transition from 'free' to user pay business model.

Revenue

Activation of multiple revenue lines inside the business – digital, telesales, direct sales, renewals and inside sales.

Profit

Achieved maiden profit.

Balance

Strong balance sheet with no debt.

Continuing the Growth Story in Australia

"My goal for nearmap Australia is for us to achieve $30M-$50M revenue runrate by December 2015. The 2014 results validate our progress. I'm pleased to say we are well on track to achieve this goal".

The basis of our subscription business model is our ability to retain existing customers annually and increase the value of those relationships over time. It is pleasing that we experience little churn inside the customer base and are becoming increasingly effective at growing revenues from inside sales. This is achieved through a combination of transparent pricing and the provision of analytics tools and applications that drive data consumption whilst providing the user with high utility.

In addition, we add new customers each and every day and then proactively look to grow the relationship and number of users consuming data during the first year of their subscription.

The combination of low churn, high retention, inside sales and new sales is the cornerstone of our strategy to achieve our stated revenue goal.

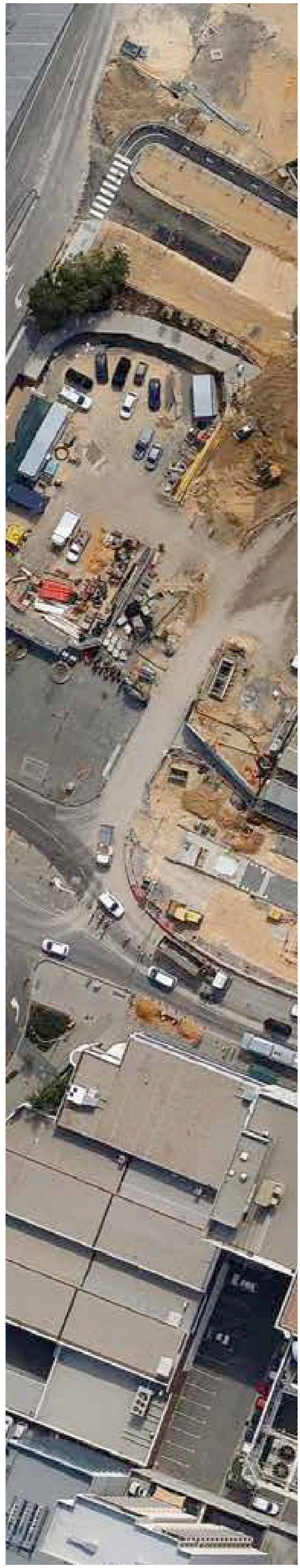


Image: Perth, WA – September 2014

The Role of Marketing in Australia

"It is encouraging we have achieved profitability with virtually zero marketing spend to date."

We took the decision to focus on leveraging our legacy database in order to drive sales whilst we invested in the capability of our platform to support a range of different subscription products. With this focused engineering project completed we now have a world class and highly stable platform that is ready to scale and can fully support marketing related acquisition activities.

We are building our marketing team, capability and expertise and we are focused on ensuring that marketing is infused into our organisation's DNA and plays a high profile role in order to underpin our growth goals.

Image: Mount Bold Reservoir Dam, SA. August 2014

The Importance of Analytics

"Our PhotoMaps become powerful when fused with data sets that provide our customers with unique insights."

During the year we rolled out a wide variety of datasets that can be overlayed with our PhotoMaps to give the user more insight as to what is happening on the ground in a particular suburb, town, city or state. Users can choose from a rich variety of Australian Bureau of Statistics data including household information, median incomes, property prices, property comparable properties to name a few.

Our strategy is to invest in our capabilities to develop analytics tools and applications that are able to add value to our customers' businesses, for example the future launch of our flood-modelling tool to help insurance underwriters and brokers, and our shade analysis tool that can aid property developers and construction companies.

Leveraging big data is a growth opportunity for nearmap as is the serving and storage of customers' data sets.

Research and Development

We are excited to have built a world class R&D capability in house led by our CTO Paul Lapstun. R&D is key to maintaining our competitive advantage. Over the last year we continued to invest in the performance of our hardware and software - HyperVision improving performance and the quality of our PhotoMaps and the flow on benefits to all our tools and applications. HyperPod is currently undergoing US Federal Aviation Administration (FAA) approval.

HyperCamera is fully operational in both the US and Australian markets. HyperCamera is a game changing technology for nearmap. It is fully FAA compliant, low cost and offers operational flexibility as it can be deployed in a variety of different aircraft types.

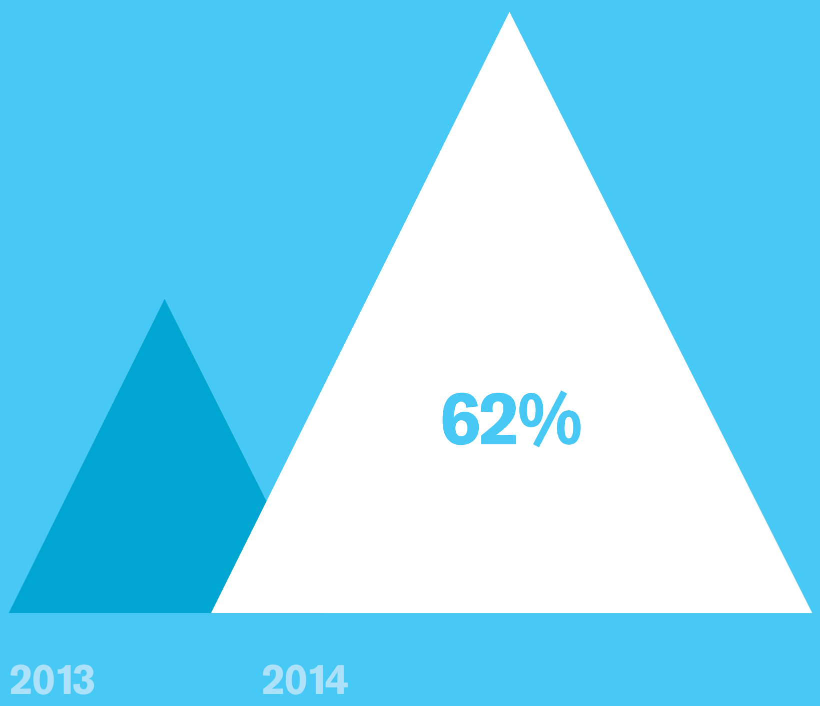
Complementary technologies

Over the last year we have witnessed interesting developments within the spatial industry such as Google acquiring Skybox, the US government relaxing the rules on the resolution of commercially available satellite imagery and the rise of drones. We have designed the nearmap platform to be able to accommodate a variety of different imagery layers from a range of sources and view these as complementary content providers.

International expansion

We embarked on a US test capture program focused initially on the Californian market. This initial test enabled us to establish our supply chain and logistics capabilities using both HyperPod and HyperCamera. It is pleasing to report that the test program was a success. We quickly expanded the scope to capture 50m+ US population, including the main cities on the West and East Coasts and parts of the Midwest. This initial program underpins our entire US strategy and the first stage of our international expansion.

Image: Karratha, WA – July 2014



nearmap grew its revenues over the past 12 months by 62%.

Summary of FY2014 Results

nearmap reported a $7.1 million profit for the 2014 financial year reflecting:

Annuity revenues of $17.3 million
(2013: $10.5 million)

On request revenue of $0.5 million
(2013: $0 million)

Adjusted EBITDA of $5.8 million
(2013: $0.2 million loss)

Adjusted EBITDA margin of 33%
(2013: -2%)

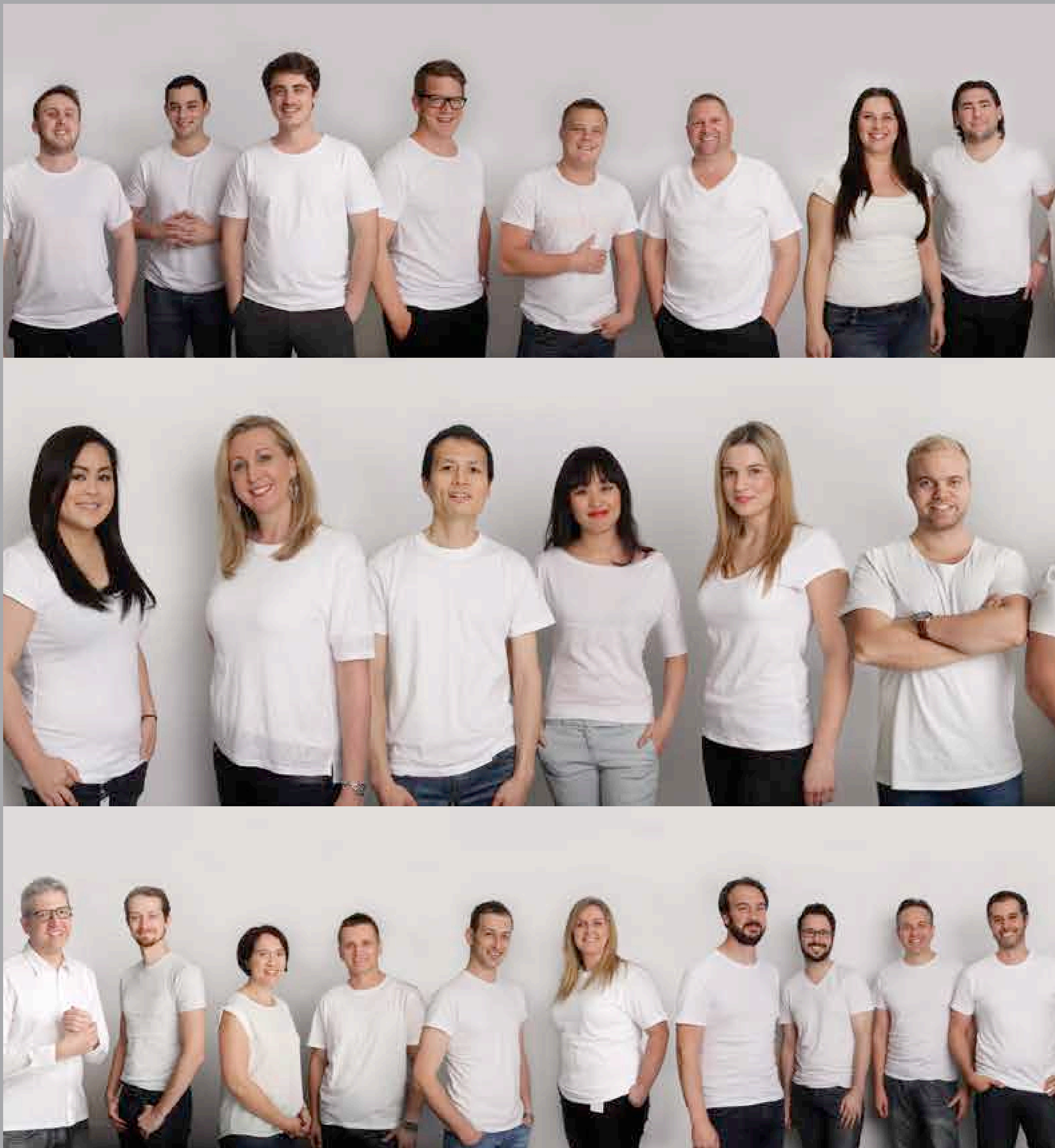
nearmap also strengthened its financial position during the period:

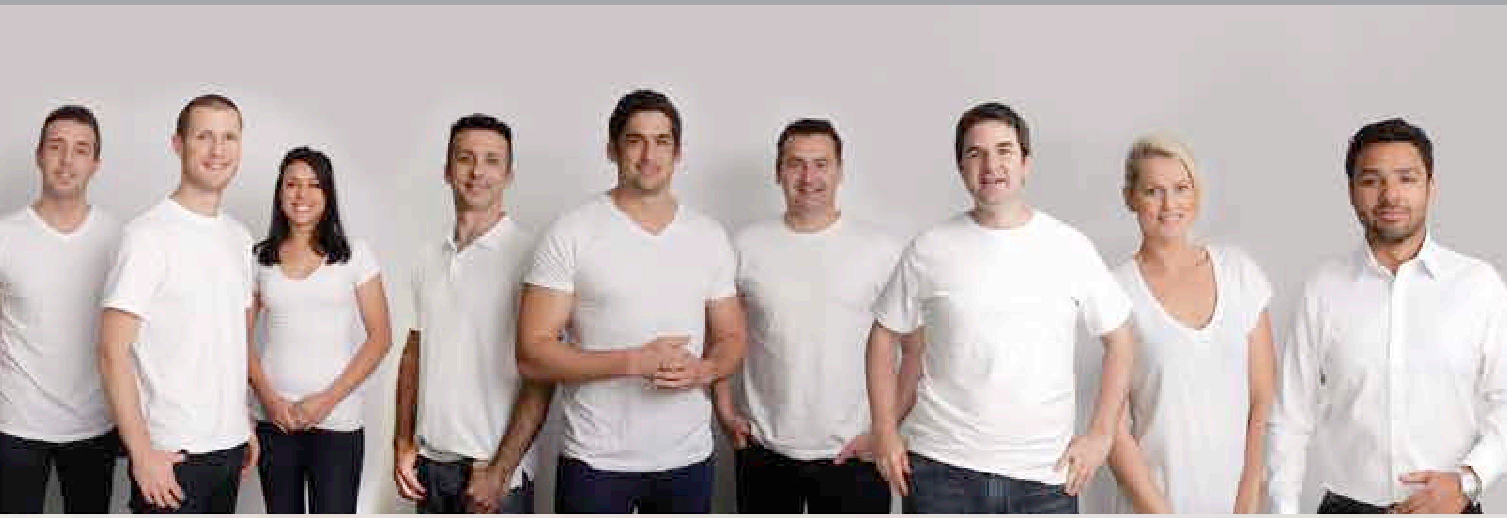
Cash grew 74% to $23.3 million
(2013: $13.4 million)

