

OTCQX: NETDY

22 September 2014

NetDimensions (Holdings) Limited
("NetDimensions" or the "Company" or the "Group")

Interim Results for the period ending 30 June 2014

NetDimensions (AIM: NETD; OTCQX: NETDY), a global provider of [performance, knowledge, and learning management systems](#), is pleased to announce its interim results for the period ending 30 June 2014.

Financial Highlights

- 40% GAAP revenue growth to US\$9.1M (2013 H1: US\$6.5M)
- 49% invoiced sales growth to US\$9.1M (2013 H1: US\$6.1M)
- 38% increase in deferred revenue to US\$7.6M (2013 H1: US\$5.5M)
- 50% GAAP revenue growth in our global hosted secure Software as a Service ("SaaS") offering to US\$3.9M (2013 H1: US\$2.6M)

Operations Highlights

- 32 new clients added in the period with a combined contracted value of US\$3.8M, including Chase Bank Kenya Limited, Credit Corp Group Limited, Community Memorial Health System, PeaceHealth, University of Kansas Hospital, UAP Insurance and IDEXX Europe B.V.
- Number of active users were 4.7M at the end of the period (2013 H1: 2.8M), including up to 1M users at not-for-profit organisations
- Invoiced sales from new business was up 79% to US\$3.4M (2013 H1: US\$1.9M) representing 37% of total invoiced sales (2013 H1: 31%)
- The average deal size for direct new clients in the period increased to US\$93K (2013 H1: US\$63K), an increase of 48% over prior period
- Invoiced sales to clients in high-consequence industries represented 83% (2013 H1: 70%) of total invoiced sales for the period
- Positioned again as a 'Core Leader' in the 2014 release of the unique European learning and talent market insight report, Elearnity 9-Grid™ for Learning Management Systems (LMS)

Roger Durn, Chairman of NetDimensions, commented: "The financial results for the period ending 30 June 2014 saw excellent progress with accelerated growth in both revenue and invoiced sales, both of which were substantially higher than in the prior period.

"These numbers reflect the success of our Business plan implemented last year. The Investment phase for this has now been substantially completed such that the Company is well positioned to benefit from the many identified opportunities within our target markets. The Board will now focus on driving additional growth both organically and by selective acquisitions and we are confident of achieving further successes going forward."

The interim report will be available on the Company's website.

Enquiries:

NetDimensions (Holdings) Limited

Jay Shaw
Matthew Chaloner

Tel: +852 2122 4500

Panmure Gordon (UK) Limited (Nomad & Broker)

Fred Walsh
Ben Roberts

Tel: +44 20 7886 2500

Walbrook PR Ltd (Financial Public Relations)

Bob Huxford
Sam Allen

Tel: +44 20 7933 8792

bob.huxford@walbrookpr.com
sam.allen@walbrookpr.com

About NetDimensions

Established in 1999, NetDimensions (AIM: NETD; OTCQX: NETDY) is a global provider of performance, knowledge and learning management solutions.

NetDimensions provides companies, government agencies and other organizations with talent management solutions to personalize learning, share knowledge, enhance performance, foster collaboration and manage compliance programs for employees, customers, partners and suppliers.

Recognized as one of the talent management industry's top-rated technology suppliers, NetDimensions has been chosen by leading organizations worldwide including ING, Cathay Pacific, Hunter Douglas, Chicago Police Department, Geely Automotive, Fugro Group and Fresenius Medical Care.

NetDimensions is ISO 9001 certified and NetDimensions hosted services are ISO 27001 certified.

For more information, visit www.NetDimensions.com or follow @netdimensions on Twitter.

Chairman's Statement for the Period Ended 30 June 2014

The Company has made good progress in the six months to 30 June 2014 and I am pleased to report that revenue for the period was US\$9.1M, an increase of 40% (2013 H1: US\$6.5M).

This is the best interim performance in NetDimension's history. The 40% growth in revenue is a substantial increase over the 2013 H1 revenue growth of 10%, with the accelerated growth providing confidence that the growth in the Company is gaining momentum in a traditionally second half weighted business. Invoiced sales were also US\$9.1M for the period, an increase of 49% (2013 H1: US\$6.1M).

These headline numbers are an encouraging early indication of the success of the Business plan that the Board implemented last year to substantially grow sales revenues.

Financial Highlights

- 40% GAAP revenue growth to US\$9.1M (2013 H1: US\$6.5M)
- 49% invoiced sales growth to US\$9.1M (2013 H1: US\$6.1M)
- 38% increase in deferred revenue to US\$7.6M (2013 H1: US\$5.5M)
- 50% GAAP revenue growth in our global secure Software as a Service ("SaaS") offering to US\$3.9M (2013 H1: US\$2.6M)

Financial Summary

The financial results for the period ending 30 June 2014 saw excellent progress with accelerated growth in both revenue and invoiced sales both of which were substantially higher than in the prior period.

