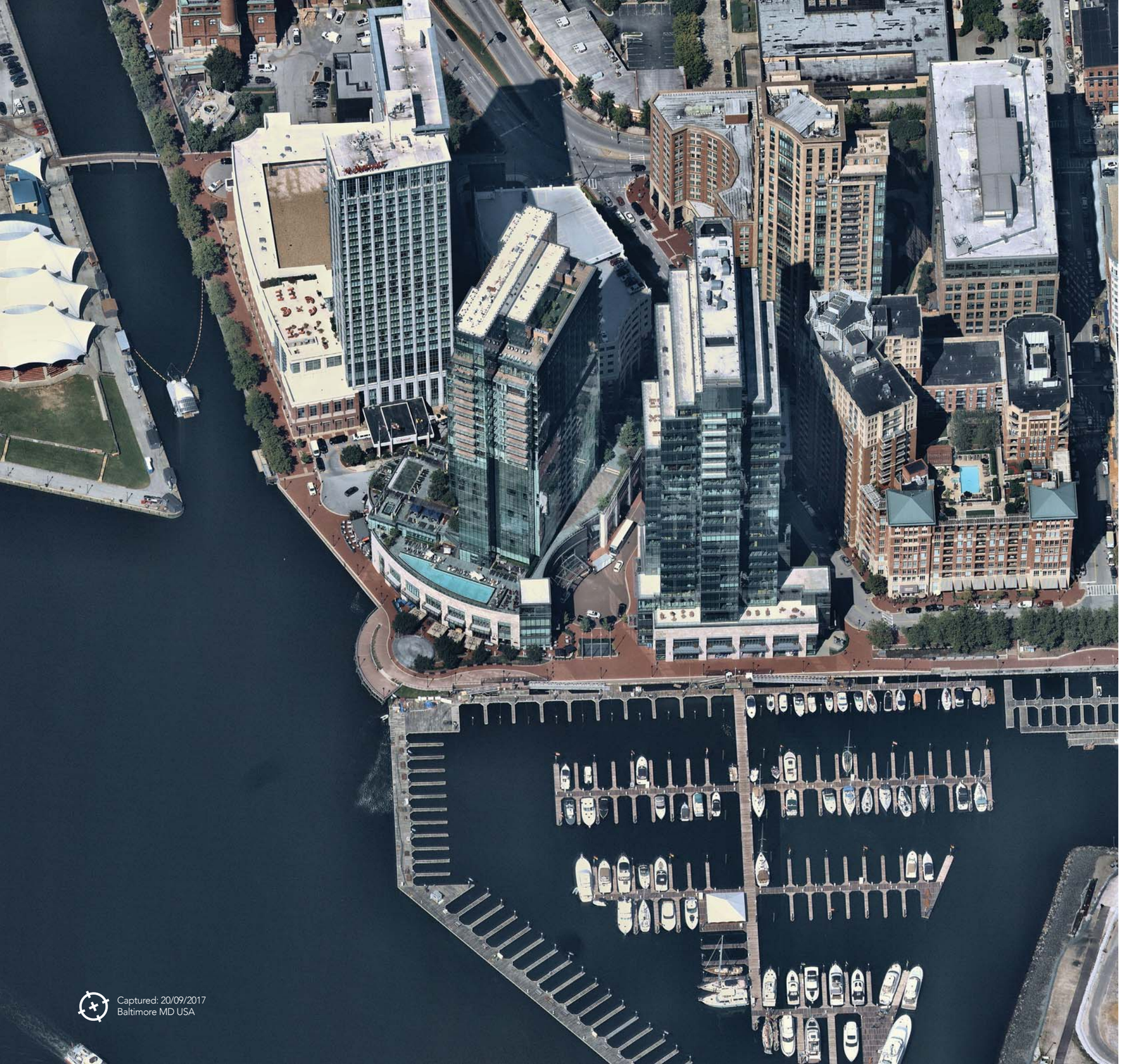
2018 NEARMAP LTD ANNUAL REPORT

nearmap



ABOUT NEARMAP

Nearmap (Nearmap Ltd and its subsidiaries) is an innovative location intelligence company capturing a rich data set about the real world, providing high value insights to a diverse range of businesses and government organisations.

Using its own patented camera systems and processing software, Nearmap captures wide-scale urban areas in Australia, New Zealand and the United States of America multiple times each year, making fresh content instantly available in the cloud via web app or API integration.

Every day, Nearmap helps tens of thousands of users conduct virtual site visits for deep, data driven insights – enabling informed decisions, streamlined operations and robust bottom lines.

Founded in Australia in 2007, Nearmap is one of the ten largest aerial survey companies in the world by annual data collection volume, and is publicly listed on the Australian Securities Exchange (ASX).

Nearmap now employs up to 200 people globally and has a total subscription portfolio of $66.2m at 30 June 2018.

AUSTRALIA
88% population coverage

UNITED STATES
70% population coverage

NEW ZEALAND
72% population coverage

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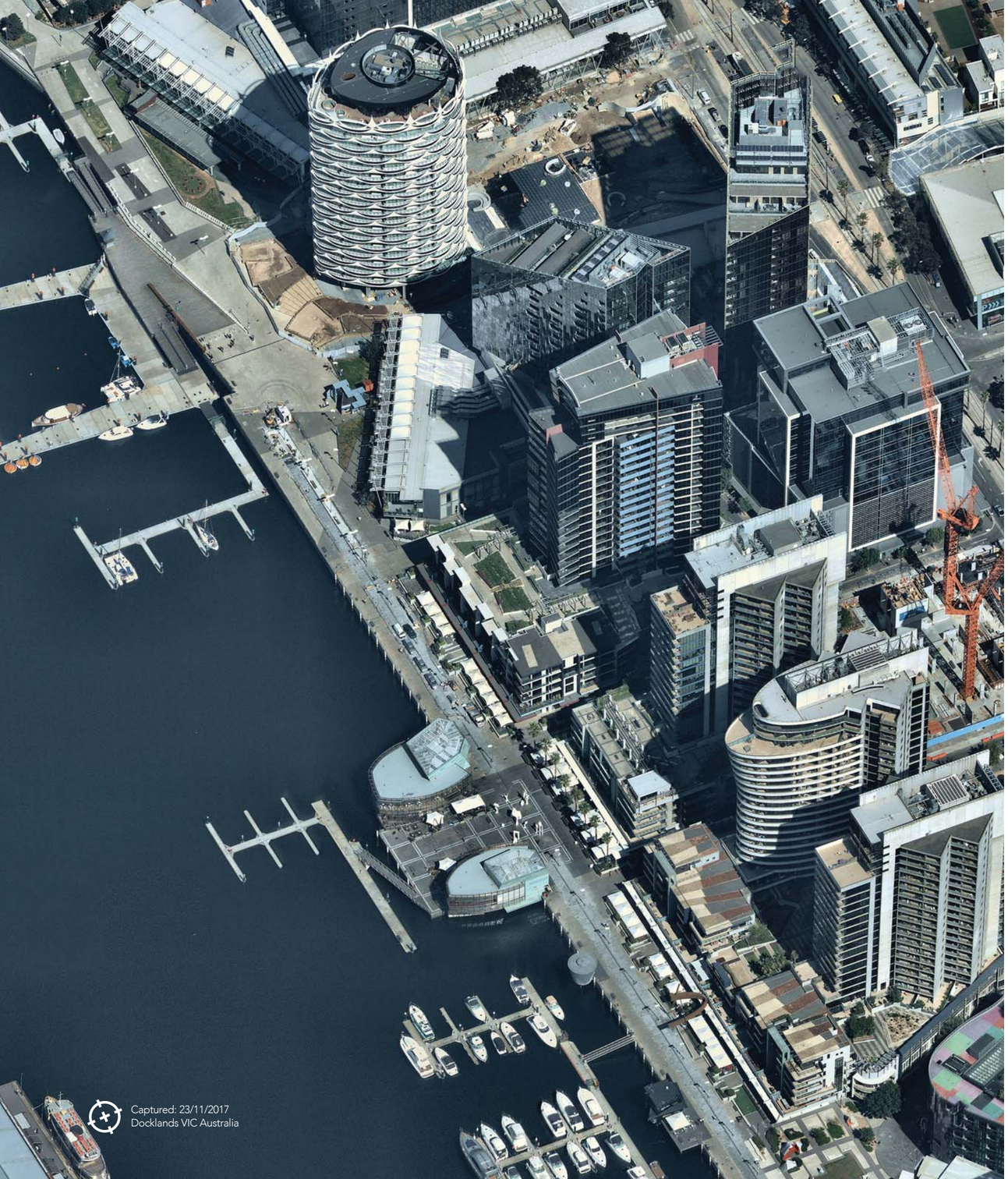


Captured: 23/11/2017
Docklands VIC Australia

CHAIRMAN'S LETTER

MR PETER JAMES
NON-EXECUTIVE CHAIRMAN

Dear Shareholder,

It is a pleasure to present the Nearmap 2018 Annual Report.

A YEAR OF BOTH INVESTMENT AND STRONG GROWTH

The 2018 financial year has been a year of strong growth for Nearmap. The investments made in the past several years in our technology, our capture program, our product, and our sales & marketing are now in place, all whilst delivering record growth in our subscription portfolio.

Nearmap's proprietary, market leading technology investment has brought our disruptive business model to oblique imagery in Australia and the United States. Subscription access to our Nearmap Panorama and Nearmap Oblique product features is a commercial first in both markets. Our oblique capture program now regularly covers the largest urban areas in our two largest geographies. This imagery now enables us to deliver richer content in the form of 3D models, increasing the use cases and the addressable market which we serve.

Our product suite continues to be enhanced, including the launch of a new mobile enabled MapBrowser. We have also commenced early stage research on the application of technology to derive rapid insight from our data.

Nearmap in the United States is now firmly in the growth stage of its development. The US business generated revenue of $10.6m in FY18, with its subscription portfolio more than doubling in size during the year. Our investment in our US operational base, encompassing sales, marketing and capture, positions us to continue the penetration of our disruptive business model in the world's largest, most sophisticated market for geospatial information.

The Australian business continued to demonstrate strong growth in FY18. Revenue ($43.0m) and gross profit ($40.3m) both increased by 18% from the prior year. Continued investment in strategic sales and marketing leadership, high retention rates and our expanded product suite enabled this growth.

The utility of our content, the disruptive nature of our business model and the scalability of our systems have seen us launch operations in New Zealand. Nearmap has also put in place the building blocks to strategically explore a range of opportunities to expand our channels for content delivery, explore geographic expansion, and integrate our rich data set into providing insights for business and government customers.

GOVERNANCE

The Board and Management are committed to achieving the highest standards of professional conduct across all Nearmap operations. Our *Corporate Code of Conduct* and *Code of Conduct for Company Directors and Executives* principles of Performance, Simplicity, Leadership, Commercial Focus and Integrity guide the way our staff are expected to manage their responsibilities and conduct themselves on a day-to-day basis.

The Board and Management view our commitment to governance as part of our responsibility to customers, shareholders, communities and the environment in which we operate. Details of Nearmap's corporate governance framework, policies and the Board and Management approach to managing risk can be found at https://www.nearmap.com.au/investors/corporate-governance.

MANAGEMENT

The company has significantly strengthened the executive team with the appointments of Dr Tom Celinski as Executive Vice President, Technology & Engineering, and Mr Tony Agresta as Executive Vice President, Product. Reflecting the increasing opportunities which Nearmap's unique business model and growth present in the global location intelligence market, Mr Patrick Quigley was appointed Executive Vice President & General Manager, International & Partners.

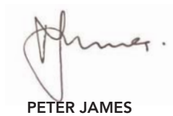
OUTLOOK

Subsequent to the end of the financial year, the Company undertook a $70m capital raise, which significantly strengthened our balance sheet. It has now provided the Group with the flexibility to accelerate our strategic objectives, expand our sales and marketing capability, enhance the quality of our data and the insights which can be derived from it, and allow for exploring expansion into other new geographies to leverage Nearmap's value proposition. Our Australian business will continue to organically fund the US business as it scales and our product and technology development. In the absence of a capital raise, we still expected to be cash flow break even for the financial year ending 30 June 2019.

In conclusion, on behalf of the Board and Senior Management, I would like to thank our staff for their efforts during the year and our shareholders for their continued support.

Details of our performance for the year, including the CEO's report and full set of financial results, can be found in the sections following and I encourage you to read them.

I look forward to another exciting year ahead.



PETER JAMES
Chairman
Sydney
16 October 2018

CEO'S REPORT

TO OUR SHAREHOLDERS, CUSTOMERS AND EMPLOYEES

Nearmap is founded on the principle that when we change the way people view the world, we can profoundly change the way that we work. Over the last 11 years, we have created and own a rich, continually expanding data set about the real world, providing high value insights to a diverse range of businesses and government organisations.

The 2018 financial year has been another strong year in progressing to our vision at Nearmap. We have delivered on our investment objectives for the year – broader content, an expanded product suite, expanded capture footprint and enhanced sales and marketing – whilst delivering record growth in our subscription portfolio. Our business model continues to demonstrate scale, positioning Nearmap for continued growth in disrupting the global location intelligence market.

Our investment in our product and technology has enhanced the rich data set we deliver to our customers. Commercial deployment of our Nearmap Panorama and Nearmap Oblique product features opens up additional industry sectors and use cases. Upgrading our MapBrowser to make it mobile enabled enhances the ability of our customers to obtain insights from our content. Our ability to generate 3D models at production scale has opened up new growth opportunities for the company in a range of use cases and industry sectors, including telecommunications wireless planning, public safety, property management and construction and engineering.

We have also initiated the next stage in Nearmap's evolution, to build on our expanded location content offering and provide our customers with rapid insight from that data. We have commenced early stage research with a small team of internal data scientists to determine how technology can bring greater value to our content for our customers, partners and prospects.

Our US operations are now firmly in the growth stage, with the disruptive value of our product gaining record adoption, particularly by larger enterprise customers. Our Australian operations continue to demonstrate the scale of our business model. Our group portfolio grew on all important metrics, such as revenue, annualised contract value (ACV), subscriber retention and subscriber numbers. We have also commenced the next phase in our geographic expansion, with the launch of New Zealand operations to access the significant opportunity which exists in that market.

Achieving this record growth as key investments are put in place has been enabled by an effective underlying business organisation. As well as the investments in our customer facing product and technology, we have also enhanced our back end systems to provide scalable growth.

The Nearmap team now consists of up to 200 employees in two countries dedicated to achieving our objectives with the opportunity that the global location intelligence market provides. I would like to take this opportunity to thank them for their efforts. I would also like to thank my Executive team for the leadership and guidance they have provided this year. We have continued to strengthen the executive team with key hires and have a team with the skill set which can support the next phase of our scalable growth.