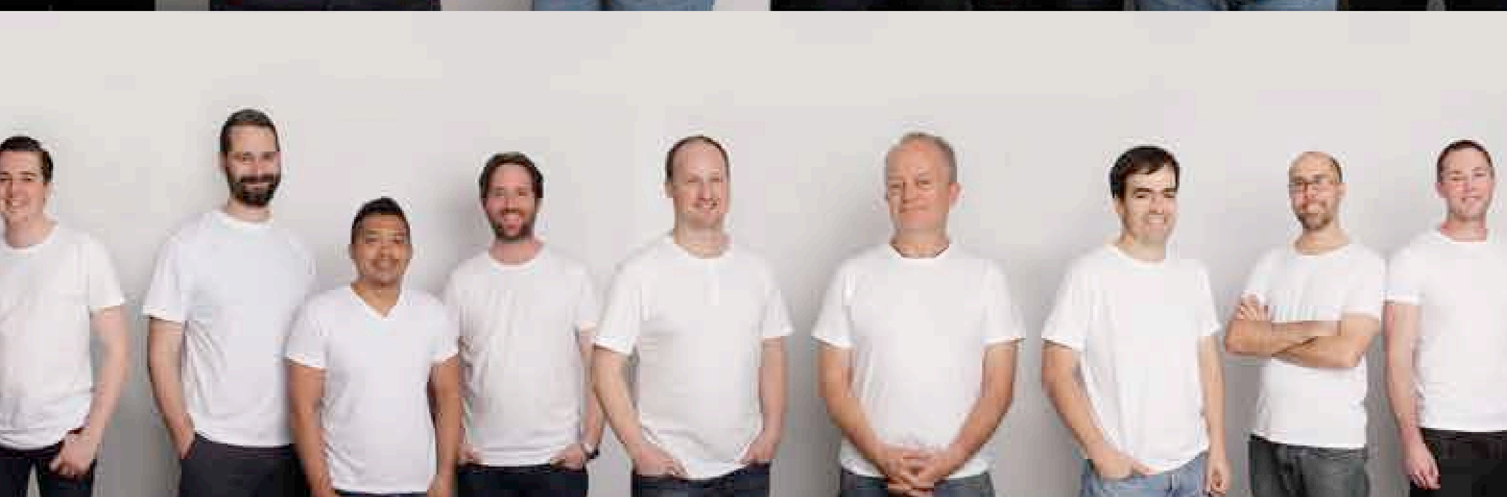
Unearned income of $13.4 million

Strong balance sheet with no debt and tight cash controls

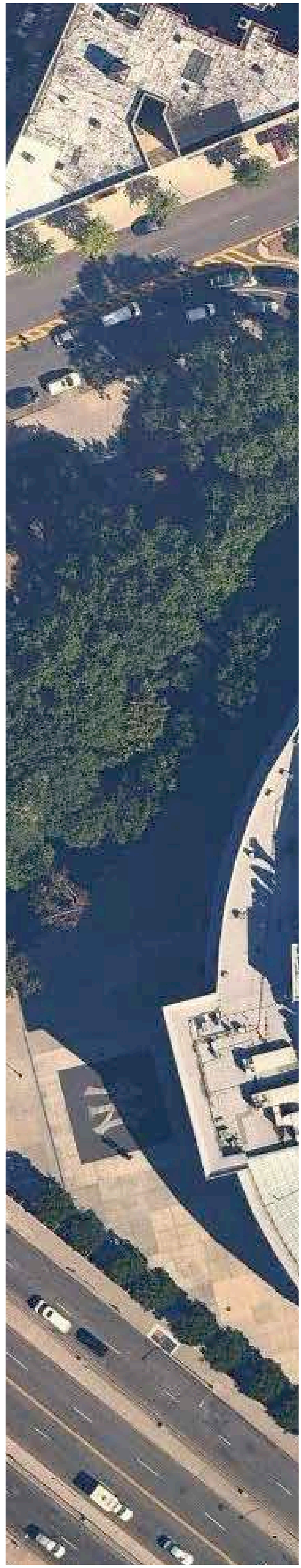
nearmap Team 2014







The Future is Bright



"Our strong customer growth and high retention rates indicate we offer a service our customers want and value."

It is an exciting stage of growth for nearmap. We have achieved a maiden profit and taken our first steps offshore in a controlled and disciplined manner. We are focused on continuing to grow the Australian business in order to achieve our revenue goals. Marketing can and should be a game changer for nearmap and we look forward to the flow through benefits of controlled and focused marketing activities in both Australia and the US.

I would like to take the opportunity on behalf of the management team and staff to say thank you to our shareholders for your continued support. The 2014 financial year was a pivotal one in terms of nearmap's development. However the 2015 financial year promises to be even more rewarding as we look to build on the solid foundations laid over the last 12 months.

S. Crowther
Managing Director & CEO
20 October 2014

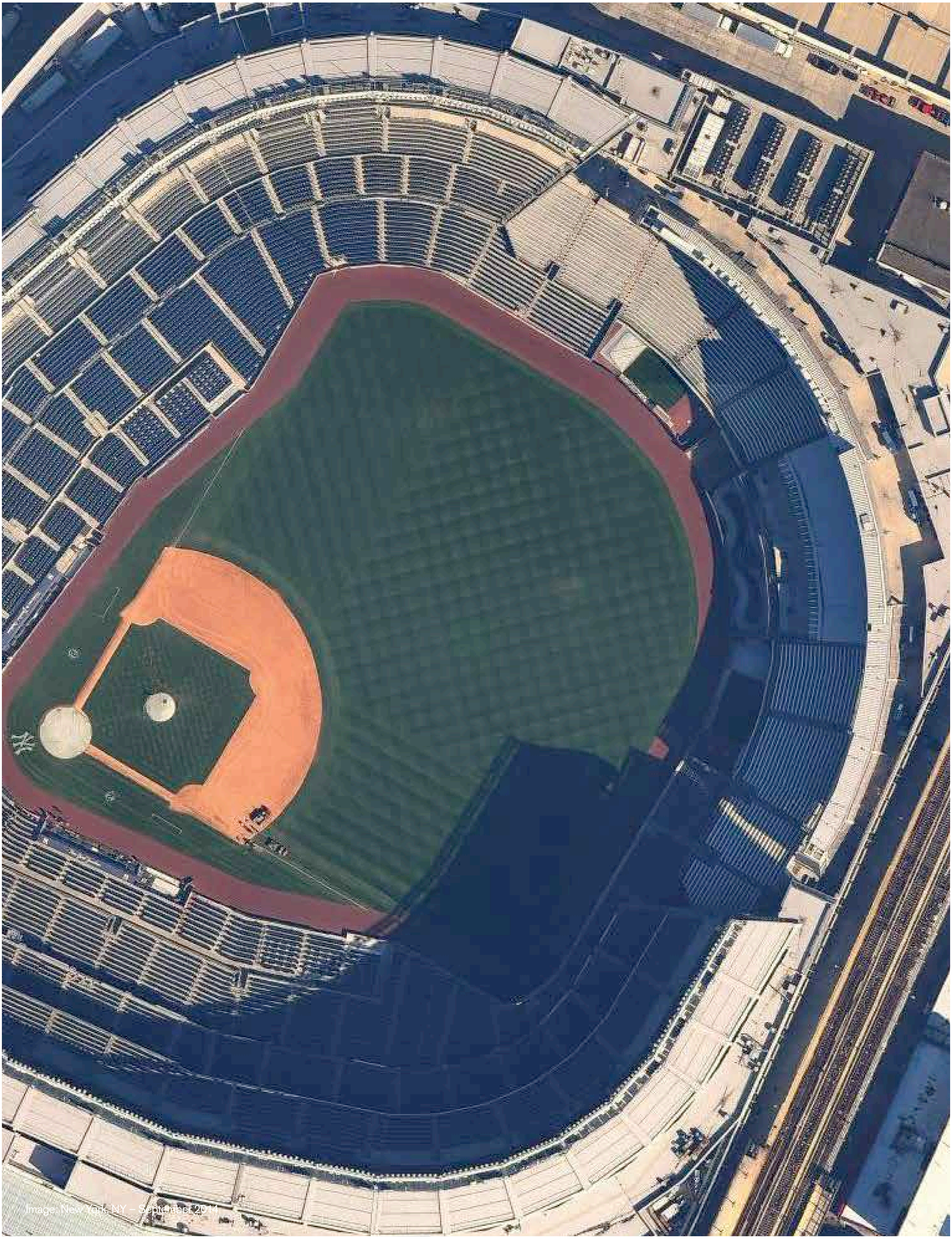
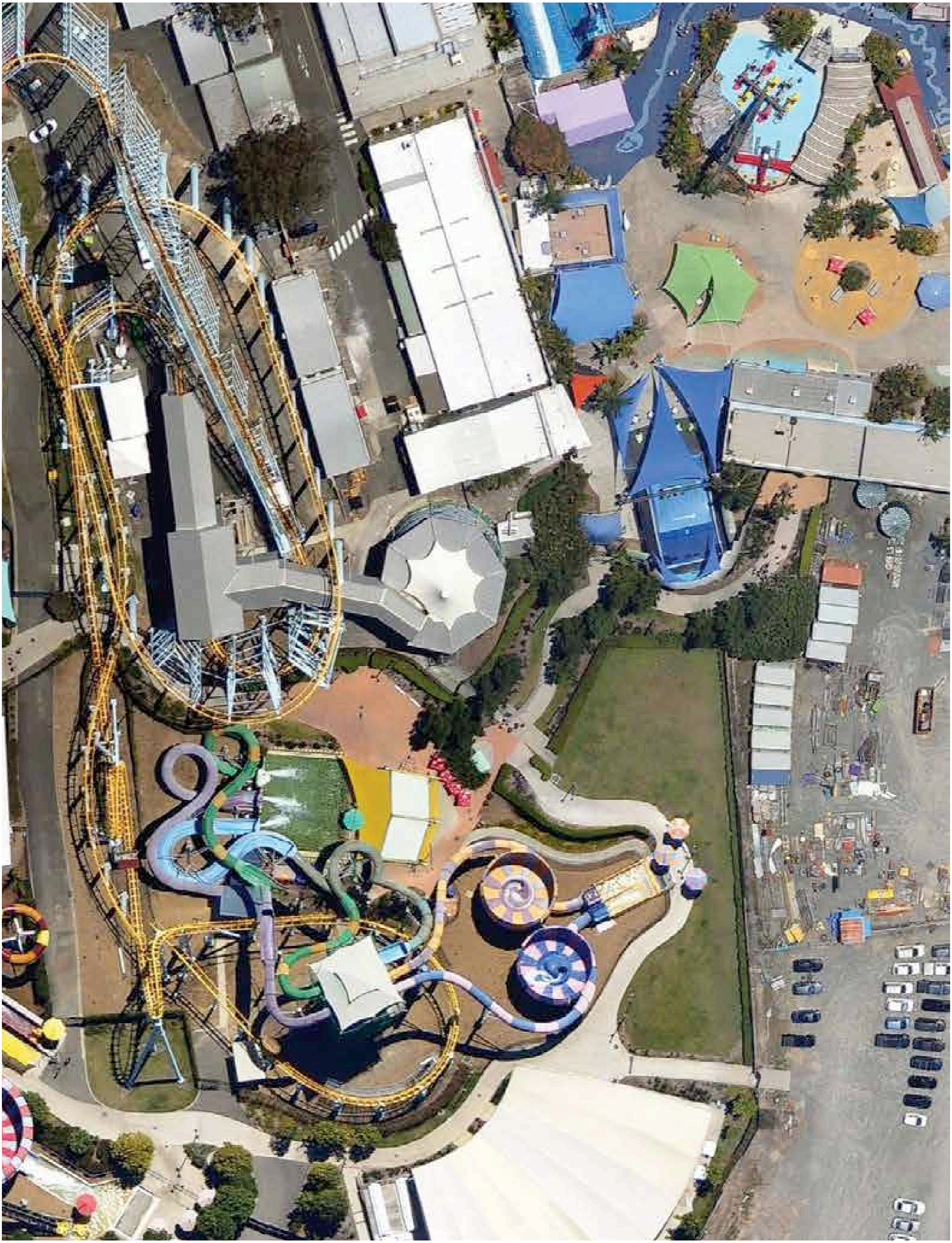


Image: New York, NY – September 2014

Image: Dreamworld, QLD – October 2014



Corporate Governance Statement

nearmap's objective is to achieve best practice in corporate governance and the Company's Board, senior executives and employees are committed to achieving this goal.

nearmap's Board of Directors is responsible for establishing the corporate governance framework of the Company and its related bodies corporate. In establishing this framework, the Board has considered and reports against the Principles of Corporate Governance and Best Practice Recommendations (2nd Edition) as published by the ASX Corporate Governance Council ("**ASX Corporate Governance Principles**"). The Company will report against the ASX Corporate Governance Principles (3rd Edition), effective for the financial year starting 1 July 2014, in its 2015 Annual Report.

This Corporate Governance Statement summarises the corporate governance practices and procedures that were in place throughout the financial year ended 30 June 2014. In addition to the information contained in this statement, the Company's website at www.nearmap.com contains additional details of its corporate governance practices and procedures.

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where nearmap considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Corporate Governance Principles (2nd Edition).

Corporate Governance Statement

The table below provides a summary of the Company's compliance with each of the eight ASX Corporate Governance Principles:

Recommendation		Comply Yes/No/Partly	Reference
Principle 1. Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	Page 31
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 32
1.3	Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes	
Principle 2. Structure the Board to add value			
2.1	A majority of the Board should be independent Directors.	No	Page 32
2.2	The chair should be an independent Director.	No	Page 32
2.3	The roles of chair and Managing Director should not be exercised by the same individual.	Yes	Page 32
2.4	The Board should establish a nomination committee. The nomination committee should be structured so that it: –Consists of a majority of independent Directors; –Is chaired by an independent chairman; –Has at least 3 members.	Yes	Page 33
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	Yes	Page 34
2.6	Companies should provide the information indicated in the guide for reporting on Principle 2.	Yes	
Principle 3. Promote ethical and responsible decision making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: –The practices necessary to maintain confidence in the Company's integrity; –The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; –The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Website
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	Yes	Page 35
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	No	Page 35
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Yes	Page 35
3.5	Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes	

Corporate Governance Statement

Recommendation		Comply Yes/No/Partly	Reference
Principle 4. Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	Yes	Page 34
4.2	The audit committee should be structured so that it: –Consists only of Non-executive Directors; –Consists of a majority of independent Directors; –Is chaired by an independent chair, who is not chair of the Board; –Has at least three members.	Yes	Page 34
4.3	The audit committee should have a formal charter.	Yes	Page 34
4.4	Companies should provide the information indicated in the guide to reporting on Principle 4.	Yes	Website
Principle 5. Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	Website
5.2	Companies should provide the information indicated in the guide to reporting on Principle 5.	Yes	
Principle 6. Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Page 35
6.2	Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes	
Principle 7. Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Page 36
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes	Page 36
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 36
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes	
Principle 8. Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	Yes	Page 33
8.2	The remuneration committee should be structured so that it: –Consists of a majority of independent Directors; –Is chaired by an independent chairman; –Has at least 3 members.	Yes	
8.3	Companies should clearly distinguish the structure of Non-executive Directors' remuneration from that of executive Directors and senior executives.	Yes	Page 33
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	

Corporate Governance Statement

Board responsibilities

The Company has established the functions that are reserved to the Board. The Board acts on behalf of the shareholders and is therefore accountable to the shareholders. It also has other obligations of a regulatory or ethical nature. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to appropriately manage those risks.

