INTERMAP™ TECHNOLOGIES

Emergency Response

Consumer Electronics

Hybrid Electric Vehicles

NEXTMap® Europe

Insurance Risk Assessment

Wireless Communications

NEXTMap® USA

Renewable Energy

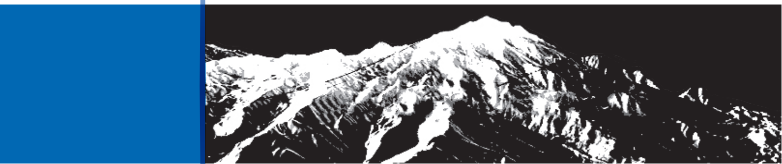
Hydrology

2008 ANNUAL REPORT | INTERMAP TECHNOLOGIES CORPORATION

Annual Meeting

May 12, 2009
10:00 a.m.
The Westwinds Meeting Room
Second Floor
#1200, 555-4th Avenue S.W.
Calgary, Alberta

Intermap's hillshade products allow a 3D representation of a 2D terrain dataset. The hillshade is a key component to applications that provide terrain visualization, without the data storage issues and licensing requirements of an actual digital terrain model (DTM). From GPS visualization to Web applications, the hillshade products provide all the detail and visual appeal of Intermap's NEXTMap® data without providing the actual data – allowing Intermap to enter additional scalable consumer markets.



2008 Highlights

NEXTMap® license revenues increase by 94%

NEXTMap® Europe 100% collected; 61% processed

NEXTMap® USA 99% collected; 48% processed

NEXTMap® Europe – France becomes commercially available

Financial information as discussed herein is in US dollars unless otherwise noted.

This year, Intermap Technologies achieved major milestones with its core NEXTMap programs – completing 100% of the data collection for NEXTMap Europe and 99% of the data collection for NEXTMap USA. We reported a 10% increase in total revenue to $37.0 million, compared to $33.8 million in 2007. Contracts received during the year for NEXTMap Europe and NEXTMap USA data helped to nearly double our multi-client data library ("MCDL") license revenue, totaling $10.8 million. Our contract services revenue totaled $26.2 million and contained several contracts for mapping projects in Asia. The cash generated from these contracts helps support our ongoing operations and investment in our NEXTMap programs.

During the year, successful deliveries of U.S. border areas led the National Geospatial-Intelligence Agency ("NGA") to finish its purchase of a complete NEXTMap USA MCDL license. This contract, announced in the second quarter, highlights the first countrywide MCDL license sale for NEXTMap USA. Since inception, total revenue from NEXTMap USA licensing has now reached approximately $20 million.

With the near-term availability of NEXTMap data for most of Western Europe and a large portion of the United States, we are optimistic about continued revenue growth from our MCDL licensing activities in 2009.

"While general license revenues will continue to be lumpy for the foreseeable future as we roll out NEXTMap USA and NEXTMap Europe, we expect to see consistent growth in MCDL licenses on a 12-month rolling basis in the future."

Brian L. Bullock
President & CEO

At the end of 2008, England, Scotland, Wales, Germany, and France were commercially available as part of our NEXTMap Europe program. We made good progress with initial sales of Europe data, including a country-wide sale to the E-Plus group, Germany's third-largest wireless network provider, who is leveraging the benefits of our NEXTMap data set for determining precise antennae heights, accurate predictions of field strength and coverage, and optimized antennae locations throughout the region. We also completed a deal with the national mapping agency of France, Institut Geographique National (IGN), to supply them digital terrain models (DTM) for the French Alps to begin the upgrade of the national geospatial database for France. The remainder of NEXTMap Europe is undergoing final processing and is on target to be commercially available early in the second quarter of 2009.

Our NEXTMap USA program had data available in 35 states, including complete datasets of California, Florida, Hawaii, Mississippi, and Oklahoma, by the end of 2008. We continue to aggressively process and add U.S. data to the library, and plan to have the entire NEXTMap USA program commercially available during the first quarter of 2010. When completed, NEXTMap USA will be the largest and most comprehensive database of uniformly accurate 3D digital maps in existence.

Our MCDL license revenues are expected to be lumpy for the foreseeable future as we roll out the complete NEXTMap USA and NEXTMap Europe datasets. However, on a 12-month rolling basis going forward, we expect to see consistent growth in MCDL license revenue.Technology gains and process improvements in the past three years have allowed us to continuously increase our data collection rates and data processing capacity – thus, driving down the overall cost of building the NEXTMap library. These advancements enabled our team to meet the production targets for the NEXTMap programs with costs per unit area declining exactly as predicted. Our editing centers in Jakarta and Bangkok are an important part of these advancements and are running at full strength, with more than 500 technicians in Jakarta and 125 in Bangkok. We are meeting our production goals at lower costs without sacrificing accuracy and consistency. Recent testing of the datasets in Germany and France against nationwide sets of test points show that our DSM is achieving an average RMSE accuracy of 65 cm, which is 35 cm better than our target accuracy. This performance is a true testament to talent, skill, and determination of the entire Intermap engineering and operations teams.

With the completion of the NEXTMap USA data collection in March 2009, we are expecting to see a substantial decrease in our cash requirements. Our CAPEX requirements have already decreased significantly this year, as the last major expenditures related to our production ramp-up occurred in 2007. We had a relatively small amount of NEXTMap USA data to collect in 2008. As a result, approximately $10 million in cash savings on a year-over-year basis is expected. At the close of 2008-, our cash balance was $27 million and working capital totalled $30 million. During these tough economic times, we are responsibly managing our overall expenditures to ensure continued revenue growth that moves us toward cash flow break-even in the last half of 2009.

With the completion of the NEXTMap database in sight, we have been undergoing the necessary transition from a data collection and production-oriented organization, to a customer- and market-driven organization. Through the leveraging of our powerful NEXTMap database, we expect to become the leading enabler of 3D geospatial solutions. To reach this end, we have increased our investment in business development, product management, sales, and marketing. Additionally, we have also announced agreements with several major partners, demonstrating the wide range of applications enabled by our NEXTMap dataset. To date, the majority of our data license sales have come from federal and local government, wireless telecom and utility companies, and insurance, engineering, and construction firms. The oil and gas industry and alternative energy companies are additional promising sectors that have begun to purchase NEXTMap data to meet the needs of traditional and green/sustainable energy development. Beyond these sectors, we are continuing our efforts to build revenue growth for targeted applications in the consumer electronics, risk management, and automotive markets.

CONSUMER ELECTRONICS

Consumer electronics holds significant opportunity for Intermap in the handheld GPS, smartphone, and portable navigation device (PND) markets. Our AccuTerra® mapping products, launched mid-2008, target the outdoor recreation market. AccuTerra provides GPS users with detailed maps, land coverage, digital terrain data, and off-road points-of-interest. As an application enabler, Intermap provides AccuTerra GPS maps under license to manufacturers of handheld devices, rather than going to market with physical GPS or PND hardware devices.

We achieved significant milestones in this market during 2008, with three original equipment manufacturers (OEMs) signing contracts to incorporate our AccuTerra datasets with their products. In February 2008, we announced an agreement with Magellan to provide its customers access to Intermap's AccuTerra recreational content for owners of its GPS devices. During the year, thousands of Magellan customers purchased AccuTerra maps from Magellan's Web site, thus upgrading the inferior base maps delivered on the device with the most feature-rich recreational map data available on the market.

We also announced a similar relationship with Bushnell Outdoor Products, whose customers will be able to access our AccuTerra recreational map data for download to their current devices starting in Q2 of 2009.

Subsequent to the close of 2008, we announced an agreement to supply AccuTerra maps for a new line of next-generation handheld GPS devices from Lowrance. The devices will be preloaded with AccuTerra GPS starter maps. Additionally, select devices will ship in 2009 with full AccuTerra premium content, including high-resolution topographic maps, extensive outdoor trail networks, land management maps, and extensive points-of-interest for outdoor recreation. These devices will hit the shelves in Q2 of 2009 as well.

We are targeting to place AccuTerra content onto new devices, including Apple's iPhone in early 2009. Additionally, the consumer electronics division is making good progress on AccuTerra Pro, which will eventually include full 3D visualization capabilities. This product is expected to be ready for introduction and sale in late 2009, as soon as the OEMs upgrade their devices to provide full 3D visualization capability.