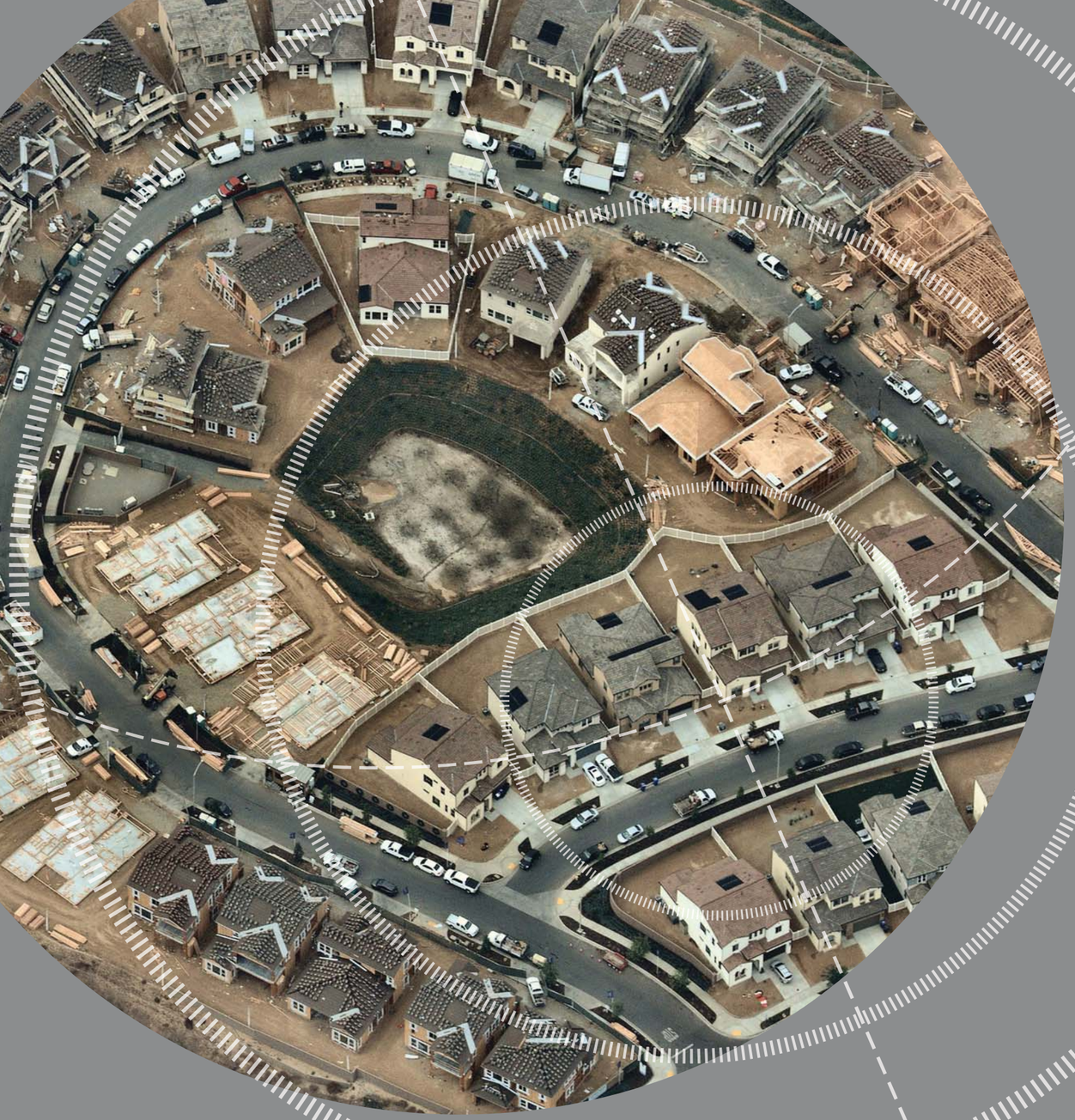
We continue our focus on growing the value for our shareholders. Nearmap has a strong balance sheet. The operating leverage of our cash generative business model is demonstrated in both our Australian and US operations. Above all, we maintained disciplined cost management as we made our investment in the capabilities to continue to deliver top line growth.

Captured: 10/06/2018
Somerville WA Australia

DELIVERING ON PRODUCT & TECHNOLOGY INVESTMENT

- Oblique imagery capture program now in place – covering the largest 68 metropolitan areas of the US, and six major metropolitan areas in Australia
- Increased capture footprint in Australia and the US in response to customer demand
- Off-line delivery of 3D products to high value use cases
- Enhanced product delivery platforms including mobile enabled MapBrowser, improving the customer experience and providing a scalable platform for growth

Captured: 25/02/2018
Chartwell New Zealand



Captured: 16/11/2017
San Diego CA USA

RECORD US PORTFOLIO GROWTH

- Investment in local sales and marketing capability generated increased sales team productivity
- ACV (Annualised Contract Value) portfolio more than doubled to a record US$12.9m, from a combination of upsell to existing customers and addition of new customers
- Diversified customer portfolio, with growth in subscription numbers and average revenue per subscription reflecting success with larger enterprise customers
- Subscription access to oblique imagery commercially available – a first in the US market
- Broadened distribution channel with addition of several partners who add value to our products in specific industry verticals

AUSTRALIA CONTINUES TO DEMONSTRATE BUSINESS MODEL SCALE

- ACV portfolio grew 22% to $48.8m both through addition of new subscriptions and upsell to existing subscriptions
- Growth in subscribers and average revenue per subscription
- Diversified customer portfolio across a range of industries, use cases and subscription sizes, with Nearmap's portfolio not reliant on any one economic sector
- Customer retention further increased as our products increasingly are part of our customers' workflows
- Sales and marketing investment focussed on customer engagement during the entire customer life cycle reflected in portfolio metrics

Captured: 17/04/2018
Barrow Island WA Australia

Captured: 14/12/2017
Jacksonville FL USA

A TEAM TO CAPITALISE ON THE MARKET OPPORTUNITY

- Team of up to 200 in Australia and the US, with world class experience in cloud based subscription businesses, geospatial technology and data analytics
- Executive and senior management team strengthened to enable operational scalability and continued growth
- Increased sophistication and enhancement of Nearmap's skill set, whether in sales and marketing, product and technology, data analytics, or in our operations
- Established foundations to explore national and multinational partnerships, expand channels for content delivery, explore geographic expansion and integrate our rich data set to provide customer insight

AN INSTRUMENT OF CHANGE IN OUR COMMUNITIES

In addition to the impact we have on our customers and employees, Nearmap is an agent of change in our wider community. Our contributions as a company have been directed to two organisations close to the heart of Nearmappers, Beyond Blue and the Royal Flying Doctor Service. More broadly, our content enables a range of benefits to the community at large, including reduced site visits (with a consequent impact on business efficiency, employee safety and carbon emissions), urban planning and smart cities, emergency response coordination and the monitoring of historic houses and sites. Four of our unique use cases are highlighted from page 23.

Captured: 06/07/2018
Chicago IL USA

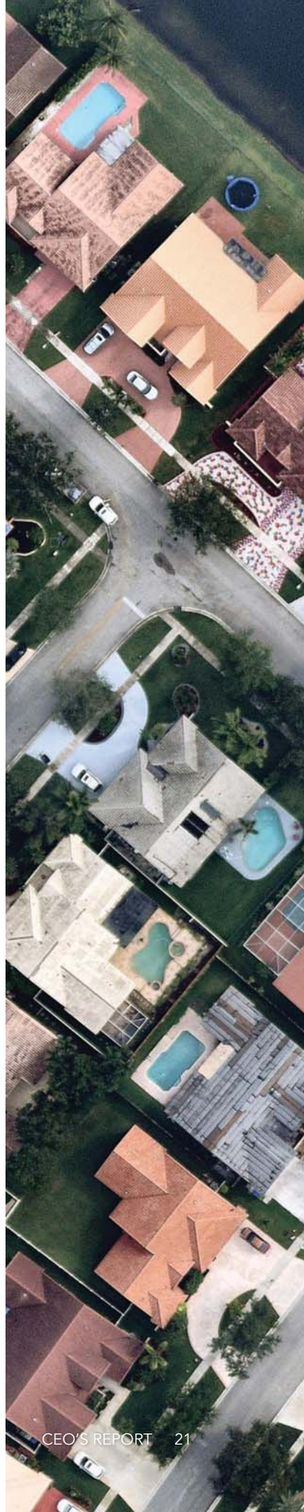
IN SUMMARY

The 2018 financial year demonstrates strong progress by Nearmap in the global location intelligence market. Our business model continues to provide us with a leadership position in Australia, its applicability to the US market is now evident in our results, and our entry to New Zealand brings our unique model to a third geography.

Our subscription platform, expanded product suite and features increase the customer utility of our content in the markets we operate in. Our 3D products allow new market opportunities in both the US and Australia. And our early research into providing our customers with rapid insight from our data has the opportunity to literally move us from data, to insight.

Looking forward, we will continue to commercialise our new content, increase the value of our content with complementary data analytics, and explore opportunities to expand our channels for content delivery and geographic expansion. This will drive increased penetration into our business customers and further expand our overall market opportunity.

ROB NEWMAN
Managing Director & CEO
Sydney
16 October 2018



PRESERVING AUSTRALIA'S NATURAL FAUNA

CUSTOMER STORY

WHO: Moreton Bay Koala Rescue (MBKR)

MBKR is a not-for-profit volunteer organisation involved in the direct rescue and care of injured, sick or orphaned koalas across Queensland's Moreton Bay Region, including Caboolture, Redcliffe and Pine Rivers. Their work also involves the release of rescued koalas, which, by Queensland state law, must be within five kilometres of where the animals were found.

THEIR CHALLENGE:

MBKR's work is critical to the survival of Australia's koala population, which in Brisbane's coastal areas has declined by 80% in the last 20 years. With the koala population endangered, finding the right place to release newly healthy koalas are crucial to ensuring that they can integrate into new habitats and thrive. If the area where the koala was originally picked up is undergoing development, or if the koala is young enough that it's likely to have issues reintegrating into its original environment without help, alternate release areas for the animals are critical. This is particularly difficult if there's been a new housing or transport development and there's very little habitat left in which to release the animal. MBKR president Anika Lehmann said that other imagery sources such as Google Maps were not sufficient for their needs, as the imagery is often outdated.

HOW NEARMAP HELPS:

MBKR has been using Nearmap since 2015 to track developments that might disturb natural koala habitats, and to research the best places to release rescued koalas raised in home care. They also compare the vegetation and terrain of the release area with the rescue location, since koalas have trouble acclimating to a new location substantially different from their home terrain. "I look at aerials from a year or 18 months ago, to see if the trees had a lot of water. Even eucalyptus will die without water for a long period. But if there is a constant supply of water, usually the koalas do very well," explained Lehmann. Nearmap even allows Lehmann to discover vegetation clearing activity that the local council may not be aware of.

ENABLING THE GENERATION OF CLEAN SOLAR POWER

CUSTOMER STORY

WHO: Auric Solar

Auric Solar is a full-service provider of residential and commercial solar power. It serves several U.S. states, including California, Colorado, Idaho, Oregon and Utah, and is one of the fastest growing companies in the nation. As well as its commitment to high-quality solar installation and customer service, Auric Solar is driven by its commitment to environmental stewardship with clean, sustainable and renewable energy.

THEIR CHALLENGE:

With aggressive goals to expand the business, Auric Solar determined it needed a faster and smarter way to find, qualify and quote solar prospects, rather than sending estimators up on roofs. The company decided to adopt remote estimation software from Aurora Solar. The software was integrated with satellite imagery by default, but Auric Solar soon realized the images were outdated and not sharp enough to accurately qualify prospective jobs. For example, solar installations require a clear view of rooftops and any possible obstructions (i.e. pipes, vents, shading etc.), but the satellite imagery wasn't clear to identify these issues.

HOW NEARMAP HELPS:

Auric Solar introduced Nearmap into its sales, estimating and design workflows by integrating Nearmap's cloud-based aerial imagery with Aurora's design software using Nearmap's APIs. With the superior clarity and detail of Nearmap's high resolution aerial imagery, estimators are able to confidently identify obstructions and create more accurate quotes. This results in fewer cancellations and change orders, highly accurate designs and an improved customer experience. Most importantly, they are able to do this in a fraction of the time it takes to do an on-site inspection, reducing the risk associated with employees conducting physical assessments on an actual roof.

EFFICIENT MANAGEMENT OF STORMWATER PROBLEM ASSESSMENT

CUSTOMER STORY

WHO: Northeast Ohio Regional Sewer District (NEORSD)

NEORSD is responsible for wastewater treatment facilities and interceptor sewers in the greater Cleveland metropolitan area. It owns and operates three wastewater treatment plants and hundreds of miles of the sewer systems in Cleveland and surrounding areas such as Cuyahoga Heights. These treatment plants clean billions of gallons of wastewater every year, reducing pollution and improving water quality. NEORSD maintains this complex network and has the responsibility to build and service sewer systems in the service area.

THEIR CHALLENGE:

NEORSD measures hard surface areas on a property to determine stormwater charges. Since hard surfaces like rooftops and driveways don't absorb stormwater, that water enters the storm drainage systems, increasing flow volumes and the maintenance needs of this infrastructure. Relying on other sources of imagery that aren't up-to-date, limited the ability to perform change analysis and deliver timely, accurate billing to ratepayers.

HOW NEARMAP HELPS:

NEORSD uses Nearmap as a critical tool to assess changes in impervious surfaces, roofs and outbuildings that create storm water runoff. "Change analysis is an important part of stormwater billing - changes happen all the time," said Eric Baker, GIS application administrator. "Current and historical aerial imagery allows us to visualise these changes, including hard surfaces, new buildings, demolitions and the status of construction projects. This analysis leads to accurate stormwater billing." The platform helps to address customer inquiries and reduces the amount of staff time spent on stormwater billing data maintenance, which frees up these resources to support other stormwater maintenance activities.

AIDING IN SEARCH AND RESCUE OPERATIONS FOR MISSING PERSONS

CUSTOMER STORY

WHO: Queensland Police Search and Rescue (SAR)

Queensland Police's search and rescue efforts involve coordinating operations for missing persons including children, the elderly, the mentally ill, and murder victims, as well as searches for evidence related to criminal matters, including murder and rape. Sergeant Lindsay Kuhrt is the Southern Police Region SAR Coordinator and oversees 16 other search coordinators.

THEIR CHALLENGE:

Speed and accuracy is critical in locating missing persons for a few reasons: to give them the best chance of survival, to make sure they don't travel far from their last known point, and to ensure evidence is found while fresh and in the best condition for forensic analysis. Quickly establishing the right search area depends on factors such as land features, including vegetation thickness, terrain variation, new or in-progress housing developments, open areas, and major landmarks. It's also critical to quickly and easily share the information with all police and rescue personnel.

HOW NEARMAP HELPS:

Since 2011, Nearmap has been integral in Queensland Police's search and rescue efforts, including plotting the search area, which is aided by the currency of Nearmap's imagery and measurement features such as the radius tool, which Kuhrt uses to determine the statistical search area. Kuhrt also uses Nearmap to coordinate rescue efforts, such as identifying the right point for a rescue helicopter to drop off medical personnel. Nearmap has also helped Kuhrt produce evidence at trial; in fact, his aerial imagery techniques have become standard practice in investigating Queensland murder cases. Nearmap's historical library of imagery also aids in the investigation of cases that are several years old. Kuhrt explains, "For me, Nearmap is my go-to. It's helping me find people and return them to their families, so they have closure."

DIRECTORS' REPORT

NEARMAP BOARD OF DIRECTORS
FROM LEFT TO RIGHT

MR IAN MORRIS
MS SUE KLOSE
MR CLIFF ROSENBERG
MR PETER JAMES
MR ROSS NORGARD
DR ROB NEWMAN

Captured: 15/03/2017
Mosgiel Dunedin New Zealand

DIRECTORS' REPORT

MR PETER JAMES

DR ROB NEWMAN

Your Directors submit their report together with the consolidated financial statements of the Group, comprising of Nearmap Ltd (the "Company") and its subsidiaries for the financial year ended 30 June 2018 and the auditor's report thereon.

The Directors of the Company at any time during, or since the end of, the financial year are:

MR PETER JAMES, BA, FAICD

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Peter has extensive experience as Chair, Non-executive Director and Chief Executive Officer across a range of publicly listed and private companies, particularly in emerging technologies and e-commerce.

Previously among other roles, Peter was a long term Director of iiNet, chairing iiNet's Strategy and Innovation Committee and was actively involved in the $1.5bn sale to TPG in August 2015. Peter is a successful investor in digital media and technology businesses in Australia and the US and travels extensively in reviewing innovation and consumer trends in the US and Asia.