The Board's role is to govern the consolidated entity. Without limiting the generality of that stated role, the matters reserved specifically for the Board include:

- Determining the vision and objectives of the Company;
- Identifying all areas where written Board policy is required, determination of those policies, and overseeing the implementation and monitoring of compliance, including policy in relation to code of conduct, related party transactions, and trading in the Company's securities;
- Formulating short term and long terms strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- Monitoring senior executives' performance and implementation of strategy;
- Approving the annual operating and capital budgets, and variations thereto, ensuring they are aligned with the Company's strategic objectives;
- Authorising expenditure approval limits for the Managing Director, and authorising expenditure in excess of these discretionary limits;
- Authorising the issue of securities and instruments of the Company; and
- Approving the Half Yearly and Annual Financial Reports, notice of general meeting, and profit and dividend announcements.

For a complete list of the functions reserved to the Board and a copy of the Board's charter, please refer to the Corporate Governance section of the Company's website at www.nearmap.com.

The Board is responsible for ensuring that management objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved. These mechanisms include the following:

- Approval of a dynamic document referred to as the strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- Ongoing review and development of the strategic plan to approve initiatives and strategies designed to ensure the continued growth and success of the entity;
- Implementation of operating plans and budgets by management and Board monitoring of progress against budget for all significant business processes; and
- Managing the organisation's material business risks which entails such matters as the entity's insurance arrangements, liquidity, currency, interest rate and credit policies and exposures and the monitoring of management's actions to ensure they are in line with Company policy.

While the Board retains full responsibility for guiding and monitoring the consolidated entity, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To achieve this objective, the Board has established the following committees:

- Audit and Risk Management Committee; and
- Nomination and Remuneration Committee[1].

Refer to the Corporate Governance section of the Company's website at www.nearmap.com for further details of the roles and responsibilities of these committees.

1. On 22 May 2014, the Company's Board resolved to amalgamate the previously separate Nomination Committee and Remuneration Committee to form the Nomination and Remuneration Committee.

Corporate Governance Statement

Responsibilities of senior executives

The responsibility for the operation and administration of the consolidated entity, in accordance with the direction of the Board, is delegated by the Board to the Managing Director and the executive team. The Board ensures that this team is appropriately qualified and experienced to carry out their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive team. In delegating this power, the Board must also be satisfied that the Managing Director and senior executives will exercise their powers reliably and competently, and in accordance with the requirements of the Board.

The matters and functions delegated by the Board to senior executives include:

– Formulating with the Board, the vision, strategies, business plans and budgets of the Company and, to the extent approved by the Board, implementing these strategies, business plans and budgets;

– Operating the Company's business within the Board's parameters and having regard to the policies set by the Board from time to time, and keeping the Board informed of material developments in relation to that business;

– Identifying material business risks, formulating strategies in conjunction with the Board or the audit and risk committee to manage the risks, and monitoring effectiveness of the risk management process and reporting to the Board and Audit and Risk Management Committee;

– Implementing and monitoring compliance with the policies, processes and codes of conduct approved by the Board; and

– Providing strong leadership to, and effective management of, the Company.

For a complete list of the functions delegated to the Managing Director and the executive team, please refer to the Corporate Governance section of the Company's website at www.nearmap.com.

Evaluation of senior executives

An evaluation of senior executives took place in the financial year and was in accordance with the process outlined in the Directors' Report and in the Company's Corporate Governance Policy. This remuneration structure ensures that annual Company performance is clearly reflected in senior executives' reward outcomes.

The Managing Director's fixed reward is reviewed annually in conjunction with the annual salary review process. The review involves having due regard to market relativity for similar-sized roles. The Board must review any adjustments to the Managing Director's fixed reward.

Structure of the Board

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board.

The composition of the Board is determined in accordance with the following principles and guidelines:

– The Board should comprise at least four directors of whom at least two should be Non-executive Directors;

– The Chairperson should be a Non-executive Director;

– The Board should comprise Directors with an appropriate range of qualifications and expertise; and

– The Board should meet at least six times per annum and ensure all Directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

Corporate Governance Statement

The Directors in office and the term of their appointment at the date of this Corporate Governance Statement are:

Name	Position	Date of Appointment
R Norgard	Chairman, Non-executive Director	01/01/1999
S Crowther	Managing Director	01/11/2011
R Newman	Non-executive Director	17/02/2011
C Rosenberg	Non-executive Director	03/07/2012

The skills, experience and expertise relevant to the position of Director held by each Director at the date of the Annual Report are included in the Directors' Report on pages 38 to 55. There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

Recommendation 2.1 requires a majority of the Board to be independent Directors. The ASX defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. In accordance with this definition, the following Directors are not considered to be independent:

Name	Position
R Norgard	Chairman, Non-executive Director
S Crowther	Managing Director

The Chairperson, Mr Ross Norgard, is not considered to be independent using the ASX's definition of independence as he is a substantial shareholder of nearmap. Mr Simon Crowther is not considered independent as he is employed in an executive capacity by the Company.

The Company recognises Recommendation 2.2 which recommends that the Chairperson of the Company be independent. As noted above, the Chairperson, Mr Ross Norgard, is a substantial shareholder of nearmap and, as a result, is not considered independent. However, Mr Norgard has been appointed to this position as he has considerable experience as a public company Chairman and is a well-qualified person for this position. The Board believes that Mr Norgard is able to and does bring impartial judgment to all relevant issues falling within the scope of the role of Chairperson.

Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration Committee. The Board is responsible for determining and reviewing compensation arrangements for the Directors and senior executives and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. For further details regarding the procedure for the nomination, selection and appointment of new Directors and re-election of incumbents, as well as a copy of the Nomination and Remuneration Committee's charter, please refer to the Corporate Governance section of the nearmap website at www.nearmap.com.

As noted above, a combined Nomination and Remuneration Committee was established by Board resolution on 22 May 2014.

All members of the Nomination and Remuneration Committee are Non-executive Directors and a majority is independent.

For details of membership and attendance at meetings of the Nomination and Remuneration Committee (and its predecessor committees), refer to page 43 of the Directors' Report.

For further details on the remuneration policy of the Company, including a description of the structure of Non-executive Directors' remuneration and Executive Directors' and senior executives' remuneration, see pages 44 to 54 of the Directors' Report.

The only long term incentives that the Company offers to Directors and employees are options over the ordinary shares of the Company.

Corporate Governance Statement

Nomination and Remuneration Committee (cont.)

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 performance guidelines established by the Directors of the Company. The options typically only vest under certain conditions, principally centred on the employee still being employed at the time of vesting. The options cannot be transferred without the approval of the Company's Board and are not quoted on the ASX. As a result, option holders may not enter into any transaction designed to remove the "at risk" aspect of an option before it is exercised.

The Company acknowledges that the guidelines to ASX Principle 8 recommend that Non-executive Directors do not receive options. However, in the Company's current circumstances, the Directors consider options to be a cost effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash consideration that would be necessary for someone with the experience of the Directors, and may from time to time resolve to issue options to Non-executive Directors, subject to regulatory and shareholder approval.

There is no scheme to provide retirement benefits (other than superannuation) for Non-executive Directors.

For additional details regarding the Nomination and Remuneration Committee, including a copy of its charter, please refer to the Corporate Governance section of the Company's website at www.nearmap.com.

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee ("Audit Committee") which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations including the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit Committee. The Audit Committee provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The committee is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory audit or review.

For further details regarding the procedures for selection, appointment and rotation of external audit partners, as well as a copy of the Audit Committee's charter, please refer to the Corporate Governance section of the Company's website at www.nearmap.com.

All members of the Audit Committee are Non-executive Directors, a majority of which, is independent.

For details of membership and attendance at meetings of the Audit Committee, refer to page 43 of the Directors' Report.

Monitoring of performance

The composition of the Board is reviewed annually by the Nomination and Remuneration Committee to ensure that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company in the future, taking into account its current strategy, operations and expectations for changes in the nature and scope of its activities. The Managing Director's performance objectives are equivalent to the Company's performance objectives and are set by the Board based on qualitative and quantitative measures. The Managing Director's performance against these objectives is reviewed annually by the Board and is reflected in the Managing Director's remuneration review.

At all times, a Director whose performance is found to be unsatisfactory may be asked to retire.

An evaluation of the Board, its committees and Directors took place in the reporting period and was carried out by the Chairman. Although the evaluation was not in accordance with the process disclosed in this document and the Company's Corporate Governance Policy, the Board is satisfied that the evaluation undertaken was effective given the size and nature of its operations.

Corporate Governance Statement

Communication to shareholders

Pursuant to Recommendation 6, the Board aims to ensure that the shareholders are provided with full and timely information about the Company's activities. To promote effective communication with shareholders, the Company has designed a Shareholders Communication Policy. Information is communicated to the shareholders through:

- The annual report which is made available to all shareholders;
- Announcements made through the ASX companies announcements platform;
- The Company's website (www.nearmap.com) which has a dedicated Investor Relations section for the purpose of publishing all important Company information and relevant announcements made to the market; and
- The annual general meeting and any other meetings called to obtain approval for Board action as appropriate.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company or attending the annual general meeting. The external auditors also attend, and are available to answer queries on the preparation and content of the independent Audit Report, the accounting policies adopted by the Company in relation to the preparation of accounts and the independence of the Auditor in relation to the conduct of the audit at the Company's annual general meetings.

For further information regarding the Company's Shareholder Communication Policy please refer to the Corporate Governance section of the Company's website at www.nearmap.com.

Diversity policy

nearmap is committed to promoting equality and diversity in the workplace and aims to be an organisation where diversity is valued, respected and celebrated. All decisions relating to employees will be based strictly on merit, without regard to gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

Pursuant to Recommendation 3.2, the Company has established a Diversity Policy. To assist in fostering diversity within the organisation, nearmap has committed to develop and introduce initiatives which may include:

- Identifying training programs tailored specifically for women which will assist them in preparing for senior management positions;
- Supporting promotion of talented women into management positions; and
- Networking opportunities.

Due to the size of the organisation, the introduction of specific measurable objectives at this stage has not been fully implemented. Whilst the Board of the Company strongly endorses the concept of gender diversity, until the Company's human resource base has grown to a point where fully implementing specific measurable objectives will become more meaningful, the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

The Board has actively sought out potential female Board members throughout the year and will continue to do so until an appropriately qualified and suitable Board member is found.

In accordance with Recommendation 3.4, the table below shows the proportion of female employees in the whole organisation, females in senior executive positions and females on the Board:

Board	0%
Senior Executive	0%
Employees	25%

Corporate Governance Statement

Share trading

The Constitution of the Company permits Directors and officers to acquire shares in the Company.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the ASX, Directors must advise the Company and the ASX of any transactions they conducted in securities of the Company.

The Company has established a policy concerning trading in the entity's securities by Directors, senior executives and employees. The Policy for Trading in Company Securities prohibits the buying or selling of Company securities at any time by any Director, officer, executive, contractor, consultant or employee ("insiders") who possesses price-sensitive information about the Company that is not available to investors and the securities market generally and during "Closed Periods" and periods of "block-out" as stipulated in the policy.

Individuals who hold price-sensitive information not generally available to investors and the securities market:

– Must not trade in any securities of the Company;

– Must not engage any other person or entity to trade in the Company's securities;

– Must not allow the price sensitive information to be disclosed to another person who may use the information for improper trading purposes; and

– Must not communicate inside information to any other individual who works within the consolidated entity except on a "needs to know" basis.

Individuals who liaise with stock brokers, industry analysts or business journalists and the like regarding the business activities of the Company, must not disclose to such third parties any inside information about Company, or confirm any analysis, the confirmation of which would constitute price-sensitive and non-public information. For further information on the Company's Policy for Trading in Company Securities please refer to the Corporate Governance section of the Company website at www.nearmap.com.

Integrity of financial reporting and risk management policies

The Board has primary responsibility to ensure that the Company presents and publishes accounts which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 295A of the Corporations Act 2001, the Managing Director and the person who performs the Chief Financial Officer function are each required to provide a written statement that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they are in accordance with the relevant accounting standards. In addition the Managing Director and the person who performs the Chief Financial Officer function must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that it has received written statements to this effect from the Managing Director and the Chief Financial Officer.

The Company is committed to the management of risks throughout its operations to protect all of its stakeholders. Risk management is carried out through the various committees, processes and procedures mentioned above.

Corporate Governance Statement

Integrity of financial reporting and risk management policies (cont.)

The Board has delegated to the Audit Committee the primary responsibility for ensuring that risks are identified and monitored. The Audit Committee has in turn required management to design and implement a risk management and control system to manage the Company's material business risks. The Company's Risk Management Policy deals with the management and oversight of material business risks and provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units.

The annual business planning process includes careful consideration of the internal and external risk profile of the Company. Senior executives report regularly to the Board in relation to the effectiveness of the management of material business risks. This process will allow senior management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value. The Board confirms that it has received a report from management affirming that the Company's management of material business risks is effective.

The Risk Management Policy provides a framework for systematically understanding and identifying the types of business risks threatening the Group as a whole or specific business activities within the Company and includes risk mitigation strategies.

The categories of risk covered in the Risk Management Policy include but are not limited to:

- Operational risk;
- Environmental risk;
- Sustainability risk;
- Compliance risk;
- Strategic risk;
- Ethical conduct risk;
- Reputation or brand risk;
- Technological risk;
- Product or service quality risk;
- Human capital risk;
- Financial reporting risk; and
- Market related risk.