Intermap expanded its AccuTerra GPS maps product line into Western Europe during the year. The launch of AccuTerra Europe ushers in a new breed of GPS maps, with unprecedented detail, accuracy, and uniformity unavailable in Europe until now.

Today, thousands of recreational GPS users are already benefiting from our AccuTerra data in a variety of outdoor applications. Market reaction to AccuTerra has been positive and has certainly exceeded our expectations.

RISK MANAGEMENT AND INSURANCE MARKETS

With the availability of NEXTMap Europe, we have introduced a successful flood modeling application in Europe. Following an agreement with SwissRe for use of its flood modeling algorithms within our application, as well as its quality assurance support for all of Europe, we developed flood risk management models for Hungary, the Czech Republic, and Slovak Republic.

A model for Switzerland is also underway. During the year, we announced an agreement to develop comprehensive flood hazard maps and a state-of-the-art national flood risk management model in France with Guy Carpenter & Company, a leading global risk and reinsurance specialist, and a part of the Marsh & McLennan group of companies. The production of this model is expected to be complete by the end of 2009.

Our European team secured an agreement with the Czech Insurance Association and launched a risk assessment service in early 2009 directed to home owners in the Czech Republic. This service includes address-specific flood risk reports for all consumers interested in obtaining property information for flood-prone areas in the Czech Republic. Until the launch of this service, flood risk information had only been available to insurance companies during the underwriting and risk-management process. We're using this service as a prototype in hopes of providing similar applications throughout the remainder of Europe and the United States.

Additionally, we have been developing wind storm modeling and assessment applications throughout Europe. We have teamed with a German-based company that has the technology to intersect synoptic wind fields with our NEXTMap terrain models to develop very precise delineations of high-risk areas. These products will be introduced into the region during 2009.

Insurance companies are using our superior insurance risk information to better define possible risks resulting in more effective portfolio management and a net reduction of costs.

AUTOMOTIVE & COMMERCIAL VEHICLE APPLICATIONS

The auto industry suffered huge losses and disruptions in 2008 as a result of the breakdown in the credit markets. The situation in 2009 does not look any better as a deep recession is causing a huge reduction in auto sales. Nevertheless, there is a strong pull for technologies that can improve fuel efficiency and make cars safer. To meet this need, we are creating highly accurate 3D road vectors from our NEXTMap dataset to enable the rapidly expanding market for next-generation vehicle fuel efficiency and safety initiatives in the transportation industry. Road vectors consist of highly accurate road centerlines and slopes for all classes of roads in Western Europe and the United States.

Precision road vectors can provide advanced knowledge of the road ahead to automatically adjust engine and drive-line control units to increase fuel efficiency or extend the range of electric power sources in hybrid vehicles. Our dataset will help increase fuel economy and reduce emissions by knowing every incline, descent, turn, and corner across Western Europe and the United States.

Additionally, next-generation safety systems need highly accurate 3D road vectors that provide vehicles with precise knowledge of the road ahead to anticipate potentially dangerous situations, thereby helping reduce the number of serious injuries and fatalities. Accurate 3D road vectors can enable a number of onboard systems, including curve speed warning, and predictive headlights that automatically follow the road. We are working with major tier-one suppliers and have developed working demos in Europe equipped with map-driven headlights using Intermap road vectors.

SUMMARY

The vision we initiated four years ago to remap all of Western Europe and the United States is coming to fruition. We are now positioned to leverage the NEXTMap dataset into the consumer electronics, risk management and insurance, and automotive markets.

The unique value of the NEXTMap database can enable numerous applications for many additional markets. The providers of 2D maps built a billion dollar market in about six years. Ultimately, we believe the market for 3D maps is larger than the one for 2D maps because the Earth is three-dimensional and accuracy does matter.

As we transition from a data collection and production-oriented company to a customer- and market-driven organization, we are confident the growing demand for our NEXTMap data will continue to enable next-generation applications within strategically targeted commercial and government sectors. I would like to express my gratitude to our shareholders and the entire Intermap team for helping make Intermap's unique vision a reality.

Brian L. Bullock
President & Chief Executive Officer

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 March 5, 2009, and should be read together with the audited Consolidated Financial Statements for the years ended December 31, 2008 and 2007, 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 our Web site at www.intermap.com and on SEDAR at www.sedar.com.

While management believes the forward-looking statements are reasonable, all such forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control. Such risks and uncertainties include, without limitation, revenue fluctuations, loss of key customers, breakdown of strategic alliances, information technology security, loss of proprietary technology, competing technologies, the impact of general economic conditions in Canada, the United States and overseas, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, ability to access sufficient capital from internal and external resources, industry conditions, the lack of availability of qualified personnel or management, exchange rates, interest rates, and international and political considerations. The Company's

"The NEXTMap USA program includes terrain elevation and imagery data accurate to one meter or better, covering nearly 8.0 million square kilometers of the United States … The NEXTMap Europe program is built with the same specifications as NEXTMap USA and includes an area of approximately 2.5 million square kilometers."

FORWARD-LOOKING STATEMENTS

In the interest of providing Intermap shareholders and potential investors 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 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. The forward-looking statements herein are based on certain assumptions, including assumptions with respect to Intermap's (i) production capabilities, including the cost to produce the Company's products, (ii) availability of qualified and cost-effective human resources, (iii) sales success of its products and services, (iv) successful business development activities, (v) cash flow, and (vi) existence and productivity of subsidiary operations. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect.

actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements (as a result of assumptions proving incorrect or due to the affect of risks) and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive and reference is made to the items under "Risk Factors" in the Company's most recently filed Annual Information Form and the Company's other filings with securities regulators. All subsequent forward-looking statements, whether written or oral, attributable to the Company or person acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date hereof and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

BUSINESS OVERVIEW

Intermap is a digital mapping company creating uniform high-resolution 3D digital models of the Earth's surface. The Company is proactively remapping entire countries and building a uniform national database called NEXTMap®. Our digital maps are used in a wide range of applications, including geographical information systems ("GIS"), engineering, automotive, consumer electronics, risk management, oil and gas, renewable energy generation, hydrology, environmental planning, wireless communications, transportation, 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 2008, the Company continued to make progress toward the completion of the NEXTMap USA program, the largest NEXTMap program to date. The program calls for the mapping of the entire contiguous United States and Hawaii, building on the successes of our NEXTMap® Britain project that was completed in 2003. The NEXTMap USA program includes terrain elevation and imagery data accurate to one-meter or better, covering nearly 8.0 million square kilometers of the United States. Several independent agencies have validated our 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 2008, the NEXTMap USA program has data available off the shelf representing more than 3.9 million square kilometers of area or approximately 48% of the entire NEXTMap USA program. The NEXTMap USA library already includes datasets from 35 states, including complete datasets of California, Florida, Hawaii, Mississippi, and Oklahoma. We have completed the airborne collection of approximately 7.96 million square kilometers, or 98.7% of the entire NEXTMap USA program. We expect to have the collection portion of the program completed by the end of the second quarter of 2009, with the entire country available for sale during the first 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 2008 and 2007 are as follows:

	Q1	Q2	Q3	Q4	Total
2008	$3.7M	$5.2M	$5.5M	$3.6M	$18.0M
2007	$3.5M	$4.2M	$4.1M	$4.9M	$16.7M

The net book value of the NEXTMap USA dataset at December 31, 2008 and 2007 was $55.1 million and $41.3 million, respectively. We currently estimate the total cost of the base NEXTMap USA program will be approximately $78.3 million, with additional costs expected for added features such as a national color image layer 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. As of December 31, 2008, we have recognized $19.6 million in revenue from the sale of NEXTMap USA data during the build phase of this program.

NEXTMap® Europe

During 2008, we made significant progress toward the completion of the NEXTMap Europe program. The program calls for the mapping of Western Europe, including Austria, Belgium, Czech Republic, Denmark, England, France, Germany, Irish Republic, Italy, Luxembourg, Netherlands, Northern Ireland, Portugal, Spain, Scotland, Switzerland, and Wales. Data completion priorities in Europe are given to areas with the strongest customer demand. The NEXTMap Europe program is built with the same specifications as NEXTMap USA and includes an area of approximately 2.5 million square kilometers.

NEXTMap Europe currently has data available off the shelf for approximately 61% of the European initiative, including the entire countries of England, Wales, Scotland, France, Germany, and Italy. Airborne collection of the entire 2.5 million square kilometers of data is complete, and the entire NEXTMap Europe dataset is expected to be commercially available beginning in the second quarter of 2009.