Peter is an experienced and successful business leader with significant strategic and operational expertise. He brings a strong record of corporate governance and stakeholder communication, and is a member of the Australian Computer Society.

SPECIAL RESPONSIBILITIES:

Member of the Audit and Risk Management Committee

Member of the Nomination and Remuneration Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

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

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- iiNet Limited (ASX: IIN – delisted August 2015)

DR ROB NEWMAN, B.ENG(1ST HONS), PH.D.

CEO & MANAGING DIRECTOR

Rob has a unique track record as a successful Australian high technology entrepreneur in Australia and Silicon Valley. He has twice founded and built businesses on Australian technology, both successfully entering overseas markets.

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

In the 1980s, Rob was the inventor and co-founder of QPSX Communications Pty Ltd. Rob provided the technical leadership and product strategy, and was instrumental in establishing QPSX as a worldwide standard for Metropolitan Area Networks

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

- Nearmap Ltd (since 17 February 2011). Appointed CEO & Managing Director in October 2015
- Pointerra Limited (ASX: 3DP) – Non-executive Director

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- None

DIRECTORS' REPORT

MR ROSS NORGARD

MR IAN MORRIS

MR ROSS NORGARD, FCA

NON-EXECUTIVE DIRECTOR

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

Ross is a 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 former Chairman of the Western Australian Professional Standards Committee of the Institute of Chartered Accountants, a former member of the National Disciplinary Committee, former Chairman of the Friends of the Duke of Edinburgh's Award Scheme and a former member of the University of WA's Graduate School of Management (MBA Program). Ross is also Western Australia's Honorary Consul-General to Finland.

SPECIAL RESPONSIBILITIES:

Member of the Nomination and Remuneration Committee

Member of the Audit and Risk Management Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

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

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- None

MR IAN MORRIS, MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ian has enjoyed a successful business career in the US technology sector. He served as President and CEO of Market Leader for more than a decade, a leading provider of real estate Software as a Service (SaaS) solutions. Under his leadership, Market Leader was ranked the 4th fastest growing technology company in North America, leading to a successful IPO in 2004 and the sale of the company to Trulia in 2013 for US$380m.

Ian previously spent seven years at Microsoft leading early online marketing efforts and later served as the General Manager of Microsoft HomeAdvisor.

Ian serves as a strategic advisor and Board member with a number of leading US technology companies.

SPECIAL RESPONSIBILITIES:

Member of the Nomination and Remuneration Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

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

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- None

DIRECTORS' REPORT

MR CLIFF ROSENBERG,
B.BUS.SCI., M.SC. MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTOR

Cliff has a 20 year career in the digital space as an entrepreneur and executive. He was previously Managing Director for LinkedIn South East Asia, Australia and New Zealand where he drove awareness and uptake of LinkedIn's products.

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

Previously, Cliff was Founder and Managing Director of iTouch Australia and New Zealand, a leading wireless application service provider, head of corporate strategy for Vodafone Australasia and also a management consultant with Gemini Consulting and Bain Consulting.

SPECIAL DUTIES:

Chair of the Nomination and Remuneration Committee

Member of the Audit and Risk / Management Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

- Nearmap Ltd (since 3 July 2012) – Non-executive Director
- Pureprofile Ltd (ASX:PPL) – Non-executive Director
- Afterpay Touch Group Ltd (ASX:APT) – Non-executive Director
- Cabcharge Australia Ltd (ASX:CAB) – Non-executive Director
- IXUP Ltd (ASX:IXU) – Non-executive Director

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- None

MS SUE KLOSE,
B.SCI.ECON., MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

In prior roles in consulting and global media companies, Sue led strategic planning and development. As Director of Digital Corporate Development for News Ltd, Sue screened hundreds of potential investments, leading multiple acquisitions, establishing the CareerOne and Carsguide joint ventures, and held multiple board roles in high-growth digital and SaaS businesses.

Sue is currently a Non-executive Director of Pureprofile, a provider of data insights, quantitative research and lead generation, and a Non-executive Director of Aftercare, one of Australia's largest mental health care providers.

SPECIAL DUTIES:

Chair of the Audit and Risk Management Committee

Member of the Nomination and Remuneration Committee

CURRENT ASX LISTED COMPANY DIRECTORSHIPS:

- Nearmap Ltd (since 14 August 2017) – Non-executive Director
- Pureprofile Ltd (ASX:PPL) – Non-executive Director

FORMER ASX LISTED COMPANY DIRECTORSHIPS IN THE LAST 3 YEARS:

- None

MR CLIFF ROSENBERG

MS SUE KLOSE

COMPANY SECRETARY

Ms Shannon Coates LLB was appointed to the position of company secretary in June 2013. Ms Coates is a qualified lawyer with over 20 years' experience in corporate law and compliance. She is currently company secretary to a number of public listed and unlisted companies and has provided company secretarial and corporate advisory services to boards and various committees across a variety of industries, including financial services, resources, manufacturing and technology.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

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

	FULL BOARD MEETINGS		AUDIT AND RISK COMMITTEE MEETINGS		NOMINATION AND REMUNERATION COMMITTEE MEETINGS	
	A	B	A	B	A	B
P James	7	7	3	3	2	2
R Norgard	7	7	3	3	2	2
R Newman	7	7	-	-	-	-
C Rosenberg	7	7	3	3	2	2
I Morris	7	7	-	-	2	1
S Klose[1]	7	7	2	2	2	2

[1]Appointed 14 August 2017.
A - Number of meetings held during the time the Director held office and the Director was eligible to attend.
B - Number of meetings attended.

PRINCIPAL ACTIVITIES

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

There were no significant changes in the nature of the activities of the Group during the year.

OPERATING AND FINANCIAL REVIEW

Overview of the Group

Nearmap is an innovative online PhotoMap content provider that creates high quality current and changing aerial PhotoMaps. Nearmap's technology has been designed to fully automate the process of creating high definition PhotoMaps of large urban areas rapidly and in a cost effective manner. The technology enables PhotoMaps to be updated more frequently than other providers, which can be months, if not years, out of date.

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

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

The Group is a participant in the large, fragmented and growing global aerial imagery market, holding a global market share of less than 1%. Nearmap's strategy is to effectively monetise its content by providing convenient access to the content via desktop and mobile platforms, through subscription models and value-add products supported by e-commerce facilities.

The Group generates revenues in Australia and the United States through capturing and licensing its content to a broad range of customers, including government agencies and commercial enterprises of all sizes. The Group has also commenced capturing and licensing its content to customers in New Zealand. With a diverse customer base, the Group does not have any dependencies on key customers

DIRECTORS' REPORT

Review of operations

For the year ended 30 June 2018, the Company reported total revenue of $54.1m, up 32% on corresponding prior year revenue of $41.1m, underpinned by continued customer retention and growth in the customer base. The growth in revenue reflects the growth in the annualised contract value (ACV) of the Group's subscription portfolio, with the Australian portfolio growing 22% to $48.8m (30 June 2017: $40.0m) and the US portfolio growing 142% to USD$12.9m (30 June 2017: USD$5.3m).

The consolidated entity's result after provision for income tax was a loss of $11.0m (2017: loss of $5.3m). This was primarily due to investment in:

- expanded capture costs with the rollout of the HyperCamera 2 system in both Australia and the United States, with cost of revenue increasing 28% on prior year;
- sales and marketing costs in both segments, being 38% higher than prior year; and
- product, technology and general operations, with those costs being 57% higher than prior year, and amortisation and depreciation of corporate assets being 113% higher than prior year.

Review of financial condition

The Company's net assets decreased by $8.2m to $29.0m compared with the previous year, which is consistent with the current year's loss after tax.

The Group's receivables and cash flow management continue to support the overall working capital of the Group. The increase in overall sales during the year has resulted in a 43% increase in trade receivables as at year end. With a diverse customer base, the Company continues to focus on receivables management and, as at year end, only $0.3m of receivables are in arrears (2017: $0.9m).

The Company's balance sheet has no debt and a cash balance of $17.5m at year end. During the year ended 30 June 2018, Nearmap invested in sales and marketing in the US business, expanded Australian capture, and the HyperCamera2 system.

Cash receipts from customers for the year were $64.2m compared to $48.0m for the previous year, an increase of $16.2m (34%).

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

Dividends

No dividends have been paid or proposed in respect of the current year (2017: nil).

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

Likely developments

The Group will continue to implement the business strategies put in place to ensure that the Group continues on its growth trajectory in the foreseeable future, subject to a stable macro-economic environment. The Group will continue to seek new opportunities to build scale and to broaden its customer base, sales and marketing capability, product offering and technological advantage.

In reliance on s299A(3) of the *Corporations Act 2001*, we have not disclosed further information on business strategies and prospects, because disclosure of that information is likely to result in unreasonable prejudice to the Group.

Environmental regulation

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights and options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report are as follows:

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES
P James	282,000	2,500,000
R Norgard	50,076,295	-
R Newman	7,000,000	3,933,908
C Rosenberg	3,301,000	500,000
I Morris	-	1,500,000
S Klose	-	-

SHARE OPTIONS

As at 30 June 2018 there were 23,668,600 unissued ordinary shares under option. Refer to note 5 of the financial statements for further details of the Company's share based payment plan.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The Company has agreed to indemnify the current Directors of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Under the terms of an agreement, the Company has agreed to indemnify certain senior executives for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal fees.

Insurance premiums

Since the end of the previous financial year, the Group has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts, for current and former Directors and officers, including senior executives of the Company and Directors, senior executives and secretaries of its controlled entities. The insurance premiums relate to:

- legal costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage or to cause detriment to the Company.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the Company.

DIRECTORS' REPORT

NON-AUDIT SERVICES

During the year, KPMG, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor of the Group, KPMG, and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to KPMG and its network firms for audit and non-audit services provided during the year are set out below:

IN DOLLARS	2018
SERVICES OTHER THAN AUDIT AND REVIEW OF FINANCIAL STATEMENTS	
Other advisory for the entity and any other entity in the Group	69,950
Taxation advisory for the entity and any other entity in the Group	24,750
SUB-TOTAL	**94,700**
AUDIT AND REVIEW OF FINANCIAL STATEMENTS	**115,140**
TOTAL PAID TO KPMG	**209,840**

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 59 and forms part of the Directors' report for the financial year ended 30 June 2018.

Rounding of amounts

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

DIRECTORS' REPORT

MESSAGE FROM THE CHAIR OF THE NOMINATION AND REMUNERATION COMMITTEE

On behalf of the Board I am pleased to present the Remuneration Report for the Financial Year ended 30 June 2018 (FY18).

The role of the Nomination and Remuneration Committee is to assist the Board and make recommendations on remuneration, related policies and practices. Linking remuneration to the drivers that support the business strategy ensures that remuneration outcomes for senior executives are aligned with the creation of a strong, sustainable business that delivers value for shareholders.

In FY18 Nearmap increased the total revenue of the company by 32% by growing the customer base and through excellent customer retention. Ongoing strong performance will allow us to continue our investment in the Australian business, the US market and our products.

As outlined in the Nomination and Remuneration Committees message in last year's Directors' Report, we are committed to making changes to the remuneration structures during the course of FY18 to ensure they support our evolving business and remain adaptable to our future needs. The key changes in FY18 were:

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

These changes support Nearmap's continuing evolution and align our reward structure with our business strategy and talent objectives to deliver sustainable shareholder returns.

The Board will be pleased to receive feedback in relation to this report and commits to engaging with shareholders and their representatives on these matters. We thank you for your continued support and hope that you will find this report useful and informative.

Cliff Rosenberg

Chair – Nomination and Remuneration Committee

DIRECTORS' REPORT

PERSONS ADDRESSED AND SCOPE OF THE REMUNERATION REPORT

This remuneration report outlines the remuneration arrangements in pace for Directors and key management personnel of the Group comprising of Nearmap Ltd (the "Company") and its subsidiaries for the financial year ended 30 June 2018.

The report is set out under the following main headings:

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

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

KMP are the directors and employees who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. On that basis, the following roles/individuals are addressed in this report:

DIRECTORS

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

P James	Non-executive Chairman
R Norgard	Non-executive Director
R Newman	Chief Executive Officer
C Rosenberg	Non-executive Director
I Morris	Non-executive Director
S Klose	Non-executive Director (appointed 14 August 2017; appointed Executive Director, Interim Chief Marketing Officer from 5 March – 5 July 2018)

SENIOR EXECUTIVES CLASSIFIED AS KEY MANAGEMENT PERSONNEL

P Quigley	Senior Vice President and General Manager – International and Partners
A Watt	Chief Financial Officer
S Steel	Vice President, People and Culture
S Preston	Vice President of Sales – Australia
L Rankin	Vice President of Product and Engineering (resigned 9 July 2018)
T Celinski	Vice President, Technology and Engineering (appointed 19 February 2018)
S Klose	Interim Chief Marketing Officer (appointed 5 March – 5 July 2018)

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

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 Chief Executive Officer & Managing Director and the senior management team and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director.

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

SECURITIES TRADING POLICY

A securities trading policy ("Trading Policy") has been adopted by the Board to provide guidance to Directors, employees of the Group, and other parties who may have access to price sensitive information, who may be contemplating dealing in the Company's securities or the securities of entities with whom the Company may have dealings.

The Trading Policy is designed to ensure that any trading in the Company's securities is in accordance with the law. Any non-compliance with the Trading Policy will be regarded as an act of serious misconduct. The Trading Policy is available on Nearmap's website at www.nearmap.com/investors/corporate-governance

REMUNERATION STRUCTURE

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

Non-executive Director remuneration

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

Structure Each Non-executive Director receives a fee for being a Director of the Company. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting (AGM) held on 30 November 2015 when shareholders approved an aggregate remuneration of $500,000 per year. Further fees may be paid to Non-executive Directors where additional time commitment is required such as that required by the Chairman of the Company. A grant of Non-executive Director share options was last made during the year ended 30 June 2016. No grants were made in the years ended 30 June 2017 or 30 June 2018.

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

During the year ended 30 June 2018, fees were introduced for the sub-committee Chairs and members (other than the Board Chair) to recognise their additional responsibilities. The current base Non-executive Director fees per annum, including statutory superannuation, are:

Chairman	$135,000
Non-executive Director	$70,000
Committee Chair	$10,000
Committee Member	$5,000
US Non-executive Director	$70,000 USD
US Committee Member	$5,000 USD

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONT.)

Services from remuneration consultants

The Board periodically reviews the level of fees paid to Non-executive Directors, including seeking external advice. No review was undertaken in the year ended 30 June 2018.

Voting and comments made at the Company's 2017 Annual General Meeting

The Company received 8.38% "no" votes on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Key management personnel and Executive Director remuneration

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

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

Structure Remuneration typically consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential STIs and LTIs) is established for each KMP by the Nomination and Remuneration Committee.

Fixed Remuneration

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

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

The following KMP and Executive Director fixed remuneration related matters were identified for consideration and/or action during the year ended 30 June 2018:

- The CEO & Managing Director's fixed remuneration appeared appropriate and no change was made;
- Mr Quigley, Senior Vice President and General Manager – International and Partners, was promoted into a new role during the year resulting in an increase in fixed remuneration from $270,000 USD to $350,000 USD;
- Ms Rankin was awarded an 18% increase in fixed remuneration reflecting her step up to a permanent executive role.
- Minor performance related adjustments were made to the fixed remuneration of the Chief Financial Officer, the Vice President of People and Culture, and the Vice President of Sales – Australia.

