

Appendix 4D

Half Year Report

Name of entity

ipernica ltd

ABN 37 083 702 907

Financial period ended ('current period')

31 December 2010

*Results for announcement to the market:**(All Comparisons are to half-year ended 31 December 2009)*

				\$A
Revenues from ordinary activities	Up	57%	to	1,572,151
Loss from ordinary activities after tax attributable to members	Down	19%	to	3,530,427
Net loss for the period attributable to members	Down	19%	to	3,530,427
		31/12/10		31/12/09
Net tangible assets per share (cents)		1.7		3.6
For a discussion on the items above refer to Review and Result of Operations section contained in the Directors Report on the next page.				
ipernica ltd has not proposed to pay any dividends for the half year ended 31 December 2010.				

Directors' Report

Your directors submit their financial statements for the half-year ended 31 December 2010.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Ross Norgard, FCA. (Non-executive Chairman)

Graham Griffiths, B Bus FAICD (Managing Director)

Conrad Crisafulli, BE (Hons), AFAIM, MAICD (Non-executive Director - Resigned 26 November 2010)

Karl-Christian Agerup, MSM, MBEC (Non-executive Director)

Stuart Nixon (Non-executive Director)

Robert Newman (Non-executive Director – Appointed 17 February 2011)

Brad Rosser (Non-executive Director – Appointed 17 February 2011)

REVIEW AND RESULTS OF OPERATIONS

The consolidated entity reported revenue from ongoing operations of \$1,572,151, a 57% increase compared to the same period the previous year. This largely reflected annual subscription revenues from nearmap.com, ipernica's 100% owned online location-based media subsidiary.

Highlights for the half included:

nearmap.com

- \$1.70M in customer receipts
- \$1.86M in new customer sales
- 28 new subscription customers across local, state and federal government
- Further penetration into the commercial sector, including QGC, a BG Group business, with orders to date of \$707,000. QGC is a leading Australian coal seam gas explorer and producer focused on developing its world-class reserves for domestic and international supply
- nearmap.com appointed to Government geospatial supplier panel which should significantly improve the efficiency of the Company's sales process to government agencies (tender process not required)
- Signed a Memorandum of Understanding ("MOU") to enter into a joint reseller agreement with Sensis (Telstra's information and advertising arm). A formal binding agreement is currently being negotiated which will allow both Sensis and nearmap.com to on-sell either company's products to nominated government or commercial clients in Australia or New Zealand
- 100% existing customer annual subscription fees renewed following expiry of initial 12 months of license
- Customer survey : 90%+ recommend nearmap.com
- Simon Crowther commenced as Chief Executive Officer, to support nearmap's next stage of growth, bringing the right mix of sales, media and international skills and experience to enable the Company to continue to deliver core revenue from government agencies, expand into the European market and monetise nearmap.com's value in the media market
- nearmap.com Founder, Stuart Nixon, appointed to the ipernica Board, refocused on driving nearmap.com's continued technology innovation and competitive advantage, and also awarded Professional Eminence & Excellence in Spatial Sciences Award, Asia Pacific Spatial Excellence Awards.

Directors' Report

ipernica's intellectual property ("IP") assertion business also made substantive progress across the portfolio.

- In the Stat Mux II case being run in the District Court for the Eastern District of Texas, during the period ipernica succeeded in its appeal to the US Patent and Trademark Office for the re-examination of its Statistical Multiplexing ("Stat Mux") patent, with confirmation that the claims of the Stat Mux patent are valid in their original form. Subsequently, the District Court for the Eastern District of Texas lifted the stay that was in place for this patent infringement case against Ericsson and set the following hearing dates:
 - Claim Construction (Markman) hearing: 25 March 2011
 - Trial to commence on or soon after 6 September 2011
- In the US lawsuit filed by its business associate, Financial Systems Technology (Intellectual Property) Pty Ltd ("FST") against Oracle Corporation, a Markman hearing took place in the District Court for the Eastern District of Texas in October. "Markman" hearings are pre-trial hearings at which each side presents their arguments to a judge, as to how the claims of the particular patent being asserted should be interpreted. This interpretation of the patent claims is applied by the jury at trial to determine infringement and validity of the patent.
- Several other programs continued in development.