The gross amount of costs that are capitalized under the program include direct costs, overhead and depreciation. NEXTMap Europe costs capitalized by period during 2008 and 2007 are as follows:

	Q1	Q2	Q3	Q4	Total
2008	$4.3M	$2.4M	$1.9M	$2.0M	$10.6M
2007	$0.4M	$2.4M	$3.1M	$3.6M	$9.5M

The net book value of the NEXTMap Europe dataset at December 31, 2008 and 2007 was $26.1 million and $13.8 million, respectively. We currently estimate the total cost of the program to be approximately $26.4 million (excluding $3.8 million in costs that were incurred to build the NEXTMap Britain dataset completed in 2003). The funding of this program is expected to occur through a combination of existing cash resources, customer data sales, and ongoing operations. As of December 31, 2008, we have recognized $14.6 million in revenue from the sale of NEXTMap Europe data.

NEXTMap® Production

During 2008, the Company had two Learjet aircraft, equipped with IFSAR mapping technology, focused on airborne data collection for NEXTMap initiatives. The dedication of these aircraft allowed the Company to complete the data collection of NEXTMap Europe during the second quarter of 2008, and 98.7% of NEXTMap USA by year-end. During the year, we completed the ramp-up of our processing and editing capabilities to meet the previously noted completion schedules for the NEXTMap Europe and NEXTMap USA programs. We believe that the cash on hand at the end of 2008, combined with cash generated from the licensing of its datasets, will be adequate to fund the completion of both NEXTMap initiatives. Future expansion and enhancement of the base NEXTMap datasets is planned to be funded through the cash flows of the Company. However, we may seek additional equity or debt financing 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 we will be able to obtain such financing on acceptable terms, or at all.

Contract Services

Our contract services business typically involves a client requesting digital map data for a specific location outside of our NEXTMap area of collection. This contract services business currently remains the largest source of revenue for Intermap and results primarily from government funding in the areas of national mapping and national defense. However, we believe revenue from our NEXTMap database will continue to grow and become an increasingly larger percentage of overall revenue in the future. As we have experienced historically, uncertainty surrounding the timing, priorities, and amounts of funding from government entities regarding our contract services business can create sporadic and unpredictable revenue from period to period.

The contracted amounts and timing of contract awards are the primary reason for the variation in our contract services financial performance during 2008, when compared with 2007. As of December 31, 2008, we had received more than $5.0 million in signed contract services work for which revenue will be recognized throughout 2009. In addition to these existing contracts, we expect 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 predict.

Even though the growth of revenue in both our contract services business and the licensing of our NEXTMap database remains a continued focus, our primary goal over the next year is the completion of the NEXTMap USA and NEXTMap Europe datasets. With the completion of these datasets, we believe significant revenue opportunities can develop that would not otherwise be available to us without the complete national coverage afforded to us 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		2008		2007		2006
Revenue:						
Contract services	$	26.2	$	28.2	$	15.1
Multi-client data licenses		10.8		5.6		6.7
Total revenue	$	37.0	$	33.8	$	21.8
Net loss	$	(13.9)	$	(8.9)	$	(11.0)
EPS basic and diluted	$	(0.30)	$	(0.22)	$	(0.30)
Adjusted EBITDA	$	1.3	$	(0.3)	$	(5.9)
Assets:						
Multi-client data library	$	81.2	$	55.1	$	32.4
Total assets	$	144.0	$	155.5	$	111.9
Total long-term liabilities (including capital lease obligations)	$	3.1	$	4.1	$	1.9

Revenue

Consolidated revenue for the year ended December 31, 2008, totaled $37.0 million compared to $33.8 million for 2007, representing a 9.5% increase. Contract services revenue for the year ended December 31, 2008, decreased to $26.2 million from $28.2 million in 2007. This decrease was primarily the result of a $12.5 million U.S. government contract received in 2007 to provide 3D digital elevation data and orthorectified radar imagery for an international project, with no similar size contract received in 2008. Contract services revenue for 2008 contained several contracts received during the year for mapping projects in Asia totaling more than $24.7 million. At year-end, there remained $5.0 million in revenue to be recognized on existing contracts in future periods.

Multi-client data library ("MCDL") license revenue for the year ended December 31, 2008, totaled $10.8 million compared to $5.6 million for 2007, representing a 92.9% increase. The increase resulted from the availability of additional NEXTMap data during the year in the United States, Europe, and Asia. During 2008, approximately 70% of the MCDL license revenue was associated with the NEXTMap USA program, 17% was associated with the NEXTMap Europe program, and 13% was associated with our Asia dataset. For the same period in 2007, approximately 80% of the MCDL license revenue was associated with the NEXTMap USA program, 14% was associated with the NEXTMap Europe program, and 6% was associated with the Asia dataset. At year-end, there remained $2.8 million in revenue to be recognized on existing MCDL license contracts in future periods.

Operations

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

During the fourth quarter of 2008, we conducted a review of the classification of operating expenses shown in the Consolidated Statements of Operations, Comprehensive Loss and Deficit. As a result of this review, certain expenses that were previously classified as "sales, general and administrative" and "research and development" have been reclassified to a new line item titled "operations." Comparative figures have also been reclassified to conform to this presentation. Total operating expenses were not affected by the reclassification.

Operations expense for the year ended December 31, 2008 totaled $8.2 million compared to $11.6 million for the same period in 2007. This $3.4 million decrease was primarily the result of reduced aircraft hours flown on contract services work during the year ended December 31, 2008, compared to the same period in 2007. Fewer aircraft hours were required in 2008, as a significant amount of the contract services revenue recognized during the year was from the sale of data that had been collected in the prior year. The cost of collecting this data in the prior year was expensed when incurred because the future sale of the data was uncertain at the time of collection. Approximately 207 thousand square kilometers of data was collected for contract services work during 2008, compared to 483 thousand square kilometers during 2007.

Research and Development

Research and development ("R&D") expense includes engineering personnel and their associated costs. For the years ended December 31, 2008 and 2007, R&D expenses were $4.0 and $3.7 million, respectively. The research and development costs incurred during 2008 were primarily attributable to the expansion of software development efforts associated with our NEXTMap service solutions (i.e. Risk Management and Consumer Electronics applications) and the continuation of a dedicated research project to create the next-generation IFSAR mapping system. In 2007, R&D expenses supported these same categories of expenditures in addition to a dedicated project to improve the efficiencies of aircraft data collection.

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, 2008, SG&A expense was $25.9 million compared to $21.0 million for the same period in 2007. The increase in SG&A expense in 2008, as compared to the same period in 2007, resulted primarily from an increase in the costs of personnel (see "Personnel" below), facilities, and professional services related to sales and marketing initiatives. The majority of the increase in personnel was attributable to the areas of business development including automotive, consumer electronics, risk management, and sales and marketing associated with our MCDL. Gross SG&A expense for the period ended December 31, 2008 and 2007, prior to capitalization, was $28.6 and $23.0 million, respectively.

Personnel

Consolidated headcount was 891 at December 31, 2008, an increase from 613 at December 31, 2007. The increase is primarily driven by (i) an increase in operations personnel of 256 employees to expand production capacity related to our NEXTMap and 3D roads initiatives (59% increase); (ii) an increase of eight employees in business development, including the areas of automotive, consumer electronics, and risk management (47% increase); and (iii) an increase of three employees in sales and marketing to fulfill the business requirements resulting from expanded MCDL data availability (9% increase). Indirect salaries and related personnel costs for the year ended December 31, 2008 and 2007 were $20.7 and $16.6 million, respectively.

Non-cash stock-based compensation for the year ended December 31, 2008, totaled $2.4 million compared to $2.2 million for the same period in 2007.

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 excludes stock-based compensation, loss on the disposal of property and equipment, and the gain (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	2008	2007	2006
Net loss	$ (13.9)	$ (8.9)	$ (11.0)
Depreciation of property and equipment	4.4	4.9	3.4
Amortization of multi-client data library	6.8	4.5	3.1
Amortization of intangible assets	0.4	0.4	-
Interest expense	0.3	0.1	0.2
Interest income	(1.0)	(2.3)	(2.6)
Income tax expense (recovery)	0.1	(0.3)	0.1
Stock-based compensation	2.4	2.2	2.1
Loss on disposal of property and equipment	0.7	-	-
Gain (loss) on foreign currency translation	1.1	(0.9)	(1.2)
Adjusted EBITDA	$ 1.3	$ (0.3)	$ (5.9)

Adjusted EBITDA for the year ended December 31, 2008, totaled $1.3 million compared to a loss of $0.3 million for the same period in 2007. The improvement resulted from of an increase of $3.2 million in revenue, which was partially offset by an increase in cash operating expenses of $1.6 million. The change in cash operating expenses consists primarily of an increase in sales, general and administrative expense of $4.9 million, offset by a decrease in operations expense of $3.4 million.

