

13 April 2015

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

Final Results for the Year Ended 31 December 2014

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 2014.

Highlights

- 40% revenue growth to a record high of US\$22.7M (2013: US\$16.2M)
- Invoiced sales from new business up 102% to US\$10.1M (2013: US\$5M)
- 42% increase in the number of active users to 4.4M (2013: 3.1M)

Roger Durn, Chairman of NetDimensions, commented: "The financial results for the year ending 31 December 2014 saw an acceleration in the growth of sales revenue with a 40% increase over the prior year, ahead of both analyst expectations and the 17% growth rate reported in 2013. This acceleration in the rate of revenue growth provides the Board with confidence that the Company's strategy of focusing on high consequence industries is beginning to deliver results."

The annual report will be available on the Company's website and sent to shareholders shortly.

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)

Sam Allen
Nick Rome

Tel: +44 20 7933 8780
Sam.Allen@walbrookpr.com
Nick.Rome@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, 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 2014

I am pleased to report that the Company has made excellent progress in the year achieving a record high for reported revenue, which increased by 40% to US\$22.7M (2013: US\$16.2M). The 2014 financial year is the first full reporting period since the implementation of the multi-year business plan in May 2013 to substantially grow sales revenues with a focus on high consequence industries (heavily compliant and highly regulated industries) and the results for the year provide the Board with confidence that the Company is delivering on the business plan.

Highlights

- 40% revenue growth to US\$22.7M (2013: US\$16.2M)
- Invoiced sales from new business up 102% to US\$10.1M (2013: US\$5M)
- 42% increase in the number of active users to 4.4M (2013: 3.1M)

Financial Summary

The financial results for the year ending 31 December 2014 saw an acceleration in the growth of sales revenue with a 40% increase over the prior year which compares favorably to the growth rate reported in 2013 of 17%. This acceleration in the rate of revenue growth provides the Board with confidence that the Company's strategy of focusing on high consequence industries is beginning to deliver results.

The Group continues to improve direct sales activity and, in the period, the proportion from direct clients was US\$20.3M representing 85% (2013: US\$14.1M, 80%) of total invoiced sales. Increasing focus on direct sales in high consequence industries has led us into bigger deals with the average first year deal size for new direct clients hitting US\$106K in the year (2013: US\$101K). Invoiced sales to clients in high consequence industries represented 78% of total invoiced sales, an increase of 42% over the prior year, providing a further indication that we are delivering on the business plan.

The EMEA region maintained its position as the largest market for the Group comprising 47% of Group revenues. The North America region accounted for 41% of Group revenues and Asia Pacific including China 8%. The rest of the world made up 4%.

The Group saw substantial growth in the EMEA market with revenues up 49% to US\$10.6M (2013: US\$7.1M) on the back of a number of new client wins in high consequence industries, particularly in the manufacturing sector. In addition, the Group ended the year with a strong deferred revenue balance of US\$8.6M (2013:

US\$7.6M), some 13% higher than the prior year balance.

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 36% to US\$8.3M (2013: US\$6.1M). Recurring revenues under contract totaled US\$19M at the end of the year of which US\$12M will be recognised as revenue in 2015. This combined with deferred revenue of US\$8.6M provides the Group with an excellent start to 2015.

The Group's adjusted loss before tax, excluding net foreign exchange losses (US\$0.3M), intangible asset amortisation (US\$0.5M) and non-cash share-based payments (US\$0.7M), was US\$3.5M (2013: loss of US\$4.0M). NetDimensions' loss before tax was US\$5.0M (2013: US\$4.9M).

Cash used in operating activities was US\$2.1M in the year (2013: US\$2.5M). The Group's cash balance at the end of the year was US\$4.9M (2013: US\$7.7M) and the accounts receivable balance was US\$7.5M (2013: US\$6.6M).

I am pleased to announce that the Board recommends an increase of 4% in the final dividend to GBP0.625 pence (or US\$0.9 cents) to be paid from the share premium account. If approved, the dividend will be paid on 24 July 2015, with an ex-dividend date of 25 June 2015 to shareholders on the register with an associated record date of 26 June 2015.

Notice of AGM

The Company's AGM will be held on Monday 15 June 2015 at 12:30pm on the 18th floor, Siu On Centre, 188 Lockhart Road, Hong Kong.

Income tax provision of US\$0.1M (2013: nil) was made in the year.

Operations Review

The 2014 financial year was the first full reporting period since the Board commenced the implementation of the multi-year business plan to substantially increase market share, targeting clients operating in high consequence industries and I am pleased to report on the following progress:

- Positioned again as a 'Core Leader' in the 2014 release of the European learning and talent market insight report, Elearnity 9-Grid™ for Learning Management Systems (LMS)
- Invoiced sales to clients in high-consequence industries represented 78% (2013: 76%) of total invoiced sales for the year
- Re-organisation and expansion of the Global Services Division
- 66 new clients added in the year through direct and reseller channels with a combined contracted value of US\$4.6M. These new clients include Chase Bank Kenya Limited, Credit Corp Group Limited, Community Memorial Health System, PeaceHealth, University of Kansas Hospital, UAP Insurance, Dubai Air Wing, SEW-EURO Drive GmbH & Co KG, and IDEXX Europe B.V. These new clients operate in a number of high consequence industries including healthcare, financial services, aviation, transportation, telecommunications, and life sciences

Outlook

The Company made substantial progress in 2014 in terms of revenue growth and delivering on the strategy of focusing on high consequence industries. The Company will continue to build on the progress made in 2014 and believes there is an excellent market opportunity in focusing on high consequence industries within the Talent Management space.

