NEXTMap®

2009 ANNUAL REPORT
INTERMAP TECHNOLOGIES CORPORATION

Annual Meeting
May 10, 2010
10 a.m.
The Calgary Petroleum Club
Cardium A & B
319 5th Avenue S.W.
Calgary, Alberta

The year 2010 will mark, for the first time in history, the availability of uniform, high-resolution three-dimensional digital elevation data for the entirety of Western Europe and the contiguous United States and Hawaii. Our NEXTMap® program has remapped significant parts of the earth to unprecedented levels of detail. Never before has data coverage for all of Western Europe and the United States been made available to NEXTMap's® specifications: 1-meter vertical accuracy RMSE. The digital elevation models and orthorectified radar images from the NEXTMap data library support a tremendous range of applications, including GIS, engineering, automotive, GPS maps, insurance risk assessment, oil and gas, hydrology, environmental planning, wireless communications, transportation, aviation, and 3D visualization markets.

2009 Highlights

NEXTMap Europe – 100% commercially available

NEXTMap USA – data collection completed

Automotive – agreement with Tele Atlas for 3D terrain data

Visualization – MapQuest licenses NEXTMap for United States and Western Europe

Insurance – risk models for France built through agreement with Guy Carpenter & Company and JBA Consulting

Consumer electronics – OEM licensing agreements in place with Garmin, Magellan, Pronounced Technologies, and Navico/Lowrance

Brian L. Bullock
President & CEO

Intermap's momentum continued in 2009 with the completion of data collection for NEXTMap USA in the first quarter and the full commercial release of NEXTMap Europe in the second quarter. We are focusing on the final processing phase of our NEXTMap USA dataset, which is scheduled to be commercially available in its entirety by mid-year 2010. After the commercial release of NEXTMap USA, the NEXTMap database will offer the most uniform, accurate, and complete 3D maps and corresponding data of Western Europe and the United States in existence.

With the commercial availability of all of NEXTMap Europe and most of NEXTMap USA, our customer list continues to grow. We are signing product development agreements for automotive applications, and supply agreements for personal navigation devices. We are also rolling out risk management solutions for the insurance industry and continuing to grow our enterprise and government sales for a wide array of applications in the United States and Europe.

The volatile global economy in 2009 caused delays within a few of our core markets. Some industries, particularly the turn-by-turn navigation and automotive sectors, have experienced extraordinary structural and competitive changes in the past several quarters. These changes impacted our go-to-market strategies in varying degrees – while some of the changes are challenging, others have created new opportunities.

Because of the difficult economic environment in 2009, we were unable to achieve our NEXTMap revenue targets. NEXTMap's multi-client data library (MCDL) license revenue for 2009 was $10.2 million, a slight decline from the $10.8 million reported in 2008. However, MCDL revenue from NEXTMap datasets increased to $3.3 million in the fourth quarter of 2009, compared to $2.1 million for the same period in 2008. The growth in MCDL license revenue was primarily due to sales of NEXTMap Europe, which resulted from increased data availability in the region. If we exclude revenue generated from the National Geospatial-Intelligence Agency, the bulk of which was received in 2008, revenue generated from other organizations actually increased by 50% year-over-year. Total MCDL revenue since the inception of the NEXTMap program now exceeds $55 million.

With NEXTMap USA nearing completion, we believe the expanded database will be key in driving increased MCDL revenue in 2010 and beyond. Availability of the entire NEXTMap USA database opens new revenue opportunities that would otherwise not be attainable without complete national coverage. This was recently demonstrated in Europe, as the spring of 2009 completion of NEXTMap Europe enabled new opportunities in the automotive, telecommunications, and other markets.

While 2009 did not produce a strong financial performance, we executed on several significant components of our NEXTMap business strategy by signing agreements with important partners and securing contracts in our core target markets, including automotive, insurance risk management, navigation, and online visualization.

NEXTMap Europe

Since completing NEXTMap Europe, we have expanded our sales team to provide direct sales coverage in the four largest European economies; this expansion should further increase NEXTMap Europe revenue in 2010.

During the year we signed a supply agreement that will place color-shaded relief data in automobiles in coming model years. Additionally, to support demand within the automotive industry, we completed 3D Roads datasets for all classes of roads in Germany and France. Creation of the 3D Roads dataset for Italy is underway, and we intend to complete the remaining Western European datasets by the end of 2010.

We also expanded our geographic coverage for AccuTerra, our NEXTMap-based topographic map application for smartphones, dedicated GPS units, and personal navigation devices, to include part of Europe. This expansion was facilitated by an agreement with GIOVE Srl., an Italy-headquartered company specializing in infomobility software. The agreement allows for our NEXTMap terrain data to be coupled with GIOVE's recreation data on their dedicated GPS units and personal navigation devices.

Automotive Market – Fuel Efficiency, Safety, and Navigation

Momentum within the automotive sector is rapidly increasing as the industry moves from using 2D data to 3D data for applications within vehicles. What began as a research interest a few years ago has manifested into application-specific initiatives within the engineering groups of original equipment manufacturers (OEMs) and Tier 1 suppliers. Today our 3D Roads product is becoming widely accepted as a core component that enables multiple applications. Vehicle manufacturers and Tier 1 suppliers have embraced the concept of 3D road data becoming an essential component of most vehicles in the future. There is also recognition within 2D navigation data companies that 3D road data will become a necessary component of their business models.

This market represents perhaps our largest opportunity. Manufacturers, Tier 1 suppliers, and 2D suppliers are currently using our 3D Roads product under R&D licenses to test for improvements in navigation, fuel efficiency, carbon emission reduction, and safety. The industry recognizes that these improvements rely on in-vehicle systems that encompass accurate 3D road data for all roads, including smaller rural roads where the more difficult curves, dips, and slopes are often encountered. Intermap has the only economically viable method for completing a 3D road database for all of Western Europe and the U.S. – that includes all classes of roads – with proven geometric accuracy. Additionally, we have achieved recognition in the industry for a new kind of map –described by an Intermap product manager in a recent publication illustrating the principle that "there will be maps for people, and maps for cars."

We believe this market is in the midst of transitioning from a technology push to a market pull. Evidence of the shift came in the form of our first revenues from OEMs that purchased our data and paid for engineering support to test new applications. In addition, we secured our first supply-level agreement for 3D terrain data with Tele Atlas, followed by new requests for pricing of the 3D Roads database to support various fuel efficiency strategies initiated by leading OEMs and Tier 1 suppliers.

Visualization

During the year we signed an agreement with Tele Atlas to license NEXTMap elevation models to enhance digital map displays for automotive in-dash, portable navigation, and local search solutions. Our NEXTMap data enables Tele Atlas to easily conflate visual assets such as building models, roads, and landmarks – resulting in a realistic visualization product that matches the real world. This supply agreement was a significant accomplishment for Intermap and our automotive division. Getting NEXTMap data into the vehicle is seen as a critical step to supporting a variety of applications in partnership with Tele Atlas.

Our NEXTMap digital maps set the baseline standard for true 3D in-dash visualization and are uniquely able to deliver real-world views of not only the road network, but the entire surface of the earth. Our data is targeted to be installed in equipped automobiles in late 2010. Additionally, we have been working closely with Tele Atlas to identify subsequent partnership opportunities.

In 2009, MapQuest licensed shaded terrain products that leverage our NEXTMap 3D mapping database for the U.S. and Western Europe. On October 29, MapQuest launched a major upgrade to their popular Web site using Intermap's data. The integration of our shaded terrain product provides a visual improvement to MapQuest's online maps. Additionally, we'll continue to deliver shaded terrain products for the remainder of the world for subsequent releases on the MapQuest.com consumer Web site and platform products. Further, Intermap receives attribution on the Web site, which provides corporate visibility on 500 million page views each month.

Risk Management

Our risk management business, while still relatively small in revenue, showed some of our most promising developments during the year. Through the agreement we signed with Guy Carpenter & Company, a leading global risk and reinsurance specialist (a part of the Marsh & McLennan group of companies), and in collaboration with hydrological modeling experts, JBA

Consulting, our risk management business unit developed comprehensive flood hazard maps and a state-of-the-art national flood model for France. The completion of the France flood risk management model, along with our existing models in Hungary, Switzerland, the United Kingdom, the Czech Republic, and the Slovak Republic, has made our product suite much more relevant to the large insurance groups in Europe. The completion of a flood model for France has been key to gaining an audience with larger insurance companies — our proposition being that we can provide these giant organizations with a pan-European solution for flood risk, based on a consistent high-resolution dataset. This has led to high-level meetings with the chief risk officers of multiple property and casualty insurance companies in Europe, including the two largest firms. We believe this is a huge value proposition and key to laying the foundation for growth in this market.

Insurance companies can use NEXTMap's superior insurance risk information to better define risk. The result can lead to more effective portfolio management and a net reduction of costs through a reduced need for reinsurance coverage and lower payouts after insurable events occur.

Consumer Electronics

Our advanced AccuTerra topographic maps provide access to digital terrain data, off-road and recreation-related roads, trails, and points of interest such as campgrounds, service facilities, and landmarks. In addition, customers can benefit from a land management data layer that displays the location of public lands (national forest, wilderness areas, state parks, etc.) and private property for most recreation areas in the United States.

We have OEM agreements to supply our AccuTerra GPS recreational maps of the United States to Magellan, Pronounced Technologies, and Navico/Lowrance. We also sell AccuTerra maps directly to iPhone users via the Apple iTunes store. NEXTMap data can be used to power mobile recreation applications with nationwide mapping coverage available in the United States and Western Europe.

The consumer electronics market includes dedicated GPS units, PNDs, and smartphones. In 2009, this sector was embroiled in uncertainty, in part by Google's announcement of free turn-by-turn navigation. Some OEMs have already recognized that they will have to add content, features, and performance to their devices in order to differentiate from phone enabled navigation. The addition of 3D terrain views and integration of our AccuTerra product offer immediate opportunities for differentiation. After introducing AccuTerra for dedicated GPS units more than a year ago, we succeeded in moving our data upmarket – from consumers buying AccuTerra data via an Internet download after they purchase a GPS unit, to the sale of SD cards with devices, to being pre-bundled on new devices. By far, the best revenue stream comes from pre-bundling AccuTerra maps on each device, resulting in revenue for every unit sold in retail stores and online. Revenue contribution in 2009 was below our target due to the economic slowdown, backlog in retail channels, and an overestimation of the market size for our dedicated GPS AccuTerra products.

User feedback on AccuTerra maps has been very positive, and our OEM partners plan to bundle AccuTerra on many more devices in 2010. Further, as the retail channels improve from 2009, we see a healthier outlook for revenue as we work with OEMs to increase the number of AccuTerra-enabled devices sold and the market expands with new crossover devices.

There were many successes for our AccuTerra product line in 2009, beginning with being named the "Best iPhone Beta Application" for Apple's new 3.0 operating system – illustrating that the quality of our application matches the quality of our NEXTMap data. Additionally, in early 2010, we were honored by Fast Company as a "2010 Most Innovative Company, Top 10 in Mobile Category," reflecting the traction and recognition we have developed in the mobile community. AccuTerra on the iPhone was a technical and market awareness success, but our business model has not met expectations due to the reduction in pricing for most iPhone applications. AccuTerra downloads have passed 150,000 to-date, with about 20 percent of users paying for additional maps. We will be monitoring our AccuTerra activity as we reach the recreation-intensive portion of the year, as we feel this is when downloads for this outdoor recreation application should significantly increase.

NEXTMap Distribution Partners/Resellers

In 2009, we continued the management and expansion of our partner network in Europe, Asia-Pacific, and the United States. Of note, we signed separate agreements with ESRI France and ESRI Portugal, the leading geographic information system (GIS) technology providers in their respective countries, to sell Intermap data and solutions to their customers. From telecom engineering to flood risk assessment, our comprehensive database of countrywide geospatial datasets, combined with ESRI's broad expertise and advanced software tools, can provide an outstanding value for ESRI customers. In addition, the agreements call for the creation of market-specific geospatial solutions optimized for use with ESRI applications in each country.

We released an elevation shaded image (ESI) product for Germany and partnered with GeoContent, a leading provider in Germany of aerial photography and geospatial information, to create the high-resolution ESI product. The result is a topographic visualization product ideal for manufacturers of personal navigation devices, in-dash navigation systems, and other applications benefiting from advanced visualization images.

Summary

We are optimistic that 2010 will be a noteworthy year for the Company as we evolve from an operations-driven company to a customer- and market-driven organization. We are seeing initial traction in recurring revenue streams generated from our NEXTMap database through our risk management and consumer electronics business lines. We are also experiencing meaningful development in the automotive sector, and seeing an overall increase in worldwide NEXTMap data demand. All of this, combined with our belief that we have created an incomparable NEXTMap database, leads to our genuine excitement about our prospects in 2010. On behalf of the entire staff at Intermap, I want to thank all of you for your ongoing support of our vision.