Depreciation of Property and Equipment

Depreciation expense for the years ended December 31, 2008 and 2007 totaled $4.4 million and $4.8 million, respectively. The capitalization of depreciation totaled $3.1 million in 2008 compared to $2.3 million for the same period in 2007. 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, 2008, increased to $6.8 million from $4.5 million for the same period in 2007. The increase in amortization expense was primarily due to increased licensing revenue associated with the MCDL datasets and an expansion of the underlying NEXTMap datasets. A significant portion of the increase in amortization expense during 2008 was the result of (i) a sale of the NEXTMap Germany dataset during the first quarter, resulting in $0.3 million of the amortization expense, and (ii) a sale of NEXTMap USA data in the second quarter accounting for $1.0 million of the amortization expense. See "Critical Accounting Policies and Estimates – Multi-client Data Library."

Interest Income and Expense

Interest income during the year ended December 31, 2008, 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 $1.0 million in interest income during the year ended December 31, 2008, compared to $2.3 million during the same period in 2007. The decrease in interest income in 2008 compared to the prior year is the result of a decrease in the amount of cash available for investment and the move to invest in only government-backed securities during the third quarter of 2008.

Interest expense for the year ended December 31, 2008, totaled $289 thousand compared to $145 thousand for the same period in 2007. The increase in interest expense in 2008 compared to 2007 is primarily due to interest incurred on a $2.5 million bank loan obtained during the fourth quarter of 2007 and a $0.6 million term loan obtained during the first quarter of 2008, both of which are secured primarily by aircraft owned by the Company.

Gain/Loss on Foreign Currency Translation

We continuously monitor 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 (i) the conversion of certain long-term debt instruments from Canadian dollar to U.S. dollar denominations, and (ii) the movement of cash and cash equivalents between Canadian and U.S. dollar currencies. The result is a partial natural currency hedge for the Company.

During the year ended December 31, 2008, a foreign currency translation loss of $1.1 million was recorded compared to a gain of $0.9 million for the same period in 2007. The loss for 2008 was primarily the result of losses on cash held in Canadian dollars as a result of the strengthening of the U.S. dollar. At December 31, 2008, the Company held cash in Canadian dollars of approximately $1.0 million.

Income Tax

Current income tax expense of $105 thousand was incurred during the year ended December 31, 2008, compared to $80 thousand during the same period in 2007. This expense relates to taxable income generated from our Indonesian subsidiary. During 2008, future income tax recovery of $3 thousand was recognized as a result of future tax expense related to the German subsidiary. This expense was offset by a future income tax recovery resulting from the amortization of intangible assets held in our Czech Republic and Slovak Republic subsidiaries, which have no tax basis. We did not recognize any income tax expense on any other operations during the years ended December 31, 2008 or 2007, 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 for 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 final 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.

Trade amounts receivable and unbilled revenue in the aggregate, net of deferred revenue, decreased to $10.4 million at December 31, 2008, from $16.4 million at December 31, 2007. These amounts represent 61 days sales at December 31, 2008, compared to 158 days sales at December 31, 2007, and reflect specific project billing milestones on current contracts that were in progress on those dates. The December 31, 2007, amounts receivable and unbilled revenue balance of $16.7 million related primarily to four contracts for mapping in Asia that were collected during the first half of 2008.

Capital Lease Obligations and Long-term Debt

Capital lease obligations and long-term debt totaled $3.8 million at December 31, 2008, compared to $4.2 million at December 31, 2007. The decrease is the result of recurring payments on outstanding capital lease obligations and long-term bank loan obligations offset by increases of (i) a new term loan related to the financing of new engines on the King Air aircraft during the first quarter of 2008, and (ii) a new capital lease for the financing of computer equipment during the third quarter of 2008.

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.

SELECTED QUARTERLY INFORMATION

US $ millions except per share data	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Revenue:								
Contract services	$ 5.1	$ 5.9	$ 11.9	$ 5.3	$ 5.9	$ 2.5	$ 10.3	$ 7.5
Multi-client data licenses	1.1	1.2	2.4	0.9	1.8	4.4	2.5	2.1
Total revenue	$ 6.2	$ 7.1	$ 14.3	$ 6.2	$ 7.7	$ 6.9	$ 12.8	$ 9.6
Depreciation and amortization	$ 2.1	$ 2.3	$ 2.9	$ 2.5	$ 2.5	$ 3.5	$ 2.6	$ 3.1
Net income (loss)	$ (2.8)	$ (4.3)	$ 2.6	$ (4.4)	$ (4.2)	$ (6.2)	$ 0.2	$ (3.7)
Net income (loss) per share basic and diluted	$ (0.08)	$ (0.12)	$ 0.06	$ (0.08)	$ (0.09)	$ (0.13)	$ -	$ (0.08)

Revenue

For the fourth quarter of 2008, revenue was $9.6 million as compared to $6.2 million for the same period in 2007. Contract services revenue increased 42% in the fourth quarter of 2008 to $7.5 million compared to $5.3 million in the same period in 2007, primarily due to one large sale of data in Asia during 2008 without a similar size sale in 2007. MCDL license revenue recognized during the fourth quarter of 2008 was $2.1 million compared to $0.9 million during the same period in 2007. The increase in MCDL license revenue was primarily due to increased sales of NEXTMap USA data resulting from additional data availability.

Operations

Operations expense totaled $2.3 million for the fourth quarter of 2008 compared with $1.8 million for the same period in 2007. The increase in operations expense resulted primarily from the collection of approximately 100,000 square kilometers more data on contract services work in the fourth quarter of 2008 than was collected during the same period in 2007.

Research and Development

Research and development costs for the quarter ended December 31, 2008, were $0.9 million compared with $1.0 million for the same period in 2007. The research and development costs incurred during the fourth quarter of 2008 are primarily attributable to software development efforts for our risk management initiative, customer Web-based applications, and other engineering-related work to support our IFSAR mapping technology. The research and development costs incurred during the fourth quarter of 2007 were primarily attributable to our risk management initiative and the continuation of a dedicated research project to create the next-generation IFSAR mapping system.

Sales, General and Administrative

Sales, general and administrative ("SG&A") expense for the fourth quarter of 2008 was $6.1 million compared to $6.4 million for the same period in 2007. 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, 2008 and 2007, prior to capitalization, was $6.9 million in both periods.

Depreciation of Property and Equipment

For the fourth quarter of 2008, depreciation expense increased by approximately $58 thousand as compared to the same period in 2007. The increase in depreciation expense is directly attributable to an increase in assets entered into service during the prior and current year. The capitalization of depreciation decreased slightly in the fourth quarter of 2008 to $722 thousand, from $732 thousand during the same period in 2007. 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, 2008, increased 54.6% to $1.7 million from $1.1 million during the same

period in 2007. The increase in amortization expense was primarily due to an increase in amortization associated with the NEXTMap USA dataset, which totaled $1.3 million for the quarter ended December 31, 2008, compared to $0.9 million for the same period in 2007. 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 the equity financings in prior years (see "Liquidity and Capital Resources" below). The investment of cash earned $64 thousand in interest income during the quarter ended December 31, 2008, compared to $562 thousand during the same period in 2007. The decrease in interest income during the fourth quarter of 2008 compared to the same period in 2007 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 in government-backed securities.

Interest expense for the quarter ended December 31, 2008, totaled $65 thousand compared to $36 thousand for the same period in 2007. The increase in interest expense in the fourth quarter of 2008 compared to the same period in 2007 resulted from interest incurred on a $2.5 million bank loan obtained during December of 2007 and a $0.6 million term loan obtained during the first quarter of 2008, both of which relate to aircraft owned by the Company.

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	$ 3,254	$ 1,466	$ 1,600	$ 188	$ -
Capital leases	734	367	367	-	-
Long-term debt	3,501	1,036	2,386	79	-
Total	$ 7,489	$ 2,869	$ 4,353	$ 267	$ -

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 bank credit and the issuance of capital stock.