The Group continues to improve direct sales activity and in the period the proportion of invoiced sales from direct clients was US\$8M representing 88% (2013 H1: 83%) of total invoiced sales.

The North America region performed strongly in the period and accounted for 46% of Group revenues. The North America region included a full 6 months contribution from the new Healthcare division. Europe, Middle East & Africa ("EMEA") comprised 39% of Group revenues and Asia Pacific including China 12%. The rest of the world made up 3%.

The Group saw substantial revenue growth in all its major markets including the North America market with revenues up 45% to US\$4.2M (2013 H1: US\$2.9M), the EMEA market up 35% to US\$3.5M (2013 H1: US\$2.6M) and the Asia Pacific market including China up 57% to US\$1.1M (2013 H1: US\$0.7M).

The revenue for the period included US\$1.4M (2013 H1: US\$0.2M) from NetDimensions Healthcare, our new Healthcare division formed on the 1st March 2013 on the back of the acquisition of eHealthcareIT.

The growth was driven by increased revenue for our global secure SaaS offering, a full contribution from our new Healthcare division and growth in revenue from our expanded global services division ("GSD"). In addition, the Group ended the period with a strong deferred revenue balance of US\$7.6M (2013 H1: US\$5.5M), some 38% higher than the prior period balance.

The Group continues to focus on supplying software via its global secure SaaS offering and we are pleased to report that revenue from this product offering increased by 50% to US\$3.9M (2013 H1: US\$2.6M). The new expanded GSD performed well with revenues increasing by 88% in the period to US\$1.5M (2013 H1: US\$0.8M).

The Group's adjusted loss before tax, excluding net foreign exchange gain / (loss) (US\$3K), intangible asset amortisation (US\$0.2M) and non-cash share-based payments (US\$0.2M), was US\$2.0M (2013 H1: US\$2.7M). NetDimensions' fully disclosed loss before tax reduced by 25% to US\$2.4M (2013 H1: US\$3.2M).

Cash used in operating activities was US\$0.9M in the period (2013 H1: US\$1.5M) as improvements in working capital helped to offset the impact of the loss. The Group's cash balance remained healthy at US\$7.1M (2013 H1: US\$10.2M).

Operations Review

In 2013 the Board commenced the implementation of the 3-year Business plan to substantially increase market share, targeting clients operating in high consequence industries within the Talent Management Systems ("TMS") market. A substantial part of the investment was completed in 2013 and the results for this period are the first since the completion of this investment.

I am pleased to report on the following progress:

- 32 new clients added in the period with a combined contracted value of US\$3.8M, including Chase Bank Kenya Limited, Credit Corp Group Limited, Community Memorial Health System, PeaceHealth, University of Kansas Hospital, UAP Insurance and IDEXX Europe B.V.
- Number of active users were 4.7M at the end of the period (2013 H1: 2.8M), including up to 1M users at not-for-profit organisations
- Invoiced sales from new business was up 79% to US\$3.4M (2013 H1: US\$1.9M) representing 37% of total invoiced sales (2013 H1: 31%)
- The average deal size for direct new clients in the period increased to US\$93K (2013 H1: US\$63K), an increase of 48% over prior period
- Invoiced sales to clients in high-consequence industries represented 83% (2013 H1: 70%) of total invoiced sales for the period
- Positioned again as a 'Core Leader' in the 2014 release of the unique European learning and talent market insight report, Elearnity 9-Grid™ for Learning Management Systems (LMS)

To take advantage of the opportunity that increasing demand from clients operating in high-consequence industries offers, the Company has restructured and expanded its service offerings. The professional services team has been re-organised into a Global Services Division ("GSD") with a Global Head of Services running the division as a profit centre.

The Company believes there are substantial sales opportunities in expanding the service offerings to new and existing clients. To take advantage of this opportunity the GSD will be organised into several practices, each with its own sales target and business plan. The initial core practices will be the Implementation Practice, Added Value Practice (customisation, reporting, integration, and upgrades), Training Practice and Consulting Practice (deployment, analytics and portals).

Outlook

These numbers reflect the success of our Business plan implemented last year. The Investment phase for this has now been substantially completed such that the Company is well positioned to benefit from the many identified opportunities within our target markets. The Board will now focus on driving additional growth both organically and by selective acquisitions and we are confident of achieving further successes going forward.