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

Variable Remuneration - Short Term Incentive (STI)

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

Structure Actual STI payments granted to each employee depend on the extent to which specific operating targets are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering individual and group performance measures aligned to the short-term success of the business. The performance measures are set as follows:

- Group performance: 60% of the STI comprises a Group Revenue target, with a minimum EBITDA threshold required to trigger payment (FY2018 EBITDA threshold $2m). The payout is scaled to the internal Group Revenue target with a minimum gateway introduced for participating employees to provide a strong focus on the top line growth required for the business to expand (FY2018 Group Revenue Target $56.0m). Subject to meeting the gateway, outperformance results in higher than target payments (maximum payout of 150% of the 60%), while underperformance results in below target payments.
- Individual performance: 40% of the STI comprises personal performance targets, typically including employee engagement, leadership/team contribution and functional specific deliverables.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONT.)

Executives responsible for sales have an uncapped STI aligned to internal ACV growth targets.

STI payments are made if the relevant targets are achieved. If the targets are not achieved then any STI payment is discretionary and will only be made if the Board deem that the executive has demonstrated exceptional performance in meeting other objectives. There were no discretionary payments made in the year ended 30 June 2018.

The amount of annual STI payments available for employees across the Group is subject to the approval of the Nomination and Remuneration Committee. Payments made are usually delivered as a cash bonus paid after the release of the audited financial statements.

Variable Remuneration – Long Term Incentive (LTI)

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

Structure (i) Options are granted to KMPs upon becoming an executive of the company. One-off LTI grants to new executives 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 potential contribution of the Eligible Person to the growth of the Group; and
- any other matters which the Board considers relevant.

One-off LTI grants to new executives granted subsequent to 1 July 2017 are granted at the closing share price on the grant date and vest in equal tranches over 3 years. Vesting is subject to the Executive continuing in employment or service. See Section D on pages 51-54 for further details.

(ii) Executives are entitled to an annual award, set at 25% of total remuneration, and subject to a total shareholder return (TSR) growth performance vesting condition. TSR is a measure of the increase in the price of a share (assuming dividends are reinvested). The number of options that will vest (and become exercisable) at the vesting date will be determined by reference to the achievement of a percentage of the Company's annual compound growth rate (CAGR) in TSR over the period commencing on the grant date and ending on the vesting date are as follows:

CAGR % ACHIEVED	% OF OPTIONS WHICH WILL VEST
15%	50%
16%	60%
17%	70%
18%	80%
19%	90%
20%	100%

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONT.)

Options are issued with a strike price based on the higher of $0.70 or the five day volume weighted average price of the Company's shares as traded on the ASX over the five trading days prior to the date of the meeting. Options vest 36 months from the date of grant and expire 48 months after the date of grant.

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

Group Performance

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

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

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Total revenue	54,140	41,065	31,289	26,124	20,069
EBITDA (earnings before interest, tax, depreciation and amortisation)[1]	4,856	6,017	632	944	3,384
Dividends paid	-	-	-	-	-

	2018	2017	2016	2015	2014
Change in share price	$0.53	$0.20	($0.18)	$0.16	$0.17

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

The graph below shows the Company's closing share price since 1 July 2013 and the relative performance against the ASX All Ordinaries.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

B. DETAILS OF REMUNERATION

Financial year 2018 performance is reflected in the outcome of the variable components of the remuneration framework:

- STI payments were made to the CEO & Managing Director and other key management personnel based on attainment of set performance criteria.
- Group performance: the minimum EBITDA threshold was reached to trigger the payout mechanism. Group Revenue was delivered to 97% of management target which, based on the tiered earnings schedule, meant that employees were paid out at 83%. This equates to a payout of 50% of the 60% entitlement.
- The Board reviewed delivery against functional specific targets and agreed payouts accordingly.
- Executives with a commission based STI were paid in accordance with the terms of their commission schemes.
- STI payout percentages to Directors and key management personnel are shown below:

	GROUP TARGET REVENUE		SALES TARGET ACV		INDIVIDUAL TARGET FUNCTIONAL SPECIFIC		SUB-TOTAL			
	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	DISCRETIONARY	TOTAL
DIRECTORS										
R Newman	60%	50%	-	-	40%	40%	100%	90%	-	90%
OTHER KEY MANAGEMENT PERSONNEL										
A Watt	60%	50%	-	-	40%	40%	100%	90%	-	90%
S Steel	60%	50%	-	-	40%	40%	100%	90%	-	90%
S Preston	-	-	100%	119%	-	-	100%	119%	-	119%
T Celinski	60%	50%	-	-	40%	40%	100%	90%	-	90%
L Rankin	60%	50%	-	-	40%	-	100%	50%	-	50%
P Quigley	-	-	100%	201%	-	-	100%	201%	-	201%

- LTI grants were awarded to the CEO & Managing Director and other key management personnel as follows:
  - Dr Newman received a grant of 933,908 market-priced share options vesting in three years, as approved at the Company AGM on 16 November 2017 (executive annual award);
  - Mr Watt, Mr Preston, Ms Steel, Ms Rankin and Mr Quigley received grants on 16 November 2017 of 556,753, 538,793, 422,055, 466,954 and 639,507 market-priced share options respectively, vesting in three years (executive annual award); and
  - Upon joining the Company, Mr Celinski received a grant of 1,000,000 market-priced share options, vesting in equal tranches over three years (one-off LTI grant to new executive).

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

B. DETAILS OF REMUNERATION (CONT.)

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

		SHORT-TERM			LONG-TERM	POST-EMPLOYMENT				
		SALARY & FEES[1]	NON-MONETARY[2]	CASH BONUS	LONG SERVICE LEAVE[3]	SUPER-ANNUATION	TERMINATION BENEFITS	SHARE BASED PAYMENT OPTIONS[4]	TOTAL	PERCENTAGE PERFORMANCE RELATED
NON-EXECUTIVE DIRECTORS[7]										
P James	2018	101,978	-	-	-	9,688	-	62,431	174,097	-
P James	2017	91,324	-	-	-	8,676	-	140,470	240,470	-
R Norgard	2018	70,776	-	-	-	6,724	-	-	77,500	-
R Norgard	2017	63,926	-	-	-	6,074	-	-	70,000	-
C Rosenberg[5]	2018	80,238	-	-	-	1,012	-	30,740	111,990	-
C Rosenberg	2017	63,926	-	-	-	6,074	-	70,938	140,938	-
I Morris[5]	2018	95,787	-	-	-	1,345	-	51,436	148,568	-
I Morris	2017	70,935	-	-	-	6,739	-	115,731	193,405	-
S Klose[6]	2018	39,773	-	-	-	3,778	-	-	43,551	-
SUB-TOTAL NON-EXECUTIVE DIRECTORS										
	2018	**388,552**	**-**	**-**	**-**	**22,547**	**-**	**144,607**	**555,706**	
	2017	290,111	-	-	-	27,563	-	327,139	644,813	
EXECUTIVE DIRECTORS										
R Newman	2018	500,692	-	234,203	2,623	20,049	-	309,024	1,066,591	26%
R Newman	2017	500,692	18,000	132,683	334	19,616	-	314,978	986,303	13%
S Klose[6]	2018	78,462	-	-	-	6,766	-	-	85,228	-
SUB-TOTAL EXECUTIVE DIRECTORS										
	2018	**579,154**	**-**	**234,203**	**2,623**	**26,815**	**-**	**309,024**	**1,151,819**	
	2017	500,692	18,000	132,683	334	19,616	-	314,978	986,303	

[1] Salary includes annual leave.
[2] Non-monetary benefits include the cost to the Company of providing vehicle, living away from home benefits and accommodation.
[3] Relates to long service leave accrued during the year.
[4] AASB 2 accounting value determined at grant date, recognised over related vesting periods. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual key management personnel may ultimately realise should the equity instruments vest. The notional value of options as at the date of their grant has been determined in accordance with the accounting policy in note 5.
[5] Mr Rosenberg and Mr Morris elected to have their remuneration remitted through management companies during the year. Total fees remitted were inclusive of superannuation guarantee contributions.
[6] Ms Klose was appointed as a Non-executive Director on 14 August 2017. She was appointed as interim Chief Marketing Officer on 5 March 2018 and temporarily became an executive Director, remaining on the board. Ms Klose completed her role as interim Chief Marketing Officer on 5 July 2018 and returned to her role as Non-executive Director on 6 July 2018.
[7] No options were granted to Non-Executive Directors during the year ended 30 June 2018.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

B. DETAILS OF REMUNERATION (CONT.)

ASX Listing Rule 10.17 states that 'Directors' fees' constitutes fees, including superannuation, but excluding securities issued. The total Directors' fees paid to Non-executive Directors during the year ended 30 June 2018, excluding share based payments, was $411,099 which is within the amount determined at the AGM on 30 November 2015.

		SHORT-TERM			LONG-TERM	POST-EMPLOYMENT				
		SALARY & FEES[1]	NON-MONETARY[2]	CASH BONUS	LONG SERVICE LEAVE[3]	SUPER-ANNUATION	TERMINATION BENEFITS	SHARE BASED PAYMENT OPTIONS[4]	TOTAL	PERCENTAGE PERFORMANCE RELATED
OTHER KEY MANAGEMENT PERSONNEL (GROUP)										
L Rankin[5]	2018	239,952	-	64,935	-	20,049	-	115,121	440,057	20%
L Rankin	2017	200,440	-	53,000	1,027	19,008	-	117,009	390,484	14%
P Quigley	2018	377,115	-	379,768	-	-	-	100,629	857,512	48%
P Quigley	2017	334,347	-	155,272	-	-	-	222,933	712,552	-
A Watt	2018	289,952	-	139,423	175	20,049	-	285,330	734,929	23%
A Watt[6]	2017	156,369	-	40,917	58	11,345	-	221,054	429,743	10%
S Steel	2018	215,552	-	105,692	136	20,049	-	86,063	427,492	30%
S Steel[7]	2017	113,380	-	21,781	47	10,564	-	18,998	164,770	13%
S Preston	2018	280,984	-	179,156	140	20,049	-	99,007	579,336	35%
S Preston[8]	2017	79,802	-	39,561	30	4,904	-	21,109	145,406	27%
T Celinski[9]	2018	127,625	-	59,732	47	8,806	-	83,679	279,889	21%
SUB-TOTAL OTHER KEY MANAGEMENT PERSONNEL										
	2018	**1,531,180**	**-**	**928,706**	**498**	**89,002**	**-**	**769,829**	**3,319,215**	
	2017	884,338	-	310,531	1,162	45,821	-	601,103	1,842,955	
FORMER KEY MANAGEMENT PERSONNEL (GROUP)										
G Beukes[10]	2017	211,273	-	-	-	10,218	75,000	(80,685)	215,806	-
J Biviano[11]	2017	317,456	-	-	-	19,616	269,050	(11,351)	594,771	-
P Lapstun[12]	2017	314,041	-	-	-	19,616	-	(68,891)	264,766	-
TOTAL DIRECTORS AND KEY MANAGEMENT PERSONNEL										
	2018	**2,498,886**	**-**	**1,162,909**	**3,121**	**138,364**	**-**	**1,223,460**	**5,026,739**	
	2017	2,517,911	18,000	443,214	1,496	142,450	344,050	1,082,293	4,549,414	

[1] Salary includes annual leave.
[2] Non-monetary benefits include the cost to the Company of providing vehicle, living away from home benefits and accommodation.
[3] Relates to long service leave accrued during the year.
[4] AASB 2 accounting value determined at grant date, recognised over related vesting periods. The amount included as remuneration is not related to or indicative of the benefit (if any) that the individual key management personnel may ultimately realise should the equity instruments vest. The notional value of options as at the date of their grant has been determined in accordance with the accounting policy in note 5.
[5] Ms Rankin resigned on 9 July 2018.
[6] Mr Watt was appointed as Chief Financial Officer on 12 December 2016.
[7] Ms Steel was appointed as Vice President, People and Culture on 1 February 2017.
[8] Mr Preston was appointed as Vice President of Sales - Australia on 20 March 2017.
[9] Mr Celinski was appointed as Executive Vice President - Technology and Engineering on 18 February 2018.
[10] Mr Beukes resigned on 5 January 2017.
[11] Mr Biviano resigned on 16 March 2017.
[12] Mr Lapstun resigned on 30 June 2017.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

B. DETAILS OF REMUNERATION (CONT.)

The proportion of fixed remuneration and potential variable remuneration is established for each key management personnel by the Nomination and Remuneration Committee. The proportion of fixed and potential at risk components for the key management personnel as a percentage of potential target total annual remuneration for the 2018 year, is shown below:

	FIXED REMUNERATION		
	SALARIES AND BENEFITS 2018	LTI[1] 2018	AT RISK – STI 2018
NON – EXECUTIVE DIRECTORS			
P James	100%	-	-
R Norgard	100%	-	-
C Rosenberg	100%	-	-
I Morris	100%	-	-
S Klose	100%	-	-
EXECUTIVE DIRECTORS			
R Newman	50%	25%	25%
S Klose	100%	-	-
OTHER KEY MANAGEMENT PERSONNEL			
L Rankin	50%	25%	25%
P Quigley	50%	25%	25%
A Watt	50%	25%	25%
S Steel	50%	25%	25%
S Preston	50%	25%	25%
T Celinski	50%	25%	25%

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

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

C.EMPLOYMENT CONTRACTS

All executive employees and key management personnel are employed under contract. All executives have ongoing contracts and as such only have commencement dates and no expiry dates.

Details of key management personnel contracts as at 30 June 2018 are:

NAME	NOTICE PERIOD FOR TERMINATION
R Newman	6 months
A Watt	4 months
S Steel	4 months
S Preston	4 months
L Rankin	4 months
P Quigley	4 months
T Celinski	3 months
S Klose	4 weeks

- On resignation any unvested options are forfeited. Limited recourse loans (LRLs) are only granted to key management personnel in respect of vested options, therefore the loans are not subject to cancellation on resignation.
- The Company may terminate an employment agreement by providing the respective written notice period or provide payment in lieu of the notice period (based on the fixed component of remuneration). On such termination by the Company, any LTI options that have vested, or will vest during the notice period will be required to be exercised within 180 days from termination date or the 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.
- If an employee ceases to be employed by the Company (including by way of resignation, retirement, dismissal, etc) and has an outstanding LRL, the employee may elect to have the Company sell the loan shares and apply the net proceeds of the sale in repayment of the loan or repay the outstanding amount on the loan. This determination must generally be made within one month of the date of ceased employment.
- There are no formal contracts between the Company and Non-executive Directors in relation to remuneration other than the letter of appointment that stipulates the remuneration as at the commencement date.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

D.SHARE BASED COMPENSATION

OPTIONS

A share option incentive scheme, the Nearmap Employee Share Option Plan, has been established whereby Directors and certain employees of the Group may be issued with options over the ordinary shares of the Company.

In Australia, up until 30 June 2017, options were issued for nil consideration at an exercise price calculated with reference to prevailing market prices and a 43% premium in accordance with performance guidelines established by the Directors of the Company. From 1 July 2017, all options issued are for nil consideration at an exercise price calculated with reference to prevailing market prices.

The grants are either issued for 4 years:

(i) with TSR growth performance vesting conditions and are exercisable after three years; or

(ii) without any performance vesting conditions and are exercisable on various dates (usually in two or three equal annual tranches when vested).

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

The options only vest under certain conditions, principally centred on the employee still being employed, or the Director still engaged, the time of vesting (that is, once the service has been satisfied), or specified performance hurdles being achieved to determine 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.

Refer to the tables on pages 52-54 for details of the options that were issued to Directors and key management personnel during the year ended 30 June 2018.

LIMITED RECOURSE LOANS (LRLS)

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

The employee does not have a beneficial interest in the shares until the loan is repaid with any such shares being held in escrow until this time. For accounting purposes, the granting of the limited recourse loan is considered to be a modification to the existing option. Any increase in the fair value of the option is recognised as an expense immediately at the date the limited recourse loan is granted.

If the employee fails to repay the loan, Nearmap takes security over the option shares and can sell some or all of the shares to repay the loan. In the event that the shares are sold for an amount less than the amount of the loan and any interest, the employee is only required to repay the loan and any interest to the amount of the sale proceeds. Nearmap has no other recourse against the employee.