Brian L. Bullock
President and Chief Executive Officer

For the year ended December 31, 2009

For purposes of this discussion, "Intermap" or the "Company" refers to Intermap Technologies Corporation and its subsidiaries.

This management's discussion and analysis ("MD&A") is provided as of February 26, 2010, and should be read together with the Company's audited Consolidated Financial Statements for the years ended December 31, 2009 and 2008, together with the accompanying notes. The results reported herein have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and, unless otherwise noted, are expressed in U.S. dollars.

Additional information relating to the Company, including the Company's Annual Information Form ("AIF"), can be found on the Company's Web site at www.intermap.com and on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

In the interest of providing the shareholders and potential investors of Intermap Technologies Corporation ("Intermap" or the "Company") with information about the Company and its subsidiaries, including management's assessment of Intermap's and its subsidiaries' future plans and operations, certain information provided in this Management's Discussion and Analysis ("MD&A") constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "anticipate," "expect," "project," "estimate," "forecast," "plan," "intend," "target," "believe," and similar words suggesting future outcomes or statements regarding an outlook. Although Intermap believes that these forward-looking statements are reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements.

The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (i) Intermap will continue to maintain sufficient and effective production capabilities with respect to the cost to produce the Company's products; (ii) there will be no significant reduction in the availability of qualified and cost-effective human resources; (iii) the continued sales success of Intermap's products and services; (iv) the continued success of business development activities; (v) the continued existence and productivity of subsidiary operations; (vi) there will be no significant delays in the development and commercialization of Intermap products; (vii) new products will continue to be added to the Intermap portfolio; (viii) demand for 3D mapping products will continue to grow in the foreseeable future; (ix) there will be no significant barriers to the integration of Intermap's technology and products into customers' existing and proposed products; and (x) superior 3D mapping technologies/products do not develop prior to Intermap establishing its technology as the industry standard.

Intermap's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, revenue fluctuations, loss of key customers, nature of government contracts, breakdown of strategic alliances, economic conditions, common share price volatility, availability of capital, information technology security, loss of proprietary information, competing technologies, and international and political considerations, including but not limited to those risks and uncertainties discussed under the heading "Risk Factors" in the Company's most recently filed Annual Information Form and the Company's other filings with securities regulators. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and Intermap's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by law, Intermap assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to Intermap or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

BUSINESS OVERVIEW

Intermap Technologies® is a digital mapping company creating uniform, high-resolution 3D digital models of the earth's surface. The Company has proactively remapped entire countries and built uniform national databases called NEXTMap®, consisting of elevation data and geometric images with high accuracy. These digital maps are used in a wide range of applications, including geographical information systems ("GIS"), engineering, automotive,

GPS maps, insurance risk assessment, oil and gas, renewable energy, hydrology, environmental planning, wireless communications, transportation, aviation, and 3D visualization. The products are also used to improve the positional accuracy of airborne and satellite images. Working for private industry, governments, and individual consumers worldwide, Intermap employs interferometric synthetic aperture radar ("IFSAR") mapping technology, which provides the ability to digitally map large areas accurately and quickly and acquire data at any time of the day including overcast and dark conditions.

NEXTMap® USA

During 2009, the Company continued to make progress toward the completion of the NEXTMap USA program, the largest NEXTMap program to date. The program covers nearly 8.0 million square kilometers of the contiguous United States and Hawaii. The NEXTMap USA program includes terrain elevation and imagery data accurate to 1 meter or better in the vertical dimension and 2 meters or better in the horizontal dimension. Several independent agencies have validated the data, including USGS, NGA, NASA, DARPA, U.S. Forest Service, U.S. Army Corps of Engineers TEC, and the University of Washington.

At the end of 2009, the NEXTMap USA program has data available off the shelf representing more than 7.0 million square kilometers of area, or approximately 88% of the entire NEXTMap USA program. The airborne collection of the NEXTMap USA program was completed during the first quarter of 2009 and the entire dataset is expected to be available for sale during the second quarter of 2010.

The gross amount of costs that are capitalized under the project include direct costs, overhead, and depreciation. NEXTMap USA costs capitalized by period during 2009 and 2008 are as follows:

	Q1	Q2	Q3	Q4	Total
2009	$2.3M	$1.3M	$1.8M	$1.3M	$6.7M
2008	$3.7M	$5.2M	$5.5M	$3.6M	$18.0M

The Company has invested $71.3 million in the NEXTMap USA dataset as of December 31, 2009. The additional investment to complete the base NEXTMap USA program in 2010 is estimated to be $2.0 million with additional costs expected for value-added features such as AccuTerra® outdoor recreational map data and 3D road vectors. The funding of this program is expected to occur through a combination of existing cash resources, customer data sales, and ongoing operations. The net book value of the NEXTMap USA dataset at December 31, 2009 and 2008 was $56.3 million and $55.1 million respectively. As of December 31, 2009, the Company had recognized $22.5 million in revenue from the sale of NEXTMap USA data during the build phase of the program.

NEXTMap® Europe

NEXTMap Europe is now complete and became commercially available on April 30, 2009. The NEXTMap Europe dataset represents 2.5 million square kilometers of area and includes the 17 countries of Austria, Belgium, Czech Republic, Denmark, England, France, Germany, Irish Republic, Italy, Luxembourg, Netherlands, Northern Ireland, Portugal, Spain, Scotland, Switzerland, and Wales.

The gross amount of costs that were capitalized under the program includes direct costs, overhead, and depreciation. NEXTMap Europe costs capitalized by period during 2009 and 2008 are as follows:

	Q1	Q2	Q3	Q4	Total
2009	$2.0M	$0.8M	$0.3M	---	$3.1M
2008	$4.3M	$2.4M	$1.9M	$2.0M	$10.6M

The net book value of the NEXTMap Europe dataset at December 31, 2009 and 2008 was $29.0 million and $26.1 million respectively. The total cost of the base NEXTMap Europe dataset was $26.8 million (excluding $3.6 million in costs that were incurred to build the NEXTMap Europe –Britain dataset completed in 2003), with an additional $6.3 million in costs incurred for value-added features such as AccuTerra outdoor recreation map data and 3D road vectors. As of December 31, 2009, the Company had recognized $18.2 million in revenue from the sale of NEXTMap Europe data.

NEXTMap Production

During 2009, the Company had one Learjet aircraft, equipped with IFSAR mapping technology, focused on airborne data collection for the NEXTMap initiatives. The dedication of this aircraft allowed the Company to complete the data collection portion of the NEXTMap USA program by March 16, 2009. The Company believes that the cash on hand at the end of 2009, combined with cash generated from the licensing of its datasets, will be adequate to fund the completion of the NEXTMap USA program. Any future

expansion and enhancement of the NEXTMap datasets is planned to be funded through the cash flows of the Company. However, additional equity or debt financing may be sought in the future to (i) speed up the expansion of the NEXTMap dataset, (ii) create the addition of new attributes to the NEXTMap datasets, and/or (iii) expand the products related to the NEXTMap datasets. There is no assurance, however, that such additional equity or debt financing will be obtainable on acceptable terms, or at all.

As a result of the completion of the NEXTMap Europe program and significant progress toward the completion of the NEXTMap USA program, the Company announced plans during the fourth quarter of 2009 to reduce the capacity of data collection and production operations. This restructuring program includes the reduction of personnel and the closure of a facility in Ottawa, Canada. The Company expects to complete the restructuring during the second quarter of 2010.

The cost associated with the restructuring is primarily related to a reduction of personnel by approximately 94 data collection and production employees. During 2009, the Company incurred $0.7 million of retention and severance costs and expects to incur additional charges of approximately $0.3 million during the first quarter of 2010 related to further reductions of personnel. The remaining facility in Ottawa is currently scheduled to be closed in the second quarter of 2010, at which time the related excess facility costs will be estimated and expensed.

At December 31, 2009, the accrued liability associated with the restructuring was $0.4 million related to severance and retention benefits that are expected to be paid during the first quarter of 2010.

Contract Services

The Company's contract services business typically involves a client requesting digital map data for a specific location outside of the NEXTMap area of collection. This contract services business currently remains the largest source of revenue for the Company and results primarily from government funding in the areas of national mapping and national defense. However, the Company believes that revenue from the licensing of the NEXTMap database will continue to grow and become an increasingly larger percentage of overall revenue in the future. The Company has historically experienced uncertainty surrounding the timing, priorities, and amounts of funding from government entities regarding the contract services business. This uncertainty has, and is expected to continue to create volatile revenue from period-to-period.

The contracted amounts and timing of contract awards are the primary reason for the variation in the contract services' financial performance during 2009 when compared with 2008. As of December 31, 2009, there remained approximately $0.9 million in existing signed contract services work to be performed for which revenue will be recognized throughout 2010. In addition to these existing contracts, the Company expects to receive new contracts during the year from government entities around the world. However, the magnitude and timing of such contracts and the resulting revenue remains difficult to accurately predict.

The growth of revenue in both the contract services business and the licensing of the NEXTMap database remains the primary goal of the Company. With the completion of the NEXTMap datasets, the Company believes that significant revenue opportunities can develop that would not otherwise be available without the complete national coverage afforded by the NEXTMap programs.

See "Liquidity and Capital Resources" below regarding the financial condition and cash flows of the Company.

ANNUAL FINANCIAL INFORMATION

The following table sets forth selected annual financial information for the periods indicated.

Selected Annual Information

US $ millions except per share data	2009	2008	2007
Revenue:			
Contract services	$ 20.1	$ 26.2	$ 28.2
Multi-client data licenses	10.2	10.8	5.6
Total revenue	$ 30.3	$ 37.0	$ 33.8
Net loss	$ (25.8)	$ (13.9)	$ (8.9)
EPS basic and diluted	$ (0.51)	$ (0.30)	$ (0.22)
Adjusted EBITDA	$ (6.9)	$ 1.3	$ (0.3)
Assets:			
Multi-client data library	$ 85.3	$ 81.2	$ 55.1
Total assets	$ 126.2	$ 144.0	$ 155.5
Total long-term liabilities (including capital lease obligations)	$ 1.6	$ 3.1	$ 4.1

Revenue

Consolidated revenue for the year ended December 31, 2009 totaled $30.3 million compared to $37.0 million for the same period in 2008, representing an 18% decrease. As of December 31, 2009, there remained $2.1 million in revenue from existing contracts($0.9 million in contract services and $1.2 million in multi-client data library ("MCDL") license contracts) to be recognized in future periods.

Contract services revenue for the year ended December 31, 2009 decreased to $20.1 million from $26.2 million for the same period in 2008. The decrease was primarily the result of a reduction in mapping projects in Asia where the Company had $17.0 million in revenue during 2009 compared to $24.7 million in 2008. The revenue recognized in 2008 included $8.3 million of data sales from speculative data collection in the prior year. The remaining contract services revenue for 2009 was generated primarily by large mapping projects in Australia and Europe.

MCDL license revenue for the year ended December 31, 2009 totaled $10.2 million compared to $10.8 million for 2008, representing a 6% decrease. The decrease was primarily the result of a single whole-country sale of NEXTMap USA data to a United States government agency, which generated $5.2 million in revenue during 2008 and $1.0 million in revenue during the same period in 2009. Revenue on this contract is recognized on a continuing basis as the NEXTMap USA dataset is completed and made commercially available. During 2009, approximately 36% of MCDL license revenue was associated with the NEXTMap Europe dataset, 33% was associated with the Asia dataset, and 31% was associated with the NEXTMap USA dataset. For the same period in 2008, approximately 70% of the MCDL license revenue was associated with the NEXTMap USA dataset, 17% was associated with the NEXTMap Europe dataset, and 13% was associated with the Asia dataset.

World economic difficulties affected the Company's revenues during 2009, primarily during the last half of the year. Existing and potential new customers adopted a cautious approach to their businesses, conserving cash by deferring previously planned projects and re-evaluating their short-term operating budgets. These reactions resulted in a reduction of originally anticipated 2009 revenues in both contract services and MCDL licensing. The Company believes the current challenging economic environment will continue to impact revenue in 2010.

Operations

Operations expense includes aircraft costs, employee compensation, data processing costs, and third-party expenses related to the collection, processing, and editing of Intermap's mapping data.

Net operations expense for the year ended December 31, 2009 totaled $10.0 million compared to $8.2 million for the same period in 2008. Gross operations expense, prior to capitalization, for the year ended December 31, 2009 and 2008 was $20.9 million and $35.8 million respectively. The decrease in gross operations expense was primarily the result of the reduction in production operations as a result of the completion of the NEXTMap Europe program and the completion of the airborne collection associated with the NEXTMap USA program. The increase in net operations expense resulted from a reduction of the capitalization of costs to the NEXTMap programs from $27.4 million in 2008 to $10.9 million in 2009 due to the completion of NEXTMap Europe and acquisition of NEXTMap USA. In addition, operations incurred $0.7 million in restructuring costs primarily related to the reduction of personnel.