NetDimensions is performing in line with current consensus analyst expectations and, with the Company gaining momentum, the Board expects further growth going forward. With the global talent management software sector growing by 17% in 2013 to \$5bn+ (Bersin by Deloitte) and being projected to grow by a further 17% in 2014 to \$6bn+, the Board will continue to explore new markets and opportunities for expansion.

NETDIMENSIONS (HOLDINGS) LIMITED

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Note	Unaudited	
		Six months ended 30 June	
		2014	2013
		US\$	US\$
Revenue	5	9,142,028	6,522,644
Cost of sales	6	(1,487,451)	(543,958)
Gross profit		7,654,577	5,978,686
Other gains/(losses), net		75,392	(241,629)
Selling expenses	6	(5,899,414)	(5,426,776)
Operating expenses	6	(4,296,428)	(3,514,810)
Operating loss		(2,465,873)	(3,204,529)
Finance income		26,825	21,741
Finance cost		(670)	(817)
Finance income, net	7	26,155	20,924
Loss before income tax		(2,439,718)	(3,183,605)
Income tax expense		-	-
Loss for the period		(2,439,718)	(3,183,605)
Attributable to:			
Equity holders of the Company		(2,439,718)	(3,183,605)
Loss per share attributable to the equity holders of the Company during the period (expressed in US\$ cents per share)			
- Basic	8	(6.4)	(10.7)
- Diluted	8	(6.4)	(10.7)

NETDIMENSIONS (HOLDINGS) LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Unaudited	
	Six months ended 30 June	
	2014	2013
	US\$	US\$
Loss for the period	(2,439,718)	(3,183,605)
Other comprehensive (loss)/income:		
Currency translation differences	(34,018)	120,171
	<hr/>	<hr/>
Other comprehensive (loss)/income for the period	(34,018)	120,171
	<hr/>	<hr/>
Total comprehensive loss for the period	(2,473,736)	(3,063,434)
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Total comprehensive loss attributable to Equity holders of the Company	(2,473,736)	(3,063,434)
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NETDIMENSIONS (HOLDINGS) LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	Unaudited 30 June 2014 US\$	Unaudited 30 June 2013 US\$	Audited 31 December 2013 US\$
ASSETS				
Non-current assets				
Property, plant and equipment	9	261,763	206,278	316,342
Intangible assets	10	3,307,130	3,809,786	3,522,353
Deposits		153,291	14,780	141,527
		<u>3,722,184</u>	<u>4,030,844</u>	<u>3,980,222</u>
Current assets				
Accounts and other receivables, prepayments and deposits		4,956,043	3,711,592	7,303,184
Cash and bank balances	11	7,074,445	10,196,095	7,727,788
		<u>12,030,488</u>	<u>13,907,687</u>	<u>15,030,972</u>
Total assets		<u><u>15,752,672</u></u>	<u><u>17,938,531</u></u>	<u><u>19,011,194</u></u>
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	12	38,640	37,868	37,917
Reserves		18,085,859	18,016,851	18,052,319
Accumulated losses		(12,305,114)	(8,102,567)	(9,865,396)
Total equity		<u>5,819,385</u>	<u>9,952,152</u>	<u>8,224,840</u>
LIABILITIES				
Non-current liabilities				
Obligations under finance leases		2,907	7,013	6,389
Deferred revenue		119,593	60,298	106,473
		<u>122,500</u>	<u>67,311</u>	<u>112,862</u>
Current liabilities				
Accounts and other payables		1,944,938	2,123,453	3,123,923
Deferred revenue		7,473,239	5,478,959	7,520,852
Dividend payable		388,499	287,148	-
Income tax payables		-	26,022	26,343
Obligations under finance leases		4,111	3,486	2,374
		<u>9,810,787</u>	<u>7,919,068</u>	<u>10,673,492</u>
Total liabilities		<u>9,933,287</u>	<u>7,986,379</u>	<u>10,786,354</u>
Total equity and liabilities		<u><u>15,752,672</u></u>	<u><u>17,938,531</u></u>	<u><u>19,011,194</u></u>

NETDIMENSIONS (HOLDINGS) LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Attributable to equity holders of the Company						
	Share capital US\$	Share premium US\$	Capital redemption reserve US\$	Translation reserve US\$	Share-based payment compensation reserve US\$	Accumulated losses US\$	Total US\$
At 1 January 2013	25,335	10,639,061	850	2,548	297,053	(4,924,017)	6,040,830
Loss for the period	-	-	-	-	-	(3,183,605)	(3,183,605)
Other comprehensive income for the period:							
Currency translation differences	-	-	-	120,171	-	-	120,171
Total comprehensive income/(loss) for the period	-	-	-	120,171	-	(3,183,605)	(3,063,434)
Employee share option benefits	-	-	-	-	94,144	-	94,144
Issue of shares to non-executive Directors	50	44,545	-	-	-	-	44,595
Issue of shares upon exercise of share Options	233	103,283	-	-	(40,350)	-	63,166
Issue of shares for acquisition of a business (Note 14)	1,500	988,473	-	-	-	-	989,973
Issue of shares from placement	10,750	6,059,276	-	-	-	-	6,070,026
Transfer to accumulated losses upon forfeiture of share options	-	-	-	-	(5,055)	5,055	-
Final dividend 2012	-	(287,148)	-	-	-	-	(287,148)
At 30 June 2013 (unaudited)	37,868	17,547,490	850	122,719	345,792	(8,102,567)	9,952,152