For a summary of the Company's Risk Management Policy, please refer to the Corporate Governance section of the Company's website at www.nearmap.com.

Director and executive Code of Conduct, Continuous Disclosure Policy and Company Code of Conduct

The Company's Code of Conduct and Continuous Disclosure Policy are contained within its Corporate Governance Policy which can be found in the Corporate Governance section of the Company's website at www.nearmap.com.

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 2014.

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 this entire year unless otherwise stated.

Names, qualifications, experience, directorships and special responsibilities

Mr Ross Norgard (67) FCA
Non-executive Chairman

In 1987, Ross became the founding Chairman of nearmap ltd (formerly ipernica ltd).

Ross Norgard 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 current member of the National Disciplinary Committee, 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). Mr. Norgard was appointed Western Australia's Honorary Consul-General to Finland in 2014.

Ross is also Founding Chairman of Brockman Resources Limited, now Non-executive Director of ASX and Hong Kong listed Brockman Mining Limited.

Current directorships
Brockman Resources Limited (since 2004) – Founding Chairman, now Deputy Chairman
nearmap ltd (since 1987)

Former directorships in the last 3 years
Brockman Resources Limited (acquired by Wah Nam International Holdings Limited in June 2012)

Special duties
Member of the Nomination and Remuneration Committee
Member of the Audit and Risk

Mr Simon Crowther (49)
Managing Director & CEO

Simon has a broad international digital media background. In addition to being very commercially focused, Simon drives the strategic direction for nearmap and the evolution from aerial surveying start up to a data and digital services subscription business.

Simon has extensive knowledge and experience managing diverse content and data related businesses, including Managing Director of Canada's largest communications agency and Director of Copyright Promotions Group (CPG), who are Europe's largest entertainment and sports IP / rights management agency. Simon was part of the management team who floated CPG on the FTSE UK stock market in the mid 90's. He oversaw the commercial activities of major US studios Marvel, Turner, Newline, Fox and Lucasfilm, as well as major sports franchises such as English Cricket and England Rugby Union.

Previously he was Head of Global Sales & Licensing for Granada Media (now ITV), who are the largest commercial broadcaster in the UK and one of Europe's largest content producers. He oversaw domestic and international commercial activities including advertiser funded content, publishing, home entertainment and licensing activities, as well as oversight for commercial activities for Liverpool FC and Arsenal FC.

Simon is a dual Canadian and British citizen and Australian permanent resident, Member of the Australian Institute of Company Directors, Fellow of the Australian Institute of Management and Professional Member of the eMarketing Association.

Directors' Report

Simon has both a Bachelors and Masters degree in Business.

Current directorships
nearmap ltd (since November 2011)

Dr Rob Newman (50)
Non-executive Director

Rob has established a unique track record as a successful Australian high technology entrepreneur in both Australia and Silicon Valley. He has twice founded and built businesses based on Australian technology and both times successfully entered overseas markets. One of those companies, Atmosphere Networks, was established by Rob with US venture capital backing of US$34m and he ran it until it was acquired for US$123m.

Rob is now a venture capitalist and is co-founder of 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 1980's, 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's formal qualifications include a PHD and Bachelor of Electrical Engineering (1st class honours) from the University of Western Australia. He 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 directorships
nearmap ltd (since February 2011)

Former directorships in the last 3 years
None

Special duties
Chairman of the Audit and Risk Management Committee
Member of the Nomination and Remuneration Committee

Mr Cliff Rosenberg (50)
Non-executive Director

Clifford Rosenberg is the Managing Director for LinkedIn South East Asia, Australia and New Zealand. LinkedIn is the world's largest professional network with over 300 million members around the globe of which over 6 million are in Australia.

In this role, Cliff's focus is driving awareness and uptake of LinkedIn's products, including talent solutions, marketing solutions and sales solutions. Since January 2010, Cliff has set up offices in Sydney, Melbourne and Perth, growing the local team to more than 150 staff, including sales, marketing and public relations personnel.



From top to bottom:
Mr Ross Norgard Non-executive Chairman
Mr Simon Crowther Managing Director & CEO
Dr Rob Newman Non-executive Director

Directors' Report

Cliff has a distinguished 20-year career in the digital space, both as an entrepreneur and executive. He was formerly 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 is also a Non-executive Director of Australia's leading online restaurant booking platform, dimmi.com.au.

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 directorships
nearmap ltd
dimmi.com.au

Former directorships in the last 3 years
Sound Alliance

Special duties
Chairman of the Nomination and Remuneration Committee
Member of the Audit and Risk Management Committee

Mr Richard Noon (58)
Non-executive Director
(Appointed 23 September 2013; resigned 21 February 2014)

Mr Richard Noon is the former CEO and Director of Finance and Technology of Webjet, and has significant digital and international expansion experience.

During his eight years at Webjet, sales grew tenfold, profit before tax grew thirteen fold, and Webjet expanded into seven overseas markets. Webjet appeared in BRW's Fast 100 list four times and Deloitte's Technology Fast 50 list six times, as well as being first in Hitwise's Travel Agency category.

Richard has seasoned internet marketing skills having co-founded digital marketing agency Amplify in 2003. Amplify supplied strategic, search engine marketing and content services.

In his early career, Richard worked extensively in the travel industry, establishing a number of travel technology businesses that collectively won five Best Product and Service awards.

Former directorships in the last 3 years
nearmap ltd (appointed 23 September 2013; resigned 21 February 2014)

Special duties
Member of the Remuneration Committee to 21 February 2014.

Mr Cliff Rosenberg
Non-executive Director

Directors' Report

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
R Norgard	58,576,295	-
S Crowther	5,000,000[1]	10,000,000
C Rosenberg	1,775,000	1,000,000
R Newman	3,393,500	1,000,000

1. 5,000,000 shares subject to holding lock pursuant to loan provisions of Company's Employee Share Option Plan.

Corporate structure

nearmap ltd (formerly known as ipernica 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 subsidiary nearmap Australia Pty Ltd.

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 such as government agencies, the commercial sector as well as small to medium enterprises.

nearmap's breakthrough technology has been designed to fully automate the process of creating a very high definition PhotoMap of large areas such as cities quickly and in a cost effective fashion. The technology enables PhotoMap to be updated much 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 of locations over time.

Consolidated result

The consolidated entity's result after provision for income tax was a profit of $7.08m (2013: loss of $1.02m).

Review and results of operations

For the year ended 30 June 2014, the nearmap Group reported revenue of $17.85m, up 62% on corresponding prior year revenue of $10.99m, primarily due to increased data usage and continued customer retention.

nearmap's balance sheet remains strong with no debt and a growing cash balance. During the year ended 30 June 2014, nearmap generated positive cashflows of $9.97m with the cash balance increasing to $23.35m, compared to $13.39m at 30 June 2013.

Cash receipts from customers for the year for the nearmap business were $23.24m compared to $18.58m for the previous year, an increase of $4.66m (25%). Operating cashflows significantly improved from $8.14m in the prior year ended 30 June 2013 to $11.04m in the year to 30 June 2014.

Directors' Report

Dividends

No dividends have been paid or proposed in respect of the current year (2013: nil).

Environmental regulation and performance

The current activities of the Company and its subsidiary companies are not subject to any significant environmental regulation. However, the Board believes that the Company 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 the Company.

Significant changes in the state of affairs

- On 31 July 2013, the Company announced that the United States Patent and Trademark Office had granted the Company a new patent for its aerial imaging systems.
- On 23 September 2013, Mr. Richard Noon was appointed as Non-executive Director to the Board. Mr. Noon subsequently resigned on 21 February 2014.
- On 19 December 2013, the Company announced that it had signed a new commercial license agreement for Google Maps.
- On 12 February 2014, nearmap announced the launch of nearmap Rail, a service aimed at providing ports, mining and rail industries with tools and ultra-high resolution aerial imagery to monitor existing rail corridors and plan new ones.
- On 24 February 2014, nearmap announced a maiden profit after tax of $0.8 million for the six months ended 31 December 2013.
- On 19 March 2014, the Company announced that the United States Patent and Trademark Office had granted the Company a new patent for its aerial camera system.
- On 28 March 2014, nearmap announced that the Australian Tax Office had issued the Company a cash refund of $1.7 million for eligible research and development activities.
- On 10 April 2014, the Company announced the launch of nearmap Solar, aimed at providing Australia's solar industry with a competitive edge by delivering instant client quotes and location aware power calculations.
- On 6 May 2014, nearmap announced the commencement of test flights of its aerial camera system in the United States.
- On 26 May 2014, Mr. Gerhard Beukes was appointed as Chief Financial Officer.
- On 29 May 2014, nearmap announced the launch of nearmap Property, a suite of visual and analytical property intelligence tools.
- On 10 June 2014, the Company announced seamless integration of its PhotoMaps imagery with Google Earth.

Significant events subsequent to balance date

There were no matters or circumstances specific to the Company that have arisen since 30 June 2014 that have significantly affected or may significantly affect:

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

Directors' Report

Prospects for future years

The Directors believe that the business strategies put in place will ensure that the Company 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 Company will continue to seek new opportunities to build scale and to broaden its customer base.

The Company faces a number of risks including inability to achieve volume growth targets, availability and cost of funds and deterioration of credit quality/impairments which may impact on its ability to achieve its targets.

Indemnification and insurance of Directors

During the financial year, the Group paid a premium of $61,623 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 2014 there were 35,750,000 unissued ordinary shares under options. Refer to note 17 of the financial statements for further details of the employee options outstanding.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and financial statements. Unless otherwise expressly stated, amounts referred to in this report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Directors' meetings

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

	Full Board Meetings		Audit and Risk Committee Meetings		Remuneration[1] Committee Meetings		Nomination[1] Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
R Norgard	6	6	2	2	2	2	1	1
S Crowther	6	6	-	-	-	-	-	-
R Newman	6	6	2	2	2	2	1	1
C Rosenberg	6	6	2	2	2	2	1	1
R Noon[2]	2	2	-	-	-	-		

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

1. On 22 May 2014, the Board resolved to combine the Nomination and Remuneration Committees, to form the Nomination and Remuneration Committee. No meetings of the combined Nomination and Remuneration Committee were held during the financial year.

2. Mr Noon was appointed on 23 September 2013 and resigned on 21 February 2014.

Directors' Report
Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and key management personnel of nearmap ltd (the Company) and the consolidated entity (the Group).

The Remuneration 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 Managing Director (MD) 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.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. No advice was obtained from consultants in setting remuneration for executives in the current year.

On 22 May 2014, the Company's Board resolved to amalgamate the previously separate Nomination Committee and Remuneration Committee to form the Nomination and Remuneration Committee.

Directors' Report
Remuneration Report (Audited)

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

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, whilst incurring a cost which is acceptable to shareholders.

Structure 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 21 November 2008 when shareholders approved an aggregate remuneration of $300,000 per year.

Voting and comments made at the Company's 2013 Annual General Meeting

The Company received only 1.2% "no" votes on its Remuneration Report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Each Director receives a fee for being a Director of the Company. A further fee is paid where additional time commitment is required like that being required by the Chairman of the Company.

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 and 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 Company; 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 and the process consists of a review of individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

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.

Remuneration Report (Audited)

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

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 and such that the cost to the Company 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 Company 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 Company is subject to the approval of the Nomination and Remuneration Committee. Payments made are usually delivered as a cash bonus.

Variable pay – 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. All options are granted with a strike price of 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 team and a service vesting condition of 1 year for 50% of each tranche granted and 2 years for the second 50% tranche. 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.

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 Company;
– The record of employment of the Eligible Person with the Company;
– The potential contribution of the Eligible Person to the growth of the Company;
– 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.

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

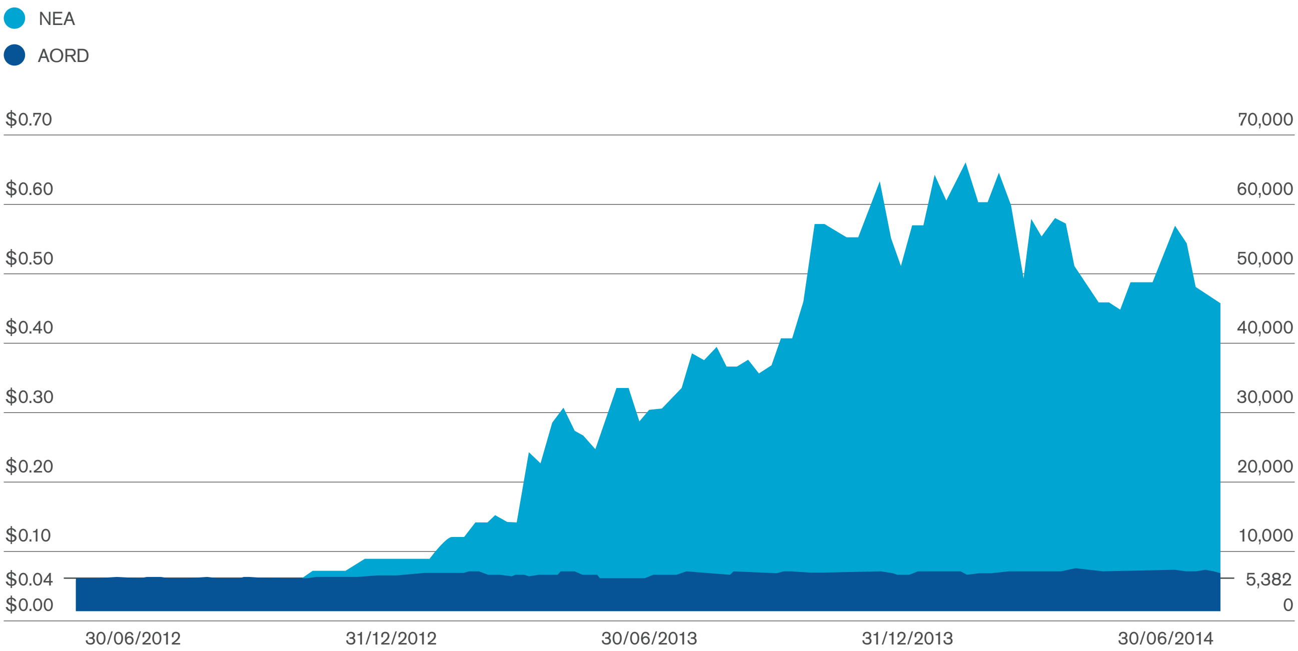
Group performance

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 progress in unlocking the value created 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.