COMPENSATION OPTIONS:

Grants made prior to 30 June 2017: Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price determined at a 43% premium to the market price of the shares on the date of grant (Australia) or the market price on grant date (US). When an individual is granted a LRL to exercise their option, the effect is to extend the life of the original option. The exercise price includes interest accrued.

Grants made after 30 June 2017: Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at an exercise price determined by the market price of the shares on the date of grant. When an individual is granted a LRL to exercise their option, the effect is to extend the life of the original option. The exercise price includes interest accrued.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

D.SHARE BASED COMPENSATION (CONT.)

COMPENSATION OPTIONS (CONT.)

30 JUNE 2018	BALANCE AT 1 JULY	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	EXERCISED DURING THE PERIOD	BALANCE AT 30 JUNE	VESTED DURING THE PERIOD	UNVESTED AT BALANCE DATE	GRANT DATE	VALUE PER OPTION/ SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/ CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE	VALUE EXERCISED DURING THE PERIOD[2] $
DIRECTORS													
P James													
- Options	833,333	-	-	-	833,333	833,333	-	Mar 16	0.1125	0.55	Mar 18	Mar 20	-
- Options	833,334	-	-	-	833,334	-	833,334	Mar 16	0.1125	0.55	Mar 19	Mar 20	-
R Newman													
- Options	1,000,000	-	-	1,000,000[3]	-	-	-	Nov 15	0.1135	0.56	Nov 17	Nov 19	55,000
- Options	1,000,000	-	-	-	1,000,000	-	1,000,000	Nov 15	0.1135	0.56	Nov 18	Nov 19	-
- Options	666,666	-	-	-	666,666	666,666	-	Dec 16	0.2428	1.06	Dec 17	Dec 20	-
- Options	666,667	-	-	-	666,667	-	666,667	Dec 16	0.2428	1.06	Dec 18	Dec 20	-
- Options	666,667	-	-	-	666,667	-	666,667	Dec 16	0.2428	1.06	Dec 19	Dec 20	-
- Options	-	933,908	-	-	933,908	-	933,908	Nov 17	0.2490	0.71	Nov 20	Nov 21	-
C Rosenberg[4]													
- Options	500,000	-	-	500,000	-	-	-	Nov 15	0.1135	0.56	Nov 17	Nov 19	240,000
- Options	500,000	-	-	-	500,000	-	500,000	Nov 15	0.1135	0.56	Nov 18	Nov 19	-
I Morris													
- Options	500,000	-	-	-	500,000	500,000	-	Mar 16	0.1547	0.40	Mar 18	Mar 20	-
- Options	500,000	-	-	-	500,000	-	500,000	Mar 16	0.1547	0.40	Mar 19	Mar 20	-

[1] AASB 2 accounting value determined at grant date.
[2] Value determined based on the share price at exercise date less exercise price.
[3] The exercise of these options was funded through the grant of a LRL under the Employee Loan Scheme.
[4] Mr Rosenberg exercised a further 500,000 options which had a vesting date prior to 30 June 2017.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

D.SHARE BASED COMPENSATION (CONT.)

COMPENSATION OPTIONS (CONT.)

30 JUNE 2018	BALANCE AT 1 JULY	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	EXERCISED DURING THE PERIOD	BALANCE AT 30 JUNE	VESTED DURING THE PERIOD	UNVESTED AT BALANCE DATE	GRANT DATE	VALUE PER OPTION/ SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/ CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE	VALUE EXERCISED DURING THE PERIOD[2] $
OTHER KEY MANAGEMENT PERSONNEL													
A Watt													
- Options	833,333	-	-	833,333[3]	-	-	-	Dec 16	0.2480	0.93	Dec 17	Dec 20	45,833
- Options	833,333	-	-		833,333	-	833,333	Dec 16	0.2480	0.93	Deb 18	Dec 20	-
- Options	833,334	-	-		833,334	-	833,334	Dec 16	0.2480	0.93	Dec 19	Dec 20	-
- Options		556,753	-	-	556,753	-	556,753	Nov 17	0.2490	0.71	Nov 20	Nov 21	-
S Steel													
- Options	232,510	-	-	232,510[3]	-	-	-	Mar 17	0.1738	0.64	Mar 18	Mar 21	115,092
- Options	232,510	-	-	-	232,510	-	232,510	Mar 17	0.1738	0.64	Mar 19	Mar 21	-
- Options	232,511	-	-	-	232,511	-	232,511	Mar 17	0.1738	0.64	Mar 20	Mar 21	-
- Options	-	422,055	-	-	422,055	-	422,055	Nov 17	0.2490	0.71	Nov 20	Nov 21	-
S Preston													
- Options	258,344	-	-	-	258,344	258,344	-	Mar 17	0.1738	0.64	Mar 18	Mar 21	-
- Options	258,345	-	-	-	258,345	-	258,345	Mar 17	0.1738	0.64	Mar 19	Mar 21	-
- Options	258,345	-	-	-	258,345	-	258,345	Mar 17	0.1738	0.64	Mar 20	Mar 21	-
- Options	-	538,793	-	-	538,793	-	538,793	Nov 17	0.2490	0.71	Nov 20	Nov 21	-
T Celinski													
- Options	-	333,000	-	-	333,000	-	333,000	Feb 18	0.4110	0.82	Feb 19	Feb 22	-
- Options	-	333,000	-	-	333,000	-	333,000	Feb 18	0.4110	0.82	Feb 20	Feb 22	-
- Options	-	334,000	-	-	334,000	-	334,000	Feb 18	0.4110	0.82	Feb 21	Feb 22	-
L Rankin													
- Options	150,000	-	-	-	150,000	150,000	-	Dec 14	0.1608	0.85	Dec 17	Dec 18	-
- Options	83,333	-	-	-	83,333	83,333	-	Nov 15	0.1157	0.56	Nov 17	Nov 19	-
- Options	83,334	-	-	-	83,334	-	83,334	Nov 15	0.1157	0.56	Nov 18	Nov 19	-
- Options	333,333	-	-	-	333,333	333,333	-	May 16	0.1532	0.68	May 18	May 20	-
- Options	333,334	-	-	-	333,334	-	333,334	May 16	0.1532	0.68	May 19	May 20	-
- Options	172,230	-	-	-	172,230	172,230	-	Mar 17	0.1783	0.64	Mar 18	Mar 21	-
- Options	172,230	-	-	-	172,230	-	172,230	Mar 17	0.1783	0.64	Mar 19	Mar 21	-
- Options	172,230	-	-	-	172,230	-	172,230	Mar 17	0.1783	0.64	Mar 20	Mar 21	-
- Options	-	466,954	-	-	466,954	-	466,954	Nov 17	0.2490	0.71	Nov 20	Nov 21	-

[1] AASB 2 accounting value determined at grant date.
[2] Value determined based on the share price at exercise date less exercise price.
[3] The exercise of these options was funded through the grant of a LRL under the Employee Loan Scheme.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

D.SHARE BASED COMPENSATION (CONT.)

COMPENSATION OPTIONS (CONT.)

30 JUNE 2018	BALANCE AT 1 JULY	GRANTED DURING THE PERIOD	LAPSED OR FORFEITED DURING THE PERIOD	EXERCISED DURING THE PERIOD	BALANCE AT 30 JUNE	VESTED DURING THE PERIOD	UNVESTED AT BALANCE DATE	GRANT DATE	VALUE PER OPTION/ SHARE AT GRANT DATE[1] $	EXERCISE PRICE PER SHARE (OPTIONS)/ CURRENT PRICE PER SHARE (LOANS) $	VESTING DATE	EXPIRY DATE	VALUE EXERCISED DURING THE PERIOD[2] $
P QUIGLEY													
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.1480	0.39	Aug 17	Jan 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.1480	0.39	Nov 17	Jan 21	-
- Options	375,000	-	-	-	375,000	375,000	-	Feb 16	0.1480	0.39	Nov 17	Nov 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.1480	0.39	Feb 18	Jan 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.1480	0.39	Feb 18	Nov 21	-
- Options	93,750	-	-	-	93,750	93,750	-	Feb 16	0.1480	0.39	May 18	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 18	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 18	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 18	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 18	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	May 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	May 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 19	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 19	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 20	Jan 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Feb 20	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	May 20	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Aug 20	Nov 21	-
- Options	93,750	-	-	-	93,750	-	93,750	Feb 16	0.1480	0.39	Nov 20	Nov 21	-
- Options	-	639,507	-	-	639,507	-	639,507	Nov 17	0.2490	0.71	Nov 20	Nov 21	-

[1] AASB 2 accounting value determined at grant date.
[2] Value determined based on the share price at exercise date less exercise price.

Modification of Terms of Share-based Payment Transactions

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

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

E. TRANSACTIONS OF KEY MANAGEMENT PERSONNEL

SHARES HELD IN THE COMPANY

30 JUNE 2018	BALANCE AT 1 JULY 17	EXERCISE OF OPTIONS	NET OTHER CHANGE	BALANCE AT 30 JUNE 18	BALANCE HELD NOMINALLY
DIRECTORS					
P James	282,000	-	-	282,000	282,000
R Norgard	50,076,295	-	-	50,076,295	50,036,295
R Newman	6,000,000	1,000,000	-	7,000,000	7,000,000
C Rosenberg	2,301,000	1,000,000	-	3,301,000	3,301,000
I Morris	-	-	-	-	-
S Klose	-	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL					
L Rankin	-	-	-	-	-
P Quigley	-	-	-	-	-
A Watt	-	833,333	-	833,333	833,333
S Steel	-	232,510	-	232,510	232,510
S Preston	-	-	-	-	-
T Celinski	-	-	-	-	-

LOAN SHARES HELD IN THE COMPANY

30 JUNE 2018	BALANCE AT 1 JULY 17	EXERCISE OF OPTIONS	NET OTHER CHANGE	BALANCE AT 30 JUNE 18	BALANCE HELD NOMINALLY
DIRECTORS					
R Newman	1,000,000	1,000,000	-	2,000,000	2,000,000
OTHER KEY MANAGEMENT PERSONNEL					
A Watt	-	833,333	-	833,333	833,333
S Steel	-	232,510	-	232,510	232,510

Financial assistance under the Employee Share Option Plan

LRLs advanced to key management personnel during the year ended 30 June 2018 amounted to $1,483,806 (2017: $560,000). Interest on the loans during the period has been accrued at a rate of between 1.50% and 2.00%. The loans are not recognised.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

F. ADDITIONAL INFORMATION

The Company has applied the fair value measurement provisions of AASB 2 Share-based Payment for all options granted to Directors and employees. The fair value of such grants is being amortised and disclosed as part of Director and employee remuneration on a straight-line basis over the vesting period. The fair value of executive option plans at grant date is determined using a Black-Scholes, Binomial or Monte Carlo option pricing model depending on the terms and conditions of each option, that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

G. SHARES UNDER OPTION

All unissued ordinary shares of the Company under option (relating to key management personnel and other personnel) as at 30 June 2018:

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE OF OPTIONS	NUMBER UNDER OPTION
08-Dec-14	11-Dec-18	$0.85	1,050,000
30-Nov-15	30-Nov-19	$0.56	2,890,002
30-Nov-15	30-Nov-20	$0.40	300,000
01-Feb-16	31-Jan-21	$0.39	1,500,000
01-Feb-16	30-Nov-21	$0.39	1,500,000
18-Mar-16	18-Mar-20	$0.40	1,500,000
18-Mar-16	18-Mar-20	$0.55	2,500,000
20-May-16	20-May-20	$0.68	1,000,000
20-Jul-16	28-Jun-21	$0.41	200,000
04-Nov-16	11-Oct-21	$0.73	200,000
02-Dec-16	02-Dec-20	$1.06	2,000,000
14-Dec-16	12-Dec-20	$0.93	1,666,667
30-Jun-17	20-Mar-21	$0.64	1,756,745
16-Nov-17	16-Nov-21	$0.71	4,605,186
16-Feb-18	16-Feb-22	$0.82	1,000,000
			23,668,600

This is the end of the audited remuneration report.

nearmap

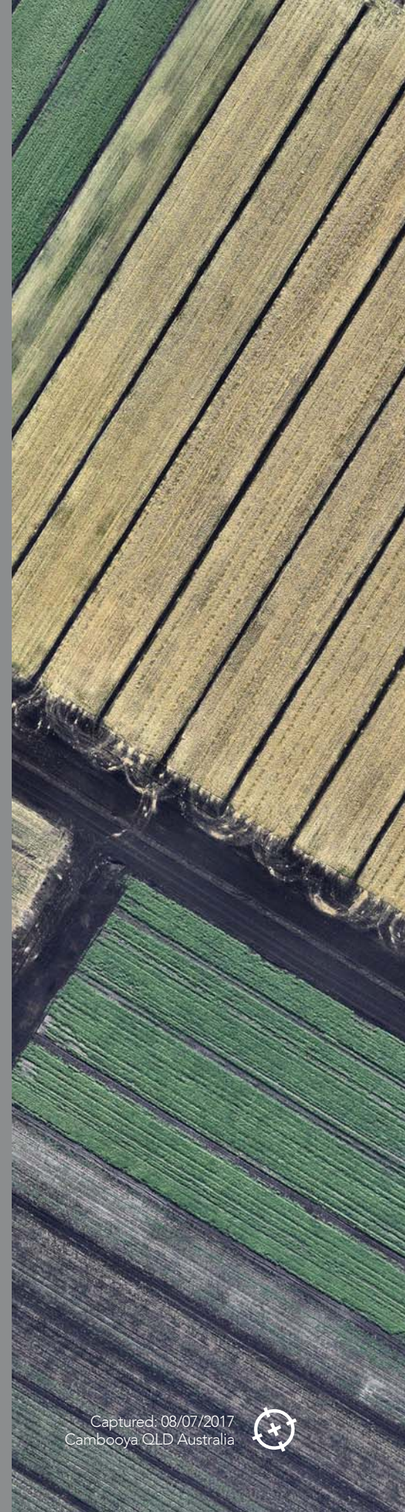
LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 59 and forms part of the Directors' Report for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the Directors.