NETDIMENSIONS (HOLDINGS) LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Attributable to equity holders of the Company						
	Share capital US\$	Share premium US\$	Capital redemption reserve US\$	Translation reserve US\$	Share-based payment compensation reserve US\$	Accumulated losses US\$	Total US\$
At 1 January 2014	37,917	17,577,150	850	31,278	443,041	(9,865,396)	8,224,840
Loss for the period	-	-	-	-	-	(2,439,718)	(2,439,718)
Other comprehensive loss for the period:							
Currency translation differences	-	-	-	(34,018)	-	-	(34,018)
Total comprehensive loss for the period	-	-	-	(34,018)	-	(2,439,718)	(2,473,736)
Employee share option benefits	-	-	-	-	170,804	-	170,804
Issue of shares to non-executive Directors	50	48,579	-	-	-	-	48,629
Issue of shares upon exercise of share Options	673	374,090	-	-	(137,416)	-	237,347
Final dividend 2013	-	(388,499)	-	-	-	-	(388,499)
At 30 June 2014 (unaudited)	38,640	17,611,320	850	(2,740)	476,429	(12,305,114)	5,819,385

NETDIMENSIONS (HOLDINGS) LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Note	Unaudited Six months ended 30 June	
		2014 US\$	2013 US\$
Cash flows from operating activities			
Cash used in operations	15	(801,456)	(1,477,945)
Interest paid		(670)	(817)
Income tax paid		(52,325)	(31,116)
Net cash used in operating activities		<u>(854,451)</u>	<u>(1,509,878)</u>
Cash flows from investing activities			
Acquisition of a business	14	-	(1,250,000)
Purchase of property, plant and equipment		(31,922)	(39,753)
Purchase of intangible assets		(32,322)	(6,769)
Interest received		26,825	21,741
Sales proceeds from disposal of property, plant and equipment	15(b)	206	-
Decrease/(increase) in bank deposits with original maturity of over three months		3,535,936	(2,990,667)
Net cash generated from/(used in) investing activities		<u>3,498,723</u>	<u>(4,265,448)</u>
Cash flows from financing activities			
Proceeds from issuance of shares from placement, net of expense		-	6,070,026
Proceeds from issuance of shares under share option scheme		237,347	63,166
Repayments of capital element of finance leases		(1,745)	(1,753)
Net cash generated from financing activities		<u>235,602</u>	<u>6,131,439</u>
Net increase in cash and cash equivalents		<u>2,879,874</u>	<u>356,113</u>
Cash and cash equivalents at beginning of the period		4,120,179	4,777,313
Effect of foreign exchange rate changes		2,719	22,658
Cash and cash equivalents at end of the period	11	<u><u>7,002,772</u></u>	<u><u>5,156,084</u></u>

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

NetDimensions (Holdings) Limited (the "Company") was incorporated in the Cayman Islands as a limited liability company under the Companies Law (2000) Revision on 10 July 2000. The address of its registered office is P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The address of its head office and principal place of business in Hong Kong is 17/F., Siu On Centre, 188 Lockhart Road, Wan Chai, Hong Kong.

The principal activities of the Company and its subsidiaries (together the "Group") are licensing of computer software and the provision of related services.

The Company's ordinary shares were admitted to trading on the Alternative Investment Market ("AIM") operated by the London Stock Exchange. On 7 August 2012, the Company's ordinary shares were also admitted to trading on the OTCQX platform operated by OTC Markets Group, Inc.

This condensed consolidated interim financial information is presented in United States Dollars ("US\$"), unless otherwise stated.

This condensed consolidated interim financial information for the six months ended 30 June 2013 and 2014 have not been audited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basic of preparation

The Company has a financial year end date of 31 December. This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Boards ("IASB").

(b) Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(i) Effect of adopting new and amendments to standards and interpretations

The Group has adopted all of the new standards, amendments to standards and interpretations issued by IASB that are relevant to the Group's operations and mandatory for annual periods beginning on or after 1 January 2014. The adoption of these new standards, amendments to standards and interpretations did not result in a significant impact on the results and financial position of the Group.