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Revenue	$17,846	$10,987	$5,687	$10,797	$908
Net profit/(loss) after tax attributable to members	$7,078	($1,020)	($10,403)	$1,605	($7,389)
Change in share price	$0.17	$0.22	($0.03)	($0.01)	$0.01
Return on capital employed	35%	(9%)	(88%)	7%	(37%)

The graph below shows nearmap's closing share price since 1 July 2012 and the relative performance against the ASX All Ordinaries.



Directors' Report
Remuneration Report (Audited)

B. Details of remuneration

Directors

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

R Norgard	Non-executive Chairman
S Crowther	Managing Director
R Newman	Non-executive Director
C Rosenberg	Non-executive Director
R Noon	Non-executive Director (appointed 23 September 2013, resigned 21 February 2014)

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:

G Beukes	Chief Financial Officer
P Lapstun	Chief Technology Officer
P Peterson	Senior Vice President – Product and Engineering

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

			Short-term	Long-term				
2014	**Salary & Fees**	**Non monetary**	**Cash Bonus**	**Long Service Leave**	**Post employment super-annuation**	**Share-based Payment options#**	**Total**	**Options issues as a proportion of remuneration (%)**
Non-executive Directors								
R Norgard	91,525	-	-	-	8,475	-	100,000	
R Newman	50,000	-	-	-	-	16,974	66,974	25.3
C Rosenberg	45,763	-	-	-	4,237	16,974	66,974	25.3
R Noon*	31,567	-	-	-	2,920	-	34,487	-
Subtotal	**218,855**	**-**	**-**	**-**	**15,632**	**33,948**	**268,435**	**12.6**
Executive Directors								
S Crowther	411,241	10,705	110,000	11,659	15,775	427,813	987,193	43.3
Other key management personnel (Group)								
G Beukes	195,530	-	40,000	3,056	17,675	611,351	867,612	70.5
P Lapstun	230,000	-	40,000	1,932	17,775	341,518	631,225	54.1
P Peterson	240,000	-	40,000	2,042	17,775	220,524	520,341	42.4
Total key management personnel	**1,295,626**	**10,705**	**230,000**	**18,689**	**84,632**	**1,635,154**	**3,274,806**	**49.9**

* R Noon appointed 23 September 2013, resigned 21 February 2014.

AASB 2 accounting value determined at grant date as disclosed in note 18.

Directors' Report
Remuneration Report (Audited)

B. Details of remuneration (cont.)

2013	Salary & Fees	Non monetary	Short-term Cash Bonus	Long-term Long Service Leave	Post employment super-annuation	Share-based payment options#	Total	Options issues as a proportion of remuneration (%)
Non-executive Directors								
R Norgard	91,746	-	-	-	8,254	-	100,000	-
R Newman	50,000	-	-	-	-	12,663	62,663	20.2
C Rosenberg*	45,695	-	-	-	4,113	12,663	62,471	20.3
Subtotal	**187,441**	**-**	**-**	**-**	**12,367**	**25,326**	**225,134**	**11.2**
Executive Directors								
S Crowther	417,654	20,121	100,000	1,190	15,775	63,315	618,055	10.2
Other key management personnel (Group)								
G Beukes*	163,054	-	-	771	14,719	42,244	220,788	19.1
P Lapstun*	80,205	-	-	179	6,161	53,313	139,858	38.1
P Peterson*	178,009	-	-	176	14,071	38,675	230,931	16.7
Total key management personnel	**1,026,363**	**20,121**	**100,000**	**2,316**	**63,093**	**222,873**	**1,434,766**	**15.5**

* C Rosenberg appointed 2 July 2012
P Peterson appointed 27 August 2012
P Lapstun appointed 25 February 2013
G Beukes appointed 15 June 2013 (^)

(^) Amounts shown above include G Beukes remuneration during the entire reporting period. Amounts received in his position as a KMP from 15 June 2013 until year end amounted to $9,854 made up of Salary & Fees of $7,396, Long Service Leave of $32, Superannuation of $666 and Share-Based Payment Options of $1,760.

AASB 2 accounting value determined at grant date as disclosed in note 18.

Remuneration Report (Audited)

B. Details of remuneration (cont.)

The proportions of remuneration that are linked to performance and those that are fixed are shown below:

	Fixed remuneration				At risk – STI	
	Salaries and benefits		LTI*			
Name	2014	2013	2014	2013	2014	2013
Non-executive Directors						
R Norgard	100.0%	100.0%	-	-	-	-
R Newman	74.7%	79.8%	25.3%	20.2%	-	-
C Rosenberg	74.7%	79.7%	25.3%	20.3%	-	-
Executive Director						
S Crowther	45.6%	73.4%	43.3%	10.4%	11.1%	16.2%
Other key management personnel						
G Beukes	24.9%	80.5%	70.5%	19.5%	4.6%	-
P Lapstun	39.6%	61.8%	54.1%	38.2%	6.3%	-
P Peterson	49.9%	83.2%	42.4%	16.8%	7.7%	-

* LTI awards have service related vesting conditions only. The Directors consider the LTI grants are aligned with shareholders' interests as the exercise price is set as a 43% premium to the prevailing market price at the time they are granted.

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 and executives' contracts as at 30 June are:

Name	Notice period for termination at will	Notice period for termination at cause
S Crowther	4 months	4 months
G Beukes	60 days	14 days
P Lapstun	90 days	90 days
P Peterson	90 days	14 days

–On resignation any unvested options are forfeited.

–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.

–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 has been established whereby Directors and certain employees of the Group 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 and a 43% premium thereon, are issued in accordance with performance guidelines established by the Directors of the Company. The options are issued for terms of up to 4 years and are exercisable on various dates (usually in 2 equal annual tranches when vested) within 4 years from the issue 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. 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.

Options were issued during the year ended 30 June 2014, refer to notes for details.

Compensation options

Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at an exercise price determined in reference to the market price of the shares on the date of grant.

Remuneration Report (Audited)

D. Share based compensation (cont.)

Compensation options (cont.)

30 June 2014	Number	Granted during the period	Vested during the period	Unvested at balance date	Exercised during the period	Cancelled or expired during the period	Grant date	Value per option at grant date $	Exercise price per option $	Vesting date	Expiry date	Value of exercised/ cancelled/ expired during the period* $	Maximum total value of grant yet to vest* $
Directors													
S Crowther													
- Current	5,000,000	-	5,000,000	-	5,000,000	-	Nov 12	0.0145	0.075	Nov 13	Nov 16	72,360	-
	5,000,000	-	-	100%	-	-	Nov 12	0.0145	0.075	Nov 14	Nov 16	-	72,360
	2,500,000	100%	-	100%	-	-	Nov 13	0.2943	0.761	Nov 15	Nov 17	-	735,813
	2,500,000	100%	-	100%	-	-	Nov 13	0.2943	0.761	Nov 16	Nov 17	-	735,813
R Newman													
- Current	1,000,000	-	1,000,000	-	1,000,000	-	Nov 12	0.0145	0.075	Nov 13	Nov 16	14,472	-
	1,000,000	-	-	100%	-	-	Nov 12	0.0145	0.075	Nov 14	Nov 16	-	14,472
C Rosenberg													
- Current	1,000,000	-	1,000,000	-	1,000,000	-	Nov 12	0.0145	0.075	Nov 13	Nov 16	14,472	-
	1,000,000	-	-	100%	-	-	Nov 12	0.0145	0.075	Nov 14	Nov 16	-	14,472
R Noon													
- Cancelled	1,000,000	100%	-	-	-	1,000,000	Nov 13	0.2943	0.761	Nov 14	Nov 17	294,325	-
	1,000,000	100%	-	-	-	1,000,000	Nov 13	0.2943	0.761	Nov 15	Nov 17	294,325	-
Other key management personnel													
G Beukes													
- Current	1,000,000	-	1,000,000	-	1,000,000	-	Dec 12	0.0191	0.075	Dec 13	Dec 16	19,149	-
	1,000,000	-	-	100%	-	-	Dec 12	0.0191	0.075	Dec 14	Dec 16	-	19,149
	750,000	-	750,000	-	-	-	Jun 13	0.1546	0.415	Dec 13	Jun 17	-	-
	750,000	-	750,000	-	-	-	Jun 13	0.1546	0.415	Jun 14	Jun 17	-	-
	750,000	100%	750,000	-	-	-	Oct 13	0.1994	0.530	Apr 14	Oct 17	-	-
	750,000	100%	-	100%	-	-	Oct 13	0.1994	0.530	Apr 15	Oct 17	-	149,521
	1,250,000	100%	-	100%	-	-	Nov 13	0.2943	0.761	Nov 15	Nov 17	-	367,907
	1,250,000	100%	-	100%	-	-	Nov 13	0.2943	0.761	Nov 16	Nov 17	-	367,907
P Lapstun													
- Current	2,500,000	-	2,500,000	-	2,500,000	-	Mar 13	0.0427	0.150	Mar 14	Mar 17	106,626	-
	2,500,000	-	-	100%	-	-	Mar 13	0.0427	0.150	Mar 15	Mar 17	-	106,626
	1,250,000	100%	-	100%	-	-	Nov 13	0.2943	0.761	Nov 15	Nov 17	-	367,907
	1,250,000	100%	-	100%	-	-	Nov 13	0.2943	0.761	Nov 16	Nov 17	-	367,907
P Peterson													
- Current	2,500,000	-	2,500,000	-	2,500,000	-	Nov 12	0.0177	0.075	Nov 13	Nov 16	44,200	-
	2,500,000	-	-	100%	-	-	Nov 12	0.0177	0.075	Nov 14	Nov 16	-	44,200
	1,250,000	100%	-	100%	-	-	Nov 13	0.2943	0.761	Nov 15	Nov 17	-	367,907
	1,250,000	100%	-	100%	-	-	Nov 13	0.2943	0.761	Nov 16	Nov 17	-	367,907

* AASB 2 accounting value determined at grant date as disclosed in note 18.

Remuneration Report (Audited)

E. Transactions of key management personnel

Shares held in the Company

Directors	Balance at 1 July 2013	Exercise of options	Net other change*	Balance 30 June 2014	Balance held nominally
R Norgard	58,576,295	-	-	58,576,295	58,576,295
S Crowther	-	5,000,000	-	5,000,000	5,000,000
C Rosenberg	775,000	1,000,000	-	1,775,000	1,775,000
R Newman	2,693,500	1,000,000	(300,000)	3,393,500	3,393,500
R Noon**	200,000	-	-	200,000	200,000
Other key management personnel					
G Beukes	920,000	1,000,000	(165,000)	1,755,000	1,755,000
P Lapstun	-	2,500,000	-	2,500,000	2,500,000
P Peterson	-	2,500,000	(858,659)	1,641,341	1,641,341

* Includes expired options, cancellations and other acquisitions, transfer and disposals

** R Noon appointed 23 September 2013, resigned 21 February 2014.

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. Unsecured loans advanced to key management personnel during the year ended 30 June 2014 amounted to $825,000 (30 June 2013: $nil). Interest is payable at market rates by the key management personnel and the loans are repayable in full three years after the issue date. The table below sets out key management personnel with loan balances greater than $100,000.

	Balance 1 July 2013 $	Balance 30 June 2014 $	Interest accrued $	Highest balance in the period $
S Crowther	-	375,000	13,979	375,000
P Lapstun	-	375,000	7,153	375,000

Details regarding the aggregate of all loans made to key management personnel as at 30 June 2014, are as follows:

	Balance 1 July 2013 $	Balance 30 June 2014 $	Interest accrued $	Number in Group at 30 June 2014
Total	-	825,000	23,742	3

Remuneration Report (Audited)

F. Additional information

The Company has applied 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 emoluments on a straight-line basis over the vesting period. Options granted as part of Director and employee emoluments 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.

Refer to note 17 for details of share based payments and all new options granted during the year ended 30 June 2014.

G. Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
23 Nov 12	23 Nov 16	$0.075	7,000,000
30 Nov 12	30 Nov 16	$0.075	2,500,000
7 Dec 12	7 Dec 16	$0.075	1,000,000
14 Dec 12	14 Dec 16	$0.075	1,000,000
31 Jan 13	31 Jan 17	$0.103	1,200,000
8 Mar 13	8 Mar 17	$0.150	2,500,000
8 Apr 13	9 Apr 17	$0.172	500,000
12 Apr 13	15 Apr 17	$0.179	500,000
17 Jun 13	19 Jun 17	$0.415	1,500,000
22 Jul 13	25 Jul 17	$0.444	200,000
30 Sep 13	2 Oct 17	$0.544	700,000
3 Oct 13	4 Oct 17	$0.530	1,500,000
21 Nov 13	21 Nov 17	$0.761	12,500,000
24 Feb 14	24 Feb 18	$0.730	2,650,000
28 May 14	20 May 18	$0.690	500,000
			35,750,000

This is the end of the audited Remuneration Report.

Directors' Report

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 56 and forms part of the Directors' Report for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the Directors.