On behalf of the Board

DR R NEWMAN
CEO & Managing Director
21 August 2018



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

To the Directors of Nearmap Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 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 2018

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Captured: 18/02/2018
Waimakariri River New Zealand

Captured: 28/08/2017
Benowa QLD Australia

Captured: 19/05/2018
Sun City AZ USA

Captured: 21/06/2018
Delray Beach FL USA

Captured: 25/02/2018
Cupertino CA USA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	CONSOLIDATED 2018 $'000	CONSOLIDATED 2017 $'000
Revenue	3	53,553	40,666
Other income	3	587	399
TOTAL REVENUE		**54,140**	**41,065**
Employee benefits expense	4	(31,005)	(22,741)
Amortisation and depreciation		(13,257)	(7,468)
Net foreign exchange differences		(189)	(475)
Other operational expenses	4	(17,916)	(11,915)
TOTAL EXPENSES		**(62,367)**	**(42,599)**
LOSS BEFORE TAX		**(8,227)**	**(1,534)**
Income tax expense	6	(2,802)	(3,770)
LOSS AFTER TAX		**(11,029)**	**(5,304)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(285)	4
Fair value gain/loss on cash flow hedges		334	(67)
Income tax associated with these items		(100)	20
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**(11,080)**	**(5,347)**
LOSS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic loss per share (cents per share)	14	(2.84)	(1.41)
Diluted loss per share (cents per share)	14	(2.84)	(1.41)

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 2018

	NOTES	CONSOLIDATED 2018 $'000	CONSOLIDATED 2017 $'000
CURRENT ASSETS			
Cash and cash equivalents	13	17,530	28,338
Trade receivables	9	10,116	7,051
Other current receivables		1,386	623
Other current assets	7	2,506	909
TOTAL CURRENT ASSETS		**31,538**	**36,921**
NON-CURRENT ASSETS			
Plant and equipment	12	11,983	10,610
Intangible assets	11	36,299	24,824
Deferred tax assets	6	2,667	2,060
TOTAL NON-CURRENT ASSETS		**50,949**	**37,494**
TOTAL ASSETS		**82,487**	**74,415**
CURRENT LIABILITIES			
Trade and other payables		1,525	1,609
Unearned income		33,911	25,171
Employee benefits		5,116	2,441
Other current liabilities	7	2,711	2,039
Current tax liabilities		337	298
TOTAL CURRENT LIABILITIES		**43,600**	**31,558**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6	8,554	5,594
Employee benefits		163	105
Other non-current liabilities	7	1,176	-
TOTAL NON-CURRENT LIABILITIES		**9,893**	**5,699**
TOTAL LIABILITIES		**53,493**	**37,257**
NET ASSETS		**28,994**	**37,158**
EQUITY			
Contributed equity	8	52,995	51,446
Reserves		12,983	11,667
Profits reserve		7,078	7,078
Accumulated losses		(44,062)	(33,033)
TOTAL EQUITY		**28,994**	**37,158**

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 2018

	CONTRIBUTED EQUITY $'000	ACCUMULATED LOSSES $'000	PROFITS RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	OTHER RESERVES $'000	TOTAL EQUITY $'000
CONSOLIDATED AT 1 JULY 2017	**51,446**	**(33,033)**	**7,078**	**12,002**	**(335)**	**37,158**
Loss for the year	-	(11,029)	-	-	-	(11,029)
Other comprehensive income:						
Fair value gain/loss on cash flow hedges	-	-	-	-	234	234
Exchange differences on translation of foreign operations	-	-	-	-	(285)	(285)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**(11,029)**	**-**	**-**	**(51)**	**(11,080)**
Transactions with owners of the Company:						
Share options exercised	1,549	-	-	-	-	1,549
Share-based payment transactions	-	-	-	1,367	-	1,367
AT 30 JUNE 2018	**52,995**	**(44,062)**	**7,078**	**13,369**	**(386)**	**28,994**

	CONTRIBUTED EQUITY $'000	ACCUMULATED LOSSES $'000	PROFITS RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	OTHER RESERVES $'000	TOTAL EQUITY $'000
CONSOLIDATED AT 1 JULY 2016	**28,779**	**(27,729)**	**7,078**	**10,657**	**(292)**	**18,493**
Loss for the year	-	(5,304)	-	-	-	(5,304)
Other comprehensive income:						
Changes in fair value of cash flow hedges	-	-	-	-	(47)	(47)
Exchange differences on translation of foreign operations	-	-	-	-	4	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**(5,304)**	**-**	**-**	**(43)**	**(5,347)**
Transactions with owners of the Company:						
Share issue	19,972	-	-	-	-	19,972
Loan share options exercised	2,089	-	-	-	-	2,089
Share options exercised	606	-	-	-	-	606
Share-based payment transactions	-	-	-	1,345	-	1,345
AT 30 JUNE 2017	**51,446**	**(33,033)**	**7,078**	**12,002**	**(335)**	**37,158**

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

CONSOLIDATED STATEMENT OF OF CASH FLOWS
AS AT 30 JUNE 2018

	NOTES	CONSOLIDATED 2018 $'000	CONSOLIDATED 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		64,201	48,016
Payments to suppliers and employees[1]		(66,961)	(44,741)
Interest received		374	346
Other receipts		82	73
Income taxes (paid)/received		(428)	(22)
NET CASH FROM OPERATING ACTIVITIES	13	**(2,732)**	**3,672**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(4,121)	(6,377)
Payments for development costs		(5,670)	(3,750)
Proceeds from sale of plant and equipment		291	10
NET CASH USED IN INVESTING ACTIVITIES		**(9,500)**	**(10,117)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share offer		-	19,972
Proceeds from exercise of share options		1,549	606
Proceeds from exercise of loans share options		-	2,089
NET CASH FROM FINANCING ACTIVITIES		**1,549**	**22,667**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(10,683)**	**16,222**
Cash and cash equivalents at beginning of year		28,338	12,189
Effect of movement in exchange rates on cash held		(125)	(73)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**13**	**17,530**	**28,338**

[1] Includes capture costs in Australia and the US of $3,001,000 and $13,466,000 respectively (2017: $2,269,000 and $7,100,000).

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

Captured: 08/03/2017
Frankton New Zealand

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

A. BASIS OF PREPARATION

1. Reporting entity
2. Summary of significant accounting policies

B. KEY FINANCIAL RESULTS

3. Segment results and revenue and other income
4. Expenses
5. Share based payment plan
6. Income tax
7. Lease incentives

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

8. Contributed equity
9. Financial instruments – fair value and risk management
10. Dividends paid on ordinary shares

D. INVESTING ACTIVITIES

11. Intangibles
12. Plant and equipment
13. Cash flow reconciliation

E. OTHER

14. Earnings per share
15. Expenditure commitments
16. Parent entity information
17. Group entities
18. Auditor's remuneration
19. Related parties
20. Contingent liabilities
21. Subsequent events

A. BASIS OF PREPARATION

IN THIS SECTION

This section sets out the basis upon which the Group's financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in 2018 or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

The financial report has been prepared on a going concern basis, based on the Group's cash flows for the current year and estimated profits and cash flows for future years.

1. REPORTING ENTITY

Nearmap Ltd (the "Company") is a company domiciled in Australia. These consolidated financial statements for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activity of the Group during the course of the financial year was online aerial photomapping via its 100% owned subsidiaries, Nearmap Australia Pty Ltd, Nearmap US, Inc. and Nearmap Remote Sensing US, Inc.

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

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

A. BASIS OF PREPARATION (CONT.)

b. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The Group's current liabilities exceeded its current assets as at 30 June 2018 by $12,062k including a current liability for unearned income of $33,911k. Unearned income includes income received in advance which has been deferred in the statement of financial position until service is performed. The annual report has been prepared on a going concern basis, based on the Group's cash flows for the current year and estimated profits and cash flows for future years.

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

The consolidated financial statements for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors on 21 August 2018

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

A number of new standards and amendments to standards are effective for financial years commencing on or after 1 July 2018.

AASB 9 Financial Instruments

AASB 9 'Financial Instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. The new standard replaces guidance in AASB 139 and becomes mandatory for the Group's 30 June 2019 Financial Statements.

The Group finalised its impact assessment of AASB 9 Financial Instruments as follows:

- the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets;
- the Group does not hold any financial liabilities at fair value through profit and loss and as such there is no impact of the new standard on financial liabilities;
- as a general rule, more hedge relationships may be eligible for hedge accounting. Existing hedge relationships would appear to qualify as continuing hedge relationships upon adoption of the new standard;
- the new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses. The new impairment requirements will not have a significant impact to the Group; and
- the Group expects to transition to the new standard following a retrospective approach.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for the recognition of revenue from contracts with customers based on the principle that an entity should recognise revenue representing the transfer of promised goods or services as an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. The new standard replaces AASB 118 Revenue and related interpretations and came into effect for annual reporting periods beginning on or after 1 January 2018. It becomes mandatory for the Group's 30 June 2019 financial statements.

The Group has assessed the impact on its consolidated financial statements resulting from the application of the new standard and notes the following:

- the majority of the Group's customers access images online through an annual subscription. Revenue recognition for these products is in line with AASB 15 and no change in recognition method is required;
- AASB 15 will principally affect the timing of revenue recognition for the Group's multi-year payment ramp contracts. In the financial year ended 30 June 2018, the revenue for these contracts mirrored the billing cycle and was recognised over the duration of the contract. Applying AASB 15, revenue will continue to be recognised over time and will be calculated as the total contract value amortised over the contract period. In the reporting period ended 30 June 2018, the impact of this change is an increase to revenue of approximately $0.1m, with a corresponding net decrease in unearned revenue;
- it is not expected that AASB 15 will impact the Group's cash flows from operating activities;
- the new standard requires increased disclosure in relation to revenue derived from contracts, key judgements and future revenue expected to be generated; and
- the Group expects to transition to the new standard following a modified retrospective approach. Using this approach the Group will recognise the cumulative effects of applying AASB 15 as an adjustment to opening retained earnings in the period of initial application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

A. BASIS OF PREPARATION (CONT.)

AASB 16 Leases

The new standard replaces AASB 117 Leases and is mandatory for the Group's 30 June 2020 financial statements. It requires a lessee to recognise a right-of-use asset representing its rights to use the underlying lease asset and a lease liability representing its obligations to make lease payments, other than short-term leases or leases of low value assets on balance sheet. The new standard will impact the Group's office facility operating leases which have terms greater than 12 months. Based on an initial assessment, the impact of the application the new standard is expected to be as follows:

- total assets and total liabilities on the balance sheet will increase due to the requirement to recognise all off-balance sheet leases as a right to use the asset and liability. Net total assets will decrease as the capitalised asset will be amortised on a straight-line basis whereas the liability will decrease by the principal amount of any repayments. Net current assets will decrease as an element of the liability will be disclosed as a current liability;
- operating lease costs included in operating expenses will be replaced by interest and depreciation charges. Interest expenses will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expenses will be greater in the early life of a lease due to the higher principal value which causes profit variability over the course of a lease life. This effect may be partially mitigated by the number of leases held in the Group at different term stages;
- operating cash flows will be higher as repayment of the principal portion of all lease liabilities will be classified under financing activities; and
- the Group expects to transition to the new standard following a modified retrospective approach. Using this approach the Group will recognise the cumulative effects of applying AASB 16 as an adjustment to opening retained earnings in the period of initial application.

Other accounting policies

The following amendments to the accounting standards are applicable from 1 July 17:

- AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle

These amendments do not have any material impact on the financial results.

d. Basis of consolidation

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

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

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

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

e. Significant accounting judgments, estimates and assumptions

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

- Note 6: Income tax
- Note 11: Intangibles

During the year, the Group re-assessed the expected pattern of consumption of assets used in the generation of aerial images. The Group has determined that it can no longer reliably attribute camera system usage to specific images as the variety of applications for this data becomes increasingly sophisticated. Effective from 1 July 2017, depreciation of camera system assets is recognised directly in profit or loss rather than capitalised to capture costs.

A. BASIS OF PREPARATION (CONT.)

f. Foreign currencies

(i) Foreign currency transactions

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

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

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

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

(ii) Foreign operations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

B. KEY FINANCIAL RESULTS

IN THIS SECTION

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

a) Accounting policies that are relevant for understanding the items recognised in the financial statements.

b) Analysis of the Group's result for the year by reference to key areas, including: segment results and revenue, operational expenses, personnel costs including share-based payments and income tax.

3. SEGMENT RESULTS AND REVENUE AND OTHER INCOME

This note provides results by operating segment for the year ended 30 June 2018. Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Nearmap Executive Team which ultimately makes strategic decisions. This note also provides additional information on revenue, including types of revenue and the respective recognition criteria.

(i) Segment reporting

An overview of the operating segments is provided below:

SEGMENT	INFORMATION
Australia	Responsible for all sales and marketing efforts in Australia.
United States	Responsible for all sales and marketing efforts in the United States.

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

Sales and marketing costs include direct in-country costs.

A portion of general and administration costs, representing general operating expenses, remain unallocated in determining the segment contribution presented to the Chief Operating Decision Maker.

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

B. KEY FINANCIAL RESULTS (CONT.)

YEAR ENDED 30 JUNE 2018	AUSTRALIA $'000	UNITED STATES $'000	UNALLOCATED $'000	TOTAL $'000
Total revenue and other income	42,955	10,598	587	54,140
Cost of revenue[1]	(2,663)	(7,737)	-	(10,400)
GROSS PROFIT	**40,292**	**2,861**	**587**	**43,740**
Sales & marketing	(10,197)	(12,988)	-	(23,185)
General & administration[2]	(7,153)	(7,068)	(8,229)	(22,450)
SEGMENT CONTRIBUTION	**22,942**	**(17,195)**	**(7,642)**	**(1,895)**
Amortisation & depreciation[3]				(6,143)
FX loss				(189)
Income tax expense				(2,802)
LOSS AFTER TAX				**(11,029)**

YEAR ENDED 30 JUNE 2017	AUSTRALIA $'000	UNITED STATES $'000	UNALLOCATED $'000	TOTAL $'000
Total revenue and other income	36,292	4,301	472	41,065
Cost of revenue[1]	(3,538)	(4,578)	-	(8,116)
GROSS PROFIT	**32,754**	**(277)**	**472**	**32,949**
Sales & marketing	(8,260)	(8,578)	-	(16,838)
General & administration[2]	(3,620)	(3,824)	(6,847)	(14,291)
SEGMENT CONTRIBUTION	**20,874**	**(12,679)**	**(6,375)**	**1,820**
Amortisation & depreciation[3]				(2,881)
FX gain				(473)
Income tax expense				(3,770)
LOSS AFTER TAX				**(5,304)**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

B. KEY FINANCIAL RESULTS (CONT.)

ACCOUNTING POLICY – REVENUE RECOGNITION AND MEASUREMENT

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

Subscription revenue

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

On-demand revenue

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

Royalty income

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

Grant income

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

Interest income

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

Unearned revenue

Prepaid amounts received from customers in advance are deferred to the relevant future subscription agreement periods. Unearned revenue comprises subscription licence service fees charged, the revenue for which is primarily recognised in the profit or loss over the subscription period.

(ii) Total revenue and other income

	CONSOLIDATED 2018 $'000	2017 $'000
Subscription revenue	53,412	40,351
On-demand revenue	38	162
Royalty income	103	80
	53,553	**40,593**
Interest income	369	389
Gain on disposal of assets	136	10
Grant income	82	73
	587	**472**
TOTAL REVENUE AND OTHER INCOME	**54,140**	**41,065**

B. KEY FINANCIAL RESULTS (CONT.)

4. EXPENSES

(i) Employee benefits expense

	CONSOLIDATED	
	2018 $'000	**2017 $'000**
Share based payment expense	1,367	1,345
Defined contribution plan expense	1,656	1,278
Other employee benefits expenses	27,982	20,118
TOTAL EMPLOYEE BENEFITS EXPENSE	**31,005**	**22,741**

(ii) Other operational expenses

	CONSOLIDATED	
	2018 $'000	**2017 $'000**
Servicing and storage costs	4,082	2,221
Operating lease expenses	1,662	982
Travel and office costs	3,179	1,882
Audit, consulting and legal fees	1,482	1,912
Insurance costs	426	365
Marketing costs	3,312	2,170
Subscription costs	1,995	1,346
All other operating expenses	1,778	1,037
TOTAL OTHER OPERATIONAL EXPENSES	**17,916**	**11,915**

5. SHARE BASED PAYMENT PLAN

An Employee Share Option Plan has been established whereby Directors and certain employees of the consolidated entity may be issued with options over the ordinary shares of the Company. The options, which are usually issued for nil consideration at an exercise price calculated with reference to prevailing market prices, are issued in accordance with terms established by the Directors of the Company. The options cannot be transferred without the approval of the Company's board and are not quoted on the ASX.

The grants are issued for 4 years either:

(i) with TSR growth performance vesting conditions, exercisable after three years; or

(ii) without any performance vesting conditions, exercisable on various dates (usually in two or three equal annual tranches when vested).