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

- (ii) New standards, amendments to standards and interpretations that have been issued but are not yet effective:

		Effective for the accounting period beginning on or after
IAS 16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 19	Defined Benefit Plans; Employee Contributions	1 July 2014
IFRS 9	Financial Instruments	1 January 2018
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with customers	1 January 2017
Amendments to IFRS 7 and IFRS 9	Mandatory Effective Date of IFRS 9 and Transition Disclosures	1 January 2015
Amendments to IFRS 11	Acquisitions of Interests in Joint Operations	1 January 2016
IFRIC - Int 2	Member's Shares in Co-operative Entities and Similar Instruments	1 January 2015
IFRIC - Int 4	Determining whether an Arrangement contains a Lease	1 January 2016
IFRSs (Amendment)	Annual Improvements 2010-2012 cycle and 2011-2013 cycle	1 July 2014

The Group will adopt the above new standards, amendments to standards and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were that same as those that applied to the consolidated financial statements for the year ended 31 December 2013, with the exception of changes in estimate that are required in determining the provision for income tax.

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

There have been no changes in the risk management department since year end or in any risk management policies since year end.

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 REVENUE AND SEGMENT INFORMATION

Revenue represents income from software licensing and the provision of hosting, support and maintenance, software customisation and implementation services during the period and is analysed as follows:

	Unaudited Six months ended 30 June	
	2014	2013
	US\$	US\$
Software licensing	1,108,743	1,179,781
Hosting services	3,937,487	2,552,729
Support and maintenance	1,399,059	1,218,695
Software customisation and implementation	2,696,739	1,571,439
	<u>9,142,028</u>	<u>6,522,644</u>

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Company. Management has determined the operating segments based on the reports reviewed by the CODM that are used to assess performance and allocate resources. The CODM considers the business from the geographic perspective, including North America, Europe, Middle East and Africa ("EMEA"), Asia Pacific and Rest of the World, which are also the Group's reportable operating segments.

The Group's revenue is mainly derived from customers located in North America, EMEA, Asia Pacific and Rest of the World, while the Group's facilities and other assets are located predominantly in North America, EMEA, Asia Pacific and Rest of the World.

Segment performance is evaluated based on segment results, which is a measure of adjusted loss before income tax. The adjusted loss before income tax is measured consistently with the Group's loss before income tax, except that amortisation of intangible assets - customer base, unallocated corporate expenses, finance income, finance costs and impairment loss on available-for-sale financial assets are not allocated to individual segment.

Segment assets consist primarily of property, plant and equipment, intangible assets, accounts and other receivables, prepayments and deposits. Cash and bank balances for corporate use are excluded from segment assets.

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segmental information for the six months ended 30 June 2014 is as follows:

	North America US\$	EMEA US\$	Asia Pacific US\$	Rest of the World US\$	Total US\$
Revenue from external customers	4,235,703	3,538,465	1,063,394	304,466	9,142,028
Segment results	(1,032,994)	(783,683)	(90,193)	135,061	(1,771,809)
Amortisation of intangible assets - customer base	(236,152)	-	-	-	(236,152)
Unallocated corporate expenses					(457,912)
Finance income					26,825
Finance costs					(670)
Loss before income tax					(2,439,718)
Income tax expense					-
Loss for the year					(2,439,718)
Segment assets	6,484,938	2,638,032	1,563,779	300,155	10,986,904
Unallocated assets					4,765,768
					15,752,672
Additions to non-current assets	13,903	6,062	44,279	-	64,244
Depreciation and amortisation	256,069	8,863	67,946	-	332,878

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segmental information for the six months ended 30 June 2013 is as follows:

	North America US\$	EMEA US\$	Asia Pacific US\$	Rest of the World US\$	Total US\$
Revenue from external customers	2,901,404	2,588,913	662,395	369,932	6,522,644
Segment results	(1,613,341)	(700,083)	(494,488)	89,232	(2,718,680)
Amortisation of intangible assets - customer base	(126,196)	(54,667)	-	-	(180,863)
Unallocated corporate expenses					(304,986)
Finance income					21,741
Finance costs					(817)
Loss before income tax					(3,183,605)
Income tax expense					-
Loss for the year					(3,183,605)
Segment assets	6,282,358	1,584,541	1,129,537	154,979	9,151,415
Unallocated assets					8,858,213
					18,009,628
Additions to non-current assets	13,185	9,878	23,459	-	46,522
Depreciation and amortisation	154,668	60,184	47,078	-	261,930

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 OPERATING LOSS

Operating loss is stated after charging the following:

	Unaudited Six months ended 30 June	
	2014 US\$	2013 US\$
Agency fee	-	78,293
Auditor's remuneration	71,870	68,595
Amortisation of intangible assets	247,234	190,296
Provision for impairment of trade receivables	-	125,000
Depreciation on property, plant and equipment	85,644	71,634
Employee benefit expenses	7,927,624	6,060,757
Legal and professional expenses	283,425	556,691
Marketing and promotion expenses	593,718	1,052,241
Operating lease rentals in respect of leased premises	296,183	209,973
Other operating lease rentals	395,356	228,904
Outsourcing fee	816,174	65,905
Resell software rights	11,993	6,004
Travel and entertainment expenses	574,548	353,196
Other expenses	379,524	418,055
Total cost of sales and selling and operating expenses	11,683,293	9,485,544

Representing:		
Cost of sales	1,487,451	543,958
Selling expenses	5,899,414	5,426,776
Operating expenses	4,296,428	3,514,810
	<u>11,683,293</u>	<u>9,485,544</u>

7 FINANCE INCOME, NET

	Unaudited Six months ended 30 June	
	2014	2013
	US\$	US\$
Finance income:		
- Interest income on bank deposits	26,825	21,741
	-----	-----
Finance costs:		
- Interest element of finance lease	(670)	(817)
	-----	-----
	<u>26,155</u>	<u>20,924</u>

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2014	2013
Loss attributable to equity holders of the Company (US\$)	(2,439,718)	(3,183,605)
	-----	-----
Weighted average number of ordinary shares in issue	38,353,566	29,710,323
	-----	-----
Basic loss per share (US\$ cents per share)	(6.4)	(10.7)

Diluted

Diluted loss per share is the same as basic loss per share since the exercise of the outstanding share options would have an anti-dilutive effect for the six months ended 30 June 2013 and 2014.

9 PROPERTY, PLANT AND EQUIPMENT

	As at 30 June	
	2014	2013
	US\$	US\$
Net book value at 1 January	316,342	238,445
Additions	31,922	39,753
Acquisition of a business (Note 14)	-	2,000
Disposals	(843)	(169)
Depreciation for the period	(85,644)	(71,634)
Exchange differences	(14)	(2,117)
	<hr/>	<hr/>
Net book value at 30 June (unaudited)	<u>261,763</u>	<u>206,278</u>

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 INTANGIBLE ASSETS

	Goodwill	Customer	Computer	Total
	US\$	base	software	US\$
	US\$	US\$	US\$	US\$
Net book value at 1 January 2014	1,147,553	2,351,557	23,243	3,522,353
Additions	-	-	32,322	32,322
Disposals	-	-	(309)	(309)
Amortisation for the period	-	(236,152)	(11,082)	(247,234)
Exchange differences	-	250	(252)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 30 June 2014 (unaudited)	<u>1,147,553</u>	<u>2,115,655</u>	<u>43,922</u>	<u>3,307,130</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 1 January 2013	-	547,207	19,385	566,592
Additions	-	-	6,769	6,769
Acquisition of a business (Note 14)	1,147,553	2,283,532	-	3,431,085
Amortisation for the period	-	(180,863)	(9,433)	(190,296)
Exchange differences	-	(4,189)	(175)	(4,364)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 30 June 2013 (unaudited)	<u>1,147,553</u>	<u>2,645,687</u>	<u>16,546</u>	<u>3,809,786</u>

11 CASH AND BANK BALANCES

	Unaudited	
	As at 30 June	
	2014	2013
	US\$	US\$
Cash on hand	3,783	3,746
Cash at bank	6,998,989	2,623,374
Bank deposits with original maturity of three months or less	-	2,528,964
	<hr/>	<hr/>
Cash and cash equivalents	<u>7,002,772</u>	<u>5,156,084</u>
	<hr/>	<hr/>
Bank deposits with original maturity of over three months	<u>71,673</u>	<u>5,040,011</u>

Total cash and bank balances	7,074,445	10,196,095
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NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 SHARE CAPITAL

	2014 No. of shares	Unaudited As at 30 June	
		2013 No. of shares	US\$
Authorised:			
Ordinary shares at US\$0.001 each	100,000,000	100,000	100,000,000
Issued and fully paid:			
Ordinary shares	38,640,326	38,640	37,867,326
Movements in ordinary shares			
At 1 January	37,917,326	37,917	25,334,826
Issue of shares to non-executive directors (note a)	50,000	50	50,000
Issue of shares upon exercise of share options (note b)	673,000	673	232,500
Issue of shares for business acquisition (note c)	-	-	1,500,000
Issue of shares from placement (note d)	-	-	10,750,000
At 30 June	38,640,326	38,640	37,867,326

Notes:

(a) Pursuant to the terms and conditions of the letter of appointment with the non-executive directors of the Company, an aggregate of 50,000 ordinary shares of the Company were allotted to them as part of their remuneration package during the periods ended 30 June 2014 and 30 June 2013. The fair values of these shares amounting to US\$48,629 and US\$44,595 respectively have been recognised in the condensed consolidated income statement.