Cash generated from operations during the year ended December 31, 2008, totaled $6.8 million compared to cash used in operations of $3.7 million during 2007. The total cash generated from operations during 2008 was impacted by changes in working capital, specifically a decrease in amounts receivable and unbilled revenue of $5.1 million during the year.

Net cash used in financing activities totaled $88 thousand during the year ended December 31, 2008, compared to cash generated from financing activities of $48.0 million during the same period in 2007. The cash used in financing activities during 2008 is primarily due to repayment of long-term debt 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. The cash generated from financing activities during 2007 related to (i) the completion of a fully subscribed share issuance of 6,183,097 Class A common shares for a total gross consideration of $35.4 million (CDN $37.1 million), (ii) the receipt of $10.6 million (CDN $10.7 million) during the fourth quarter of 2007 from the exercise of 2,005,656 Class A common share purchase warrants related to a March 2005 private placement, and (iii) a $2.5 million bank loan in the fourth quarter of 2007 secured primarily by one of our aircraft and its installed IFSAR radar system.

Net cash used in investing activities totaled $34.9 million for the year ended December 31, 2008, compared to $36.7 million during the year ended December 31, 2007. Cash used during the year ended December 31, 2008, was primarily for (i) investment in the MCDL of $29.8 million ($24.9 million in 2007), (ii) investment in computer/storage equipment and software of $3.8 million ($4.7 million in 2007), (iii) capitalized investment in internal development programs of $0.8 million ($0.7 million in 2007), (iv) development of next-generation IFSAR radar systems of $0.4 million ($2.4 million in 2007), (v) investment in aircraft modifications of $0.3 million

($2.6 million in 2007), (vi) business acquisition costs for the purchase of a Czech Republic-based software development company of $Nil in 2008 ($1.3 million in 2007), and (vii) investment in leasehold improvements and furniture of $0.3 million ($0.3 million in 2007).

The cash position of the Company at December 31, 2008, (cash and cash equivalents) was $27.2 million compared to $56.8 million at December 31, 2007. Working capital decreased to $30.0 million as of December 31, 2008, from $65.0 million as of December 31, 2007.

The current business plan contemplates revenue growth in 2009 attributable primarily to increases in MCDL licensing. Management believes that existing cash resources of $27.2 million as of December 31, 2008, together with cash generated from the sale of the Company's products and services, will be sufficient to fund operations through at least December 31, 2009.

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 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 contract.

MCDL

The MCDL is created from the collection and processing of NEXTMap 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 overhead associated with the collection and processing of the data and the depreciation of the property and equipment used in the production of the data.

Estimates of expected revenue, costs, and asset life are developed to determine the appropriate capitalization and amortization policies to be used with the MCDL asset. These estimates of revenue and cost affect the conclusions developed in the ongoing impairment analysis of the MCDL asset.

For each NEXTMap program other than NEXTMap Britain (see below), the capitalized costs are charged to amortization of the MCDL, based on the percentage of total estimated costs to total estimated revenues, multiplied by actual revenues in the period. In the event the percentage changes as a result of a change in the estimate of total costs and/or total revenues, amortization is adjusted accordingly.

Any costs which remain unamortized 18 months after being capitalized are charged to amortization of the MCDL on a monthly basis at the greater of (i) a straight-line monthly amortization charge over a period not to exceed 60 months, and (ii) the calculated charge based on revenues during the period. The total maximum 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.

Data in Great Britain was collected and processed during the period 2001 to 2003, creating the NEXTMap Britain dataset. Only 60% of the direct costs of the project were capitalized due to uncertainties associated with the use of recently updated radar technology and the first-time collection and processing of data in a large contiguous area the size of Great Britain. The straight-line amortization of the amounts capitalized commenced with the market release of the data and is continuing over the estimated useful life of the asset. The carrying value of the NEXTMap Britain dataset is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No adjustments to the recorded value of the asset have been necessary to date.

Operations expenditures that were capitalized for NEXTMap programs totaled $21.6 million during the year ended December 31, 2008, and $18.3 million for the year ended December 31, 2007. The increase in cost of services capitalization on a year-over-year basis was the result of increased collection and processing related to the NEXTMap USA and NEXTMap Europe datasets.

NEW ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted the following accounting standards:

The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, Capital Disclosures, Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These standards were effective for interim and annual financial statements for the Company's reporting period beginning on January 1, 2008. Section 1535 specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital, (ii) quantitative data about what the entity regards as capital, (iii) whether the entity has complied with any capital requirements, and (iv) if it has not complied, the consequences of such non-compliance.

The adoption of these standards has resulted in additional disclosure in the notes to the financial statements.

FUTURE CHANGES IN ACCOUNTING POLICIES

In February 2008, the CICA issued new handbook Section 3064, Goodwill and Intangible Assets, which supersedes Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This section provides additional guidance on when expenditures qualify for recognition as intangible assets and requires that costs can be deferred only when relating to an item meeting the definition of an asset. The new accounting standard is effective for financial statements relating to fiscal years beginning on or after October 31, 2008. The Company is currently assessing the impact of this accounting standard on its financial statements.

Also 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. The Company is planning its approach for evaluating and assessing the impact the adoption of IFRS will have on its financial statements, accounting processes, and internal controls over financial reporting.

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 18, 2009, 46,188,713 Class A common shares were issued and outstanding. There are no preferred shares currently issued and outstanding.

As of February 18, 2009, 3,232,086 stock options are outstanding in the Company's stock option plan with a weighted average exercise price of CDN $5.25. In addition, there are 75,000 warrants outstanding that are exercisable with a weighted average exercise price of CDN $7.27, and entitle each holder to 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, 2008, 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, 2008, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. In the prior periods, there was a previously disclosed material weakness related to segregation of duties within the accounting group. During the second half of 2008, the addition of enhanced systems and re-assignment of certain responsibilities have eliminated this weakness.

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 2008, 2007, and 2006 fiscal years, one customer, the National Geospatial-Intelligence Agency ("NGA"), an agency of the U.S. federal government, accounted for approximately 80%, 59% and 41%, respectively, of the Company's total revenue. To the extent that significant customers cancel or delay orders, Intermap's sales, income, 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 U.S. 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 affect on Intermap's revenue, earnings, and cash flow.

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.

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 we do 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 are sufficient for all of its foreseeable needs. 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 or to 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 has 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 program 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, and automotive applications, will require additional executive talent. The Company is investing in training, leadership development, succession planning, and recruitment in response to the rapid 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 enough new executive talent to effectively manage the anticipated growth.

Capital Expenditures for NEXTMap USA and NEXTMap Europe

NEXTMap USA and NEXTMap Europe are capital-intensive undertakings. The Company has existing customers for certain of this data and intends to continue to seek new customers that will partially offset the costs of collecting and processing the data comprising the NEXTMap database. While the Company believes it will have sufficient capital to complete its NEXTMap USA and NEXTMap Europe 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 processing of both of the NEXTMap USA and NEXTMap Europe datasets.

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. Any required additional financing needed by the Company to remain competitive 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 U.S. 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 many 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 now. 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 essentially complete, the Company is expected to have one or two additional aircraft available at any given time for data collection purposes. 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 6 to 9 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 our 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 & Chief Executive Officer

Richard L. Mohr
Senior Vice President &
Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Intermap Technologies Corporation as at December 31, 2008 and 2007 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, 2008 and 2007 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 6, 2009

CONSOLIDATED BALANCE SHEETS

(In thousands of United States dollars)

FOR THE YEARS ENDED DECEMBER 31,	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	**$ 27,247**	$ 56,835
Amounts receivable	**9,862**	4,957
Unbilled revenue	**1,750**	11,741
Prepaid expenses	**1,635**	1,429
	40,494	74,962
Property and equipment (Note 5)	**20,782**	23,372
Multi-client data library (Note 6)	**81,156**	55,113
Intangible assets (Note 7)	**1,331**	1,753
Future income taxes (Note 11)	**230**	329
	$ 143,993	$ 155,529
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 7,858**	$ 8,404
Current portion of deferred lease inducements	**205**	219
Deferred revenue	**1,177**	340
Income taxes payable	**12**	19
Current portion of obligations under capital lease (Note 8)	**344**	231
Current portion of long-term debt (Note 9)	**856**	748
	10,452	9,961
Deferred lease inducements	**172**	393
Obligations under capital lease (Note 8)	**357**	229
Long-term debt (Note 9)	**2,286**	3,016
Future income tax liability (Note 11)	**319**	421
	13,586	14,020
Shareholders' equity:		
Share capital (Note 10)	**172,288**	171,621
Contributed surplus (Note 10)	**4,590**	2,413
Deficit	**(52,665)**	(38,719)
Accumulated other comprehensive income	**6,194**	6,194
	130,407	141,509
Commitments (Note 12)		
	$ 143,993	$ 155,529