Finally, we would like to thank all of the people who work at NetDimensions for their hard work, loyalty and dedication in 2014.

We look forward to another successful year with them, along with our clients, partners and shareholders in 2015.

NETDIMENSIONS (HOLDINGS) LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 US\$	2013 US\$
Revenue	22,701,189	16,207,733
Cost of sales	(4,002,325)	(1,585,989)
Gross profit	18,698,864	14,621,744
Other losses, net	(220,367)	(129,981)
Selling expenses	(14,489,129)	(11,913,955)
Operating expenses	(9,030,344)	(7,588,694)
Operating loss	(5,040,976)	(5,010,886)
Finance income	28,414	66,360
Finance costs	(3,870)	(1,609)
Finance income, net	24,544	64,751
Loss before income tax	(5,016,432)	(4,946,135)
Income tax expense	(124,450)	(299)
Loss for the year	(5,140,882)	(4,946,434)

Attributable to:

Equity holders of the Company	(5,140,882)	(4,946,434)
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Loss per share attributable to the equity holders of the Company for the year (expressed in US\$ cents per share):

- Basic	(13.3)	(14.6)
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- Diluted	(13.3)	(14.6)
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NETDIMENSIONS (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 US\$	2013 US\$
Loss for the year	(5,140,882)	(4,946,434)
Other comprehensive income:		
<u>Items that will be recycled to profit or loss</u>		
Currency translation differences	185,010	28,730
Other comprehensive income for the year	185,010	28,730
Total comprehensive loss for the year	(4,955,872)	(4,917,704)
Total comprehensive loss attributable to: equity holders of the Company	(4,955,872)	(4,917,704)

NETDIMENSIONS (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	2014 US\$	2013 US\$
ASSETS		
Non-current assets		
Property, plant and equipment	270,171	316,342
Intangible assets	3,058,596	3,522,353
Available-for-sales financial assets	-	-
Deposits	29,758	141,527
	<u>3,358,525</u>	<u>3,980,222</u>
Current assets		
Accounts and other receivables, prepayments and deposits	8,196,741	7,303,184
Cash and bank balances	3 4,907,118	7,727,788
	<u>13,103,859</u>	<u>15,030,972</u>
Total assets	<u><u>16,462,384</u></u>	<u><u>19,011,194</u></u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	38,763	37,917
Reserves	18,772,059	18,052,319
Accumulated losses	(15,006,278)	(9,865,396)
Total equity	<u>3,804,544</u>	<u>8,224,840</u>
LIABILITIES		
Non-current liabilities		
Obligations under finance leases	2,913	6,389
Deferred revenue	179,333	106,473
	<u>182,246</u>	<u>112,862</u>
Current liabilities		
Accounts and other payables	3,961,572	3,123,923
Deferred revenue	8,422,518	7,520,852
Obligations under finance leases	2,357	2,374
Income tax payables	89,147	26,343
	<u>12,475,594</u>	<u>10,673,492</u>
Total liabilities	<u><u>12,657,840</u></u>	<u><u>10,786,354</u></u>

Total equity and liabilities

16,462,384 19,011,194

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 2014

	Attributable to equity holders of the Company						
	Share capital US\$	Share premium US\$	Capital redemption reserve US\$	Translation reserve US\$	Share-based payment 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 year	-	-	-	-	-	(4,946,434)	(4,946,434)
Other comprehensive income for the year:							
Currency translation differences	-	-	-	28,730	-	-	28,730
Total comprehensive income/(loss) for the year	-	-	-	28,730	-	(4,946,434)	(4,917,704)
Employee share option benefits	-	-	-	-	191,393	-	191,393
Issue of shares to non-executive directors	100	74,205	-	-	-	-	74,305
Issue of shares upon exercise of share options	232	103,283	-	-	(40,350)	-	63,165
Issue of shares for acquisition of a business	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	-
2012 final dividend paid	-	(287,148)	-	-	-	-	(287,148)
Total transactions with equity holders, recognised directly in equity	12,582	6,938,089	-	-	145,988	5,055	7,101,714
At 31 December 2013	37,917	17,577,150	850	31,278	443,041	(9,865,396)	8,224,840

NETDIMENSIONS (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 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 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)
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
2013 final dividend paid	-	(388,700)	-	-	-	-	(388,700)
Total transactions with equity holders recognised directly in equity	846	125,223	-	-	409,507	-	535,576
At 31 December 2014	38,763	17,702,373	850	216,288	852,548	(15,006,278)	3,804,544

