

OTCQX: NETDY

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

Final Results for the year ended 31 December 2015

NetDimensions (AIM: NETD; OTCQX: NETDY), a global provider of performance, knowledge, and learning management systems, is pleased to announce its final results for the year ended 31 December 2015.

Highlights

- 12% revenue growth to US\$25.4M (2014: US\$22.7M)
- 85% reduction in the adjusted EBITDA loss to US\$0.5M (2014: US\$3.4M)
- 98% increase in average first year deal size for direct new clients to US\$210K (2014: US\$106K)

Graham Higgins, Chairman of NetDimensions, commented: "The Company made solid progress in 2015 in terms of revenue growth, substantially reducing the reported loss and increasing the focus on high consequence industries. The Company will continue to invest in software engineering to provide a product that is best in class for high consequence use cases."

The annual report and notice of annual general meeting, to be held on Monday 20 June 2016 at 2:30pm on the 18th floor, Siu On Centre, 188 Lockhart Road, Hong Kong will be available on the Company's website and sent to shareholders shortly.

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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, 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 Year Ended 31 December 2015

I am pleased to report that the Company has made good progress in the year achieving another record high for reported revenue, which increased 12% to US\$25.4M (2014: US\$22.7M). The growth in revenue was achieved with a lower operating cost base than the prior year, resulting in a substantial reduction in the adjusted EBITDA loss.

Financial Highlights

- 12% revenue growth to US\$25.4M (2014: US\$22.7M)
- 85% reduction in the adjusted EBITDA loss to US\$0.5M (2014: US\$3.4M)
- 98% increase in average first year deal size for direct new clients to US\$210K (2014: US\$106K)

Financial Summary

The financial results for the year ended 31 December 2015 saw good progress with both revenue and invoiced sales higher than prior year. Revenue increased by 12% to US\$25.4M (2014: US\$22.7M) and invoiced sales increased 8% to US\$25.7M (2014: US\$23.9M), which was in line with management's expectations.

The Group continues to improve direct sales activity, generating invoiced sales from direct clients of US\$22.3M representing 87% (2014: US\$20.3M, 85%) of total invoiced sales. Increasing focus on direct sales in high consequence industries has also led us into bigger deals with the average first year deal size for new direct clients achieving US\$210K in the year (2014: US\$106K). Invoiced sales to clients in high consequence industries represented 84% of total invoiced sales, an increase of 16% over the prior year, in line with our strategy of becoming a leading supplier of compliance and learning solutions to clients operating in high consequence industries.

The North America region was the largest market for the Group, comprising 46% of Group revenues. Europe, Middle East & Africa ("EMEA") accounted for 44% of Group revenues and Asia Pacific including China accounted for 7%. The rest of the world made up 3%.

The Group saw substantial growth in the North America market with revenues up 25% to US\$11.6M (2014: US\$9.3M) on the back of a number of new client wins in high consequence industries most notably for government agencies.

In addition, the Group ended the year with a strong deferred revenue balance of US\$8.8M (2014: US\$8.6M).

The Group continues to focus on supplying software via its global hosted secure SaaS service and we are pleased to report that revenues from this product offering increased by 27% to US\$10.5M (2014: US\$8.3M).

The Group's adjusted EBITDA loss, excluding net foreign exchange losses of US\$0.3M, intangible asset amortisation of US\$0.5M and non-cash share-based payments of US\$0.4M, was US\$0.5M (2014: loss of US\$3.4M).

NetDimensions' loss before tax was US\$1.9M (2014: US\$5.0M). The substantial reduction in the loss was a result of the increased revenue and lower selling and operating expenses, which reduced by 3% to US\$22.7M (2014: US\$23.5M). The lower selling and operating expenses were a result of reduced overheads within the professional services division, after being re-structured and reduced spend on sales and marketing.

Cash used in operating activities was US\$2.5M in the year (2014: US\$2.1M). The Group's cash balance at the end of the year was US\$12.0M (2014: US\$4.9M), benefiting from net proceeds of US\$10.5M from the fund raise completed in November 2015. The accounts receivable balance was US\$8.4M (2014: US\$7.5M) at the year end.