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,	2008	2007
Revenue:		
Contract services	**$ 26,212**	$ 28,211
Multi-client data licenses	**10,812**	5,576
	37,024	33,787
Operating costs:		
Operations	**8,245**	11,620
Research and development	**3,953**	3,689
Sales, general and administrative	**25,907**	20,994
Depreciation of property and equipment	**4,437**	4,846
Amortization of multi-client data library	**6,846**	4,518
Amortization of intangible assets	**422**	353
Loss on disposal of property and equipment (Note 5)	**683**	35
	50,493	46,055
Loss before interest, foreign exchange and income taxes	**(13,469)**	(12,268)
Interest expense	**(289)**	(145)
Interest income	**1,022**	2,279
Gain (loss) on foreign currency translation	**(1,108)**	920
Non-controlling interest	**-**	(7)
Loss before income taxes	**(13,844)**	(9,221)
Income tax expense (recovery) (Note 11)		
Current	**105**	80
Future	**(3)**	(390)
	102	(310)
Net loss and comprehensive loss	**(13,946)**	(8,911)
Deficit, beginning of year	**(38,719)**	(29,711)
Redemption of shares (Note 10)	**-**	(97)
Deficit, end of year	**$ (52,665)**	$ (38,719)
Basic and diluted loss per share	**$ (0.30)**	$ (0.22)
Weighted average number of Class A common shares - basic and diluted	**46,158,017**	40,417,408

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of United States dollars)

FOR THE YEARS ENDED DECEMBER 31,	2008	2007
Cash flows provided by (used in) :		
Operations:		
Net loss	**$ (13,946)**	$ (8,911)
Items not involving cash and cash equivalents:		
Depreciation of property and equipment	**4,437**	4,846
Amortization of multi-client data library	**6,846**	4,518
Amortization of intangible assets	**422**	353
Stock-based compensation	**2,426**	2,182
Loss on disposal of property & equipment	**683**	35
Amortization of deferred lease inducements	**(220)**	(175)
Future income taxes	**(3)**	(390)
Change in non-cash operating working capital	**6,134**	(6,173)
	6,779	(3,715)
Financing:		
Proceeds from issuance of common shares	**418**	49,059
Proceeds from issuance of long-term debt	**605**	2,522
Repayment of long-term debt	**(850)**	(538)
Repayment of obligations under capital lease	**(261)**	(323)
Common shares issuance costs	**-**	(2,413)
Redemption of common shares	**-**	(266)
	(88)	48,041
Investments:		
Purchase of property and equipment	**(5,147)**	(10,452)
Investment in multi-client data library	**(29,770)**	(24,891)
Business acquisition cost, net of cash acquired	**-**	(1,330)
	(34,917)	(36,673)
Effect of foreign exchange on cash	**(1,362)**	1,012
Increase (decrease) in cash and cash equivalents	**(29,588)**	8,665
Cash and cash equivalents, beginning of year	**56,835**	48,170
Cash and cash equivalents, end of year	**$ 27,247**	$ 56,835
Supplemental cash flow information:		
Cash paid for interest expense	**$ 289**	$ 145
Cash paid for income taxes	**$ 105**	$ 64

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.

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, s.r.o. (a Czech Republic corporation), MultiMedia Computer s.r.o. (a Slovak Republic corporation), a 90% owned subsidiary, P.T. 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 and in the final costs to complete for contracts accounted for under the percentage-of-completion method.

(c) Reclassifications:

Certain operating expenses in previously reported periods have been reclassified to conform to the current year presentation. Total operating expenses were not affected by the reclassification.

(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.

For each NEXTMap project other than NEXTMap Britain (see below), the 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.

The Company acquired and processed mapping data in Great Britain via the NEXTMap Britain program during 2001 to 2003 and capitalized approximately 60% of the direct costs. The decision to capitalize only a portion of the total costs of the program was driven by uncertainties associated with the Company's use of recently updated radar technology and the first-time acquisition and processing of data in a large contiguous area the size of Great Britain. The straight-line amortization of the amounts capitalized commenced with the market release of the data and is provided for over 60 months, which was determined to be the estimated useful life of the asset. The carrying value of the NEXTMap Britain data 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 NEXTMap Britain 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. 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 affect 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 utilization 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 exceed 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 contract.

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(f). 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, or 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:

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") accounting pronouncements: Section 3855, Financial Instruments – Recognition and Measurement; Section 3861, Financial Instruments – Disclosure and Presentation; Section 1530, Comprehensive Income; and Section 3251, Equity.

Effective January 1, 2008, the Company also adopted the following accounting pronouncements: Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosure; and Section 3863, Financial Instruments – Presentation. The primary requirements of these standards and the resulting financial statement impacts are further discussed below.

(i) Section 3855, Financial Instruments - Recognition and Measurement - Under the standards, financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The standards require that all financial instruments be classified either as held-for-trading ("HFT") financial assets or liabilities; available-for-sale ("AFS") financial assets; held-to-maturity ("HTM") financial assets, loans and receivables, or other liabilities. The standards require that all financial instruments, including all derivatives, be measured subsequent to their initial recognition at fair value with the exception of loans and receivables, debt securities classified as HTM financial assets, AFS financial assets that do not have quoted market prices in an active market, and other liabilities.

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

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
The Company has not designated any financial assets as AFS.

Held-to-maturity
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.

Derivatives
As of December 31, 2008, 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. In accordance with these standards, 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, 2008 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 $21 on this redemption amount. As such, the Company has offset the financial liability against the advance on its consolidated balance sheet.

Embedded derivatives
As of December 31, 2008, the Company does not have any outstanding contracts or financial instruments with embedded derivatives that require bifurcation.

(ii) Section 1530, 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.

(iii) Section 1535, Capital Disclosures - This section requires the disclosure of (i) an entity's objectives, policies and process for managing capital; (ii) quantitative data about an entity's managed capital; (iii) whether an entity has complied with externally imposed capital requirements; and (iv) if an entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance. Disclosure requirements pertaining to Section 1535 are contained in Note 15 - Capital Risk Management.

(iv) Section 3862, Financial Instruments - Disclosure and Section 3863, Financial Instruments Presentation - Handbook Section 3862 Financial Instruments - Disclosure and Section 3863, Financial Instruments - Presentation replace Handbook Section 3861, Financial Instruments - Disclosure and Presentation revising and enhancing its disclosure requirements, while leaving presentation requirements unchanged. Section 3862 places increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The adoption of Section 3862 required additional disclosure in the notes to the financial statements which are contained in Note 14 - Financial Risk Management.

3. FUTURE ACCOUNTING STANDARDS:

In February 2008, the 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 are effective for interim or annual financial statements relating to fiscal years beginning on or after October 31, 2008. The company is currently assessing the impact of this accounting standard on its financial statements.

Also 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. The Company is planning its approach for evaluating and assessing the impact the adoption of IFRS will have on its financial statements, accounting processes and internal controls over financial reporting.

4. BUSINESS ACQUISITION:

On March 1, 2007, the Company entered into an agreement to acquire all of the registered capital of MultiMedia Computer s.r.o. ("MMC"), a Czech Republic software development company. The acquired business includes a unique software development platform used to manage, analyze, and visually illustrate 3D digital elevation data, and to develop flood mapping applications within the insurance industry. The Company acquired the registered capital of MMC for $1,250 in cash and $500 in equity comprised of 101,238 Class A common shares of the Company. The value of the Class A common shares of the Company was based on the average market price of the Company's shares over the five-day period before the transaction closed. The Company incurred $157 in transaction costs related to the purchase of MMC. During 2008, MMC was renamed Intermap Technologies, s.r.o.

The purchase allocation is as follows:

		MARCH 1, 2007
Cash	$	77
Other current assets		315
Computer equipment		16
		408
Intangible Assets:		
Technology		1,747
Customer relationships		233
Contracts		126
		2,106
Total Assets	$	2,514
Current liabilities	$	103
Future Income tax liability		505
Total liabilities	$	608

The results of operations of MMC have been included in the consolidated statement of operations beginning March 1, 2007.