Research and Development

Research and development ("R&D") expense includes engineering personnel and their associated costs. For the years ended December 31, 2009 and 2008, R&D expense was $3.6 and $4.0 million, respectively. The research and development costs incurred during 2009 were primarily attributable to software development efforts associated with the continued development of internal data editing and processing tools and the expansion of the Company's NEXTMap services solutions (e.g., risk management and consumer electronics applications). In 2008, R&D expenses supported these same categories of expenditures in addition to a dedicated research project to create the next-generation IFSAR mapping system.

Sales, General and Administrative

Sales, general and administrative ("SG&A") expense includes employee compensation, database infrastructure costs, business development, sales, marketing, finance, administration, human resources, and facilities. For the year ended December 31, 2009, net SG&A expense was $25.8 million compared to $25.9 million for the same period in 2008. The slight decrease in SG&A expense during 2009 resulted primarily from a reduction in professional services costs, offset partially by an increase in personnel costs within the businesses development areas of the Company (see "Personnel" below). Gross SG&A expense for the period ended December 31, 2009 and 2008, prior to capitalization, was $27.9 million and $28.6 million respectively.

Personnel

Consolidated headcount was 714 at December 31, 2009, a decrease from 891 at December 31, 2008. The decrease was primarily driven by a decrease in operations personnel by approximately 25%, or 159 people. The decrease in operations personnel resulted from the Company's completion of the NEXTMap Europe dataset during the year and the nearing completion of the NEXTMap USA dataset. R&D and administrative personnel also decreased by 8%, or 13 employees during the year. Salaries and related personnel costs (including workforce reduction costs) for the year ended December 31, 2009 and 2008 were $24.4 million and $23.8 million respectively. Salaries and related personnel costs increased in 2009 as compared to 2008 primarily due to workforce reduction costs.

Non-cash compensation expense is included operating costs and relates to stock options granted to employees and non-employees. Non-cash stock-based compensation for the year ended December 31, 2009 totaled $2.2 million compared to $2.4 million for the same period in 2008.

Adjusted EBITDA

Adjusted EBITDA is not a recognized performance measure under GAAP and does not have a standardized meaning prescribed by GAAP. The term EBITDA consists of net income (loss) and excludes interest, taxes, depreciation, and amortization. Adjusted EBITDA also excludes stock-based compensation, gain or loss on the disposal of property and equipment, and gain or loss on foreign currency translation. Adjusted EBITDA is included as a supplemental disclosure because management believes that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain non-cash charges and charges that are nonrecurring. The most directly comparable measure to Adjusted EBITDA calculated in accordance with GAAP is net income (loss). The following is a reconciliation of the Company's Adjusted EBITDA to net income (loss).

Adjusted EBITDA reconciliation

US $ millions	2009	2008	2007
Net loss	**$ (25.8)**	$ (13.9)	$ (8.9)
Depreciation of property and equipment	**6.3**	4.4	4.9
Amortization of multi-client data library	**10.1**	6.8	4.5
Amortization of intangible assets	**0.4**	0.4	0.4
Interest expense	**0.2**	0.3	0.1
Interest income	**-**	(1.0)	(2.3)
Income tax expense	**0.1**	0.1	(0.3)
Stock-based compensation	**2.3**	2.4	2.2
(Gain) loss on foreign currency translation	**(0.4)**	1.1	(0.9)
Gain on disposal of equipment	**(0.1)**	0.7	-
Adjusted EBITDA	**$ (6.9)**	$ 1.3	$ (0.3)

Adjusted EBITDA for the year ended December 31, 2009 was a loss of $6.9 million compared to a gain of $1.3 million for the same period in 2008. The adjusted EBITDA loss for the 12 months ended December 31, 2009 is primarily attributable to a decrease in revenue of $6.7 million and an increase in operations costs of $1.8 million as compared to the same period in 2008.

Depreciation of Property and Equipment

Depreciation expense for the years ended December 31, 2009 and 2008 totaled $6.3 million and $4.4 million respectively. The increase in depreciation expense resulted primarily from a decrease in the capitalization of depreciation associated with the Company's NEXTMap programs. The capitalization of depreciation was $1.6 million as of December 31, 2009, compared to $3.1 million for the same period in 2008. The capitalization of depreciation expense relates to the creation of the MCDL, and specifically relates to the dedication of internal resources (aircraft, radar, and production equipment) for the purpose of collecting and processing NEXTMap data.

Amortization of MCDL

Amortization expense relating to the MCDL for the year ended December 31, 2009 increased to $10.1 million from $6.8 million for the same period in 2008. The increase in amortization expense was primarily due to the expansion of the underlying NEXTMap datasets. See "Critical Accounting Policies and Estimates – Multi-client Data Library."

Gain on the Disposal of Equipment

Due to the decrease in NEXTMap production requirements, on June 15, 2009 the Company sold its Aero Commander aircraft. Proceeds on the sale of the aircraft totaled $1.0 million and a gain was recognized on the sale of $0.1 million. With the sale of this aircraft, the Company now has three IFSAR platforms remaining in production, including one King Air and two Learjet aircraft.

Interest Income and Expense

Interest income during the year ended December 31, 2009 resulted from the investment of cash received from prior equity financings (see "Liquidity and Capital Resources" below). The investment of these funds earned the Company $24 thousand in interest income during the year ended December 31, 2009, compared to $1.0 million during the same period in 2008. The decrease in interest income in 2009 compared to 2008 is the result of a decrease in the amount of cash available for investment and the investment of cash in only low-yield, government-backed securities beginning in the second half of 2008.

Interest expense for the year ended December 31, 2009 totaled $0.2 million compared to $0.3 million for the same period in 2008. The decrease in interest expense in 2009 compared to 2008 is due to the reduction of principal resulting from recurring payments on long-term debt.

Loss (Gain) on Foreign Currency Translation

The Company continuously monitors the level of foreign currency assets and liabilities carried on the balance sheet in an effort to minimize as much of the foreign currency translation exposure as possible. Steps taken to minimize translation effects have included the movement of cash and cash equivalents between Canadian and United States dollar currencies. The result is a partial natural currency hedge for the Company.

During the year ended December 31, 2009, a foreign currency translation gain of $0.4 million was recognized compared to a loss of $1.1 million for the same period in 2008. The gain for 2009 was primarily the result of gains on cash held in Canadian dollars as a result of the weakening of the United States dollar. At December 31, 2009, the Company held approximately $1.9 million of cash in Canadian dollars.

Income Tax

Current income tax expense of $156 thousand was incurred during the year ended December 31, 2009 compared to $105 thousand during the same period in 2008. This expense relates to taxable income generated from the Company's Indonesian and United Kingdom subsidiaries. During 2009, future income tax recoveries of $7 thousand in 2009 and $3 thousand in 2008 were recognized as a result of future tax expense related to the German subsidiary and a future income tax recovery resulting from the amortization of intangible assets held in the Czech Republic and Slovak Republic subsidiaries, which have no tax basis. The Company did not recognize any income tax expense on any other operations during the years ended December 31, 2009 and 2008, due to losses incurred in the United States and Canada. The benefit of unused tax losses in Germany have been recognized in the financial statements as it was determined that the German subsidiary was more likely than not to be able to realize the benefit from these losses. The benefit of unused tax losses from all other subsidiaries have not been recognized in the financial statements, as the potential benefit has been offset by a valuation allowance.

Amounts Receivable and Unbilled Revenue

Work is performed on contracts that provide invoicing upon the completion of identified contract milestones. Revenue on certain of these contracts is recognized using the percentage-of-completion method of accounting based on the ratio of costs incurred to date over the estimated total costs to complete the contract. While an effort is made to schedule payments on contracts in accordance with work performed, the completion of milestones does not always coincide with the costs incurred on a contract, resulting in revenue being recognized in excess of billings. These amounts are recorded in the balance sheet as unbilled revenue.

Amounts receivable and unbilled revenue in the aggregate, net of deferred revenue, increased to $11.9 million at December 31, 2009 from $10.4 million at December 31, 2008. These amounts represent 116 days sales at December 31, 2009 compared to 61 days sales at December 31, 2008 and reflect specific project billing milestones on current contracts that were in progress on those dates.

Work in Process

Work in process generally results from the collection and processing of data for licensing. The Company has recorded the costs incurred for this data collection as work in process, and such costs will be expensed (i) once a contract has been received and the data is delivered, or (ii) if it is determined that the costs are greater than the net realizable value. Work in process for the year ended December 31, 2009 totaled $2.1 million compared to $25 thousand at December 31, 2008. The increase in work in process is due to the collection and processing of data during 2009 for which the Company expects to receive signed contracts for the purchase of such data in future periods.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities generally include trade payables, project-related accruals and personnel-related costs. Accounts payable and accrued liabilities decreased 25% from $7.9 million in 2008 to $5.9 million in 2009. The decrease resulted primarily from a reduction in compensation-related accruals, the majority of which pertained to the Company's corporate-wide performance bonus program.

Capital Lease Obligations and Long-term Debt

Capital lease obligations and long-term debt totaled $2.9 million at December 31, 2009, compared to $3.8 million at December 31, 2008. The decrease is the result of recurring payments on outstanding capital lease obligations and long-term bank loan obligations.

QUARTERLY FINANCIAL INFORMATION

Selected Quarterly Information

The following table sets forth selected quarterly financial information for Intermap's eight most recent fiscal quarters. This information is unaudited, but reflects all adjustments of a normal, recurring nature that are, in the opinion of management, necessary to present a fair statement of Intermap's consolidated results of operations for the periods presented. Quarter-to-quarter comparisons of Intermap's financial results are not necessarily meaningful and should not be relied on as an indication of future performance.

US $ millions except per share data	Q1 2008	Q2 2008	Q3 2008	Q4 2008	**Q1 2009**	**Q2 2009**	**Q3 2009**	**Q4 2009**
Revenue:								
Contract services	$ 5.9	$ 2.5	$ 10.3	$ 7.5	**$ 4.3**	**$ 3.5**	**$ 7.4**	**$ 4.9**
Multi-client data licenses	1.8	4.4	2.5	2.1	**1.2**	**2.7**	**3.0**	**3.3**
Total revenue	$ 7.7	$ 6.9	$ 12.8	$ 9.6	**$ 5.5**	**$ 6.2**	**$ 10.4**	**$ 8.2**
Depreciation and amortization	$ 2.5	$ 3.5	$ 2.6	$ 3.1	**$ 3.4**	**$ 4.2**	**$ 4.3**	**$ 4.9**
Net income (loss)	$ (4.2)	$ (6.2)	$ 0.2	$ (3.7)	**$ (7.0)**	**$ (6.9)**	**$ (4.3)**	**$ (7.6)**
Net income (loss) per share basic and diluted	$ (0.09)	$ (0.13)	$ -	$ (0.08)	**$ (0.15)**	**$ (0.14)**	**$ (0.08)**	**$ (0.15)**

Revenue

For the fourth quarter of 2009, revenue was $8.2 million as compared to $9.6 million for the same period in 2008. Contract services revenue decreased 35% in the fourth quarter of 2009 to $4.9 million, compared to $7.5 million in the same period in 2008, primarily due to one large contract service project in Asia totaling $7.0 million during 2008 without a similar-sized sale in 2009. MCDL license revenue recognized during the fourth quarter of 2009 was $3.3 million, compared to $2.1 million during the same period in 2008. The increase in MCDL license revenue was primarily due to increased sales of NEXTMap Europe data resulting from additional data availability.

Operations

Operations expense totaled $3.8 million for the fourth quarter of 2009, compared with $2.3 million for the same period in 2008. Gross operations expense, prior to capitalization, for the period ended December 31, 2009 and 2008 was $5.5 million and $8.5 million respectively. The decrease in gross operations expense was primarily the result of the reduction in production operations as a result of the completion of the NEXTMap Europe program and the completion of the airborne collection associated with the NEXTMap USA program. The increase in net operations expense resulted from a reduction of the capitalization of costs to the NEXTMap programs from $6.2 million in 2008 to $1.7 million in 2009. In addition, operations incurred $0.7 million in restructuring costs primarily related to the reduction of personnel.

Research and Development

Research and development costs for the quarter ended December 31, 2009 were $0.8 million, compared with $0.9 million for the same period in 2008. The research and development costs incurred during the fourth quarter of 2009 were primarily attributable to software development efforts associated with the continued development of internal data editing and processing tools and the expansion of the Company's NEXTMap services solutions (e.g., risk management and consumer electronics applications). The research and development costs incurred during the fourth quarter of 2008 were primarily attributable to risk management initiatives, customer Web-based applications, and other engineering-related work to support the IFSAR mapping technology.