I am pleased to announce that the Board recommends a final dividend of GBP0.625 pence (or US\$0.9 cents) to be paid from the share premium account. If approved, the dividend will be paid on 29 July 2016, with an ex-dividend date of 30 June 2016 to shareholders on the register with an associated record date of 1 July 2016. The Company's AGM will be held on Monday 20 June 2016 at 2:30pm in the afternoon on the 18th floor, Siu On Centre, 188 Lockhart Road, Hong Kong.

An income tax provision of US\$0.2M (2014: US\$0.1M) was made in the year.

Operations Review

In 2015 the Board focused the business on sustainable sales growth within high consequence industries, re-aligning the operating cost base and increasing spend on engineering to provide a better product and service to clients operating in high consequence industries. I am pleased to report on the following progress:

- US\$10.5M raised from share placing in November 2015
- Invoiced sales to clients in high consequence industries represented 84% (2014: 78%) of total invoiced sales for the year
- NetDimensions won two Brandon Hall Group bronze awards for technology excellence for the [NetDimensions Talent Suite](#) in the following categories:
 - Best Advance in Learning Management Technology for Compliance Training - *Managing Compliance Training and Certifications of Employees with Multiple Job Roles/Assignments*
 - Best Advance in Learning Management Technology - *Dynamic, Adaptive Language Management of Training Content and Exams/Assessments*

- 35% increase in Research and Development investment to US\$3.5M (2014: US\$2.6M), all of which was expensed to the consolidated income statement
- 34 new clients added in the year through direct and reseller channels with a combined contracted value of US\$3.9M. The new clients include Port Authority of New York and New Jersey, Moody's Analytics, Inc., Medical University Hospital Authority, Toshiba Information Equipment (Phils), Inc., Canadian Institute for Health Information, and PATH. These new clients operate in a number of high consequence industries including precision manufacturing, healthcare, financial services, life sciences and government agencies.

Outlook

The Company made solid progress in 2015 in terms of revenue growth, substantially reducing the reported loss and increasing the focus on high consequence industries. The Company will continue to invest in software engineering to provide a product that is best in class for high consequence use cases. The global market for high consequence use cases within the talent management systems market is substantial and the Company is gearing itself to better serve this segment of the market and take additional market share.

Finally, we would like to thank all of the people who work at NetDimensions for their hard work, loyalty and dedication in 2015.

We look forward to another successful year with them, along with our clients, partners and shareholders in 2016.

NETDIMENSIONS (HOLDINGS) LIMITED**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	US\$	US\$
Revenue	25,396,183	22,701,189
Cost of sales	(4,193,125)	(4,002,325)
	<hr/>	<hr/>
Gross profit	21,203,058	18,698,864
Other losses, net	(345,297)	(220,367)
Selling expenses	(12,838,498)	(14,489,129)
Operating expenses	(9,895,920)	(9,030,344)
	<hr/>	<hr/>
Operating loss	(1,876,657)	(5,040,976)
Finance income	895	28,414
Finance costs	(15,524)	(3,870)
	<hr/>	<hr/>
Finance (costs)/income, net	(14,629)	24,544
	<hr/>	<hr/>
Loss before income tax	(1,891,286)	(5,016,432)
Income tax expense	(193,353)	(124,450)
	<hr/>	<hr/>
Loss for the year	(2,084,639)	(5,140,882)
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Owners of the Company	(2,084,639)	(5,140,882)
	<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to the owners of the Company for the year (expressed in US\$ cents per share):		
- Basic	(5.1)	(13.3)
	<hr/> <hr/>	<hr/> <hr/>
- Diluted	(5.1)	(13.3)
	<hr/> <hr/>	<hr/> <hr/>