Nearmap's Employee Share Option Plan also includes an Employee Loan Scheme that permits the Company to grant financial assistance to employees by way of LRLs to enable them to exercise options and acquire shares. The employee does not have a beneficial interest in the shares until the loan is repaid with any such shares being held in escrow until this time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

B. KEY FINANCIAL RESULTS (CONT.)

KEY ESTIMATES AND JUDGMENTS

The Group estimates the fair value of equity-settled transactions (share options and LRLs) at the date at which they are granted. The TSR performance condition is incorporated into the fair value of options granted using the Monte Carlo option pricing model. The fair value of all other options granted is determined using the Black-Scholes option pricing model. The fair values include assumptions in the following areas: risk free rate, volatility, estimated service periods and expected achievement of TSR performance hurdles. 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 reflect the actual outcome. No other features of options granted were incorporated into the measurement of fair value. There are no voting or dividend rights attached to the options.

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF SHARE-BASED PAYMENTS

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

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

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

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

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

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

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

The granting of the limited recourse loan is considered to be a modification to the existing option. Any increase in the fair value of the option is recognised as an expense immediately at the date the limited recourse loan is granted. The LRLs are not recognised in the accounts.

Movement in shares options and LRL - share based payments

	2018	**2017**
Number of options outstanding at the beginning of the year	34,300,921	37,445,000
Options lapsed	(9,904,167)	(8,200,001)
Options exercised – loans granted	(3,295,841)	(1,033,333)
Options exercised – cash payments	(3,037,499)	(800,000)
Options granted	5,605,186	6,889,255
TOTAL NUMBER OF OPTIONS OUTSTANDING AT THE END OF THE YEAR	**23,668,600**	**34,300,921**

B. KEY FINANCIAL RESULTS (CONT.)

RECONCILIATION OF OPTIONS ISSUED UNDER EMPLOYEE SHARE OPTION PLAN 30 JUNE 2018

	BALANCE AT 1 JULY	GRANTED	LAPSED/ FORFEITED	EXERCISED	BALANCE AT 30 JUNE	VESTED & EXERCISABLE
30 JUNE 2018						
Total number of options	34,300,921	5,605,186	(9,904,167)	(6,333,340)	23,668,600	8,107,647
Weighted average price $	0.68	0.73	0.78	0.67	0.66	0.60
30 JUNE 2017						
Total number of options	37,445,000	6,889,255	(8,200,001)	(1,833,333)	34,300,921	16,117,072
Weighted average price $	0.64	0.86	0.70	0.49	0.68	0.71

As at 30 June 2018, there were 23,668,600 options outstanding at exercise prices ranging from $0.39 to $1.06 and a weighted average remaining contractual life of 4.16 years.

Expenses arising from share-based payment transactions during the year was $1,367,000 (2017: $1,345,000).

The following table lists the options and LRLs granted and the inputs to the model used to measure their fair value for the years ended 30 June 2018 and 30 June 2017 to key management personnel:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE $	NUMBER OF OPTIONS/LRLS GRANTED	FAIR VALUE AT GRANT DATE $	EXPECTED PRICE VOLATILTY %	EXPECTED DIVIDEND YIELD %	RISK FREE INTEREST RATE %	EXPECTED LIFE (YEARS)
30 JUNE 2017								
2 Dec 16	2 Dec 20	1.06	2,000,000	0.2428	66	-	2.12	3.5
14 Dec 16	12 Dec 20	0.93	2,500,000	0.2480	65	-	2.09	3.5
20 Mar 17	20 Mar 21	0.64	697,531	0.1783	67	-	2.14	3.5
20 Mar 17	20 Mar 21	0.64	775,034	0.1783	67	-	2.14	3.5
20 Mar 17	20 Mar 21	0.64	516,690	0.1783	67	-	2.14	3.5
30 JUNE 2018								
16 Nov 17[1]	16 Nov 21	0.71	3,557,970	0.2490	57	-	2.00	3.5
16 Feb 18	16 Feb 22	0.82	1,000,000	0.4110	53	-	2.20	3.5

[1] The fair value of options granted on 16 November 2017 have been determined using the Monte Carlo option pricing model as they contain TSR (Total Shareholder Return) performance hurdles. All other options granted have been determined using the using the Black-Scholes option pricing model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

B. KEY FINANCIAL RESULTS (CONT.)

6. INCOME TAX

KEY ESTIMATES AND JUDGMENTS

Deferred tax

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

ACCOUNTING POLICY - RECOGNITION AND MEASUREMENT OF INCOME TAX

Research and Development tax incentive

The Group accounts for any non-refundable research and development tax credits as an income tax benefit, which are 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.

Income tax

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

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

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

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

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

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

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

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

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

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

Tax consolidation

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

B. KEY FINANCIAL RESULTS (CONT.)

	CONSOLIDATED	
	2018 $'000	2017 $'000
INCOME TAX EXPENSE		
Current tax expense	(441)	(206)
Deferred tax expense	(2,361)	(3,564)
	(2,802)	**(3,770)**
NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Loss before income tax	(8,227)	(1,534)
Tax at the Australian tax rate of 30% (2017: 30%)	2,468	460
Tax effect of amounts which are not deductible in calculating taxable income:		
R&D grant	125	137
Effect of (lower)/higher tax rate in the US	(384)	665
Effect of tax rate change in the US	(1,004)	-
Share based payments expense	(410)	(404)
Entertainment expenses	(57)	(40)
Recognition of previously unrecognised deductible temporary differences	1,163	801
Current year losses for which no deferred tax asset is recognised	(5,439)	(6,755)
Over provision in the prior year	736	1,366
	(2,802)	**(3,770)**

The Group has an unrecognised deferred tax asset of $11,966k in respect of US tax losses as at 30 June 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

B. KEY FINANCIAL RESULTS (CONT.)

DEFERRED TAX BALANCES 2018	BALANCE AT 1 JULY $'000	RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS $'000	CHANGE IN RECOGNISED AMOUNT $'000	BALANCE AT 30 JUNE $'000	ASSETS $'000	LIABILITIES $'000
R&D credits carry forward	674	200	-	874	-	874
Tax losses	-	-	-	-	-	-
Unearned revenue	1,699	390	88	2,177	2,177	-
Provisions and other accruals	636	598	19	1,253	481	772
Plant and equipment	54	14	1	69	14	55
Intangible assets	(6,722)	(3,626)	-	(10,348)	(5)	(10,343)
Other	27	(16)	-	11	-	11
Derivative instruments	58	-	(100)	(42)	-	(42)
Unrealised foreign exchange loss	40	79	-	119	-	119
NET TAX ASSETS/(LIABILITIES)	**(3,534)**	**(2,361)**	**8**	**(5,887)**	**2,667**	**(8,554)**

DEFERRED TAX BALANCES 2017	BALANCE AT 1 JULY $'000	RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS $'000	CHANGE IN RECOGNISED AMOUNT $'000	BALANCE AT 30 JUNE $'000	ASSETS $'000	LIABILITIES $'000
R&D credits carry forward	1,359	(661)	(24)	674	-	674
Tax losses	1,957	(1,957)	-	-	-	-
Unearned revenue	427	1,272	-	1,699	1,699	-
Provisions and other accruals	749	(48)	(65)	636	362	274
Plant and equipment	782	(728)	-	54	(1)	55
Intangible assets	(5,144)	(1,578)	-	(6,722)	-	(6,722)
Other	40	(13)	-	27	-	27
Derivative instruments	38	-	20	58	-	58
Unrealised foreign exchange loss	(109)	149	-	40	-	40
NET TAX ASSETS/(LIABILITIES)	**99**	**(3,564)**	**(69)**	**(3,534)**	**2,060**	**(5,594)**

B. KEY FINANCIAL RESULTS (CONT.)

7. LEASE INCENTIVE

Included within the Statement of Financial Position are the following balances relating to lease incentives:

	CONSOLIDATED	
	2018 $'000	2017 $'000
OTHER CURRENT ASSETS		
Lease incentive asset	449	-
OTHER CURRENT LIABILITIES		
Lease incentive liability (current)	(231)	-
OTHER NON-CURRENT LIABILITIES		
Lease incentive liability (non-current)	(1,176)	-

The balances represent the operating lease incentive received for the commercial office premises at Barangaroo, NSW. The lease incentive asset relates to the remaining rent free cash incentive to be taken against rent payable. The lease incentive liabilities are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT

IN THIS SECTION

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

Capital Risk Management

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

8. CONTRIBUTED EQUITY

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

	2018		2017	
	NUMBER OF SHARES	$'000	NUMBER OF SHARES	$'000
MOVEMENT IN SHARES ON ISSUE				
Balance at the beginning of the year	387,686,515	51,446	356,246,101	28,779
Issue of shares during the year	-	-	29,607,081	19,972
Issued from exercise of share options	3,037,499	1,549	800,000	606
Issued from exercise of loans share options	3,295,841	-	1,033,333	-
Repayment of loans	-	-	-	2,089
BALANCE AT THE END OF THE YEAR	**394,019,855**	**52,995**	**387,686,515**	**51,446**

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

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

During the 2017 financial year, total loans of $2,089k and accruing interest of $110k was repaid to the Company, thereby releasing 8,800,000 shares previously under holding lock.

Terms and conditions of contributed equity

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

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

9. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

ACCOUNTING POLICY - FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

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

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

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period which the transfer has occurred.

ACCOUNTING POLICY – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. These derivative instruments are designated as cash flow hedging instruments. The effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivatives is immediately recognised in profit or loss. The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

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

- Market risk, particularly in relation to foreign currencies (see 9(b)); and
- Credit risk (see 9(c)).

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

a. Risk management framework

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

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

b. Market risk

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

Currency risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

Exposure to foreign currency risk

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

	CONSOLIDATED	
	2018 USD'000	2017 USD'000
Cash and cash equivalents	551	3,368
Receivables and other assets	2,418	1,301
Payables and other liabilities	1,942	1,457
GROSS EXPOSURE	**4,911**	**6,126**

The following significant exchange rates applied during the year:

	AVERAGE RATE		YEAR END SPOT RATE	
	2018	2017	2018	2017
USD	0.7753	0.7545	0.7391	0.7692

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	
	2018 $'000	2017 $'000
+10%	(126)	(380)
-10%	154	464

Interest rate risk

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

c. Credit risk

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

Trade and other receivables

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

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

ACCOUNTING POLICY – TRADE AND OTHER RECEIVABLES

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

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

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
AGEING PROFILE OF TRADE RECEIVABLES		
Current	9,989	6,293
31 to 60 days overdue	128	145
Over 61 days overdue	102	431
Over 90 days overdue	70	314
Impairment loss	(173)	(132)
	10,116	**7,051**

Cash and cash equivalents

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

Derivatives

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

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Cash and cash equivalents	17,530	28,338
Trade receivables	10,116	7,051
Prepayments and other receivables	3,892	1,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

C. CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (CONT.)

Liquidity risk

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

d. Fair values

The fair values of other financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, at 30 June 2018 and 30 June 2017 detailed below.

	2018 $'000		2017 $'000	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS/(LIABILITIES)				
Forward exchange and option contracts used for hedging[1]	141	141	(193)	(193)

[1] The forward exchange and option contracts and options are not quoted in active markets as they are not traded on a recognised exchange. Instead, the Group uses valuation techniques (present value techniques) which use both observable and unobservable market inputs. As these financial instruments use valuation techniques with unobservable inputs that are not significant to the overall valuation, these instruments are included in Level 2 of the fair value hierarchy. There were no transfers between levels of the fair value hierarchy during the year-ended 30 June 2018. The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables because their carrying amounts are a reasonable approximation of fair values.

10. DIVIDENDS PAID ON ORDINARY SHARES

	CONSOLIDATED	
	2018 $'000	2017 $'000
No dividends were paid or proposed for the year ending 30 June 2018 (2017: nil).	-	-
FRANKING CREDIT BALANCE		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the beginning of the financial year at 30% (2017: 30%)	-	-
Franking credits utilised through the receipt of R&D credits as at the end of the financial year	-	-
	-	**-**

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

D. INVESTING ACTIVITIES

IN THIS SECTION

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

11. INTANGIBLES

KEY ESTIMATES AND JUDGMENTS

Capture costs

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

Impairment of assets

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

ACCOUNTING POLICY – IMPAIRMENT OF ASSETS

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

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the asset in prior years. Such reversal is recognised in profit or loss.

KEY ASSUMPTIONS USED FOR VALUE IN USE CALCULATIONS

The Group's CGUs have been identified according to the business segments.

The recoverable amount is the higher of an asset's fair value less cost of disposal (FVLCD) and its value in use (VIU). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

In determining the recoverable amount of assets, in the absence of quoted market prices, estimates are made regarding the present value of future post tax cash flows. These estimates require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group; hence there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets at each reporting date.

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D. INVESTING ACTIVITIES (CONT.)

The recoverable amount of the Australian CGU has been determined based on value in use calculations.

In the current period, Fair value less cost of disposal (FVLCD) has derived a higher value for US business CGU. FVLCD is an estimate of the amount that a market participant would pay for an asset or CGU, less cost of disposal. The fair value has been determined using assumptions to calculate the present value of the estimated future post tax cash flows expected to arise from the continued use of the asset including the anticipated cash flow effects to develop the asset or CGU from its current early stage of operation into its intended mature operating state. Cash flows have been discounted using an appropriate post tax market discount rate to arrive at a net present value of the CGU, less an estimate of disposal costs for the business, which is then compared against the CGU's carrying value. The FVLCD calculations are based primarily on level 3 inputs as defined in note 9 "Financial Instruments - Fair Value and Risk Management".

Key assumptions used in calculating the recoverable amount under both the FVLCD and VIU approaches relate to the discount rate, medium term and long term growth rates applied to projected cash flows. The projected cash flows are based on 2018 actual results, 2019 financial budgets approved by management and the Board and 2020 to 2023 financial projections approved by the Board. Projected cash flows beyond the five year forecast period are based on management's best estimate of long range growth rates.

Revenue growth in the US CGU has been based on historical growth rates achieved by the Australian business during a similar expansion phase and takes into account external information sources of the available target market.

DISCOUNT RATE (AUSTRALIA)	The discount rate of 16.4% represents the pre-tax discount rate applied to the cash flow projections, based on a market-determined, risk adjusted, post-tax discount rate of 14.0%.
DISCOUNT RATE (USA)	The discount rate of 23.4% represents the pre-tax discount rate applied to the cash flow projections, based on a market-determined, risk adjusted, post-tax discount rate of 20.0%.
TERMINAL GROWTH RATE	The terminal growth rate of 3.0% represents the growth rate applied to extrapolate cash flows beyond the five year forecast period. The growth rate is based on management's expectations of the CGUs' long-term performance.

The recoverable amount for the Australia CGU continues to exceed the carrying value.

The recoverable amount of the US business exceeds its carrying amount by $16,852,988.

Reasonably possible changes in circumstances may affect significant assumptions and the estimated fair value. Isolated changes in these significant assumptions could result in an impairment charge being recognised. Management have identified that a reasonably possible reduction in the cash received from customers assumption of 12% over the 5 year forecast period would be required for the estimated recoverable amount to be equal to the carrying amount, assuming all other variables remain constant.

Typically changes in any significant assumption related to operating performance would be accompanied by change in another assumption which may have an offsetting impact.

D. INVESTING ACTIVITIES (CONT.)

ACCOUNTING POLICY – RECOGNITION AND MEASUREMENT OF INTANGIBLES

Research and development costs

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

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

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

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

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

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

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

Development costs, patents, capture costs and licences

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

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

Internally generated or acquired:
Internally generated.