(b) During the periods ended 30 June 2014 and 30 June 2013, an aggregate of 673,000 and 232,500 share options were exercised with proceeds of US\$237,347 and US\$63,166, respectively. The weighted average market values per share at the date of exercise for these share options exercised during the periods ended 30 June 2014 and 30 June 2013 were GBP 72.3 pence and GBP 47.5 pence respectively.

(c) On 1 March 2013, the Company issued 1,500,000 new ordinary shares to the former shareholders of eHealthcareIT LLC ("eHealthcareIT") as part of purchase consideration of the business of eHealthcareIT. These ordinary shares rank *pari passu* in all respects with the existing ordinary shares. The fair value of these shares amounted to US\$989,973.

(d) On 8 May 2013, the Company and the placing agent ("Panmure Gordon") entered into a Placing Agreement pursuant to which the Company appointed Panmure Gordon, as an agent to procure independent third parties to purchase 10,750,000 new ordinary shares at the placing price of GBP38 pence per share. The transaction was completed on 15 May 2013. Accordingly, 10,750,000 ordinary shares of US\$0.001 each were issued at a premium of US\$0.589 each. The proceeds from issue of these new ordinary shares of US\$6,331,750, net of the direct transaction cost of US\$261,724 was credited to the share capital and share premium account. These new ordinary shares rank *pari passu* in all respects with the existing ordinary shares.

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 EQUITY SETTLED SHARE-BASED PAYMENTS

Pursuant to the share option scheme (the "Plan") approved and adopted on 18 September 2000, the Board of Directors of the Company may offer eligible employees, directors and sales agents rights to subscribe for shares of the Company. The Plan shall be valid and effective for a period of ten years. Pursuant to an ordinary resolution passed at the annual general meeting of the Company on 10 June 2011, the Plan expired on 17 September 2010 is renewed for a further period of ten years, and is to expire on 16 September 2020 (the "Renewed Plan"). The maximum aggregate number of ordinary shares of US\$0.001 each which may be issued pursuant to the Renewed Plan is 6,000,000 ordinary shares. Pursuant to an ordinary resolution passed at the annual general meeting of the Company on 9 June 2014, the maximum aggregate number of ordinary shares be issued pursuant to the Renewed Plan increases from 6,000,000 to 10,000,000 ordinary shares. Options are granted at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is ranged from one year to five years from the date of grant. If the options remain unexercised ten years after the date of grant, the options will expire. Options are forfeited if the relevant option holder leaves the Group before the options vest.

The following table discloses the movements of the Company's share options:

	2014		2013	
	Number of share options	Weighted average exercise price US\$	Number of share options	Weighted average exercise price US\$
As at 1 January	3,013,000	0.458	2,335,500	0.319
Granted	2,217,500	1.218	1,000,000	0.704
Forfeited	(220,500)	0.553	(65,000)	0.326
Exercised	(673,000)	0.339	(232,500)	0.281
As at 30 June	4,337,000	0.860	3,038,000	0.433
Exercisable as at 30 June (unaudited)	627,500	0.322	745,500	0.292

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 EQUITY SETTLED SHARE-BASED PAYMENTS (CONTINUED)

Share options outstanding during the periods ended 30 June 2014 and 30 June 2013 are as follows:

Expiry date	Exercise price per share	30 June 2014 Number of shares under option	30 June 2013 Number of shares under option
19/04/2015	US\$0.165	50,000	50,000
30/12/2015	US\$0.300	-	40,000
24/05/2016	US\$0.300	40,000	65,000
11/06/2016	US\$0.300	-	5,000
28/12/2016	US\$0.300	70,000	148,000
12/02/2020	GBP0.18	80,000	80,000
06/12/2020	GBP0.215	250,000	250,000
24/01/2021	GBP0.1925	50,000	300,000
31/08/2021	GBP0.2325	-	200,000
02/01/2022	GBP0.215	637,500	900,000
01/01/2023	GBP0.51	250,000	250,000
05/03/2023	GBP0.44	175,000	250,000
30/04/2023	GBP0.42	250,000	250,000
05/05/2023	GBP0.425	250,000	250,000
01/09/2023	GBP0.555	50,000	-
19/01/2024	GBP0.78	100,000	-
14/04/2024	GBP0.73	1,627,000	-
08/06/2024	GBP0.71	457,500	-
		4,337,000	3,038,000
		4,337,000	3,038,000

During the period ended 30 June 2014, the Company granted 2,217,500 share options to executive directors, employees and consultants with an exercise price ranging from GBP 71 pence per share to GBP 78 pence per share. The fair value of the share options granted was approximately GBP 818,000.