NETDIMENSIONS (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 US\$	2013 US\$
Cash flows from operating activities			
Cash used in operations	1(a)	(2,084,708)	(2,513,704)
Interest paid		(3,870)	(1,609)
Income tax paid		(57,097)	(31,429)
		<u>(2,145,675)</u>	<u>(2,546,742)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Acquisition of a business	2	(258,038)	(2,241,962)
Purchase of property, plant and equipment		(126,901)	(232,711)
Purchase of intangible assets		(35,349)	(22,889)
Interest received		28,414	66,360
Sales proceeds from disposal of property, plant and equipment	1(b)	18,206	-
Decrease/(increase) in bank deposits with original maturity of over three months		3,567,562	(1,558,265)
		<u>3,193,894</u>	<u>(3,989,467)</u>
Net cash generated from/(used in) investing activities			
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		250,406	63,165
Repayments of capital element of finance leases		(3,493)	(3,489)
Dividend paid		(388,700)	(287,148)
		<u>(141,787)</u>	<u>5,842,554</u>
Net cash (used in)/generated from financing activities			
Net increase/(decrease) in cash and cash equivalents			
		906,432	(693,655)

Cash and cash equivalents at 1 January		4,120,179	4,777,313
Effect of foreign exchange rate changes		(159,540)	36,521
Cash and cash equivalents at 31 December	3	4,867,071	4,120,179

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:

	2014 US\$	2013 US\$
Loss before income tax	(5,016,432)	(4,946,135)
Adjustments for:		
(Gain)/loss on disposal of property, plant and equipment	(17,360)	7,474
Loss on disposal of intangible assets	308	-
Depreciation of property, plant and equipment	170,444	147,398
Amortisation of intangible assets	497,917	495,934
Equity settled share-based payments	673,870	265,698
Finance costs	3,870	1,609
Finance income	(28,414)	(66,360)
Provision for impairment of accounts receivable	14,995	-
Write-off of accounts receivable	-	113,682
Exchange loss/(gain)	363,518	(3,593)
	<u>(3,337,284)</u>	<u>(3,984,293)</u>
Changes in working capital:		
- Accounts and other receivables, prepayments and deposits	(1,119,410)	(1,053,813)
- Accounts and other payables	1,200,328	1,138,160
- Deferred revenue	1,171,658	1,386,242

Net cash used in operations	<u>(2,084,708)</u>	<u>(2,513,704)</u>
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(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2014 US\$	2013 US\$
Net book amount	846	7,474
Gain/(loss) on disposal of property, plant and equipment	17,360	(7,474)
Proceeds from disposal of property, plant and equipment	<u>18,206</u>	<u>-</u>

2 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 31 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.

NOTES TO THE FINANCIAL STATEMENTS

2 Business combination (Continued)

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 goodwill of US\$1,147,553 arising from the acquisition is attributable to the specialisation, including work force and cost saving measures, in the provision of e-learning and compliance solutions in the US healthcare market from combining the operations of the Group and eHealthcareIT, which cannot be separately recognised as intangible assets.

The following table summarises the consideration paid and payable for the acquisition and the fair value of the assets acquired and liabilities assumed at the acquisition date.

	US\$
Consideration:	
- Cash consideration	2,000,000
- Equity instruments (1,500,000 ordinary shares)	989,973

- Contingent consideration, payable in cash	500,000
Total consideration	<u>3,489,973</u>

Recognised amounts of identifiable assets acquired and liabilities assumed:

	Fair value US\$
Intangible asset - customer base	2,283,532
Property, plant and equipment	2,000
Trade and other receivables	210,790
Trade and other payables	(43,902)
Deferred revenue	(110,000)
Total identifiable net assets	<u>2,342,420</u>
Goodwill	<u>1,147,553</u>

The fair value of the 1,500,000 ordinary shares issued as part of the consideration paid for eHealthcareIT of US\$989,973 was based on the published share price on 1 March 2013.

The fair value of the contingent consideration of US\$500,000 was based on the actual performance of eHealthcareIT from 1 March 2013 to 31 December 2013.

Cash and contingent consideration in total amounts of US\$2,241,962 and US\$258,038 were settled during the year ended 31 December 2013 and 2014 respectively.

NOTES TO THE FINANCIAL STATEMENTS

2 Business combination (Continued)

Acquisition-related costs of US\$223,992 had been charged to operating expenses in the consolidated income statement for the year ended 31 December 2013.

Revenue included in the consolidated income statement from the acquisition date to 31 December 2013 contributed by eHealthcareIT was US\$1,309,000. This acquired business contributed a profit of US\$156,000 for the year ended 31 December 2013 from acquisition date.

Had the eHealthcareIT been consolidated from 1 January 2013, the consolidated income statement would show unaudited revenue of US\$16,236,813 and unaudited loss of US\$5,068,293.

3 Cash and bank balances

	2014 US\$	2013 US\$
Cash on hand	4,687	5,369
Cash at bank	4,862,384	4,114,810
	<u> </u>	<u> </u>
Cash and cash equivalents	4,867,071	4,120,179
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Bank deposits with original maturity of over three months	40,047	3,607,609
	<u> </u>	<u> </u>
Total cash and bank balances	<u>4,907,118</u>	<u>7,727,788</u>