Sales, General and Administrative

Net sales, general and administrative ("SG&A") expense for the fourth quarter of 2009 was $6.2 million compared to $6.1 million for the same period in 2008. SG&A expense includes employee compensation, database infrastructure costs, business development, sales, marketing, finance, administration, human resources, and facilities. Gross SG&A expense for the quarter ended December 31, 2009 and 2008, prior to capitalization, was $6.5 million and $6.9 million respectively. The decrease in gross SG&A expenses resulted primarily from a reduction in compensation-related accruals, the majority of which pertained to the Company's corporate-wide performance bonus program.

Depreciation of Property and Equipment

For the fourth quarter of 2009, depreciation expense increased by approximately $0.3 million as compared to the same period in 2008. The increase in depreciation expense is directly attributable to an increase in assets entered into service during the prior and current year. Additionally, the capitalization of depreciation decreased in the fourth quarter of 2009 to $0.3 million from $0.7 million during the same period in 2008 due to the completion of the NEXTMap Europe program and the completion of the airborne collection portion of the NEXTMap USA program. The capitalization of depreciation expense is associated with the build of the MCDL and is specifically related to the dedication of internal resources (aircraft, radar, and production equipment) for the purpose of acquiring and processing NEXTMap data.

Amortization of the MCDL

Amortization expense of the MCDL during the quarter ended December 31, 2009 increased 98% to $3.3 million from $1.7 million during the same period in 2008. The amortization of the NEXTMap dataset increases in relation to the increase in size of the underlying MCDL asset on the balance sheet and the amount of MCDL revenue recognized in a period. See "Critical Accounting Policies and Estimates – Multi-client Data Library."

Interest Income and Expense

Interest income during the fourth quarter of 2008 resulted from the investment of cash received from prior equity financings (see "Liquidity and Capital Resources" below). The investment of cash earned $5 thousand in interest income during the quarter ended December 31, 2009, compared to $64 thousand during the same period in 2008. The decrease in interest income during the fourth quarter of 2009 compared to the same period in 2008 is the result of a decrease in the amount of cash available for investment and the Company changing its investment strategy during the third quarter of 2008 to invest only in government-backed securities.

Interest expense for the quarter ended December 31, 2009 totaled $49 thousand, compared to $65 thousand for the same period in 2008. The decrease in interest expense during the quarter ended December 31, 2009 compared to the same period in 2008 is due to the reduction of principal resulting from recurring payments on outstanding debt obligations and capital leases.

CONTRACTUAL OBLIGATIONS

Contractual obligations include (i) operating leases on office locations (ii) capital leases on computer equipment and software, and (iii) long-term debt obligations. Principal and interest repayments of these obligations are as follows:

	Payments due by Period (US $ thousands)				
Contractual obligations	**Total**	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**
Operating leases	$ 3,170	$ 1,570	$ 1,419	$ 181	$ -
Capital leases	369	237	132	-	-
Long-term debt	2,706	1,504	1,202	-	-
Total	$ 6,245	$ 3,311	$ 2,753	$ 181	$ -

LIQUIDITY AND CAPITAL RESOURCES

Management continually assesses liquidity in terms of the ability to generate sufficient cash flow to fund the business. Net cash flow is affected by the following items: (i) operating activities, including the level of amounts receivable, unbilled receivables, accounts payable, and deferred revenue; (ii) investing activities, including the investment in the MCDL and the purchase of property and equipment; and (iii) financing activities, including debt financing and the issuance of capital stock.

Cash used in operations during the year ended December 31, 2009 totaled $12.0 million compared to cash generated by operations of $6.8 million during the same period in 2008. Total cash used in operations during 2009 was primarily the result of the reduced level of revenue recognized in 2009 as compared to 2008, and changes in working capital primarily due to increases in accounts receivable and unbilled revenue of $1.0 million, an increase in work in process of $2.0 million, and a decrease in accounts payable and accrued liabilities of $1.9 million.

Net cash generated by financing activities totaled $7.5 million during the year ended December 31, 2009, compared to cash used in financing activities of $0.1 million during the same period in 2009. The net cash generated from financing activities during the year ended December 31, 2009 is primarily due to the completion of an equity share issuance for 5,750,000 units (each unit consists of one Class A common share of the Company and one-half of one common share purchase warrant) for total gross consideration of $9.5 million, offset by $0.8 million of securities issuance costs. Each whole warrant will be exercisable at a price of C$3.00 per common share for a period expiring one year after the closing date. The net cash used in financing activities during

2008 is primarily due to repayment of outstanding debt obligations and capital leases, offset by the exercise of stock options and the Company entering into a $0.6 million term loan with a Canadian financing company during the first quarter of 2008.

Net cash used in investing activities totaled $12.9 million for the year ended December 31, 2009, compared to $34.9 million during the year ended December 31, 2008. Cash used during the year ended December 31, 2009 in investing activities was primarily for (i) investment in the MCDL of $12.6 million ($29.8 million in 2008), (ii) investment in computer/storage equipment and software of $0.6 million ($3.8 million in 2008), (iii) capitalized investment in internal development programs of $0.5 million ($0.8 million in 2008), (iv) investment in aircraft modification of $0.2 million ($0.3 million in 2008), and (v) development of next-generation IFSAR radar systems of $26 thousand ($0.4 million in 2008). For the year ended December 31, 2009, investment in the MCDL decreased $17.1 million as compared to the same period in 2008 due to the completion of the NEXTMap Europe dataset and the completion of the airborne collection portion of the NEXTMap USA dataset.

As a result of the completion of the NEXTMap Europe dataset and significant progress toward the completion of the NEXTMap USA dataset, during the third quarter of 2009 the Company announced plans to reduce the capacity of data collection and production operations. This restructuring program included reductions in personnel and the future closure of a facility in Ottawa, Canada. The expected completion date of the restructuring program is during the second quarter of 2010.

The cash position of the Company at December 31, 2009 (cash and cash equivalents) was $10.4 million, compared to $27.2 million at December 31, 2008. Working capital decreased to $18.1 million as of December 31, 2009 from $30.0 million as of December 31, 2008.

Management believes that existing cash resources of $10.4 million as of December 31, 2009, together with the restructuring program and cash generated from the sale of the Company's products and services, will be sufficient to fund operations through at least December 31, 2010.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Revenue Recognition

Revenue from fixed-price contracts is recognized using the percentage-of-completion method of accounting, based on the ratio of costs incurred to estimated final costs. The utilization of the percentage-of-completion method of accounting requires estimates to determine the cost to complete each contract. These estimates are reviewed monthly and adjusted as necessary. Provisions for estimated losses, if any, are recognized in the period in which the loss is determined. Project losses are measured by the amount by which the estimated costs of the project exceed the estimated total revenue for the project.

Contracts that include elements of MCDL licensing and either fixed price or consulting arrangements are divided into separate units of accounting based on the fair value of the undelivered elements. If the elements cannot be separated into separate units of accounting, the elements are recognized as one unit of accounting and recognized ratably over the term of the contract or upon completion of the contract.

MCDL

The Company maintains a MCDL, which results from the acquisition and processing of digital map data. All ownership rights to this data are retained by the Company and the data is licensed to customers on a non-transferable basis. All of the direct costs of acquiring and processing the data are capitalized as an investment in the MCDL. These costs include direct overhead associated with the acquisition and processing of the data and the depreciation of the property and equipment used in the production of the data.

For NEXTMap programs, capitalized costs are amortized based on the percentage of total estimated costs to total estimated sales, multiplied by actual sales in the period. In the event the percentage changes as a result of a change in the estimate of total costs and/or total sales, amortization is adjusted accordingly.

Any costs which remain unamortized 18 months after being capitalized are amortized on a monthly basis at the greater of (i) a straight-line monthly amortization charge over 60 months, and (ii) the calculated charge based on sales during the period.

The amortization period of 60 months represents the minimum estimated useful life over which benefits from the data are expected to be derived. The carrying value of the MCDL is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future cash flows. The Company uses operating and financial assumptions to estimate cash flows. No adjustments have been recorded against the net book value of the MCDL to date.

Operations expenses that were capitalized for NEXTMap programs totaled $10.9 million during the year ended December 31, 2009 and $27.4 million for

the year ended December 31, 2008. The decrease in capitalization of operations expense on a year-over-year basis is due to decreased airborne data collection and processing as a result of the completion of the NEXTMap Europe dataset and the completion of the collection portion of the NEXTMap USA dataset.

Work In Process

Work in process is valued at the lower of cost and realizable value. Management reviews the work in process regularly, and if in the estimation of Management the net realizable value of the work in process is less than cost, a provision is recorded to reduce the carrying value of the work in process, and a corresponding expense is recognized thereby reducing the net income for the period.

NEW ACCOUNTING POLICIES

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued new handbook Section 3064, *Goodwill and Intangible Assets* that supersedes Section 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. This section provides additional guidance on when expenditures qualify for recognition as intangible assets and requires that costs be deferred only when relating to an item meeting the definition of an asset. The new accounting standards did not have an impact on the Company's consolidated financial statements.

Work in process inventories are accounted for using guidance from CICA handbook section 3031, *Inventories*. This section states that work in process is measured at the lower of cost or net realizable value. When work in process is sold, the carrying amount is recognized as an expense in the period the related revenue is recognized. The amount of any write-down of work in process to net realizable value is recognized as an expense in the period the write-down or loss occurs.

Investments in joint ventures are accounted for using guidance from CICA handbook section 3055, *Interests in Joint Ventures*. This section states that joint ventures are accounted for using the proportionate consolidation method, whereby the Company's proportionate share of the assets, liabilities, and the related revenues and expenses of the joint venture are included in the financial statements. The Company uses the proportionate consolidation method to account for its joint venture interests when there is joint control over the related economic activity. The Company determines joint control when there is existence of a contractual agreement to share continuing power with other participating parties to determine strategic operating, investing, and financing activities of the joint venture.

FUTURE CHANGES IN ACCOUNTING POLICIES

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian public enterprises will need to adopt International Financial Reporting Standards ("IFRS") effective for interim and annual periods beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011, for which the current and comparative information will be prepared under IFRS.

The Company commenced its IFRS conversion project in 2008. The project consists of three main phases: project plan and scoping, evaluation and design, and implementation and review.

The Company has completed phase one, which includes a high-level conversion program and a scoping exercise to identify priorities, a diagnostic review of the Company's financial statements, and a preliminary determination of the expected accounting impact. Based on this exercise, the Company determined the required resources, training, and timeline for the project.

The Company has commenced phase two, which consists of a comprehensive analysis of the major differences between GAAP and IFRS applicable to the Company, identification of accounting policy alternatives, a review of information technology systems and the impact of the conversion on the business activities, and internal control environment.

Phase three will consist of implementation of the changes, evaluation, and revision of business metrics, if required, and modification to the financial reporting schedules. Phase three is planned to commence in the second half of 2010.

The Company anticipates a significant increase in disclosure resulting from the adoption of IFRS as well as certain presentation differences. The IFRS project is on target to meet the changeover date.

OUTSTANDING SHARE DATA

The Corporation's authorized capital consists of an unlimited number of Class A common shares without par value and an unlimited number of Class A participating preferred shares without par value. At the close of business on February 26, 2010, 52,432,037 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of February 26, 2010, 4,025,217 stock options are outstanding in the Company's stock option plan with a weighted average exercise price of C$4.47. In addition, there are 3,200,000 warrants outstanding that are exercisable with a weighted average exercise price of C$3.07, and each warrant entitles the holder to purchase one Class A common share.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

Disclosure Control Risks

Disclosure controls and procedures have been designed to provide reasonable assurance that information required to be disclosed is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. Pursuant to Multilateral Instrument 52-109, the Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the effectiveness of the disclosure controls and procedures as at December 31, 2009, that disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company.

Internal Control Risks

Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting. Management, including the Chief Executive Officer and Chief Financial Officer, reviewed and evaluated the design and operating effectiveness of the internal controls over financial reporting (as defined by Multilateral Instrument 52-109) and concluded that sufficient controls exist at December 31, 2009 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. There have been no changes in the design of internal controls over financial reporting that occurred during the year ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

The risks and uncertainties described below are not exhaustive. Additional risks not presently known or currently deemed immaterial may also impair the Company's business operation. If any of the events described in the following business risks actually occur, overall business, operating results, and the financial condition of the Company could be materially adversely affected.

Revenue Fluctuations

Intermap's revenue has fluctuated over the years. Mapping projects are scheduled according to client requirements and the timing of regulatory and/ or budgetary decisions. The commencement or completion of projects within a particular quarter or year, the timing of regulatory approvals, operating decisions of clients, and the fixed-cost nature of Intermap's business, among other factors, may cause the Company's results to vary significantly between fiscal years and between quarters in the same fiscal year.