For the ipernica group, net loss after tax for the half-year to 31 December 2010 was \$3,530,427 as compared to a net loss of \$4,364,092 for the same period the previous year.

The closing cash balance as at 31 December 2010 was \$7,503,930

AUDITOR'S INDEPENDENCE DECLARATION

BDO, our auditors, have provided a written independence declaration as required under section 307C of the Corporations Act 2001 to the Directors in relation to their review of the Financial Statements for the half year ended 31 December 2010. This independence declaration can be found at page 3.

Signed in accordance with a resolution of the directors.



Graham Griffiths
Managing Director
Perth, 24 February 2011

24 February 2011

Board of Directors
ipernica limited
16 Ord Street
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF IPERNICA LIMITED

As lead auditor for the review of ipernica limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ipernica limited and the entities it controlled during the period.



Chris Burton
Director



BDO Audit (WA) Pty Ltd
Perth, Western Australia

Consolidated statement of comprehensive income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Notes

CONSOLIDATED
HALF-YEAR

2010 2009
\$ \$

Revenue from continuing operations		1,572,151	1,002,868
Other income	2	477,140	97,551
Capture costs		(385,225)	(44,585)
Cost of goods sold		(44,100)	-
Depreciation and amortisation expense		(949,098)	(488,192)
Employee benefits expenses		(2,772,950)	(2,400,775)
Impairment of Investments		(191,810)	-
Legal fees		(105,711)	(225,559)
Litigation costs	3	(69,342)	(1,047,793)
Office Lease and associated costs		(351,825)	(298,563)
Research and development costs		(41,043)	(92,125)
Other consultancy		(23,069)	(155,039)
Other expenses		(389,391)	(589,499)
Other operating expenses (Serving costs)		(276,235)	(76,850)
Finance costs		(9,986)	(16,754)
Loss before income tax		(3,560,494)	(4,335,315)
Income tax benefit/ (expense)		30,067	(28,777)
Loss for the half-year after income tax		(3,530,427)	(4,364,092)
LOSS AFTER INCOME TAX AND TOTAL COMPREHENSIVE INCOME FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF PARENT		(3,530,427)	(4,364,092)
Basic earnings / (loss) per share for half-year (cents per share)		(1.09)	(1.35)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

AS AT 31 DECEMBER 2010

AS AT 31 DECEMBER 2010		CONSOLIDATED HALF-YEAR	
	Notes	AS AT 31 December 2010 \$	AS AT 30 June 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents		7,503,930	10,462,743
Trade and other receivables		2,055,368	1,502,310
Total Current Assets		9,559,298	11,965,053
Non-current Assets			
Receivables		48,387	40,000
Available for sale financial assets		191,810	383,620
Plant and equipment		2,514,150	2,678,510
Intangible assets and goodwill		8,742,397	9,089,019
Licensing program costs		2,407,011	2,156,004
Total Non-current Assets		13,903,755	14,347,153
TOTAL ASSETS		23,463,053	26,312,206
LIABILITIES			
Current Liabilities			
Trade and other payables		5,344,836	5,085,272
Provisions		152,835	153,541
Borrowings		168,393	163,145
Current tax liability		-	-
Total Current Liabilities		5,666,064	5,401,958
Non-current Liabilities			
Provisions		1,063,734	1,047,786
Borrowings		14,944	100,959
Total Non-current Liabilities		1,078,678	1,148,745
TOTAL LIABILITIES		6,744,742	6,550,703
NET ASSETS		16,718,311	19,761,503
EQUITY			
Contributed equity		26,610,948	26,610,948
Reserves	4	3,624,197	3,136,962
Accumulated losses		(13,516,834)	(9,986,407)
TOTAL EQUITY		16,718,311	19,761,503

