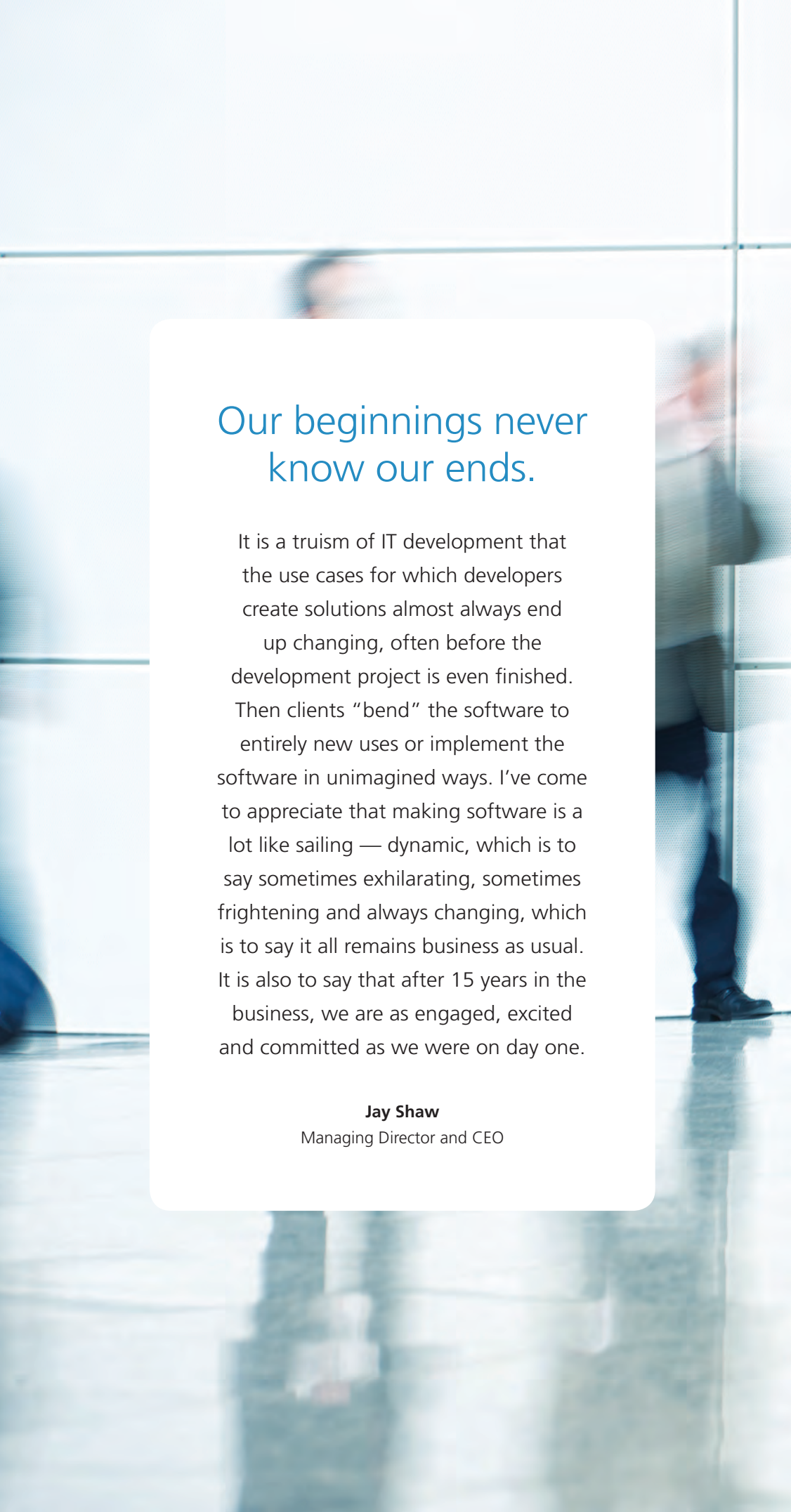




The background of the entire page is a blurred photograph of a modern office interior. Several people are visible, their figures out of focus, suggesting a busy, collaborative work environment. The lighting is bright and even, with a cool color palette dominated by blues and greys.

## Our beginnings never know our ends.

It is a truism of IT development that the use cases for which developers create solutions almost always end up changing, often before the development project is even finished. Then clients “bend” the software to entirely new uses or implement the software in unimagined ways. I’ve come to appreciate that making software is a lot like sailing — dynamic, which is to say sometimes exhilarating, sometimes frightening and always changing, which is to say it all remains business as usual. It is also to say that after 15 years in the business, we are as engaged, excited and committed as we were on day one.