The MMC purchase agreement provides for additional contingent compensation to be paid to the seller based on future Intermap sales of the acquired technology for a period ending 5 years from the date of closing. The contingent compensation is based on a percentage of the sales price allocated to the acquired technology with such percentage totaling 20% for each of the first 3 years and 10% for each of the last 2 years. The minimum amount of contingent compensation to be paid per year is $25 and all contingent compensation is subject to the continuing employment of the seller by the Company.

5. PROPERTY AND EQUIPMENT:

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 under construction:			
Mapping equipment and software	**1,512**	**-**	**1,512**
Radar equipment	**979**	**-**	**979**
Assets held under capital leases:			
Mapping equipment and software	**1,880**	**1,162**	**718**
	$ 57,830	**$ 37,048**	**$ 20,782**

DECEMBER 31, 2007	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Aircraft	$ 14,502	$ 5,476	$ 9,026
Mapping equipment and software	20,009	14,949	5,060
Radar equipment	15,413	9,660	5,753
Furniture and fixtures	464	390	74
Automobiles	183	6	177
Leasehold improvements	837	606	231
Assets under construction:			
Mapping equipment and software	1,473	-	1,473
Radar equipment	598	-	598
Aircraft	487	-	487
Assets held under capital leases:			
Mapping equipment and software	1,378	885	493
	$ 55,344	$ 31,972	$ 23,372

During 2008 and 2007, property and equipment was acquired at an aggregate cost of $5,147 and $10,452, respectively. In addition, $502 and $378 of property and equipment was acquired by means of capital leases in 2008 and 2007, respectively.

During the year, the Company removed an aircraft and its radar equipment from production. The radar equipment from this aircraft is 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 accompanying statement of operations. The aircraft that is no longer in production is being refurbished, but is currently not held for sale.

Also during the year, the Company ceased 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 for these systems. An impairment loss of $385 for the spare radar equipment has been recorded in the statement of operations.

6. MCDL:

DECEMBER 31,	2008	2007
Cost:		
Balance, beginning of year	**$ 68,010**	$ 40,781
Add:		
Direct costs and overhead	**29,770**	24,891
Capitalized depreciation	**3,119**	2,338
Balance, end of year	**100,899**	68,010
Accumulated amortization	**(19,743)**	(12,897)
	$ 81,156	$ 55,113

7. INTANGIBLE ASSETS:

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**

DECEMBER 31, 2007	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Technology	$ 1,747	$ 292	$ 1,455
Customer relationships	233	40	193
Contracts	126	21	105
	$ 2,106	$ 353	$ 1,753

8. OBLIGATIONS UNDER CAPITAL LEASE:

Future minimum capital lease payments as of December 31 are:

	2008	2007
Twelve months ended December 31:		
2008	**$ -**	$ 234
2009	**367**	204
2010	**235**	62
2011	**132**	-
Total minimum lease payments	**734**	500
Less amount representing interest (at rates ranging from approximately 3.3% to 9.8%)	**33**	40
Present value of minimum lease payments	**701**	460
Current portion of obligations under capital leases	**344**	231
	$ 357	$ 229

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.

In April 2007, the Company entered into a capital lease to finance the purchase of $163 of mapping equipment and software. This lease bears interest at a rate of 8.8% and is secured by the underlying assets. In August 2007, the Company entered into another capital lease to finance the purchase of $215 of mapping equipment and software. The lease bears interest at a rate of 5.9% and is secured by the underlying assets.

9. LONG-TERM DEBT:

DECEMBER 31,		2008		2007
Bank term loan (a)	**$**	**1,751**	$	2,534
Term loans (b)		**1,391**		1,230
		3,142		3,764
Less current portion		**856**		748
	$	**2,286**	$	3,016

(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, 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, 2008, $999 was outstanding on the loan.

Principal repayments of long-term debt are as follows:

TWELVE MONTHS ENDED DECEMBER 31,		
2009	$	856
2010		1,319
2011		430
2012		458
2013		79
	$	3,142

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, 2008		DECEMBER 31, 2007	
CLASS A COMMON SHARES	**NUMBER OF SHARES**	**AMOUNT**	NUMBER OF SHARES	AMOUNT
Balance, beginning of year	**46,070,173**	**$ 171,621**	36,995,152	$ 122,458
Exercise of options	**102,622**	**571**	464,330	2,893
Director's stock compensation	**15,918**	**96**	16,384	91
Issuance of shares for cash	-	-	6,183,097	35,417
Exercise of warrants and agent compensation options	-	-	2,333,556	12,785
Issuance of common shares for business acquisition	-	-	101,238	500
Issuance costs	-	-	-	(2,413)
Redemption of shares	-	-	(23,584)	(110)
Balance, end of year	**46,188,713**	**$ 172,288**	46,070,173	$ 171,621

On June 30, 2008 and July 20, 2007, 15,918 and 16,384 Class A common shares, respectively, were issued to directors as compensation for services. Compensation expense for the issuance of the Class A common shares has been included in sales, general and administration expenses (see Note 10(e)).

In November and December 2007, the Company received $10,630 (C$10,732) of proceeds from the exercise of Class A common share purchase warrants in connection with a March 17, 2005 private placement. A total of 2,005,656 warrants were exercised and such exercises represented all of the remaining outstanding warrants issued pursuant to the private placement.

On July 12, 2007, the Company completed a fully subscribed share issuance of 5,500,000 Class A common shares for total consideration of $31,564 (C$33,000). Each Class A common share had a purchase price of $6.00 CDN. The Company paid the underwriters a cash commission equal to 6% or $1,916 (C$2,003) of the gross proceeds of the offering and incurred additional transaction related fees of $275 (C$281).

In connection with the July 12, 2007, share issuance, the Company issued an over-allotment option to its underwriters, resulting in the issuance of an additional 683,097 Class A common shares, at a price of $6.00 CDN per Class A common share, for proceeds of $3,853 (C$4,099) on August 14, 2007. The Company recorded an additional commission of $222 (C$236) related to this issuance.

On May 16, 2003, a resolution was passed which authorized the directors to provide a compensation arrangement to Brian L. Bullock, the Company's president and CEO, whereby the Company would issue 250,000 Class A common shares on August 31, 2007, upon the fulfillment of specified conditions contained in an escrow agreement. The shares had a market value of $3.40 CDN per share at May 16, 2003. During 2006, in consideration for Mr. Bullock signing a five-year employment contract extension, the Company released from escrow 175,000 shares of the 250,000 Class A common shares held by Mr. Bullock.

In November 2007, the remaining 75,000 shares were released from escrow. Simultaneous to the release of the shares from escrow, the Company redeemed 23,584 of the Class A common shares from Mr. Bullock to cover his personal tax obligations associated with the transaction. The Company recorded the purchase of these shares in November 2007 as a stock redemption at the fair value of $266. The Company recorded the redemption of these shares as a reduction of $110 to share capital, representing the average paid-in amount prior to the redemption, with the balance being recorded as a $59 reduction to contributed surplus and $97 to deficit.

(c) Contributed surplus:

DECEMBER 31,	2008	2007
Balance, beginning of year	**$ 2,413**	$ 2,387
Stock-based compensation related to stock options and warrants	**2,330**	2,091
Stock options and warrants exercised	**(153)**	(2,065)
Balance, end of year	**$ 4,590**	$ 2,413

(d) Earnings (loss) per share:

The calculation of the earnings (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 earnings per share.

(e) Director's share compensation plan:

The Company has a 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, 2008, 91,910 Class A common shares remain available under the plan. Compensation expense for issued shares is included in sales, general and administrative expense.