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

Consolidated statement of cash flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	CONSOLIDATED HALF-YEAR	
	2010	2009
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,701,647	724,719
Payments to suppliers and employees	(4,376,791)	(4,172,867)
Interest received	242,934	281,371
Interest paid	(9,986)	(16,754)
Income taxes refunded/ (paid)	30,067	(50,036)
Net cash flows used in operating activities	(2,412,129)	(3,233,567)
Cash flows from investing activities		
Purchase of plant and equipment	(296,450)	(976,137)
Purchase of intangible assets	(166,534)	(204,278)
Proceeds from sale of plant and equipment	-	377
Payments for purchase of equity investment	-	(150,000)
Net cash flows used in investing activities	(462,984)	(1,330,038)
Cash flows from financing activities		
Repayment of borrowings	(78,894)	-
Loan to external party	(3,262)	-
Net cash flows used in financing activities	(82,156)	-
Net decrease in cash and cash equivalents	(2,957,269)	(4,563,605)
Net foreign exchange difference	(1,544)	(31,358)
Cash and cash equivalents at beginning of period	10,462,743	18,169,821
Cash and cash equivalents at end of period	7,503,930	13,574,858

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

Consolidated statement of changes in equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

CONSOLIDATED	<i>Contributed Equity</i> \$	<i>Accumulated Losses</i> \$	<i>Share Based Payment Reserve</i> \$	<i>Total Equity</i> \$
At 1 July 2010	26,610,948	(9,986,407)	3,136,962	19,761,503
Loss for the period	-	(3,530,427)	-	(3,530,427)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(3,530,427)	-	(3,530,427)
Transactions with owners in their capacity as owners:				
Cost of share-based payments to employees	-	-	487,235	487,235
At 31 December 2010	26,610,948	(13,516,834)	3,624,197	16,718,311

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

CONSOLIDATED	<i>Contributed Equity</i> \$	<i>Accumulated Losses</i> \$	<i>Share Based Payment Reserve</i> \$	<i>Total Equity</i> \$
At 1 July 2009	26,535,948	(2,597,327)	2,642,874	26,581,495
Loss for the period	-	(4,364,092)	-	(4,364,092)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(4,364,092)	-	(4,364,092)
Transactions with owners in their capacity as owners:				
Cost of share-based payments to employees	-	-	272,897	272,897
At 31 December 2009	26,535,948	(6,961,419)	2,915,771	22,490,300

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

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Act 2001.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2010 and any public announcements made by ipernica ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. OTHER INCOME

	2010 \$	2009 \$
Write back of provision	402,613	-
Other income	74,527	97,551
	477,140	97,551

3. EXPENSES

	2010 \$	2009 \$
Litigation costs	69,342	1,047,793

There have been no material litigation costs for the current half year. Litigation costs for the previous half year included an accrual for the potential increase in adverse cost orders totalling \$630,040, which related to the SAR Germany nullity and infringement proceedings. This was the net figure, accounting for contributions relating directly to those provisions from Lloyds of London (under the Company's funding agreement with Lloyds) and a profit share partner. In addition a further \$328,041 was incurred during the previous half year period relating to payments made to profit share partners for their share of litigation proceeds received during the period.

4. RESERVES

Share Based Payments Reserve

	2010 \$	2009 \$
Movement during the half year:		
Cost of share-based payments to employees	487,235	272,897
	487,235	272,897

The following major assumptions were used in the calculation of the share based payment to employees for 2010:

Share price: range of 8.0 cents to 12 cents

Exercise price: 20 cents.

Risk free interest rate: 6.25% (being the 5 year Treasury Bond Yield at date of issue).

Volatility factor: range of 84.4% to 94.71% (based on the last twelve months trading history prior to issue).

Expiry date: range from 1 July 2014 to 29 November 2014.

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions.