On behalf of the Board

S. Crowther
Managing Director & CEO
21 August 2014

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 2014 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

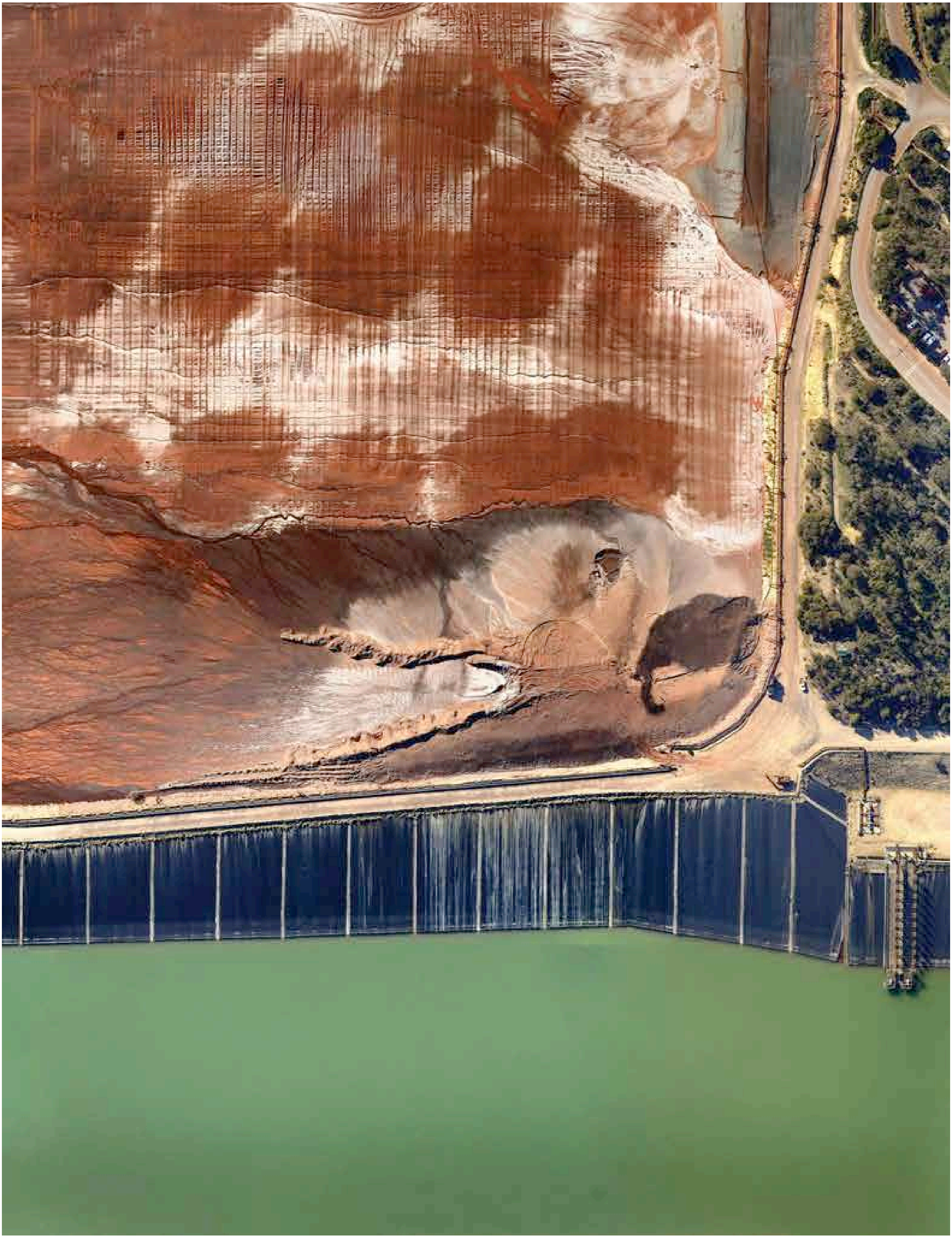
Trent Duvall
Partner

Sydney

21 August 2014


Image: Manly Vale, NSW – October 2014

Image: Hope Valley, WA – August 2014



Consolidated statement of comprehensive income for the year ended 30 June 2014

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue	3	17,846	10,987
Other income	4	2,223	1,779
Total income		**20,069**	**12,766**
Expenses			
Employee benefits expenses	5	(9,548)	(6,775)
Amortisation and depreciation expense		(2,074)	(2,310)
Capture costs		(187)	(964)
Research and development costs		(352)	(424)
Net finance (costs)/income	6	(18)	9
Other operational expenses	7	(4,375)	(3,282)
Total expenses		**(16,554)**	**(13,746)**
Profit/(loss) before tax		**3,515**	**(980)**
Income tax benefit/(expense)	8	3,563	(40)
Profit/(loss) after tax		**7,078**	**(1,020)**
Total comprehensive income attributable to members of the Company		**7,078**	**(1,020)**

Earnings per share attributable to the ordinary equity holders of the Company:

	Notes	2014	2013
Basic earnings per share (cents per share)	20	2.17	(0.32)
Diluted earnings per share (cents per share)	20	2.03	(0.32)

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 2014

	Notes	Consolidated 2014 $'000	Consolidated 2013 $'000
Current assets			
Cash and cash equivalents	16	23,347	13,387
Trade receivables		2,670	2,598
Other current receivables		625	381
Total current assets		**26,642**	**16,366**
Non-current assets			
Plant and equipment	10	1,402	1,099
Intangible assets	11	5,268	5,247
Deferred tax asset	8	3,782	-
Total non-current assets		**10,452**	**6,346**
Total assets		**37,094**	**22,712**
Current liabilities			
Trade and other payables		2,246	1,027
Unearned income	12	13,403	10,072
Employee benefits		852	586
Total current liabilities		**16,501**	**11,685**
Non-current liabilities			
Employee benefits		88	38
Other payables		-	36
Total non-current liabilities		**88**	**74**
Total liabilities		**16,589**	**11,759**
Net assets		**20,505**	**10,953**
Equity			
Contributed equity	13	27,113	26,536
Reserves	14	6,119	4,222
Profits reserve		7,078	-
Accumulated losses		(19,805)	(19,805)
Total equity		**20,505**	**10,953**

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

Consolidated statement of changes in equity for the year ended 30 June 2014

Consolidated	Contributed equity $'000	Accumulated losses $'000	Profits reserve $'000	Share based payment reserve $'000	Total equity $'000
At 1 July 2013	26,536	(19,805)	-	4,222	10,953
Profit/total comprehensive income for the year	-	7,078	-	-	7,078
Transfer between reserves	-	(7,078)	7,078	-	-
Transactions with owners of the Company:					
Issue of ordinary shares	99	-	-	-	99
Share options exercised	478	-	-	-	478
Share-based payment transactions	-	-	-	1,897	1,897
At 30 June 2014	**27,113**	**(19,805)**	**7,078**	**6,119**	**20,505**

Consolidated					
At 1 July 2012	26,536	(18,785)	-	3,968	11,719
Loss/total comprehensive loss for the year	-	(1,020)	-	-	(1,020)
Transactions with owners of the Company:					
Share-based payment transactions	-	-	-	254	254
At 30 June 2013	**26,536**	**(19,805)**	**-**	**4,222**	**10,953**

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 2014

	Notes	Consolidated 2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		23,243	18,577
Payments to suppliers and employees		(14,423)	(12,177)
Interest received		512	262
R&D refund received		1,711	1,517
Income taxes paid		-	(40)
Net cash from operating activities	16	**11,043**	**8,139**
Cash flows from investing activities			
Purchase of plant and equipment		(582)	(134)
Payments for development costs		(976)	-
Proceeds from sale of plant and equipment		4	16
Net cash used in investing activities		**(1,554)**	**(118)**
Cash flows from financing activities			
Proceeds from exercise of share options		382	-
Proceeds from exercise of loans share options		96	-
Net cash from financing activities		**478**	**-**
Net increase in cash and cash equivalents		**9,967**	**8,021**
Cash and cash equivalents at beginning of year		13,387	5,354
Effect of movement in exchange rates on cash held		(7)	12
Cash and cash equivalents at end of year	16	**23,347**	**13,387**

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

Notes to the consolidated financial statements for the year ended 30 June 2014

1. Reporting entity

nearmap ltd (the 'Company') is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The Company's registered office is at Level 6, 6–8 Underwood Street Sydney NSW 2000. These consolidated financial statements as at 30 June 2014 comprise the Company and its subsidiaries (collectively referred as the 'Group' and individually 'Group entities').

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 Company is a for-profit entity primarily involved in the provision of online PhotoMap content via its 100% owned subsidiary nearmap Australia Pty Ltd.

The consolidated financial statements for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors on 21 August 2014.

2. Summary of significant accounting policies

(a) Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted 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).

During the 30 June 2014 year, management identified $22k of capitalised costs previously presented within plant and equipment which per the Group's accounting policy met the definition of intangible assets. In order to provide users with more comparable information in the current year, this amount has been reclassified in respect of the 30 June 2013 closing balances. Refer notes 10 and 11.

The consolidated financial statements have been prepared in accordance with the historical cost convention.

The financial statements are presented in Australian dollars.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in consolidated financial statements 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

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013:

AASB 10 *Consolidated Financial Statements*

AASB 11 *Joint Arrangement*

AASB 12 *Disclosure of Interests in Other Entities*

AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards*

AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other amendments*

AASB 13 *Fair Value Measurement*

AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*

AASB 119 *Employee Benefits*

AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119*

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle*

There has been no material impact on the financial statements of the Group.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 *Financial Instruments* which becomes mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial instruments. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

Notes to the consolidated financial statements for the year ended 30 June 2014

2. Summary of significant accounting policies (cont.)

(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. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the consolidated entity. In the Company's financial statements, investments in subsidiaries are carried at the lower of cost and recoverable amount.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination for the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition (see note 2(d)).

When the Group 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 Group 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) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Notes to the consolidated financial statements for the year ended 30 June 2014

2. Summary of significant accounting policies (cont.)

(e) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Estimated impairment of amortising intangibles and plant and equipment

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.

Share-based payment transactions

The Group estimates the fair value of equity-settled transactions 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.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with accounting policies stated in note 2(r) and 2(t). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions in the following areas: contract revenues (which are set using available data and risk adjusted), discount rates, growth rate and forecast cost of sales. Refer to note 11 for further details.

Capture costs

Pursuant to AASB 138 *Intangible Assets*, the Company has reassessed 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 during the current period (refer to note 11). Capture costs capitalised in the current period are being amortised over a period of 5 years. Amortisation of capture costs has been included within "depreciation and amortisation expenses" in the statement of profit or loss and other comprehensive income.

Deferred tax

Pursuant to AASB 112 *Income Taxes*, the Company has reassessed 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. This has resulted in previously unrecognised deferred tax losses being brought to account (refer to note 8).

(f) Revenue recognition

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 recognition criteria must also be met before revenue is recognised:

Services

Services 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.

Subscription revenue

Subscription revenue is recognised over the life of the term 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 licensing/subscription agreement.

Interest

Income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to the consolidated financial statements for the year ended 30 June 2014

2. Summary of significant accounting policies (cont.)

(g) Unearned income

Prepaid amounts received from customers in advance are deferred to the relevant future subscription agreement periods.

(h) 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.

(i) Borrowing costs

Borrowing costs are recognised as an expense when incurred except when it relates to a qualifying asset in which case it would be capitalised.

(j) 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.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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.

(k) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) 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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable 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.

2. Summary of significant accounting policies (cont.)

(m) Foreign currencies

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 retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial statements are taken to profit and loss.

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.

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.

(n) 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.

2. Summary of significant accounting policies (cont.)

(n) Income tax (cont.)

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.

(o) Goods and services taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) 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 as follows: Plant and equipment – over 2 to 10 years on a straight line basis.

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

i. Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. 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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the profit or loss.

ii. De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont.)

(q) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Investments in subsidiaries

Investments in subsidiaries are held at cost.

(r) 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.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

– Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

– Is not larger than a segment determined in accordance with AASB 8 *Segment Reporting.*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(s) 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 the class of intangible assets.

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

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of intangibles under development impairment is tested annually or at each reporting period where an indicator exists, at the cash-generating unit level.

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

Notes to the consolidated financial statements for the year ended 30 June 2014

2. Summary of significant accounting policies (cont.)

(s) Intangibles – research and development costs (cont.)

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.

Pursuant to AASB 138 *Intangible Assets*, the Group has reassessed 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 during the current period (refer to note 11). Capture costs capitalised in the current year are being amortised over a period of 5 years. Amortisation of capture costs has been included within "depreciation and amortisation expenses" in the Statement of comprehensive income.

A summary of the policies 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
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.

(t) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset (other than goodwill or intangibles with an 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 to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit 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).

2. Summary of significant accounting policies (cont.)

(t) Impairment of assets (cont.)

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 the estimates 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 for 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 a 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.

(u) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are generally non-interest bearing and are normally settled on 7–60 day terms.

(v) Interest bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(x) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including the non-monetary benefit of annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(y) Share-based payment transactions

The Group provides benefits to employees and directors of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The fair value of these equity-settled transactions with employees is measured at the date at which they are granted using the Black-Scholes model.

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.

Notes to the consolidated financial statements for the year ended 30 June 2014

2. Summary of significant accounting policies (cont.)

(y) Share-based payment transactions (cont.)

The fair value of equity-settled transactions is recognised, together with a 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 ('the 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.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. 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 the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. 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, as described in the previous paragraph.

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

(z) 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.

(aa) Earnings per share

Basic earnings per share is calculated as net profit 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.

(ab) Segment reporting

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 Managing Director who ultimately makes strategic decisions. Reportable segments comprise nearmap.com (the online photomap operations) and Corporate.

(ac) Dividends

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.