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

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

GOODWILL

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

All goodwill acquired through business combinations has been allocated to the Australian CGU. The recoverable amount of the Australian CGU has been determined based on a value-in-use calculations with 2018 actual cash flows assumed to continue into perpetuity (terminal value calculation) with no assumed growth and applying a pre-tax discount of 16.4%. No impairment was recognised at 30 June 2018 in relation to goodwill (2017: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

D. INVESTING ACTIVITIES (CONT.)

	GOODWILL $'000	DEVELOPMENT COSTS $'000	CAPTURE COSTS $'000	OTHER $'000	TOTAL $'000
RECONCILIATION OF CARRYING AMOUNT AS AT 30 JUNE 2018					
Balance at the beginning of the year	135	6,219	17,878	592	24,824
Additions	-	5,651	16,467	19	22,137
Amortisation	-	(3,841)	(6,441)	(380)	(10,662)
CLOSING BALANCE AT THE END OF THE YEAR	**135**	**8,029**	**27,904**	**231**	**36,299**
AT 30 JUNE 2018					
Cost	135	22,961	40,627	1,650	65,373
Accumulated amortisation	-	(14,932)	(12,723)	(1,419)	(29,074)
CLOSING NET BOOK AMOUNT	**135**	**8,029**	**27,904**	**231**	**36,299**

	GOODWILL $'000	DEVELOPMENT COSTS $'000	CAPTURE COSTS $'000	OTHER $'000	TOTAL $'000
RECONCILIATION OF CARRYING AMOUNT AS AT 30 JUNE 2017					
Balance at the beginning of the year	135	5,879	10,379	847	17,240
Additions	-	3,528	11,142	222	14,892
Amortisation	-	(3,188)	(3,643)	(477)	(7,308)
CLOSING BALANCE AT THE END OF THE YEAR	**135**	**6,219**	**17,878**	**592**	**24,824**
AT 30 JUNE 2017					
Cost	135	17,311	24,160	1,630	43,236
Accumulated amortisation	-	(11,092)	(6,282)	(1,038)	(18,412)
CLOSING NET BOOK AMOUNT	**135**	**6,219**	**17,878**	**592**	**24,824**

D. INVESTING ACTIVITIES (CONT.)

12. PLANT AND EQUIPMENT

ACCOUNTING POLICY – PLANT AND EQUIPMENT

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

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

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

Derecognition and disposal

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

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

	OFFICE EQUIPMENT & FURNITURE $'000	CAMERA SYSTEMS $'000	TOTAL $'000
RECONCILIATION OF CARRYING AMOUNT AS AT 30 JUNE 2018			
Balance at the beginning of the year	719	9,891	10,610
Additions	784	3,337	4,121
Disposals	-	(153)	(153)
Depreciation	(360)	(2,235)	(2,595)
CLOSING BALANCE AT THE END OF THE YEAR	**1,143**	**10,840**	**11,983**
AT 30 JUNE 2018			
Cost	3,016	20,045	23,061
Accumulated depreciation	(1,873)	(9,205)	(11,078)
CLOSING NET BOOK AMOUNT	**1,143**	**10,840**	**11,983**

	OFFICE EQUIPMENT & FURNITURE $'000	CAMERA SYSTEMS $'000	TOTAL $'000
RECONCILIATION OF CARRYING AMOUNT AS AT 30 JUNE 2017			
Balance at the beginning of the year	824	5,343	6,167
Additions	385	5,992	6,377
Disposals	(8)	(2)	(10)
Depreciation	(482)	(1,442)	(1,924)
CLOSING BALANCE AT THE END OF THE YEAR	**719**	**9,891**	**10,610**
AT 30 JUNE 2017			
Cost	2,219	16,898	19,117
Accumulated depreciation	(1,500)	(7,007)	(8,507)
CLOSING NET BOOK AMOUNT	**719**	**9,891**	**10,610**

D. INVESTING ACTIVITIES (CONT.)

13. CASH FLOW RECONCILIATION

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

The Group had no financing facilities as at 30 June 2018 (2017: nil).

	CONSOLIDATED 2018 $'000	2017 $'000
RECONCILIATION OF NET LOSS TO NET CASH FLOWS FROM OPERATIONS		
Loss after tax	(11,029)	(5,304)
ADJUSTMENT FOR NON-CASH ITEMS		
Amortisation and depreciation	13,257	9,232
Capitalised amortisation and depreciation	-	(1,764)
Net unrealised exchange differences	71	77
Share based payment expense	1,367	1,345
Gain on disposal of non-current assets	**(136)**	**(10)**
CHANGES IN ASSETS AND LIABILITIES		
Payables and other current liabilities	9,330	7,519
Receivables	(5,426)	(2,534)
Provision for employee benefits	2,733	672
Other non-current assets	(16,467)	(9,369)
Other non-current liabilities	1,176	-
Income tax and deferred tax	2,392	3,808
NET CASH FROM OPERATING ACTIVITIES	**(2,732)**	**3,672**
RECONCILIATION OF CASH		
Cash and cash equivalents comprises:		
Cash at bank and on hand	6,792	11,335
Short term deposits at call	10,738	17,003
	17,530	**28,338**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

E. OTHER

IN THIS SECTION

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

14. EARNINGS PER SHARE

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

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

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
Net loss attributable to ordinary equity holders	(11,029)	(5,304)
Net loss used in calculating diluted earnings per share	(11,029)	(5,304)
	NUMBER OF SHARES	**NUMBER OF SHARES**
Weighted average number of ordinary shares on issue used in the calculation of basic profit per share	387,911,289	374,994,207
Weighted average number of ordinary shares on issue used in the calculation of diluted profit per share	387,911,289	374,994,207
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY SHAREHOLDERS OF THE COMPANY:		
Basic loss per share (cents per share)	(2.84)	(1.41)
Diluted loss per share (cents per share)	(2.84)	(1.41)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

E. OTHER (CONT.)

15. EXPENDITURE COMMITMENTS

ACCOUNTING POLICY – LEASES

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

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

EXPENDITURE COMMITMENTS

There are no capital expenditure commitments or hire purchase commitments contracted at 30 June 2018 (2017: nil).

	CONSOLIDATED	
	2018 $'000	2017 $'000
OPERATING LEASE COMMITMENTS		
Minimum lease payments		
- Not later than one year	2,348	713
- Later than one year and no later than five years	8,300	1,585
AGGREGATE LEASE EXPENDITURE CONTRACTED FOR AT REPORTING DATE	**10,648**	**2,298**

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

16. PARENT ENTITY INFORMATION

	2018 $'000	2017 $'000
FINANCIAL POSITION INFORMATION RELATING TO THE COMPANY		
Current assets	10,855	16,984
Total assets	38,451	39,900
Current liabilities	(32)	(194)
Total liabilities	(4,153)	(3,011)
NET ASSETS	**34,298**	**36,889**
Contributed equity	52,995	51,446
Reserves	13,468	11,868
Accumulated losses	(32,165)	(26,425)
TOTAL SHAREHOLDER EQUITY	**34,298**	**36,889**
TOTAL COMPREHENSIVE LOSS OF THE PARENT ENTITY	**(5,740)**	**(9,389)**

E. OTHER (CONT.)

INFORMATION RELATING TO THE COMPANY

The parent entity entered into a Deed of Cross Guarantee (the Deed) dated 31 May 2017 with its subsidiaries. Under the Deed each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. Please refer to note 17 for listing of subsidiaries.

Details of the contingent liabilities of the Group are contained in note 20. 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 (2017: nil).

	2018 $'000	2017 $'000
LOANS TO WHOLLY-OWNED SUBSIDIARIES		
Beginning of the year	22,916	15,429
Loans advanced	9,145	26,622
Provision	(1,540)	(4,960)
Loan repayments	(1,268)	(14,175)
END OF THE YEAR	**29,253**	**22,916**

17. GROUP ENTITIES

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

		EQUITY HOLDING	
	COUNTRY OF INCORPORATION	2018 %	2017 %
NAME OF ENTITY			
Nearmap Australia Pty Ltd	Australia	100	100
Ipernica Ventures Pty Ltd	Australia	100	100
Nearmap Holdings Pty Ltd	Australia	100	100
Nearmap USA Pty Ltd	Australia	100	100
Nearmap Aerospace Inc.	United States	100	100
Nearmap US, Inc.	United States	100	100
Nearmap Remote Sensing US, Inc.	United States	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

E. OTHER (CONT.)

18. AUDITOR'S REMUNERATION

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

	CONSOLIDATED	
	2018 $'000	2017 $'000
AUDIT SERVICES PAID TO KPMG		
Remuneration paid to KPMG for audit or review of the financial statements of the entity	115,140	110,025
NON-AUDIT SERVICES PAID TO KPMG		
- Taxation advisory for the entity and any other entity in the Group	24,750	17,600
- Other advisory for the entity and any other entity in the Group	69,950	39,850
	94,700	**57,450**

19. RELATED PARTIES

a. Compensation of key management personnel

	2018 $'000	2017 $'000
Short-term employee benefits	3,665	3,123
Post-employment benefits	138	142
Termination benefits	-	201
Share-based payments	1,223	1,082
	5,026	**4,548**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

E. OTHER (CONT.)

b. Financial assistance under the Employee Share Option Plan

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

Transactions with key management personnel

	2018 $'000	2017 $'000
Loans to key management personnel	1,483,806	560,000

The Group has provided unsecured loans to its key management personnel during the year ended 30 June 2018. These loans are not recognised.

c. Other related party transactions

Other than the loans granted to key management personnel under the employee loan scheme, there have been no sales, purchases or other transactions with related parties during the year ended 30 June 2018 (2017: nil).

20. CONTINGENT LIABILITIES

As at 30 June 2018, except for a bank guarantee of $1,300k, the Directors are not aware of any contingent liabilities in relation to the Company or the Group.

21. SUBSEQUENT EVENTS

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

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

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 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 2018, comply with section 300A of the Corporations Act 2001.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2018.

On behalf of the Board

Dr R Newman
CEO & Managing Director
Sydney
21 August 2018

Independent Auditor's Report

To the shareholders of Nearmap Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 30 June 2018
- Consolidated Statement of comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

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

Basis for opinion

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

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

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

Key Audit Matters

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

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

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

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

Carrying value of intangible assets of the US business ($26,569,000)

Refer to Note 11 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The group has $36,164,000 of intangible assets comprising primarily of capture costs. The intangible assets attributed to the US business total $26,569,000. These assets are assessed for impairment at the US business cash generating unit (CGU) level, using a value in use model (the model). The assessment of impairment was a key audit matter because it involved significant judgement in evaluating the assumptions used by the Group in their value in use model. The key judgements we focused on included: - Complex modelling, particularly those containing judgemental allocations of corporate assets and costs to CGUs, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. - Future cash flow projections for FY 2019-2023 – The US business is still in the early stage of maturity which increases the risk of inaccurate forecasts.	Our procedures included: • We evaluated the methodology applied by the Group in allocating corporate assets and costs across CGU's for consistency with our understanding of the business and the criteria in the accounting standards; • We assessed the methodology in the value in use model for consistency with the basis required by Australian Accounting Standards; • We challenged the forecasts, assumptions, and the objectivity of sources on which the assumptions are based. We compared the cash flow projections for FY 2019-2023 in the value in use model to those in the latest Board approved budgets and evaluated their consistency with the Group's intentions as outlined in Directors' minutes and strategy documents. We also used our knowledge of the business and considered external sources including analysts' expectations and industry trends. The forecast growth was also assessed against the actual growth rate achieved in the establishment of the Australian business as well as market research reports; • We assessed the historical accuracy of forecasts by comparing to actual results, to use in our evaluation of projections included in the value in use model.

Useful life of internally generated development costs and capture costs

Refer to Note 11 to the Financial Report

The key audit matter	How the matter was addressed in our audit
The assessment of useful lives of internally generated development costs and capture costs was a key audit matter due to the judgement involved in us assessing the future period the capture costs directly attributable and necessary to create and upload digital imagery online will generate	Our procedures included: • We developed an understanding of the accounting policies and useful lives used by the Group in the amortisation of internally generated development costs and capture costs; • We evaluated the Group's assessment of the useful

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Boodarie WA Australia

future cash flows. The relatively short history of the Group and the potential impact on the Group's profit resulting from amortisation expense increases the estimation uncertainty and therefore the complexity to the audit. On at least an annual basis, the Group assesses its portfolio of internally generated development costs and capture costs and uses judgement to determine the useful life. The useful life of internally generated development costs and capture costs is estimated by the Group through analysis of the historical frequency of map tile requests. These key inputs were therefore the focus of our work.	lives of internally generated development costs and capture costs by comparing the estimated useful life to the historical map tile requests and the period over which those map tiles were used; • We evaluated the Group's historical map tile requests data by testing a sample of requests to actual usage dates; • We tested a statistical sample of amortisation expense for finite life internally generated development costs and capture costs for consistency with the Group's accounting policy and stated amortisation rates.

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nearmap Limited for the year ended 30 June 2018, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 42 to 56 of the Directors' report for the year ended 30 June 2018.

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

KPMG

Trent Duvall
Partner

Sydney
21 August 2018

Captured: 13/04/2017
Barrow Island WA Australia

SHAREHOLER 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 12 September 2018.

(A) DISTRIBUTION OF ORDINARY SHARES

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

	NO OF HOLDERS	NO OF SHARES
RANGE		
1–1,000	1,442	983,280
1,001–5,000	3,869	11,220,487
5,001–10,000	2,064	16,242,690
10,001–100,000	2,845	82,948,574
100,001 and over	276	328,472,053
TOTAL	**10,496**	**439,867,084**

The number of shareholders holding less than a marketable parcel of ordinary shares is: 163

(B) DISTRIBUTION OF UNQUOTED OPTIONS

ESOP options exercisable at a range of prices between $0.39 and $1.115 expiring on various dates between 11 December 2018 and 9 July 2022

	NO OF HOLDERS	NO OF SHARES
RANGE		
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	1	6,667
10,001–100,000	15	1,150,000
100,001 and over	23	19,453,288
TOTAL	**39**	**20,609,955**

SHAREHOLER INFORMATION

(C) TWENTY LARGEST SHAREHOLDERS

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

	NO OF SHARES	% OF SHARES
NAME		
1 NATIONAL NOMINEES LIMITED	44,830,184	10.19
2 J P MORGAN NOMINEES AUSTRALIA LIMITED	39,213,243	8.91
3 LONGFELLOW NOMINEES PTY LTD <THE AEOLUS A/C>	38,155,167	8.67
4 CITICORP NOMINEES PTY LTD	28,542,166	6.49
5 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,633,714	6.05
6 LONGFELLOW NOMINEES PTY LTD	11,921,128	2.71
7 ANACACIA PTY LTD <WATTLE FUND A/C>	8,372,707	1.90
8 VENTURE SKILLS PTY LTD <THE NEWMAN FAMILY A/C>	5,145,000	1.17
9 MR ANDREW JOHN MALONEY	4,839,997	1.10
10 CS THIRD NOMINEES PTY LTD <HSBC CUST NOM AU LTD 13 A/C>	4,769,075	1.08
11 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,610,020	1.05
12 NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	4,344,995	0.99
13 MR JASON MAK	3,972,941	0.90
14 UBS NOMINEES PTY LTD	3,135,162	0.71
15 NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	2,727,147	0.62
16 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT A/C>	2,725,207	0.62
17 MRS ALISON FARRELLY	2,194,874	0.50
18 AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACOUNT>	2,139,311	0.49
19 ALKAMYE PTY LTD	2,107,060	0.48
20 MR GRAHAM GRIFFITHS	1,984,264	0.45
TOTAL	**242,363,362**	**55.10**

(D) SUBSTANTIAL SHAREHOLDERS

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

	NO OF SHARES	% OF SHARES
NAME		
1. Ross Norgard	50,076,295	12.89

(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) CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the 2018 financial year can be accessed at: http://static.nearmap.com/investors/governance/statement/Corporate_Governance_Statement.pdf

CORPORATE INFORMATION

NEARMAP LTD
ABN 37 083 702 907

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

COMPANY SECRETARY
Shannon Coates

REGISTERED OFFICE
Level 4, Tower One
International Towers,
Barangaroo NSW 2000

WEBSITE
www.nearmap.com

SOLICITORS
DLA Piper

BANKERS
Commonwealth Bank of Australia
Wells Fargo

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

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

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