The board considers the business from a business stream perspective and has identified two reportable segments. The ipernica business consists of building a portfolio of programs which are aimed at realising value through the international licensing and/or assertion of IP rights including investments in Companies with valuable intellectual property rights. NearMap Pty Ltd is an innovative new media company which is commercialising its intellectual property by selling its products to Government and Commercial customers whilst building its online media presence.

From 1 July 2010 the group changed its segments from “IP Assertion” and “ipernica ventures” to “ipernica” and “NearMap” to more appropriately reflect the different operational business units within the group and the basis on which the board reviews their performance. The comparatives have been restated in line with the new segments. The amounts allocated from the previous “ipernica ventures” segment into the new “ipernica segment are not considered material.

	ipernica Half-Year		Nearmap Half-Year		Unallocated Half-Year		Total Half-Year	
	2010	2009 Restated	2010	2009 Restated	2010	2009 Restated	2010	2009 Restated
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	478,894	814,885	1,330,665	1,292	239,732	284,241	2,049,291	1,100,419
Segment result	(797,886)	(1,507,714)	(2,965,274)	(3,140,619)	232,732	284,241	(3,530,427)	(4,364,092)
	ipernica		Nearmap		Unallocated		Total	
	31 Dec 2010	30 Jun 2010 Restated	31 Dec 2010	30 Jun 2010 Restated	31 Dec 2010	30 Jun 2010 Restated	31 Dec 2010	30 Jun 2010 Restated
	\$	\$	\$	\$	\$	\$	\$	\$
Total segment assets	3,489,133	3,393,157	12,309,561	12,295,732	7,664,357	10,623,317	23,463,052	26,312,206
Total segment liabilities	3,559,668	3,973,702	3,141,653	2,544,321	43,420	32,680	6,744,742	6,550,703

Unallocated segment revenue and result is made up solely by interest and foreign currency gains and losses relating to funds on deposits. For the period 1 July 2010 to 31 December 2010 total external revenue reported by operating segments constitutes less than 75% of the entity’s total revenue which may not meet the strict requirements of the accounting standards dependent on the interpretation of an operating segments. Unallocated segment assets are predominantly made up of cash and cash equivalents. In this instance the Board do not believe that the identification of any further operating segments is appropriate given the nature of the unallocated segment.

The amounts provided to the Board are consistent with that of the financial statements and as such no reconciliation is required of the total of the segments’ measures and the entities actual operating result.

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

6. EVENTS AFTER THE BALANCE SHEET DATE

On the 3 February, 2011, ipernica announced that:

- a joint motion for dismissal of the patent litigation brought against Oracle by ipernica's business associate Financial Systems Technology (Intellectual Property) Pty Ltd ('FST') in the District Court of the Eastern District of Texas was filed pursuant to the terms of a strictly confidential settlement agreement.
- ipernica would shortly receive approximately US\$7M from Financial Systems Technology (Intellectual Property) Pty Ltd ("FST") for its services relating to FST's patents. All such amounts that were expected to be received have now been received. After payment of certain contingent legal expenses, ipernica expects to retain approximately US\$6.5M of these revenues.

On the 17 February, 2011, ipernica announced a restructure of its Board with the addition of two experienced non executive directors, Mr Bradley Rosser and Dr Robert Newman. These appointments are designed to assist subsidiary nearmap.com achieve its global potential through their extensive expertise and networks in both Europe and the United States. With the restructure, the Company has discontinued the separate Board it previously operated for nearmap.com.

There are no other significant post balance date events that need to be disclosed.

7. CONTINGENT ASSETS AND LIABILITIES

There has been no change to contingent assets or contingent liabilities since the end of the last annual reporting period.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 9 are in accordance with the Corporations Act 2001, including:
 - (i) complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that ipernica ltd will be able to pay its debts as and when they become due and payable.

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



Graham Griffiths
Managing Director

Perth, 24 February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF IPERNICA LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ipernica limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ipernica limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

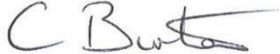
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of ipernica limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit


Chris Burton
Director

Perth, Western Australia
Dated this 24th day of February 2011