(f) 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, 2008, 4,618,871 Class A common shares were authorized under the plan, of which 1,311,785 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 6 years, and generally vest over a period of 3 or 4 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, 2008		DECEMBER 31, 2007	
	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	**2,787,292**	**$ 5.87**	2,598,122	$ 5.52
Granted	**652,750**	**2.52**	695,500	5.88
Exercised	**(102,622)**	**4.10**	(464,330)	3.96
Expired	**(105,334)**	**5.69**	(42,000)	5.92
Options outstanding, end of year	**3,232,086**	**$ 5.25**	2,787,292	$ 5.87
Options exercisable, end of year	**1,358,377**	**$ 5.71**	762,031	$ 5.48

The following table summarizes information regarding stock options outstanding at December 31, 2008:

EXERCISE PRICE (CDN$)	OPTIONS OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	OPTIONS EXERCISABLE
$ 1.49	394,000	5.92 years	-
2.90	45,000	5.83 years	-
3.55	20,000	0.67 years	20,000
4.00	226,669	0.50 years	226,669
4.16	195,000	5.36 years	60,000
5.05	6,667	1.00 years	3,333
5.60	60,000	3.33 years	30,000
5.75	488,500	4.17 years	122,125
5.95	60,000	4.42 years	15,000
6.04	18,750	2.33 years	18,750
6.20	20,000	4.67 years	5,000
6.30	1,587,500	3.33 years	830,000
6.37	90,000	4.42 years	22,500
6.59	20,000	4.67 years	5,000
	3,232,086	3.77 years	1,358,377

The per share weighted-average fair value of the options granted during the year ended December 31, 2008, was $1.51 (2007 - $3.26) on the date of grant, determined using the Black-Scholes option pricing model with the following assumptions: expected dividend yield 0% (2007 – 0%), risk-free interest rate of 2.76% to 3.52% (2007 – 3.94% to 4.50%), volatilities of 52.3% to 61.1% (2007 – 53.4% to 54.6%), and an expected life of 3 to 6 years (2007 – 6 years).

Non-cash compensation expense has been included in sales, general and administrative expense and research and development expense with respect to stock options granted to employees and non-employees as follows:

	2008	2007
Non-cash compensation	**$ 2,426**	$ 2,182

(g) Class A common share purchase warrants:

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

DECEMBER 31,	2008	2007
Balance, beginning of year	**25,000**	2,412,406
Issued	**50,000**	-
Exercised	**-**	(2,337,406)
Expired	**-**	(50,000)
Balance, end of year	**75,000**	25,000

Each warrant entitles its holder to one Class A common share upon payment of an exercise price ranging from $6.30 CDN to $7.75 CDN, with a weighted average exercise price of $7.27 CDN. Twenty-five thousand warrants expire on May 11, 2009, and 50,000 warrants expire February 22, 2011. The per share fair value of the warrants issued during the year ended December 31, 2008, was $2.99 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 of 3.79%, volatility of 52.3% and an expected life of 3 years. All warrants are fully vested at the date of grant.

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, 2008 and 2007, are as follows:

DECEMBER 31,	2008	2007
Future tax asset:		
Tax effect of loss carryforwards	**$ 20,418**	$ 15,789
Tax effect of amounts deductible for tax purposes in excess of amounts deductible for accounting purposes	**1,023**	1,688
Tax effect of unrealized foreign exchange losses	**898**	708
Tax effect of scientific research expenditures	**1,172**	1,302
Future tax asset	**23,511**	19,487
Less valuation allowance	**(18,647)**	(15,465)
Net future tax asset	**4,864**	4,022
Future tax liability:		
Tax effect of amounts deductible for accounting purposes in excess of amounts deductible for tax purposes	**(4,953)**	(4,114)
Future tax liability	**(4,953)**	(4,114)
Net future tax liability	**$ (89)**	$ (92)

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 with the acquisition of MMC in 2007 (see note 4) 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 5 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, 2008, approximately $59,608 of loss carry forwards and $1,049 of tax credits were available in various tax jurisdictions.

A summary of losses by year of expiry is as follows:

2009	$ 687
2012	20
2013	55
2014	1,312
2015	2,285
2018	3,135
2020-2028	51,448
Indefinite	666
	$ 59,608

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:

	2008	2007
Tax rate	**32.7%**	35.4%
Expected Canadian income tax recovery	**$ (4,527)**	$ (3,265)
Decrease resulting from:		
Change in valuation allowance	**3,182**	2,701
Change in Canadian statutory rate	**131**	1,779
Difference between Canadian statutory rate and those applicable to U.S. and other foreign subsidiaries	**(329)**	1
Non-deductible expenses and non-taxable income	**(70)**	(240)
Foreign exchange	**2,643**	(1,392)
Security issuance costs	**-**	(854)
Adjustment for prior years income tax matters	**(1,013)**	666
Other	**85**	294
	$ 102	$ (310)

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:

2009	$ 1,466
2010	1,020
2011	374
2012	206
2013	188
	$ 3,254

13. 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 2008**	**DATA LICENSES 2008**	CONTRACT SERVICES 2007	DATA LICENSES 2007
United States of America	**$ 705**	**$ 7,486**	$ 887	$ 4,450
Asia/Pacific	**24,704**	**1,420**	26,699	278
Europe	**803**	**1,906**	625	843
South America	**-**	**-**	-	5
	$ 26,212	**$ 10,812**	$ 28,211	$ 5,576

Property and equipment of the Company are located as follows:

DECEMBER 31,	**2008**	2007
Canada	**$ 4,040**	$ 4,679
United States of America	**14,970**	17,435
Asia/Pacific	**1,510**	973
Europe	**262**	285
	$ 20,782	$ 23,372

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 year ended December 31, 2008 and 2007, one customer, the National Geospatial-Intelligence Agency ("NGA"), accounted for approximately $29,700 (80%) and $20,100 (59%), 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 U.S. 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 2008 or 2007.

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

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

DECEMBER 31,	2008
Trade amounts receivable	$ 9,630
Employee receivables	68
Other miscellaneous receivables	164
	$ 9,862

Trade amounts receivable by geography are comprised of:

DECEMBER 31,	2008
United States of America	$ 7,173
Canada	13
Asia/Pacific	895
Europe	1,549
	$ 9,630

An aging of the Company's trade amounts receivable as of December 31, 2008 is as follows:

DECEMBER 31,	2008
Current	$ 8,865
31-60 days	49
61-90 days	139
Over 91 days	577
	$ 9,630

As of December 31, 2008, $716 of trade amounts receivable were past due, but not impaired. The Company has considered the nature of the balances outstanding and the historical collections from the related customers in concluding the 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 reputable banks and financial institutions, and limiting the allocation of excess funds into highly liquid low-risk investments. At December 31, 2008, the Company's cash and cash equivalents include $21,783 of investments in short-term treasury bills with a United States bank. The remaining balance at December 31, 2008, is held in cash at banks within the United States, Canada, Europe, and Asia.

(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.

(i) 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 Slovak Republic Koruna. 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, 2008, are as follows:

(IN USD)	CANADIAN DOLLAR	EURO	BRITISH POUND	INDONESIAN RUPIAH	CZECH REPUBLIC KORUNA	SLOVAK REPUBLIC KORUNA
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 Company is exposed to currency risks primarily from the fluctuation of future cash flows of its Canadian dollar denominated long-term debt and capital leases due to changes in foreign exchange rates.

Based on the net exposures at December 31, 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:

(IN USD)	CANADIAN DOLLAR	EURO	BRITISH POUND	INDONESIAN RUPIAH	CZECH REPUBLIC KORUNA	SLOVAK REPUBLIC KORUNA
United States dollar:						
Depreciates 10%	$ 164	$ (106)	$ (15)	$ -	$ (1)	$ (1)
Appreciates 10%	(164)	106	15	-	1	1

(ii) 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, 2008.

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. The carrying value of long-term debt approximates its fair value, as current market rates available to the Company are similar to those on the long-term debt.

(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 forecasting cash flows from operations and anticipated investing and financing activities. At December 31, 2008, the Company has a cash and cash equivalent balance of $27,247. All of the Company's financial liabilities, other than long-term debt and capital leases, have a contractual maturity of less than 45 days.

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	$ -	$ -	$ -	$ -
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

(i) Derivatives - The Company has one derivative instrument, which results 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, 2008, is approximately $21. However, based on terms set out in the joint venture agreement between the Company and the non-controlling investor, the Company provided the investor with an advance of $21 on this redemption amount before January 1, 2008. As such, the Company has offset the financial liability against the advance on its consolidated balance sheet.

15. CAPITAL RISK MANAGEMENT:

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

In the management of capital, 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.

There were no changes in the Company's approach to capital management during the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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Stock Exchange

Intermap stock is listed on the Toronto stock exchange under the symbol "IMP" and on the London Stock Exchange's AIM market under the symbol "IMAP."

Oil and Gas

Engineering

Commercial Vehicles

Geospatial Technologies

Government Agencies

Environmental Planning

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