NETDIMENSIONS (HOLDINGS) LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	US\$	US\$
Loss for the year	(2,084,639)	(5,140,882)
Other comprehensive (loss)/income:		
<u>Items that may be reclassified to profit or loss</u>		
Currency translation differences	(156,289)	185,010
	<hr/>	<hr/>
Other comprehensive (loss)/income for the year	(156,289)	185,010
	<hr/>	<hr/>
Total comprehensive loss for the year	(2,240,928)	(4,955,872)
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive loss attributable to: owners of the Company	(2,240,928)	(4,955,872)
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NETDIMENSIONS (HOLDINGS) LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	2015	2014
		US\$	US\$
ASSETS			
Non-current assets			
Property, plant and equipment		260,030	270,171
Intangible assets		2,590,605	3,058,596
Available-for-sale financial assets		-	-
Deposits		168,037	29,758
		<hr/>	<hr/>
		3,018,672	3,358,525
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Current assets			
Accounts and other receivables, prepayments and deposits		9,030,267	8,196,741
Cash and bank balances	3	11,981,221	4,907,118
		<hr/>	<hr/>
		21,011,488	13,103,859
		<hr/> <hr/>	<hr/> <hr/>
Total assets		24,030,160	16,462,384
		<hr/> <hr/>	<hr/> <hr/>

EQUITY**Equity attributable to owners of the Company**

Share capital	51,150	38,763
Other reserves	29,147,076	18,772,059
Accumulated losses	(17,078,149)	(15,006,278)
Total equity	12,120,077	3,804,544

NETDIMENSIONS (HOLDINGS) LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2015**

	2015	2014
	US\$	US\$
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	3,567	-
Obligations under finance leases	14,412	2,913
Deferred revenue	61,789	179,333
	<u>79,768</u>	<u>182,246</u>
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Current liabilities		
Accounts and other payables	2,967,993	3,961,572
Deferred revenue	8,727,155	8,422,518
Obligations under finance leases	4,118	2,357
Income tax payables	131,049	89,147
	<u>11,830,315</u>	<u>12,475,594</u>
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Total liabilities	11,910,083	12,657,840
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Total equity and liabilities	24,030,160	16,462,384
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On behalf of the Board

Jay Mervin Shaw
Director

Matthew Chaloner
Director

NETDIMENSIONS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

Attributable to owners 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\$
Balance at 1 January 2014	37,917	17,577,150	850	31,278	443,041	(9,865,396)	8,224,840
Comprehensive loss:							
Loss for the year	-	-	-	-	-	(5,140,882)	(5,140,882)
Other comprehensive income for the year:							
Currency translation differences	-	-	-	185,010	-	-	185,010
Total comprehensive income/(loss) for the year	-	-	-	185,010	-	(5,140,882)	(4,955,872)
Transactions with owners in their capacity as owners							
Employee share option benefits	-	-	-	-	538,701	-	538,701
Issue of shares to non-executive directors	103	113,022	-	-	-	-	113,125
Allotment of shares to a non- executive director but not yet issued	-	-	-	-	22,044	-	22,044
Issue of shares upon exercise of share options	743	400,901	-	-	(151,238)	-	250,406
Dividend relating to 2013	-	(388,700)	-	-	-	-	(388,700)
Total transactions with owners in their capacity as owners	846	125,223	-	-	409,507	-	535,576

Balance at 31 December 2014	<u>38,763</u>	<u>17,702,373</u>	<u>850</u>	<u>216,288</u>	<u>852,548</u>	<u>(15,006,278)</u>	<u>3,804,544</u>
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NETDIMENSIONS (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Attributable to owners 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\$
Balance at 1 January 2015	38,763	17,702,373	850	216,288	852,548	(15,006,278)	3,804,544
Comprehensive loss:							
Loss for the year	-	-	-	-	-	(2,084,639)	(2,084,639)
Other comprehensive loss for the year:							
Currency translation differences	-	-	-	(156,289)	-	-	(156,289)
Total comprehensive loss for the year	-	-	-	(156,289)	-	(2,084,639)	(2,240,928)
Transactions with owners in their capacity as owners							
Employee share option benefits	-	-	-	-	198,431	-	198,431
Issue of shares to non-executive directors	114	139,339	-	-	-	-	139,453
Allotment of shares to a non-executive director but not yet issued	-	-	-	-	39,391	-	39,391