Notes to the consolidated financial statements for the year ended 30 June 2014

	Consolidated 2014	Consolidated 2013
3. Revenue	**$'000**	**$'000**
Licensing revenues	17,846	10,463
Settlement of litigation programs	-	524
	17,846	**10,987**

4. Other income		
Interest income	512	262
R&D grant income	1,711	1,517
	2,223	**1,779**

5. Employee benefits expenses		
Share-based payments expense	(1,897)	(254)
Defined contribution plan expense	(432)	(321)
Increase in liability for long service leave	(7)	(13)
Other employee benefit expenses	(7,212)	(6,187)
	(9,548)	**(6,775)**

6. Net finance (costs)/income		
Interest expense	(11)	(3)
Foreign exchange (loss)/gain	(7)	12
	(18)	**9**

7. Other operational expenses		
Servicing and processing costs	(704)	(566)
Operating lease expenses	(241)	(949)
Consulting fees	(1,142)	(700)
Travel and office costs	(612)	(420)
Legal fees	(553)	(319)
Profit/(loss) on disposal of assets	4	(86)
Reversal of impairment of licensing program intangibles	-	308
Other operating expenses	(1,123)	(550)
	(4,375)	**(3,281)**

Notes to the consolidated financial statements for the year ended 30 June 2014

8. Income tax benefit/(expense)	Consolidated 2014 $'000	2013 $'000
Current tax expense	(1,266)	(40)
Deferred tax benefit	4,829	-
	3,563	**(40)**

Deferred income tax benefit included in income tax expense comprises:		
Increase in deferred tax assets	4,305	-
Increase in deferred tax liabilities	(523)	-
	3,782	-

Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax	3,515	(980)
Tax at the Australian tax rate of 30% (2013:30%)	(1,055)	294

Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable grant income from refundable R&D credit (prior year)	513	455
Non-assessable grant income from refundable R&D credit (current year estimate)	571	-
Shared based payments expense	(569)	(76)
Entertainment	(9)	(5)
Other	(7)	-
Deferred tax asset not recognised arising from temporary differences	-	(2,188)
Recognition of previously unrecognised tax losses	1,624	1,520
Recognition of deferred tax balances not previously bought to account	2,495	-
Over/(under) provision in prior year	-	(40)
	3,563	**(40)**

8. Income tax benefit/(expense) (cont.)

Deferred tax balances

Gross deferred tax assets	Tax losses $'000	Unearned revenue $'000	Provisions and other accruals $'000	Total $'000
Opening deferred tax asset at 1 July 2013	-	-	-	-
Adjustments to recognise deferred tax assets not previously brought to account	1,624	3,022	275	4,921
Change in recognised deductible temporary differences during the year	(1,624)	998	10	(616)
Closing deferred tax asset at 30 June 2014 (before set-off)	-	4,020	285	4,305

Gross deferred tax liabilities	Plant and equipment $'000	Intangible assets $'000	Prepayments $'000	Total $'000
Opening deferred tax liability at 1 July 2013	-	-	-	-
Adjustments to recognise deferred tax liability not previously brought to account	(60)	(657)	-	(717)
Change in recognised deductible temporary differences during the year	3	193	(2)	194
Closing deferred tax liability at 30 June 2014 (before set-off)	(57)	(464)	(2)	(523)
Net deferred tax asset/(liability) as at 30 June 2013				-
Net deferred tax asset/(liability) as at 30 June 2014				3,782

9. Dividends paid on ordinary shares

	Consolidated 2014 $'000	Consolidated 2013 $'000
No dividends were paid or proposed for the year ending 30 June 2014 (2013: nil).	-	-

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

	2014 $'000	2013 $'000
Franking account balance as at the beginning of the financial year at 30% (2013: 30%)	907	907
Franking credits utilised through the receipt of R&D credits as at the end of the financial year	(907)	-
	-	**907**

Notes to the consolidated financial statements for the year ended 30 June 2014

10. Plant and equipment

	Consolidated 2014 $'000	Consolidated 2013 $'000
Reconciliation of carrying amount		
Balance at the beginning of the year	1,099	1,794
Additions (at cost)	582	134
Disposals (at net book value)	-	(103)
Depreciation	(279)	(726)
Closing balance at the end of the year	**1,402**	**1,099**
At 30 June		
At cost	2,404	5,260
Accumulated depreciation	(1,002)	(4,161)
Closing net book amount	**1,402**	**1,099**

11. Intangible assets

	Goodwill $'000	Development costs $'000	Capture costs $'000	Other $'000	Total $'000
Reconciliation of carrying amount as at 30 June 2014					
Balance at the beginning of the year	135	5,112	-	-	5,247
Additions	-	713	840	263	1,816
Amortisation	-	(1,659)	(95)	(41)	(1,795)
Closing balance at the end of the year	**135**	**4,166**	**745**	**222**	**5,268**
At 30 June 2014					
Cost	135	10,047	840	263	11,285
Accumulated amortisation	-	(5,881)	(95)	(41)	(6,017)
Closing net book amount	**135**	**4,166**	**745**	**222**	**5,268**
Reconciliation of carrying amount as at 30 June 2013					
Balance at the beginning of the year	135	6,696	-	-	6,831
Amortisation	-	(1,584)	-	-	(1,584)
Closing balance at the end of the year	**135**	**5,112**	**-**	**-**	**5,247**
At 30 June 2013					
Cost	135	10,542	-	-	10,677
Accumulated amortisation	-	(4,304)	-	-	(4,304)
Accumulated impairment	-	(1,126)	-	-	(1,126)
Closing net book amount	**135**	**5,112**	**-**	**-**	**5,247**

11. Intangible assets (cont.)

Impairment tests for goodwill

All goodwill acquired through business combinations has been allocated to the nearmap.com cash generating unit.
The recoverable amount of the nearmap.com unit has been determined based on a value-in-use calculation using cash flow projections as at 30 June based on board approved financial budgets and a 4 year forecast period approved by senior management.

The calculation of value-in-use for the nearmap.com unit relies upon the following assumptions:
1) A pre-tax discount rate of 14% (2013: 20%); and
2) A perpetuity growth rate of 2% (2013: 2%).

Sensitivity analysis performed indicates that any reasonable possible change in any of the key assumptions would not result in an impairment.

	Consolidated	
	2014	2013
12. Unearned income	$'000	$'000
Unearned subscription income	**13,403**	**10,072**

Unearned income comprises photo mapping subscription licence service fees charged, the revenue for which is primarily recognised in the profit or loss over the subscription period.

13. Contributed equity

Issued and paid up capital

337,346,101 ordinary shares of no par value fully paid (2013: 323,056,101)	**27,113**	**26,536**

	2014		2013	
Movement in shares on issue	**Number of shares**	**$,000**	**Number of shares**	**$,000**
Balance at the beginning of the year	323,056,101	26,536	323,056,101	26,536
Issue of shares during the year	290,000	99	-	-
Issued from exercise of share options	5,100,000	478	-	-
Issued from exercise of loans share options	8,900,000	-	-	-
Balance at the end of the year	**337,346,101**	**27,113**	**323,056,101**	**26,536**

Share options	**2014**	**2013**
Options over ordinary shares:		
Number of options outstanding at the beginning of the year	36,700,000	10,109,997
Granted during the year	21,050,000	53,700,000
Exercised during the year	(14,000,000)	-
Expired/cancelled during the year	(8,000,000)	(27,109,997)
Number of options outstanding at the end of the year	**35,750,000**	**36,700,000**

Further details in relation to the employee share incentive scheme are contained in note 17.

Notes to the consolidated financial statements for the year ended 30 June 2014

13. Contributed equity (cont.)

Terms and conditions of contributed equity

Ordinary shares:

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.

	Consolidated	
14. Reserves	**2014 $'000**	**2013 $'000**
Share based payments reserve		
Balance at beginning of the year	4,222	3,968
Share based payment expense	1,897	254
Balance at the end of the year	**6,119**	**4,222**

Nature and purpose of reserves

The share-based payments reserve is used to recognise the grant date fair value of options issued to Directors and employees but not exercised.

15. Expenditure commitments

Capital expenditure commitments

There are no capital expenditure commitments contracted at 30 June 2014 (2013: nil).

Expenditure commitments

There are no hire purchase commitments contracted at 30 June 2014 (2013: nil).

Operating lease commitments

Minimum lease payments		
Not later than one year	670	459
Later than one year and no later than five years	104	93
Aggregate lease expenditure contracted for at reporting date	**774**	**552**

Operating lease commitments above 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.

16. Cash flow statement

	Consolidated 2014 $'000	Consolidated 2013 $'000
Reconciliation of the net profit/(loss) to the net cash flows from operations		
Profit/(loss) after tax	7,078	(1,020)
Adjustment for non-cash items		
Amortisation and depreciation expense	2,074	2,310
Reversal of impairment of non-current assets	-	(308)
Net exchange differences	7	(12)
Share based payment expensed	1,897	254
(Gain)/loss on disposal of non-current assets	(4)	86
Shares issued not for cash	99	-
Changes in assets and liabilities		
Payables	4,514	3,321
Receivables	(316)	1,577
Provision for employee benefits	316	13
Other non-current assets	(840)	1,918
Income tax benefit	(3,782)	-
Net cash from operating activities	**11,043**	**8,139**

Reconciliation of cash

	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash equivalents comprises		
Cash at banks and on hand	3,582	1,634
Short term deposits at call	19,765	11,753
	23,347	**13,387**

Cash at banks and short term deposits earn interest at floating rates based on daily bank deposits rates. Refer to sensitivity analysis performed at note 24.

Financing facilities available

The Company had no financing facilities as of 30 June 2014 (2013: nil).

Notes to the consolidated financial statements for the year ended 30 June 2014

17. Share-based payment plans

Employee Share Option Plan

A share option incentive scheme 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 issued from 4 years and are exercisable on various dates (usually in 2 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.

The following table lists the inputs to the model used for the years ended 30 June 2014 and 30 June 2013:

Grant date	Fair value of option at grant date $	Expected price volatility %	Risk free interest rate %	Expected life of option years	Option exercise price $	Expiry date
2014						
23 Nov 12	0.0145	81	2.86	2.75	$0.075	23 Nov 16
30 Nov 12	0.0177	82	2.74	2.75	$0.075	30 Nov 16
7 Dec 12	0.0191	78	2.73	2.75	$0.075	7 Dec 16
14 Dec 12	0.0176	79	2.94	2.75	$0.075	14 Dec 16
31 Jan 13	0.0285	77	2.94	2.75	$0.103	31 Jan 17
8 Mar 13	0.0427	77	3.12	2.75	$0.150	8 Mar 17
8 Apr 13	0.0500	79	2.91	2.75	$0.172	9 Apr 17
12 Apr 13	0.0522	79	2.91	2.75	$0.179	15 Apr 17
17 Jun 13	0.1546	100	2.96	2.75	$0.415	19 Jun 17
22 Jul 13	0.1654	80	3.09	3.50	$0.444	25 Jul 17
30 Sep 13	0.2043	80	3.33	3.50	$0.544	2 Oct 17
3 Oct 13	0.1994	80	3.35	3.50	$0.530	4 Oct 17
21 Nov 13	0.2943	80	3.46	3.50	$0.761	21 Nov 17
24 Feb 14	0.2736	80	3.41	3.50	$0.730	24 Feb 18
28 May 14	0.1784	80	3.20	3.50	$0.690	20 May 18
2013						
23 Nov 12	0.0145	81	2.86	2.75	$0.075	23 Nov 16
30 Nov 12	0.0177	82	2.74	2.75	$0.075	30 Nov 16
7 Dec 12	0.0191	78	2.73	2.75	$0.075	7 Dec 16
14 Dec 12	0.0176	79	2.94	2.75	$0.075	14 Dec 16
31 Jan 13	0.0285	77	2.94	2.75	$0.103	31 Jan 17
8 Mar 13	0.0427	77	3.12	2.75	$0.150	8 Mar 17
8 Apr 13	0.0500	79	2.91	2.75	$0.172	9 Apr 17
12 Apr 13	0.0522	79	2.91	2.75	$0.179	15 Apr 17
15 May 13	0.1428	99	2.91	2.75	$0.387	15 May 17
17 Jun 13	0.1546	100	2.96	2.75	$0.415	19 Jun 17

17. Share-based payment plans (cont.)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value. The fair value is determined using the Black-Scholes model.

There are no voting or dividend rights attached to the options.

Expenses arising from share based payment transactions during the year was $1,897,000 (2013: $254,000).

Information with respect to the number of options issued under the Employee Share Option Plan is as follows:

	2014		2013	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of year	36,700,000	0.10	9,359,997	0.18
Issued	21,050,000	0.73	53,700,000	0.12
Exercised	(14,000,000)	0.09	-	-
Cancelled	(8,000,000)	0.33	(22,999,997)	0.20
Expired	-	-	(3,360,000)	0.16
Balance at end of year	**35,750,000**	**0.43**	**36,700,000**	**0.10**
Vested and exercisable at end of year	**3,800,000**	**0.37**	**-**	**-**

Grant date	Expiry date	Exercise price $	Balance at beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
2014								
23 Nov 12	23 Nov 16	0.075	14,000,000	-	-	(7,000,000)	7,000,000	-
30 Nov 12	30 Nov 16	0.075	10,000,000	-	(5,000,000)	(2,500,000)	2,500,000	-
7 Dec 12	7 Dec 16	0.075	2,000,000	-	-	(1,000,000)	1,000,000	-
14 Dec 12	14 Dec 16	0.075	2,000,000	-	-	(1,000,000)	1,000,000	-
31 Jan 13	31 Jan 17	0.103	1,200,000	-	-	-	1,200,000	600,000
8 Mar 13	8 Mar 17	0.150	5,000,000	-	-	(2,500,000)	2,500,000	-
8 Apr 13	9 Apr 17	0.172	500,000	-	-	-	500,000	250,000
12 Apr 13	15 Apr 17	0.179	500,000	-	-	-	500,000	250,000
17 Jun 13	19 Jun 17	0.415	1,500,000	-	-	-	1,500,000	1,500,000
22 Jul 13	25 Jul 17	0.444	-	200,000	-	-	200,000	100,000
30 Sep 13	2 Oct 17	0.544	-	700,000	-	-	700,000	350,000
3 Oct 13	8 Oct 17	0.530	-	1,500,000	-	-	1,500,000	750,000
21 Nov 13	21 Nov 17	0.761	-	14,500,000	(2,000,000)	-	12,500,000	-
24 Feb 14	24 Feb 18	0.730	-	3,650,000	(1,000,000)	-	2,650,000	-
28 May 14	20 May 18	0.690	-	500,000	-	-	500,000	-
Total			**36,700,000**	**21,050,000**	**(8,000,000)**	**(14,000,000)**	**35,750,000**	**3,800,000**
Weighted average price $			**0.10**	**0.73**	**0.33**	**0.09**	**0.43**	**0.37**

17. Share-based payment plans (cont.)

Grant date	Expiry date	Exercise price $	Balance at beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
2013								
11 Jul 08	11 Jul 12	0.160	3,360,000	-	(3,360,000)	-	-	-
6 Aug 09	6 Aug 13	0.200	1,499,998	-	(1,499,998)	-	-	-
24 Nov 09	24 Nov 13	0.200	2,000,000	-	(2,000,000)	-	-	-
16 Jun 11	2 Jun 14	0.200	1,500,000	-	(1,500,000)	-	-	-
5 Jul 10	5 Jul 14	0.200	999,999	-	(999,999)	-	-	-
23 Nov 12	23 Nov 16	0.075	-	14,000,000	-	-	14,000,000	-
30 Nov 12	30 Nov 16	0.075	-	20,000,000	(10,000,000)	-	10,000,000	-
7 Dec 12	7 Dec 16	0.075	-	4,000,000	(2,000,000)	-	2,000,000	-
14 Dec 12	14 Dec 16	0.075	-	2,000,000	-	-	2,000,000	-
31 Jan 13	31 Jan 17	0.103	-	1,200,000	-	-	1,200,000	-
8 Mar 13	8 Mar 17	0.150	-	5,000,000	-	-	5,000,000	-
8 Apr 13	9 Apr 17	0.172	-	500,000	-	-	500,000	-
12 Apr 13	15 Apr 17	0.179	-	500,000	-	-	500,000	-
15 May 13	15 May 17	0.387	-	5,000,000	(5,000,000)	-	-	-
17 Jun 13	19 Jun 17	0.415	-	1,500,000	-	-	1,500,000	-
Total			**9,359,997**	**53,700,000**	**(26,359,997)**	**-**	**36,700,000**	**-**
Weighted average price $			**0.19**	**0.12**	**0.17**	**-**	**0.10**	

18. Contingent liabilities

Contingent liabilities

As at 30 June 2013, the Directors are not aware of any contingent liabilities in relation to the Company or the consolidated entity.