The fair values of share options granted during the period ended 30 June 2014 were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

Batch	i	ii	iii	iv	iv
Date of grant	20 Jan 2014	15 Apr 2014	15 Apr 2014	9 Jun 2014	9 Jun 2014
Closing price at date of grant (GBP)	0.78	0.73	0.73	0.71	0.71
Exercise price (GBP)	0.78	0.73	0.73	0.71	0.71
Expected volatility	57.2%	56.35%	56.35%	55.86%	55.86%
Expected multiple	3	3	2	3	2
Risk-free interest rate	2.79%	2.57%	2.57%	2.66%	2.66%
Expected annual dividend yield	0.77%	0.82%	0.82%	0.84%	0.84%
Fair value per share option	0.4	0.366		0.4	0.371

(GBP)

0.375

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 EQUITY SETTLED SHARE-BASED PAYMENTS (CONTINUED)

The exit rates for employees and consultants are 18% and 0% respectively.

Expected volatility is based on the Company's annualised historical stock price volatility as at the date of grant.

The Binominal Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the best estimate of independent professional valuer. The value of an option varies with different variables of certain subjective assumptions.

The Company recognised total expenses of US\$222,128 and US\$138,739 relating to equity settled share-based payments in the periods ended 30 June 2014 and 30 June 2013 respectively.

14 BUSINESS COMBINATION

As part of the Group's strategy to become a premier global provider of talent management solutions for highly-regulated industries, on 1 March 2013, the Group entered into a sale and purchase agreement with an independent third party to acquire the business of eHealthcareIT at a consideration consisting of (i) US\$2,000,000 in cash; (ii) 1,500,000 ordinary shares of the Company; and (iii) a contingent consideration calculated based on contracted sales of eHealthcareIT for the ten months ended December 2013, subject to a ceiling of US\$500,000. The acquired business is engaged in providing e-learning and compliance solutions to the U.S. healthcare market. The acquisition was completed on 1 March 2013. After the acquisition, the eHealthcareIT business immediately became the Group's new dedicated division, NetDimensions Healthcare, providing talent, learning and compliance management solutions specifically to the healthcare market internationally.

The Group recognised the identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair value at the acquisition date in accordance with IFRS 3 (Revised). Accordingly, as at 31 December 2013, the Group completed the purchase price allocation and disclosed the details of consideration paid and payable for the acquisition and the fair value of the assets acquired and liabilities assumed at the acquisition date, as well as the goodwill resulted in the 2013 Annual Report. The condensed consolidated interim financial information do not have all information of business combination and disclosures required in the annual financial statement; they should be read in conjunction with the Group's financial statement for the year ended 31 December 2013.

NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before income tax to net cash used in operations:

	30 June 2014	30 June 2013
	US\$	US\$
Loss before income tax	(2,439,718)	(3,183,605)
Adjustments for:		
Amortisation of intangible assets	247,234	190,296
Provision for impairment of trade receivables	-	125,000
Depreciation of property, plant and equipment	85,644	71,634
Equity settled share-based payments	222,128	138,739
Exchange (gain)/ loss	(36,731)	103,636
Finance income	(26,825)	(21,741)
Finance costs	670	817
Loss on disposal of property, plant and equipment	637	169
Loss on disposal of intangible assets	309	-
	<u> </u>	<u> </u>
Changes in working capital	(1,946,652)	(2,575,055)
- Accounts and other receivables, prepayments and deposits	2,335,377	2,653,208
- Accounts and other payables	(1,155,688)	(854,272)
- Deferred revenue	(34,493)	(701,826)
	<u> </u>	<u> </u>
Net cash used in operations	<u><u>(801,456)</u></u>	<u><u>(1,477,945)</u></u>

(b) In the condensed consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	30 June 2014	30 June 2013
	US\$	US\$
Net book amount (Note 9)	843	169
Loss on disposal of property, plant and equipment	(637)	(169)
	<u> </u>	<u> </u>
Proceeds from disposal of property, plant and equipment	<u><u>206</u></u>	<u><u>-</u></u>

(c) In the condensed consolidated statement of cash flows, proceeds from disposal of intangible assets comprise:

	30 June 2014	30 June 2013
	US\$	US\$
Net book amount (Note 10)	309	-
Loss on disposal of intangible assets	(309)	-
	<u> </u>	<u> </u>
Proceeds from intangible assets	<u><u>-</u></u>	<u><u>-</u></u>