NETDIMENSIONS (HOLDINGS) LIMITED--

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 US\$	2014 US\$
Cash flows from operating activities			
Cash used in operations	1(a)	(2,348,580)	(2,084,708)
Interest paid		(15,524)	(3,870)
Income tax paid		(147,778)	(57,097)
		<hr/>	<hr/>
Net cash used in operating activities		(2,511,882)	(2,145,675)
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of a business		-	(258,038)
Purchase of property, plant and equipment		(185,037)	(126,901)
Purchase of intangible assets		(20,015)	(35,349)
Interest received		895	28,414
Proceeds from disposal of property, plant and equipment	1(b)	524	18,206
(Increase)/ decrease in bank deposits with original maturity of over three months		(209,953)	3,567,562
		<hr/>	<hr/>
Net cash (used in)/generated from investing activities		(413,586)	3,193,894
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	2	10,454,715	-
Proceeds from issuance of shares under share option scheme		97,989	250,406
Proceeds from bank borrowings		1,020,000	-
Repayments of capital element of finance leases		(4,091)	(3,493)
Repayments of bank borrowings		(1,020,000)	-
Dividend paid		(373,518)	(388,700)
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		10,175,095	(141,787)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		7,249,627	906,432
Cash and cash equivalents at beginning of the year		4,867,071	4,120,179
Effect of foreign exchange rate changes		(385,477)	(159,540)
		<hr/>	<hr/>
Cash and cash equivalents at end of the year	3	11,731,221	4,867,071
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NETDIMENSIONS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Notes to the consolidated statement of cash flows

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

	2015	2014
	US\$	US\$
Loss before income tax	(1,891,286)	(5,016,432)
Adjustments for:		
Loss/(gain) on disposal of property, plant and equipment	3,318	(17,360)
Loss on disposal of intangible asset	200	308
Depreciation of property, plant and equipment	209,577	170,444
Amortisation of intangible assets	487,746	497,917
Equity settled share-based payments	377,275	673,870
Finance costs	15,524	3,870
Finance income	(895)	(28,414)
Provision for impairment of accounts receivable	-	14,995
Write-off of accounts receivable	17,076	-
Exchange loss	319,304	363,518
	<u>(462,161)</u>	<u>(3,337,284)</u>
Changes in working capital:		
- Accounts and other receivables, prepayments and deposits	(1,287,510)	(1,119,410)
- Accounts and other payables	(926,937)	1,200,328
- Deferred revenue	328,028	1,171,658
	<u>(2,348,580)</u>	<u>(2,084,708)</u>

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

	2015	2014
	US\$	US\$
Net book amount	3,842	846
(Loss)/gain on disposal of property, plant and equipment	(3,318)	17,360
	<u>524</u>	<u>18,206</u>

2 Proceeds from issuance of ordinary shares

On 5 November 2015, the Company and the placing agent ("Panmure Gordon") entered into a placing agreement (the "Placing Agreement"), pursuant to which the Company appointed Panmure Gordon as an agent to procure independent third parties to purchase 12,000,000 new ordinary shares at the placing price of GBP60 pence per share. The transaction was completed on 10 November 2015. Accordingly, 12,000,000 ordinary shares of US\$0.001 each were issued at a premium of US\$0.919 each. The proceeds from issue of these new ordinary shares of US\$11,036,160, net of the direct transaction cost of US\$581,445, 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.

3 Cash and bank balances

	2015	2014
	US\$	US\$
Cash on hand	5,145	4,687
Cash at bank	11,686,034	4,862,384
Short-term bank deposit	40,042	-
	<hr/>	<hr/>
Cash and cash equivalents	11,731,221	4,867,071
	<hr/>	<hr/>
Restricted bank deposits with original maturity of over three months	250,000	-
	<hr/>	<hr/>
Bank deposits with original maturity of over three months	-	40,047
	<hr/>	<hr/>
Total cash and bank balances	<u>11,981,221</u>	<u>4,907,118</u>