Key Customers

During the 2009, 2008, and 2007 fiscal years, one customer, the National Geospatial-Intelligence Agency ("NGA"), an agency of the U.S. federal government, accounted for approximately 55%, 80%, and 59% respectively, of the Company's total revenue. To the extent that significant customers cancel or delay orders, Intermap's revenue, earnings, and cash flow could be materially and adversely affected.

Nature of Government Contracts

Intermap conducts a significant portion of its business either directly or in cooperation with the United States government, other governments around the world, and international funding agencies. In many cases, the terms of these contracts provide for cancellation at the option of the government or agency at any time. In addition, many of Intermap's products and services require government appropriations and regulatory licenses, permits, and approvals, the timing and receipt of which are not within Intermap's control. Any of these factors could have an effect on Intermap's revenue, earnings, and cash flow.

General Economic Trends

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of our customers, which could have an adverse effect on Intermap's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the major countries in which the Company does business could also adversely affect Intermap's operating results.

Common Share Price Volatility

The market price of the Company's common shares has fluctuated widely in recent periods and is likely to continue to be volatile. A number of factors can affect the market price of Intermap's common stock including (i) actual or anticipated variations in operating results; (ii) the low daily trading volume

of the Company's stock; (iii) announcement of technological innovations or new products by the Company or its competitors; (iv) competition, including pricing pressures and the potential impact of competitors products on sales; (v) changing conditions in the digital mapping and related industries; (vi) unexpected production difficulties; (vii) changes in financial estimates or recommendations by stock market analysts regarding Intermap or its competitors; (viii) announcements by Intermap or its competitors of acquisitions, strategic partnerships, or joint ventures; (ix) additions or departures of senior management; and (x) changes in economic or political conditions.

Additionally, in recent years, the stock market in general and shares of technology companies in particular have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of these technology companies. These broad market and industry fluctuations may harm the market price of Intermap's common stock, regardless of its operating results.

Availability of Capital

The Company believes that its current working capital and expected future cash flows from operations will be sufficient to fund operations through at least December 31, 2010. However, if unexpected expenses, a reduction in forecasted revenue, or a substantial disruption to the business is encountered, the Company could be forced to raise additional working capital. The Company currently has no commitments for additional working capital funding and so its ability to meet any unexpected liquidity needs is uncertain. If additional funds are raised through the issuance of equity securities, the Company's shareholders may experience significant dilution. Furthermore, if additional financing is not available when required, or is not available on acceptable terms, the Company may be unable to develop or market its products, take advantage of business opportunities, or may be required to significantly curtail its business operations.

The Company is uncertain what impact the current volatility in worldwide credit and equity markets may have on its ability to obtain future financing. Since the second quarter of 2008, there have been unprecedented turmoil in equity and credit markets, hedge fund closures, and massive market interventions by the United States and foreign governments. Because of the severity of these market events and because the markets currently remain highly volatile, the Company cannot predict what effect these events will have on its ability to obtain financing in the future, if required.

Information Technology Security

The success of the NEXTMap programs has resulted in the NEXTMap database becoming the single most valuable asset of the Company. While Intermap has invested in database management, information technology security, firewalls, and offsite duplicate storage, there is a risk of a loss of data through unauthorized access or a customer violating the terms of the Company's end user licensing agreements and distributing unauthorized copies of its data. Intermap has, and will continue to invest, in both legal resources to strengthen its licensing agreements with its customers and in overall information technology protection.

Loss of Proprietary Information

Intermap does not hold patents on the technology used in its operations and relies principally on trade secrets, know-how, expertise, experience, and the marketing ability of its personnel to remain competitive. Although Intermap requires all employees, consultants, and third parties to agree to keep its proprietary information confidential, no assurance can be given that the steps taken by Intermap will be effective in deterring misappropriation of its technologies. Additionally, no assurance can be given that employees or consultants will not challenge the legitimacy or scope of their confidentiality obligations, or that third parties, in time, could not independently develop and deploy equivalent or superior technologies.

Executive Talent

Intermap is in a growth phase in its markets. This growth, coupled with the development of new product lines in risk management, consumer electronics, automotive, and developing applications, will require additional executive talent. The Company is investing in training, leadership development, succession planning, and recruitment in response to the growth of the Company. Although Intermap has a talented team of experienced executives, it may not be able to further develop executive talent internally or attract and retain enough executive talent to effectively manage the anticipated growth.

Capital Expenditures for NEXTMap

The NEXTMap programs are capital-intensive undertakings. The Company has existing customers for certain of this data and intends to continue to seek new customers who will partially offset the costs of collecting and processing the data that comprises the NEXTMap programs. While the Company believes it will have sufficient capital to complete its NEXTMap programs, there are no guarantees that a sufficient number of customers will be found or,

if found, will provide sufficient capital to permit the Company to complete the NEXTMap programs.

Breakdown of Strategic Alliances

Intermap has fostered a number of key alliances over the past several years and intends to enter into new alliances in the future. The Company believes these new alliances will help enable access to significant scalable markets that would not otherwise be accessible in a timely manner. The breakdown or termination of some or all of those alliances could have a material impact on the Company. At this time, the Company is not aware of any material issues in its strategic relationships. Should any one of these companies be unable to continue its alliance with Intermap, or otherwise choose to dissolve the relationship, the Company would seek to replace the connection with other entities, but there is no guarantee such replacement would occur.

Extent of Proposed Mapping Geographies

The new targeted markets proposed for Intermap involve mapping geographies of significant size. Anticipated improvements in mapping data resolution will further compound the amount of required data acquisition and handling. Updating the mapping data on a regular basis will prove similarly demanding. Both mapping and processing system throughput will need to be revisited and monitored to ensure continued architectural and throughput robustness.

New Competing Technologies

It is possible that commercially available satellite images could, in the future, match the image resolution offered by the Company's IFSAR technology. However, the Company believes that the technology to perform three-dimensional radar imaging from space at 1-meter resolution with postings every 5 meters is considered to be five or more years away. In any event, Intermap is aggressively developing modifications in its data collection capabilities to continuously improve its accuracy and the cost efficiencies of its IFSAR technology. Although there are only a few direct Intermap competitors currently, the industry is characterized by rapid technological progress. Intermap's ability to continue to develop and introduce new products and services, or incorporate enhancements to existing products and services, may require significant additional research and development expenditures and investments in equipment.

Another approach to production of digital elevation models is the use of auto correlation software to analyze common points in two or more optical images of the same area taken from different viewing angles. Essentially this is the same principle that is used by technicians as they extract elevation points using stereo photogrammetric techniques, but in this case it is automated using computer software image matching algorithms. This process is well known and has been used with limited success over small areas. Advances in computing power coupled with massive storage solutions may make this technology useful over larger areas in the future, and if so, could represent a significant competing technology.

Any required additional financing needed by the Company to remain competitive with these other technologies may not be available or, if available, may not be on terms satisfactory to the Company.

Exporting Products – Political Considerations

Intermap's data collection systems contain technology that is classified as a defense article under the International Traffic and Arms Regulations. All mapping efforts undertaken outside the United States, therefore, constitute a temporary export of a defense article, requiring prior written approval by the United States Department of State for each country within which mapping operations are to be performed. The Company does not currently anticipate that requirements for export permits will have a material impact on the Company's operations, although either government policy or government relations with select foreign countries may change to the point of affecting the Company's operational opportunities. The data produced by Intermap's IFSAR system falls under Department of Commerce regulations and is virtually unrestricted.

Foreign Operations

A significant portion of Intermap's revenue is expected to come from customers outside of the United States and is therefore subject to additional risks, including foreign currency exchange rate fluctuations, agreements that may be difficult to enforce, receivables difficult to collect through a foreign country's legal system, and the imposition of foreign-country-imposed withholding taxes or other foreign taxes. Intermap relies on contract prepayments or letters of credit to secure payment from certain of its customers when deemed necessary. The Company also secures export credit insurance on certain of its international receivables, which greatly reduces the commercial and political risks of operating outside of North America.

Political Instability

Intermap understands that not every region enjoys the political stability that is taken for granted in North America. Developments in recent years in the Middle East and Asia illustrate this clearly. Political or significant instability in a region where Intermap is conducting data collection activities, or where Intermap has clients, could adversely impact Intermap's business.

Global Positioning System ("GPS") Failure

GPS satellites have been available to the commercial market for many years. The continued unrestricted access to the signals produced by these GPS satellites is a requirement in the collection of the Company's IFSAR data. A loss of GPS would have such a global impact that it is believed that controlling authorities would almost certainly make another system available to GPS receivers in relatively short order.

Regulatory Approvals

The development and application of certain of the Company's products requires the approval of applicable regulatory authorities. A failure to obtain such approval on a timely basis, or material conditions imposed by such authority in connection with the approval, would materially affect the prospects of the Company.

Aircraft/Radar Lost or Damaged

Although the Company believes that the probability of one of the Company's aircraft or radar sustaining significant damage or being lost in its entirety is extremely low, such damage or loss could occur. Now that the data collection associated with the Company's NEXTMap USA and NEXTMap Europe programs is complete, the Company is expected to have available to it, for data collection purposes, one or two additional aircraft at any given time. The risk to the Company of loss or damage to an aircraft is therefore considered to be minimal. In the event that one of the radar mapping systems is lost in its entirety through the destruction of the aircraft, it would take the Company approximately six to nine months to replace the lost equipment if required.

Force Majeure

The Company's projects may be adversely affected by risks outside the control of the Company including labor unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, or quarantine restrictions.

Additional risk factors may be detailed in the Company's Annual Information Form, which can be found on the Company's Web site at www.intermap.com and on SEDAR at www.sedar.com.

MANAGEMENT'S REPORT

The accompanying financial statements of Intermap Technologies Corporation and all the information in this annual report are the responsibility of the Company's management. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.

Management maintains appropriate systems of internal control that provide reasonable assurance that assets are adequately safeguarded and that the financial reports are sufficiently well-maintained for the timely preparation of the consolidated financial statements.

The Audit Committee members, all of whom are non-management directors, are appointed by the Board of Directors. The Committee has reviewed these statements with the Auditors and management. The Board of Directors has approved the financial statements of the Company, which are contained in this report.

Brian L. Bullock
President and
Chief Executive Officer

Richard L. Mohr
Senior Vice President and
Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Intermap Technologies Corporation as at December 31, 2009 and 2008 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants
Ottawa, Canada
February 12, 2010

CONSOLIDATED BALANCE SHEETS

(In thousands of United States dollars)

FOR THE YEARS ENDED DECEMBER 31,	**2009**	2008
Assets		
Current assets:		
Cash and cash equivalents	**$ 10,355**	$ 27,247
Amounts receivable	**12,270**	9,862
Unbilled revenue	**343**	1,725
Work in process	**2,057**	25
Prepaid expenses	**1,481**	1,635
	26,506	40,494
Property and equipment (Note 5)	**13,380**	20,782
Multi-client data library (Note 6)	**85,276**	81,156
Intangible assets (Note 7)	**909**	1,331
Future income taxes (Note 11)	**136**	230
	$ 126,207	$ 143,993
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 5,916**	$ 7,858
Current portion of deferred lease inducements	**171**	205
Deferred revenue	**674**	1,177
Income taxes payable	**42**	12
Current portion of obligations under capital lease (Note 8)	**229**	344
Current portion of long-term debt (Note 9)	**1,383**	856
	8,415	10,452
Deferred lease inducements	**129**	172
Obligations under capital lease (Note 8)	**130**	357
Long-term debt (Note 9)	**1,121**	2,286
Future income taxes (Note 11)	**218**	319
	10,013	13,586
Shareholders' equity:		
Share capital (Note 10)	**181,623**	172,288
Contributed surplus (Note 10(c))	**6,882**	4,590
Deficit	**(78,505)**	(52,665)
Accumulated other comprehensive income	**6,194**	6,194
	116,194	130,407
Commitments (Note 12)		
	$ 126,207	$ 143,993

On behalf of the Board:

Brian L. Bullock
Director

Donald R. Gardner
Director

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

(In thousands of United States dollars, except per share information)

For the Years Ended December 31,	**2009**	2008
Revenue:		
Contract services	**$ 20,143**	$ 26,212
Multi-client data licenses	**10,164**	10,812
	30,307	37,024
Operating costs:		
Operations	**10,018**	8,245
Research and development	**3,643**	3,953
Sales, general and administrative	**25,831**	25,907
Depreciation of property and equipment	**6,302**	4,437
Amortization of multi-client data library	**10,074**	6,846
Amortization of intangible assets	**422**	422
(Gain) loss on disposal of equipment	**(119)**	683
	56,171	50,493
Loss before interest, foreign exchange and income taxes	**(25,864)**	(13,469)
Interest expense	**(223)**	(289)
Interest income	**24**	1,022
Gain (loss) on foreign currency translation	**372**	(1,108)
Loss before income taxes	**(25,691)**	(13,844)
Income tax expense (recovery):		
Current	**156**	105
Future	**(7)**	(3)
	149	102
Net loss and comprehensive loss	**(25,840)**	(13,946)
Deficit, beginning of year	**(52,665)**	(38,719)
Deficit, end of year	**$ (78,505)**	$ (52,665)
Basic and diluted loss per share	**$ (0.51)**	$ (0.30)
Weighted average number of Class A common shares - basic and diluted (Note 10(d))	**50,342,816**	46,158,017