19. Significant events after reporting date

There were no matters or circumstances specific to the Company that have arisen since 30 June 2014 that have significantly affected or may significantly affect:

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

Notes to the consolidated financial statements for the year ended 30 June 2014

20. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2014 **$'000**	**2013** **$'000**
Net profit/(loss) attributable to ordinary equity holders	7,078	(1,020)
Net profit/(loss) used in calculating diluted earnings per share	7,078	(1,020)
	Number of shares	**Number of shares**
Weighted average number of ordinary shares on issue used in the calculation of basic profit/(loss) per share	326,561,717	323,056,101
Weighted average number of ordinary shares on issue used in the calculation of diluted profit/(loss) per share	347,968,745	326,392,401
Earnings per share attributable to the ordinary equity shareholders of the Company:		
Basic earnings per share (cents per share)	2.17	(0.32)
Diluted earnings per share (cents per share)	2.03	(0.32)

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.

21. Auditors' remuneration

	Consolidated	
	2014 **$**	**2013** **$**
Amounts paid or payable to the Company's auditors:		
an audit or review of the financial statements of the entity	80,400	79,000
non audit services in relation to the entity and any other entity in the consolidated Group	21,500	-
	101,900	**79,000**

The previous year's audit was conducted by BDO and auditor's remuneration for that period is reported above.

Notes to the consolidated financial statements for the year ended 30 June 2014

22. Key management personnel disclosures

Key management personnel compensation	Consolidated 2014 $'000	Consolidated 2013 $'000
Short-term employee benefits	1,306	1,046
Short-term employee bonus	230	100
Long-term employee benefits	19	2
Post-employment benefits	85	63
Share-based payments	1,635	224
	3,275	**1,435**

23. Segment information

2014	nearmap.com $'000	Corporate $'000	Group $'000
Revenue	17,846	-	17,846
Interest income	-	512	512
Other income	1,711	-	1,711
Income for the year	**19,557**	**512**	**20,069**
Earnings before depreciation/amortisation and tax	**5,262**	**512**	**5,774**
Depreciation and amortisation expense			(2,073)
Share based payments expense			(1,897)
R&D income			1,711
Profit before tax			**3,515**
Income tax benefit			3,563
Profit after tax			**7,078**

2013	nearmap.com $'000	Corporate $'000	Group $'000
Revenue	10,987	-	10,987
Interest income	-	261	261
Other income	1,517	-	1,517
Income for the year	**12,504**	**261**	**12,765**
Earnings before depreciation/amortisation/ impairments and tax	**54**	**(549)**	**(495)**
Depreciation and amortisation expense			(2,310)
R&D income			1,517
Reversal of impairments			308
Loss before tax			**(980)**
Income tax expense			(40)
Loss after tax			**(1,020)**

All assets and liabilities within the Group relate to the nearmap.com segment.

24. Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to provide working capital for the Group's operations and fund future growth of the Group.

The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Board has reviewed and agreed policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Company's short-term deposits. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits are fixed.

The consolidated entity's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

2014	Weighted average interest rate	Floating interest rate < 1 year $'000	Fixed interest rate < 1 year $'000	Fixed interest rate >2–<3 years $'000	Non-interest bearing $'000	Total $'000
Financial assets						
Cash and cash equivalents	3.37%	3,582	19,765	-	-	23,347
Trade and other receivables	0%	-	-	-	3,295	3,295
		3,582	19,765		3,295	26,642
Financial liabilities						
Trade and other payables	0%	-	-	-	3,098	3,098
Net financial assets/(liabilities)		3,582	19,765	-	197	23,544

2013						
Financial assets						
Cash and cash equivalents	3.91%	1,634	11,753	-	-	13,387
Trade and other receivables	0%	-	-	-	2,979	2,979
		1,634	11,753	-	2,979	16,366
Financial liabilities						
Trade and other payables	0%	-	-	-	1,613	1,613
Net financial assets/(liabilities)		1,634	**11,753**	**-**	**1,366**	**14,753**

24. Financial risk management objectives and policies (cont.)

Impact of reasonably possible changes to:

Interest rates – higher/(lower)

	Consolidated 2014 $'000	Consolidated 2013 $'000
+0.5%	76	43
-0.5%	(76)	(43)

Foreign currency risk

The Group has transactional currency exposures. Such exposure arises from cash held in foreign currencies or purchases by a member of the Group in currencies other than Australian dollars.

At 30 June, the Group had the following exposures to foreign currency that is not designated in cash flow hedges (All amounts are shown as AUD equivalents, with column headings denoting the denominated currency):

	Consolidated 2014 USD'000	Consolidated 2013 USD'000
Cash and cash equivalents	1,130	853
Trade and other payables	95	43
Gross exposure	**1,225**	**896**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
USD	0.9187	1.0271	0.9420	0.9275

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 2014 $'000	Consolidated 2013 $'000
+10%	(94)	43
-10%	115	(43)

24. Financial risk management objectives and policies (cont.)

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.

Credit risk

The Group trades primarily with recognised, creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant. The maximum exposure of credit risk relating to the Group and parent is equal to the carrying amount of the balances disclosed in the Statement of Financial Position under trade and other receivables. Since the Group trades primarily with recognised third parties, there is no requirement for collateral.

	Consolidated	
	2014	**2013**
Trade receivables	**$'000**	**$'000**
Balances owing from existing customers (aged more than 6 months)	44	7

No past defaults have occurred in the Group's previous dealings with the existing customers who owe amounts aged greater than six months as at reporting date.

Cash at bank and short-term bank deposits		
AA rated	23,347	13,387

Liquidity risk

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.

All Trade and other creditors are contractually payable within a one year time frame. Refer to Interest rate risk section for balances.

Notes to the consolidated financial statements for the year ended 30 June 2014

24. Financial risk management objectives and policies (cont.)

Net fair values of financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Company has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date (level 1);

(b) 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 2); and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no financial assets and liabilities measured at fair value held during the period, therefore there were no transfers between levels 1 and 2 of the fair value hierarchy during the year ended 30 June 2014.

25. Parent entity information

	Consolidated 2014 $'000	Consolidated 2013 $'000
Financial position information relating to the Company		
Current assets	20,762	20,765
Total assets	20,975	20,979
Current liabilities	(30)	(51)
Total liabilities	(30)	(51)
Net assets	**20,945**	**20,928**
Contributed equity	27,113	26,536
Reserves	6,119	4,222
Accumulated losses	(12,287)	(9,830)
Total shareholder equity	**20,945**	**20,928**
Loss and total comprehensive income of the parent entity	**(2,457)**	**(698)**

Information relating to the Company

The parent entity has not entered into any guarantees with its subsidiaries.

Details of the contingent liabilities of the Group are contained in note 18. There are no contingent liabilities of the parent entity.

Details of the contractual commitments of the Group are contained in note 15. 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 (2013: nil).

25. Parent entity information (cont.)

Loans to wholly-owned subsidiaries	Consolidated 2014 $'000	2013 $'000
Beginning of the year	8,900	16,034
Loans advanced	137	1,731
Loan repayments and impairments	(8,076)	(8,865)
End of the year	**961**	**8,900**

26. Group entities

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

		Equity holding	
Name of entity	**Country of incorporation**	**2014**	**2013**
QPSX Communications Pty Ltd	Australia	100	100
nearmap Australia Pty Ltd	Australia	100	100
IPR 1 Pty Ltd[1]	Australia	-	100
IPR 2 Pty Ltd[1]	Australia	-	100
IPR 3 Pty Ltd[1]	Australia	-	100
IPR 8 Pty Ltd	Australia	100	100
QPSX Developments 5 Pty Ltd	Australia	-	100
ipernica ventures Pty Ltd	Australia	100	100
ipernica holdings Pty Ltd	Australia	100	100
nearmap USA Pty Ltd[2]	Australia	100	-
nearmap Aerospace Inc.[3]	United States	100	-
nearmap US Inc.[3]	United States	100	-

[1] Deregistered 21 July 2013

[2] Registered 6 June 2014

[3] Registered 25 June 2014

Notes to the consolidated financial statements for the year ended 30 June 2014

27. Related parties

Key Management Personnel (KMP)

Details relating to KMP, including remuneration paid, are included in note 22 and the Remuneration Report section of the Director's Report.

Transactions with related parties

There have been no sales, purchases or other transactions with related parties during the year ended 30 June 2014 (year ended 30 June 2013: nil).

Subsidiaries

Interests in subsidiaries are set out in note 26.

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

Unsecured loans advanced to Key Management Personnel during the year ended 30 June 2014 amounted to $825,000 (30 June 2013: $nil). Loans are interest bearing and interest accrues daily at the Australian Taxation Office approved rate for the purposes of the fringe benefit tax provisions. Loans are repayable in full three years after the issue date.

A loan to a previous key management personnel that was granted through the Employee Loan Scheme of $75,000 was repaid during the year, together with an interest charge of $20,519 that had accrued as at the date of payment.

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 2014 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 2014, 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 section 295A of the Corporations Act 2001 for the financial period ending 30 June 2014.

On behalf of the Board

S Crowther
Managing Director & CEO

Sydney
21 August 2014

Independent auditor's report to the members of nearmap ltd

Report on the financial report

We have audited the accompanying financial report of nearmap Ltd (the Company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 27 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report
The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Auditor's opinion
In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 44 to 54 of the Directors' Report for the year ended 30 June 2014. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion
In our opinion, the Remuneration Report of nearmap ltd for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001.*

KPMG

Trent Duvall
Partner

Sydney

21 August 2014

Shareholder Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 10 September 2014.

(a) Distribution of ordinary shares

The number of shareholders, by size of holding, are:

Range	No. of holders	No. of shares
1–1,000	210	136,411
1,001–5,000	1,325	4,036,004
5,001–10,000	987	8,324,464
10,001–100,000	1,816	61,468,436
100,001 and over	289	263,980,786
Total	**4,627**	**337,946,101**

The number of shareholders holding less than a marketable parcel of ordinary shares is:	102	29,897

(b) Distribution of unquoted options

Director options exercisable at $0.075 on or before 23 November 2016

Range	No. of holders	No. of options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	3	7,000,000
Total	**3**[1]	**7,000,000**

1. Simon Benedict Crowther & Fiona Kyla Crowther <Wisebuddha A/C> holds 5,000,000 options comprising 71.43% of this class.

ESOP options exercisable at a range of prices between $0.075 and $0.761 expiring on various dates between 30 November 2016 and 20 May 2018

Range	No. of holders	No. of options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	17	27,550,000
Total	**17**	**27,550,000**

Consultant options exercisable at $0.103 on or before 31 January 2017

Range	No. of holders	No. of options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	1	600,000
Total	**1**[1]	**600,000**

1. Ketom Pty Ltd <The Bechler Family A/C> holds 600,000 options comprising 100.00% of this class.

Shareholder Information

(c) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

	Name	No. of shares	% of shares
1	Longfellow Nominees Pty Ltd <Aeolus A/C>	38,155,167	11.29
2	National Nominees Limited	26,941,781	7.97
3	Longfellow Nominees Pty Ltd	20,421,128	6.04
4	JP Morgan Nominees Australia Limited	17,413,400	5.15
5	Citicorp Nominees Pty Limited	11,764,215	3.48
6	RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	11,319,961	3.35
7	HSBC Custody Nominees (Australia) Limited	11,032,560	3.26
8	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	6,696,488	1.98
9	Mr Simon Benedict Crowther & Ms Fiona Kyla Crowther <Wisebuddha A/C>	5,000,000	1.48
10	Oaktel Investments Pty Ltd <SATSF A/C>	4,000,000	1.18
11	Mr Graham Griffiths	3,730,512	1.10
12	BNP Paribas Noms Pty Ltd <DRP>	2,974,752	0.88
13	Mrs Alison Farrelly	2,750,019	0.81
14	Australian Executor Trustees Limited <No 1 Account>	2,694,000	0.80
15	Venture Skills Pty Ltd <The Newman Family A/C>	2,538,500	0.75
16	Brincliff Pty Ltd <Brincliff Super Fund A/C>	2,500,000	0.74
17	Oxidex Pty Ltd <Oxidex A/C>	2,500,000	0.74
18	Mr George Adrian Clark-Walker	2,000,000	0.59
19	Maptek Pty Limited <Maptek Investment A/C>	1,850,000	0.55
20	Alkamye Pty Ltd	1,807,000	0.53
Total		**178,089,483**	**52.70**

(d) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Name	No. of shares	% of shares
1.	Ross Norgard[1]	57,884,273	17.92
2.	Paradice Investment Management Pty Ltd[2]	32,642,574	9.67

1. As provided to the Company on 25 February 2013.
2. As provided to the Company on 7 May 2014.

(e) Voting rights

All ordinary shares carry one vote per share without restriction. No voting rights are attached to options.

(f) Securities Exchange Quotation

The Company's ordinary shares are listed on the Australian Securities Exchange (Code: NEA). The Home Exchange is Perth.

(g) Restricted securities

8,900,000 ordinary shares are subject to holding lock pursuant to loan provisions of the Company's Employee Share Option Plan; until such time as the applicable load is repaid in full.

Corporate Information

nearmap ltd
ABN 37 083 702 907

Directors
Ross Norgard (Non-executive Chairman)
Simon Crowther (Managing Director & CEO)
Rob Newman (Non-executive Director)
Cliff Rosenberg (Non-executive Director)

Company Secretary
Shannon Coates

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Website
www.nearmap.com

Solicitors
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Bankers
Commonwealth Bank of Australia

Share Register
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Perth WA 6000

Auditors
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Sydney NSW 2000

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