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of United States dollars)

For the Years Ended December 31,	**2009**	2008
Cash flows (used in) provided by:		
Operations:		
Net loss	**$ (25,840)**	$ (13,946)
Items not involving cash and cash equivalents:		
Depreciation of property and equipment	**6,302**	4,437
Amortization of multi-client data library	**10,074**	6,846
Amortization of intangible assets	**422**	422
Stock-based compensation	**2,247**	2,426
(Gain) loss on disposal of equipment	**(119)**	683
Amortization of deferred lease inducements	**(240)**	(220)
Future income taxes	**(7)**	(3)
Change in non-cash operating working capital	**(4,800)**	6,134
	(11,961)	6,779
Financing:		
Proceeds from issuance of common shares	**9,540**	418
Securities issuance costs	**(841)**	-
Proceeds from issuance of long-term debt	**-**	605
Repayment of obligations under capital lease	**(342)**	(261)
Repayment of long-term debt	**(882)**	(850)
	7,475	(88)
Investments:		
Purchase of property and equipment	**(1,288)**	(5,147)
Investment in multi-client data library	**(12,627)**	(29,770)
Proceeds from sale of equipment	**1,039**	-
	(12,876)	(34,917)
Effect of foreign exchange on cash	**470**	(1,362)
Decrease in cash and cash equivalents	**(16,892)**	(29,588)
Cash and cash equivalents, beginning of year	**27,247**	56,835
Cash and cash equivalents, end of year	**$ 10,355**	$ 27,247
Supplemental cash flow information:		
Cash paid for interest expense	**$ 220**	$ 289
Cash paid for income taxes	**$ 96**	$ 105

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty.

See accompanying notes to consolidated financial statements.

Years ended December 31, 2009 and 2008
(In thousands of United States dollars, except per share information)

1. Incorporation:

Intermap Technologies Corporation (the "Company") is incorporated under the laws of Alberta, Canada. Intermap is a digital mapping company creating uniform high-resolution 3D digital models of the earth's surface. The Company is mapping entire countries and building a uniform national database, called NEXTMap®, consisting of elevation data and geometric images.

2. Summary of significant accounting policies:

(a) Basis of consolidation:

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Intermap Technologies Inc. and Intermap Federal Services Inc. (both U.S. corporations); Intermap Technologies GmbH (a German corporation); Intermap Technologies UK Limited (a U.K. corporation); Intermap Technologies PTY Ltd (an Australian corporation); Intermap Technologies s.r.o. (a Czech Republic corporation); Intermap Technologies s.r.o. (a Slovak Republic corporation); a 90% owned subsidiary, PT ExsaMap Asia (an Indonesian corporation); and a 49.9% owned joint venture, PASCOMap LLC.

(b) Use of estimates:

Preparing financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Significant management estimates are found in the impairment of, and useful lives of, long-lived assets, net realizable value of work in process, and in the estimated final costs to complete contracts accounted for under the percentage-of-completion method.

(c) Work in Process:

Work in process is measured at the lower of cost or net realizable value. When work in process is sold, the carrying amount of the work in process is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of work in process to net realizable value is recognized as an expense in the period in which the write-down or loss occurs.

(d) Property and equipment:

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed when incurred. The cost of aircraft overhauls are capitalized and depreciated over the period until the next overhaul. Depreciation is provided on the straight-line basis over the useful lives of the assets at the following annual rates:

Assets	Rate
Aircraft	10%
Mapping equipment and software	33%
Radar equipment	20%
Furniture and fixtures	20%
Automobiles	20%
Leasehold improvements	Term of lease

Assets under construction are not depreciated until available for use by the Company.

(e) Multi-client data library ("MCDL"):

The Company maintains a MCDL, which results from the acquisition and processing of digital map data. All ownership rights to this data are retained by the Company, and the data is licensed to customers on a non-transferable basis. All of the direct costs of acquiring and processing the data are capitalized as an investment in the MCDL. These costs include direct overhead associated with the acquisition and processing of the data and the depreciation of the property and equipment used in the production of the data.

MCDL capitalized costs are amortized based on the percentage of total estimated costs to total estimated sales, multiplied by actual sales in the period. In the event the percentage changes as a result of a change in the estimate of total costs and/or total sales, amortization is adjusted accordingly.

Any costs which remain unamortized 18 months after being capitalized are amortized on a monthly basis at the greater of (i) a straight-line monthly amortization charge over 60 months, and (ii) the calculated charge based on sales during the period.

The amortization period of 60 months represents the minimum estimated useful life over which benefits from the data are expected to be derived.

The carrying value of the MCDL is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No adjustments have been recorded against the net book value of the MCDL to date.

(f) Intangible assets:
Intangible assets represent assets acquired in a business combination. All intangible assets held by the Company are amortized on a straight-line basis, based on their estimated useful life of five years. The amortization method and estimate of the useful life of intangible assets are reviewed annually.

(g) Leases:
Leases are classified as either capital or operating in nature. Capital leases are those that substantially transfer the benefits and risks of ownership to the lessee. Assets acquired under capital leases are depreciated at the same rates as those described in Note 2(d). Obligations recorded under capital leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to expense.

(h) Deferred lease inducements:
Deferred lease inducements represent the unamortized cost of lease inducements on certain of the Company's leased commercial office space. Amortization is provided on the straight-line basis over the term of the lease and recognized as a reduction in rent expense.

(i) Foreign currency translation:
The measurement currency of the Company and its subsidiaries is the United States dollar. Integrated foreign operations and foreign denominated assets and liabilities of the Company are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the prevailing rates of exchange, non-monetary assets and liabilities are translated at historic exchange rates, and revenue and expense items are translated at prevailing average exchange rates during the year. Exchange gains and losses are included in the statement of operations.

(j) Income taxes:
Income taxes are accounted for under the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases.

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs.

(k) Impairment of long-lived assets:
Long-lived assets, including property and equipment, MCDL, and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized as the amount by which the carrying value of the asset exceeds its fair value.

(l) Revenue Recognition:
Revenue from fixed-price contracts is recognized using the percentage-of-completion method, based on the ratio of costs incurred to estimated final costs. The use of the percentage of completion method requires estimates to determine the cost to complete each contract. These estimates are reviewed monthly and adjusted as necessary. Provisions for estimated losses, if any, are recognized in the period in which the loss is determined. Contract losses are measured in the amount by which the estimated costs of the related project exceeds the estimated total revenue for the project.

Revenue from MCDL licenses is recognized on delivery of the data to the customer.

Contracts that include elements of MCDL license sales and either fixed-price or consulting arrangements are divided into separate units of accounting based on the fair value of the undelivered elements. If the elements cannot be separated into separate units of accounting, the elements are recognized as one unit of accounting and recognized ratably over the term of the services to be provided or upon delivery of the final element.

Billings in excess of revenue are recorded as deferred revenue. Revenue recognized in excess of billings is recorded as unbilled revenue.

(m) Research and development:
Research costs are expensed as incurred. Development costs are expensed in the year incurred unless management believes a development project meets the generally accepted accounting criteria for deferral and amortization. Funding received in respect of research and development agreements is recorded as a reduction of research and development expenses.

(n) Stock-based compensation:
The Company has a stock-based compensation plan which is described in Note 10(g). The Company accounts for all stock-based awards to employees and non-employees using the fair value based method. Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, the fair value of the equity instrument issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Upon exercise of a stock option, share capital is recorded as the sum of the cash proceeds received and the related amount of contributed surplus.

(o) Earnings per share:
The basic earnings per share is computed by dividing net earnings (loss) by the weighted average shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings per share, except the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares for stock options and warrants is calculated by assuming outstanding stock options and warrants were exercised, and the proceeds from such exercises were used to acquire shares of common stock at the average market price during the year.

(p) Financial instruments:
Financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurement is dependent on their classification. The following is a summary of the classification the Company has applied to each of its significant categories of financial instruments outstanding:

Financial instrument:	Classification:
Short term deposits	Held-to-maturity
Amounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities

Held-for-trading ("HFT")
The Company has not designated any non-derivative financial assets as HFT, nor has it designated any non-derivative financial liabilities as HFT.

Available-for-sale ("AFS")
The Company has not designated any financial assets as AFS.

Held-to-maturity ("HTM")
HTM financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables; the Company has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost, using the effective interest rate method. The short-term deposits classified as HTM financial assets are recorded as cash and cash equivalents on the accompanying balance sheet. Interest earned on these instruments is included in interest income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments. Loans and receivables are recorded at amortized cost, using the effective interest rate method. The instruments classified as loans and receivables are recorded as amounts receivable on the accompanying balance sheet.

Other liabilities
This includes all financial liabilities that are not required to be designated by the Company as held for trading upon initial recognition. Other liabilities are recorded at amortized cost, using the effective interest rate method. The instruments classified as other liabilities include accounts payable and accrued liabilities, and long-term debt and are recorded as such on the accompanying balance sheet.

(q) Derivatives:
As of December 31, 2009, the Company had one derivative instrument, resulting from a written put option held by a non-controlling investor in

the Company's Indonesian subsidiary, P.T. ExsaMap Asia. The Company is required to recognize a financial liability for the present value of the redemption amount of the put instrument held by the minority interest holder. The present value of the redemption amount at December 31, 2009 is approximately $21. However, based on terms set out in the agreement between the Company and the non-controlling investor, the Company had provided the investor with an advance of $21on this redemption amount. As such, the Company has offset the financial liability against the advance on its consolidated balance sheet.

(r) Comprehensive Income (Loss):
All exchange differences resulting from the Company's adoption of the U.S. dollar as its reporting currency effective January 1, 2005 were recorded in the cumulative translation account, which now forms part of accumulated other comprehensive income within the Company's shareholders' equity. The Company does not have any assets designated as available-for-sale, or any self-sustaining subsidiaries.

(s) Joint Venture:
The Company uses the proportionate consolidation method to account for its interest in PASCOMap LLC, as there is joint control over the related economic activity. The Company determines joint control when there is existence of a contractual agreement to share continuing power with other participating parties to determine strategic operating, investing, and financing activities of the joint venture.

(t) New Accounting Policies:
Handbook Section 3064, *Goodwill and Intangible Assets* that supersedes Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, Research and Development Costs was effective January 1, 2009 for the Company. This section provides additional guidance on when expenditures qualify for recognition as intangible assets and requires that costs be deferred only when relating to an item meeting the definition of an asset. The new accounting standard was adopted by the Company and did not have an impact on the Company's consolidated financial statements.

3. Future accounting standards:

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian public enterprises will need to adopt International Financial Reporting Standards ("IFRS") effective for interim and annual periods beginning on or after January 1, 2011 . Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011, for which the current and comparative information will be prepared under IFRS. The Company commenced its IFRS conversion project in 2008, and a project plan is in place to meet the required conversion date.

4. Joint Venture:

During 2008, the Company entered into a joint venture agreement with PASCO Corporation. The joint venture, PASCOMap LLC, is 49.9% owned by the Company and 50.1% owned by PASCO Corporation and was formed to develop, market, and license digital elevation model data utilizing radargrammetry technology and satellite radar data. As of December 31, 2009, amounts included in the Company's consolidated financial statements related to PASCOMap were cash of $19 (year ended December 31, 2008 - $10), accounts payable of $56 (year ended December 31, 2008 - $27) and operating costs of $39 (year ended December 31, 2008 - $60). As of December 31, 2009, the joint venture has no material commitments or contingencies.

5. Property and equipment:

December 31, 2009	Cost	Accumulated depreciation	Net book value
Aircraft	$ 13,543	$ 7,819	$ 5,724
Mapping equipment and software	22,409	17,484	4,925
Radar equipment	12,403	10,868	1,535
Furniture and fixtures	587	500	87
Automobiles	99	44	55
Leasehold improvements	1,228	918	310
Assets held under capital leases:			
Mapping equipment and software	1,880	1,527	353
Assets under construction:			
Mapping equipment and software	391	-	391
	$ 52,540	$ 39,160	$ 13,380

December 31, 2008	Cost	Accumulated depreciation	Net book value
Aircraft	$ 14,967	$ 7,241	$ 7,726
Mapping equipment and software	24,272	18,242	6,030
Radar equipment	12,359	9,180	3,179
Furniture and fixtures	558	442	116
Automobiles	183	43	140
Leasehold improvements	1,120	738	382
Assets held under capital leases:			
Mapping equipment and software	1,880	1,162	718
Assets under construction:			
Mapping equipment and software	1,512	-	1,512
Radar equipment	979	-	979
	$ 57,830	$ 37,048	$ 20,782

During the year ended December 31, 2009, property and equipment was acquired at an aggregate cost of $1,288 (year ended December 31, 2008 – $5,147), and no property and equipment was acquired by means of capital lease (year ended December 31, 2008 – $502). The Company also received $100 in leasehold improvements that were paid for by the landlord in connection with the signing of a new lease on the Ottawa, Canada facility.

On June 15, 2009, the Company sold its Aero Commander aircraft. Proceeds from the sale of the aircraft totaled $1,000. A gain on the sale of the aircraft of $135 was recognized during the year. During 2009, the Company also disposed of mapping equipment with a net book value of $16.

In 2008, the Company removed an aircraft and its radar equipment from production. The radar equipment from this aircraft was older technology with no resale value and will not be placed into production on any of the Company's existing aircraft. As such, an impairment loss of $298, representing the net book value of the radar equipment, was included in the loss on disposal of property and equipment in the statement of operations.

Also, during 2008, the Company ceased the use of a leased aircraft. The radar equipment in service on this aircraft is a duplicate of the radar system that remains in production, and will continue to be used as a spare of these systems. An impairment loss of $385 for the spare radar equipment was recorded in the statement of operations.

6. Multi-client data library:

December 31,	2009	2008
Cost:		
Balance, beginning of year	**$100,899**	$ 68,010
Add:		
Direct costs and overhead	**12,627**	29,770
Capitalized depreciation	**1,567**	3,119
Balance, end of year	**115,093**	100,899
Accumulated amortization	**(29,817)**	(19,743)
	$ 85,276	$ 81,156

7. Intangible assets:

December 31, 2009	Cost	Accumulated amortization	Net book value
Technology	**$ 1,747**	**$ 992**	**$ 755**
Customer relationships	**233**	**133**	**100**
Contracts	**126**	**72**	**54**
	$ 2,106	**$ 1,197**	**$ 909**

December 31, 2008	Cost	Accumulated amortization	Net book value
Technology	$ 1,747	$ 643	$ 1,104
Customer relationships	233	86	147
Contracts	126	46	80
	$ 2,106	$ 775	$ 1,331

8. Obligations under capital lease:

Future minimum capital lease payments as of December 31 are:

	2009	2008
Twelve months ended December 31:		
2009	**$ -**	$ 367
2010	**237**	235
2011	**132**	132
Total minimum lease payments	**369**	734
Less amount representing interest (at rates ranging from approximately 3.3% to 8.8%)	**(10)**	(33)
Present value of minimum lease payments	**359**	701
Less current portion of obligations under capital lease	**(229)**	(344)
	$ 130	$ 357

In September 2008, the Company entered into a capital lease to finance the purchase of $502 of mapping equipment and software. The lease bears interest at a rate of 3.3% and is secured by the underlying assets.

9. Long-term debt:

December 31,	**2009**	2008
Bank term loan (a)	**$ 1,589**	$ 1,751
Term loans (b)	**915**	1,391
	2,504	3,142
Less current portion	**(1,383)**	(856)
	$ 1,121	$ 2,286

(a) In December 2007, the Company obtained a term loan from a Canadian bank in the amount of $2,522. The loan is repayable in monthly installments of $42 over a term of 60 months maturing on February 28, 2013. The loan bears interest at 6.25% and is secured by a general security agreement. An aircraft owned by the Company is listed as the primary collateral under the general security agreement.

(b) In January 2008, the Company obtained a term loan from a Canadian financing company in the amount of $605. The loan is repayable in monthly installments of principal and interest of $21 over a term of 31 months maturing on August 9, 2010. The loan bears interest at a rate of 7.86% and is secured by a general security agreement. As of December 31, 2009, $163 (2008 – $392) was outstanding on the loan.

In August 2005, the Company obtained a term loan from a Canadian financing company in the amount of $1,715. The loan is repayable in monthly installments of principal and interest of $25 over a term of 60 months maturing on August 9, 2010, at which point the remaining balance of $578 will be due. The loan bears interest at a rate of 6.5% and is secured by a general security agreement. As of December 31, 2009, $752 (2008 – $999) was outstanding on the loan.

Principal repayments of long-term debt are as follows:

Twelve months ended December 31,	
2010	$ 1,383
2011	498
2012	531
2013	92
	$ 2,504

10. Share capital:

(a) Authorized:

The authorized share capital of the Company consists of an unlimited number of Class A common shares and an unlimited number of Class A participating preferred shares. There are no Class A participating preferred shares outstanding.

(b) Issued:

	December 31, 2009		December 31, 2008	
Class A common shares	**Number of Shares**	**Amount**	Number of Shares	Amount
Balance, beginning of year	**46,188,713**	**$ 172,288**	46,070,173	$ 171,621
Exercise of options	**-**	**-**	102,622	571
Stock-based compensation	**493,324**	**813**	15,918	96
Issuance of shares for cash	**5,750,000**	**9,540**	-	-
Issuance costs	**-**	**(1,018)**	-	-
Balance, end of year	**52,432,037**	**$ 181,623**	46,188,713	$ 172,288

On June 4, 2009 and June 30, 2008, 73,338 and 15,918 Class A common shares respectively, were issued to non-employee directors of the Company as compensation for services. Compensation expense for these Class A common shares has been included in sales, general and administrative expenses (see Note 10(e)).

On May 15, 2009, 419,986 Class A common shares were issued to employees of the Company as compensation for services provided in 2008 following shareholder approval on May 12, 2009.

On April 27, 2009, the Company issued, on a bought deal basis, 5,000,000 units ("Units") at a price of $2.00 CDN per unit, representing gross proceeds of $8,200 ($10,000 CDN). Each unit consisted of one Class A common share of the Company and one-half of one common share purchase warrant ("Warrant"). Each whole Warrant will be exercisable at a price of $3.00 CDN per common share for a period of one year after the closing date. The Company paid the underwriters a cash commission equal to 5.5 percent or $451 ($550 CDN) of the gross proceeds of the offering, and incurred additional transaction-related fees of $310 ($368 CDN).

In connection with the April 27, 2009 share issuance, the Company issued a compensation option to its underwriters, entitling them to purchase an aggregate of 250,000 Class A common shares, at a price of $2.00 CDN per Class A common share, at any time for a period of 12 months following the closing of the offering. The Company recorded non-cash issuance costs related to these awards based on the fair value of the award at the date of the closing of $177 ($217 CDN).

In connection with the April 27, 2009 share issuance, the Company granted the underwriters an over-allotment option to purchase up to an additional 750,000 Units, resulting in the issuance of an additional 750,000 Class A common shares for gross proceeds of $1,340 ($1,500 CDN) on May 26, 2009. The Company recorded additional commission and transaction fees of $80 ($83 CDN) related to this issuance.

(c) Contributed surplus:

December 31,	2009	2008
Balance, beginning of year	**$ 4,590**	$ 2,413
Stock-based compensation related to stock options and warrants	**2,115**	2,330
Stock options issued to securities agent	**177**	-
Stock options and warrants exercised	**-**	(153)
Balance, end of year	**$ 6,882**	$ 4,590

(d) Loss per share:

The calculation of the loss per share is based on the weighted average number of Class A common shares outstanding. Where the impact of the exercise of options or warrants is anti-dilutive, they have not been included in the calculation of diluted loss per share.

The underlying Class A common shares pertaining to the outstanding 4,135,217 stock options and 3,200,000 warrants could potentially dilute earnings.

(e) Director's share compensation plan:

The Company has a director's share compensation plan allowing for the issuance of up to 200,000 shares of the Company's Class A common stock to non-employee directors of the Company as part of their annual compensation. As of December 31, 2009, 18,572 Class A common shares remain available under the plan. Compensation expense for issued shares is included in sales, general and administrative expense.

(f) Employee share compensation plan:

The Company established an employee share compensation plan to compensate employees for services performed. The plan was approved by the shareholders of the Company at the Annual General Meeting on May 12, 2009. The plan permits the issuance of up to 1,500,000 shares of the Company's Class A common stock to employees. As of December 31, 2009, 1,080,014 Class A common shares remain available for issuance under the plan. Compensation expense for issued shares is included in operating costs.

(g) Stock option plan:

The Company established a stock option plan to provide long-term incentives to attract, motivate, and retain certain key employees, officers, directors, and consultants providing services to the Company. The plan permits the granting of options to purchase up to 10% of the outstanding shares of the Company. As of December 31, 2009, 5,243,203 Class A common shares were authorized under the plan, of which 75,000 warrants and 4,135,217 stock options are issued and outstanding, and 1,032,986 options remain available for issuance. Under the plan, no one individual shall be granted an option which exceeds 5% of the issued and outstanding Class A common shares of the Company. In addition, the exercise price of each option shall not be less than the market price of the Company's stock on the date of grant. The options are exercisable for a period of not greater than six years, and generally vest over a period of one to four years, with the first vesting occurring on the one-year anniversary of the date of the grant. Directors' options generally vest on the date of the grant and expire on the fifth anniversary of the date of the grant.

A summary of the status of the plan is as follows:

	December 31, 2009		December 31, 2008	
	Number of shares under option	**Weighted average exercise price (CDN)**	Number of shares under option	Weighted average exercise price (CDN)
Options outstanding, beginning of year	**3,232,086**	**$ 5.25**	2,787,292	$ 5.87
Granted	**1,149,800**	**1.97**	652,750	2.52
Exercised	**-**	**-**	(102,622)	4.10
Expired	**(246,669)**	**3.96**	(105,334)	5.69
Options outstanding, end of year	**4,135,217**	**$ 4.42**	3,232,086$	$ 5.25
Options exercisable, end of year	**1,953,042**	**$ 5.61**	1,358,377	$ 5.71

The following table summarizes information regarding stock options outstanding at December 31, 2009:

Exercise Price (CDN$)	Options outstanding	Weighted average remaining contractual life	Options exercisable
$ 1.49	394,000	4.92 years	98,500
1.78	25,000	5.58 years	38,000
1.84	929,800	5.92 years	-
2.36	110,000	5.83 years	-
2.90	45,000	4.83 years	11,250
2.98	85,000	4.67 years	85,000
4.16	195,000	4.36 years	93,750
5.05	6,667	-	6,667
5.60	60,000	2.33 years	45,000
5.75	488,500	3.17 years	244,250
5.95	60,000	3.42 years	30,000
6.04	18,750	1.33 years	18,750
6.20	20,000	3.67 years	10,000
6.30	1,587,500	2.33 years	1,216,875
6.37	90,000	3.42 years	45,000
6.59	20,000	3.67 years	10,000
	4,135,217	3.76 years	1,953,042

For the 12 months ended December 31, 2009, 1,149,800 options (2008 – 652,750) were granted. The per share weighted-average fair value of the options granted during the 12 months ended December 31, 2009, was $1.23 (2008 – $1.51), determined using the Black-Scholes option pricing model on the date of grant with the following assumptions: expected dividend yield 0% (2008 – 0%), risk-free interest rate of ranging from 1.06% to 2.76% (2008 – 2.76% to 3.52%), volatilities ranging from 68.9% to 106.4% (2008 – 52.3% to 61.1%), and an expected life of six years (2008 – 3 to 6 years).

Non-cash compensation expense has been included in operating costs with respect to stock options granted to employees and non-employees as follows:

December 31,	2009	2008
Employees	$ 2,115	$ 2,330
Non-employees	132	96
Non-cash compensation	**$ 2,247**	$ 2,426

(h) Class A common share purchase warrants:

A summary of the status of Class A common share purchase warrants is as follows:

December 31,	2009	2008
Balance, beginning of year	**75,000**	25,000
Issued	**3,150,000**	50,000
Expired	**(25,000)**	-
Balance, end of year	**3,200,000**	75,000

Each warrant entitles its holder to one Class A common share upon payment of an exercise price ranging from $1.90 CDN to $7.75 CDN, with a weighted average exercise price of $2.99 CDN. The warrants expire as follows: 2,750,000 on April 27, 2010; 375,000 on May 27, 2010; 50,000 on February 22, 2011; and 25,000 on May 15, 2012. The per share fair value of the warrants issued during the 12 months ended December 31, 2009 was $0.98 CDN on the date of grant, determined using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0%, risk free interest rate ranging from 1.06% to 2.76%, volatility ranging from 68.9% to 106.4%, and an expected life of one to six years.

11. Income taxes:

Future income taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effects of temporary differences that give rise to significant portions of the future tax asset and future tax liability at December 31, 2009 and December 31, 2008 are as follows:

December 31,	2009	2008
Future tax asset:		
Tax effect of loss carryforwards	**$ 28,116**	$ 20,418
Tax effect of amounts deductible for tax purposes in excess of amounts deductible for accounting purposes	**1,122**	1,023
Tax effect of unrealized foreign exchange losses	**943**	898
Tax effect of scientific research expenditures	**1,529**	1,172
Future tax asset	**31,710**	23,511
Less valuation allowance	**(27,369)**	(18,647)
Net future tax asset	**4,341**	4,864
Future tax liability:		
Tax effect of amounts deductible for accounting purposes in excess of amounts deductible for tax purposes	**(4,423)**	(4,953)
Future tax liability	**(4,423)**	(4,953)
Net future tax liability	**$ (82)**	$ (89)

The differences in the amounts deductible for tax and accounting purposes relate primarily to differences in the values of property and equipment on these bases.

The recognition of intangible assets from an acquisition in 2007 resulted in a temporary difference between the assigned value for book purposes and the tax basis of the intangible assets. The carrying values of the intangible assets were grossed up, and a future tax liability of $505 was recorded to reflect this temporary difference. The future tax liability is utilized over a period of five years (consistent with the amortization of intangible assets) as future income tax recovery.

A valuation allowance is provided when it is more likely than not that some or all of the future tax asset will not be realized. The Company has established a valuation allowance for the future tax asset due to the uncertainty of future Company earnings.

At December 31, 2009, approximately $85,790 of loss carry forwards and $1,594 of tax credits were available in various tax jurisdictions. A summary of losses by year of expiry is as follows:

2014	$ 1,612
2015	2,808
2018	3,135
2020-2029	77,676
Indefinite	559
	$ 85,790

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial income tax rates to the net loss before taxes as follows:

	2009	2008
Tax rate	**32.0%**	32.7%
Expected Canadian income tax (recovery) expense	**$(8,221)**	$ (4,527)
Decrease resulting from:		
Change in valuation allowance	**8,722**	3,182
Change in Canadian statutory rate	**2,020**	131
Difference between Canadian statutory rate and those applicable to U.S. and other foreign subsidiaries	**(861)**	(329)
Security issuance costs	**(269)**	-
Non-deductible expenses and non-taxable income	**465**	(70)
Foreign exchange	**(111)**	2,643
Impact of US$ functional currency tax reporting election	**(2,218)**	-
Adjustment for prior years income tax matters	**485**	(1,013)
Expiry of tax losses	**270**	-
Other	**(133)**	85
	$ 149	$ 102

12. Commitments:

The Company has commitments related to operating leases for office space and equipment which require the following payments for each year ending December 31:

2010	$ 1,570
2011	596
2012	422
2013	401
2014	181
	$ 3,170

13. Restructuring:

As a result of completing NEXTMap Europe and significant progress towards completion of NEXTMap USA, the Company announced plans during the three months ended December 31, 2009 to reduce the capacity of data collection and production operations. This restructuring program includes workforce reductions and closure of an excess facility in Ottawa, Canada. The expected completion date of the restructuring program is during the second quarter of 2010.

The Company expects to incur $782 of restructuring costs in connection with the workforce reductions. During 2009, the Company incurred $673 of restructuring costs, of which $231 has been paid and $442 was included in accrued liabilities at December 31, 2009. The remaining $109 of restructuring costs is expected to be recognized as an expense during the first quarter of 2010.

The Company made further workforce reductions in January 2010 and expects to incur $228 in related costs during the first quarter of 2010.

14. Segmented information:

The operations of the Company are in one industry segment: digital mapping and related services.

Geographic segments of revenue are as follows:

Year Ended December 31,	**Contract Services 2009**	**Data Licenses 2009**	Contract Services 2008	Data Licenses 2008
United States of America	**$ 594**	**$ 3,141**	$ 705	$ 7,486
Asia/Pacific	**17,293**	**3,385**	24,704	1,420
Europe	**783**	**3,638**	803	1,906
Australia	**1,473**	**-**	-	-
	$20,143	**$10,164**	$ 26,212	$ 10,812

Property and equipment of the Company are located as follows:

December 31,	2009	2008
Canada	$ 1,638	$ 4,040
United States of America	10,686	14,970
Asia/Pacific	882	1,510
Europe	174	262
	$ 13,380	$ 20,782

The multi-client data library is located in the United States of America and the intangible assets are located in the Czech Republic.

During the 12 months ended December 31, 2009 and 2008, one customer, the National Geospatial-Intelligence Agency ("NGA"), accounted for approximately 55% and 80% respectively, of the Company's total revenue. In addition to the varied size, quantity, and geography of contracts signed with the NGA on an annual basis, the NGA also serves as a contracting entity for many other agencies within the United States government, all of which are included under the same customer classification as the NGA. No other customer represented over 10% of the Company's revenue during 2009 or 2008.

15. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk, and liquidity risk. Management, the Board of Directors, and the Audit Committee monitor risk management activities and review the adequacy of such activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Company consisting of outstanding trade receivables and investment securities.

The maximum exposure to credit risk of the Company at period end is the carrying value of these financial assets.

i. Trade receivables

Provisions for doubtful accounts are made on a customer-by-customer basis. All write downs against receivables are recorded within sales, general and administrative expense in the statement of operations. The Company is exposed to credit-related losses on sales to customers outside North America due to potentially higher risks of collectability.

The Company seeks to reduce its credit exposure by securing credit insurance, where available and when deemed appropriate.

Amounts receivable as of December 31, 2009 and 2008 are comprised of:

December 31,	2009	2008
Trade amounts receivable	$ 11,982	$ 9,630
Employee receivables	51	68
Other miscellaneous receivables	237	164
	$ 12,270	$ 9,862

Trade amounts receivable by geography are comprised of:

December 31,	2009	2008
United States of America	$ 8,863	$ 7,173
Canada	-	13
Asia/Pacific	2,550	895
Europe	569	1,549
	$ 11,982	$ 9,630

An aging of the Company's trade amounts receivable are as follows:

December 31,	2009	2008
Current	$ 9,068	$ 8,865
31-60 days	417	49
61-90 days	1,208	139
Over 91 days	1,289	577
	$ 11,982	$ 9,630

As of December 31, 2009, $2,497 of trade amounts receivable were past due, but not impaired (year ended December 31, 2008 – $716). The Company has considered the nature of the balances outstanding and the positive collection history from the related customers in concluding the trade amounts receivable are collectable. There are no impairments or amounts past due other than those relating to trade amounts receivable.

ii. Investments in securities

The Company manages its credit risk surrounding cash and cash equivalents by dealing solely with what management believes to be reputable banks and financial institutions, and limiting the allocation of excess funds into financial instruments that management believes to be highly liquid, lowrisk investments. At December 31, 2009, the Company's cash and cash equivalents include $5,441 of investments in short-term treasury bills with a United States bank (year ended December 31, 2008 – $21,783). The remaining balance at December 31, 2009 is held in cash at banks within the United States, Canada, Europe, Asia, and Australia to facilitate the payment of operations in those jurisdictions.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding of financial instruments.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk from various currencies, primarily the Canadian dollar, euro, British pound, Indonesian rupiah, Czech Republic koruna, and Australian dollar. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in a currency other than the United States dollar, which is the functional currency of the Company and its subsidiaries.

The Company's primary objective in managing its foreign exchange risk is to preserve sales values and cash flows and reduce variations in performance. Although management monitors exposure to such fluctuations, it does not employ any external hedging strategies to counteract the foreign currency fluctuations.

The balances in foreign currencies at December 31, 2009 are as follows:

(in USD)	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna	Australian Dollar
Cash and cash equivalents	$ 1,902	$ 356	$ 20	$ 12	$ 197	$ 1,409
Amounts receivable	45	1,982	74	32	238	-
Accounts payable and accrued liabilities	(914)	(489)	(44)	(158)	(338)	(193)
Bank, term loans, and capital leases	(1,605)	-	-	-	-	-
	$ (572)	$ 1,849	$ 50	$ (114)	$ 97	$ 1,216

The balances in foreign currencies at December 31, 2008 were as follows:

(in USD)	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna	Australian Dollar
Cash and cash equivalents	$ 1,005	$ 173	$ 67	$ 5	$ 135	$ 54
Amounts receivable	69	1,248	144	66	32	64
Accounts payable and accrued liabilities	(896)	(357)	(60)	(74)	(155)	(104)
Bank, term loans, and capital leases	(1,819)	-	-	-	-	-
	$ (1,641)	$ 1,064	$ 151	$ (3)	$ 12	$ 14

The carrying values of cash and cash equivalents, amounts receivable, accounts payable, and accrued liabilities approximate their fair value given their relatively short period to maturity. The carrying value of long-term debt and obligations under capital lease approximates their fair value, as current market rates available to the Company are similar to those on the long-term debt and obligations under capital lease.

The Company is exposed to currency risks primarily from the fluctuation of future cash flows of its Canadian-dollar-denominated long-term debt and obligations under capital lease due to changes in foreign exchange rates.

Based on the net exposures at December 31, 2009 and 2008, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the United States dollar against the following currencies would result in an increase/(decrease) in net earnings by the amounts shown below:

December 31, 2009

(in USD)	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna	Australian Dollar
United States dollar:						
Depreciates 10%	$ 57	$(185)	$(5)	$11	$(10)	$(122)
Appreciates 10%	(57)	185	5	(11)	10	122

December 31, 2008

(in USD)	Canadian Dollar	Euro	British Pound	Indonesian Rupiah	Czech Republic Koruna	Australian Dollar
United States dollar:						
Depreciates 10%	$ 164	$ (106)	$ (15)	$ -	$ (1)	$ (1)
Appreciates 10%	(164)	106	15	-	1	1

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash and cash equivalents include short-term highly liquid investments that earn interest at market rates. The Company does not have any debt instruments outstanding with variable interest rates at December 31, 2009.

Financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. No currency hedging relationships have been established for the related monthly interest and principle payments.

The Company manages its interest rate risk by minimizing financing costs on its borrowings and maximizing interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due.

The Company manages its liquidity risk by evaluating working capital availability and forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2009, the Company has a cash and cash equivalent balance of $10,355 (year ended December 31, 2008 – $27,247) and working capital of $18,091 (year ended December 31, 2009 – $30,042). All of the Company's financial liabilities, other than long-term debt and obligations under capital lease, have a contractual maturity of less than 45 days.

16. Capital risk management:

The Company's objectives when managing capital are to safeguard its assets, while at the same time maintaining investor, creditor, and market confidence, and to sustain future development of the business.

The Company includes shareholders' equity and long-term debt in the definition of capital. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt with different characteristics, acquire or dispose of assets, or adjust the amount of cash and short-term investment balances held.

The Company has established a budgeting and planning process with a focus on cash, working capital, and operational expenditures and continuously assesses its capital structure in light of current economic conditions and changes in the Company's short-term and long-term plans. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as of December 31, 2009:

	Payment due:				
	In less than 3 months	**Between 3 months and 6 months**	**Between 6 months and 1 year**	**Between 1 year and 2 years**	**Between 2 years and 5 years**
Accounts payable and accrued liabilities	**$ 5,916**	**$ -**	**$ -**	**$ -**	**$ -**
Obliations under capital leases	**80**	**63**	**94**	**132**	**-**
Long-term debt	**278**	**278**	**948**	**555**	**647**
	$ 6,274	**$ 341**	**$ 1,042**	**$ 687**	**$ 647**

The following are the contractual maturities of the undiscounted cash flows of financial liabilities as of December 31, 2008:

	Payment due:				
	In less than 3 months	Between 3 months and 6 months	Between 6 months and 1 year	Between 1 year and 2 years	Between 2 years and 5 years
Accounts payable and accrued liabilities	$ 7,858	$ -	$ -	$ -	$ -
Obligations under capital leases	107	107	153	235	132
Long-term debt	259	259	518	1,428	1,037
	$ 8,224	$ 366	$ 671	$ 1,663	$ 1,169

This colorized shaded-relief NEXTMap USA digital terrain model of the Grand Canyon, which is in the state of Arizona, shows the Colorado River as it begins its descent into the gorge. The Grand Canyon is 277 miles (446 km) long and varies in width from 5 miles (8 km) to 18 miles (29 km).

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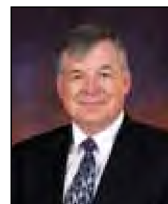

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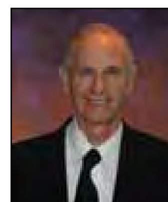

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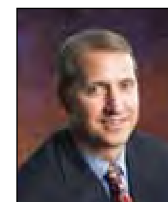

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Stock Exchange

Intermap stock is listed on the Toronto stock exchange under the symbol “IMP.”

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