**Jay Shaw**

Managing Director and CEO

# Table of Contents

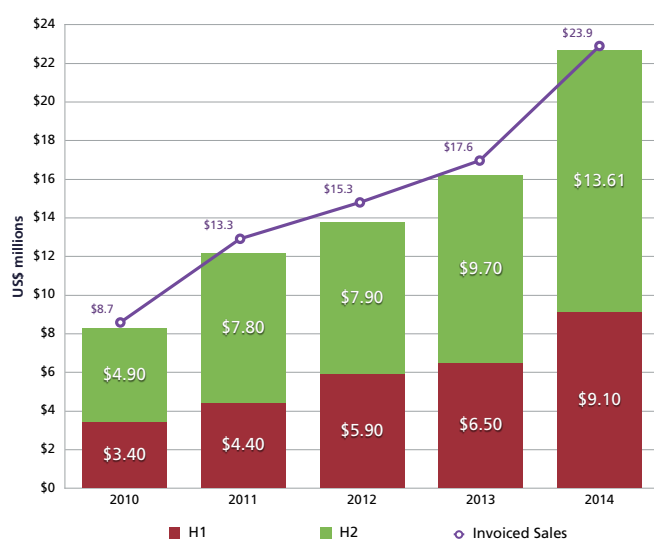
|                                                |    |
|------------------------------------------------|----|
| Financial Highlights                           |    |
| Key Business Indicators                        |    |
| Who We Are                                     | 02 |
| Why We Do It                                   | 04 |
| How We Get It Done                             | 05 |
| What We Do                                     | 08 |
| Corporate Social Responsibility                | 10 |
| Chairman's Statement                           | 12 |
| Directors' Biographies                         | 14 |
| Directors and Advisers                         | 16 |
| Directors' Report                              | 18 |
| Remuneration Report                            | 25 |
| Report on Corporate Governance                 | 26 |
| Independent Auditor's Report                   | 31 |
| Consolidated Income Statement                  | 33 |
| Consolidated Statement of Comprehensive Income | 34 |
| Consolidated Statement of Financial Position   | 35 |
| Consolidated Statement of Changes in Equity    | 36 |
| Consolidated Statement of Cash Flows           | 38 |
| Notes to the Financial Statements              | 39 |
| Notice of Annual General Meeting               | 79 |

# Financial Highlights

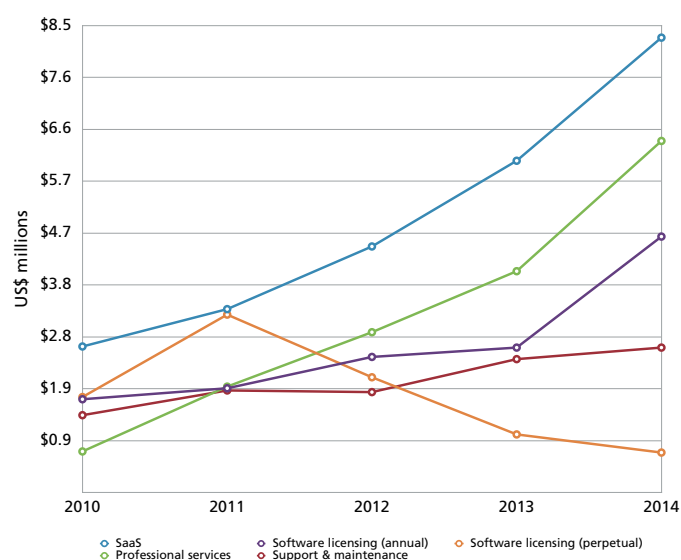
| FINANCIAL SUMMARY (US\$ thousands)                                                    | 2014<br>US\$ | 2013<br>US\$ | Change<br>% |
|---------------------------------------------------------------------------------------|--------------|--------------|-------------|
| Revenue                                                                               | 22,701       | 16,208       | 40%         |
| Reported operating loss attributable to shareholders of the Company                   | (5,016)      | (4,946)      | 1%          |
| Adjusted operating loss attributable to shareholders of the Company <sup>Note 1</sup> | (3,527)      | (4,058)      | -13%        |
| Reported loss per share (US\$ cents)                                                  | (13.3)       | (14.6)       | -9%         |
| Adjusted loss per share (US\$ cents)                                                  | (9.2)        | (12.0)       | -23%        |
| Dividend per share (GBP pence)                                                        | 0.625        | 0.6          | 4%          |
| Total assets                                                                          | 16,462       | 19,011       | -13%        |
| Cash and bank balance                                                                 | 4,907        | 7,728        | -37%        |
| Net assets                                                                            | 3,805        | 8,225        | -54%        |
| Deferred revenue                                                                      | 8,602        | 7,627        | 13%         |
| Net cash used in operating activities                                                 | (2,146)      | (2,547)      | -16%        |
| Net cash generated from / (used in) investing activities                              | 3,194        | (3,989)      | 180%        |
| Net cash (used in) / generated from financing activities                              | (142)        | 5,843        | -102%       |

Note 1: Adjusted operating loss is defined as reported operating loss attributable to equity holders of the Company before amortisation of intangibles, net foreign exchange losses and share-based payment.

## Invoiced Sales and GAAP Revenue



## GAAP Revenue by Product



### A Growing Business

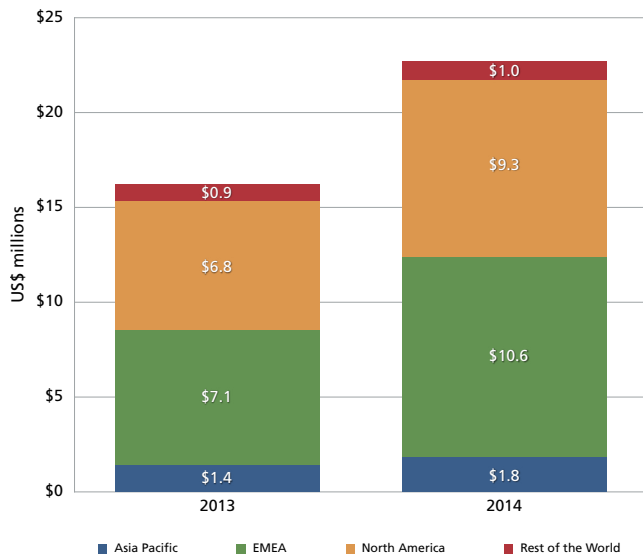
The Group has seen substantial growth in invoiced sales and revenue in 2014. Invoiced sales and revenue increased by 36% and 40% respectively over year 2013.

### SaaS Revenue Trend

The Group continues to focus on supplying software via its global hosted secure SaaS service with revenues from this product offering increased by 36% to US\$8.3M (2013: US\$6.1M).

# Key Business Indicators

## GAAP Revenue by Geographical Location



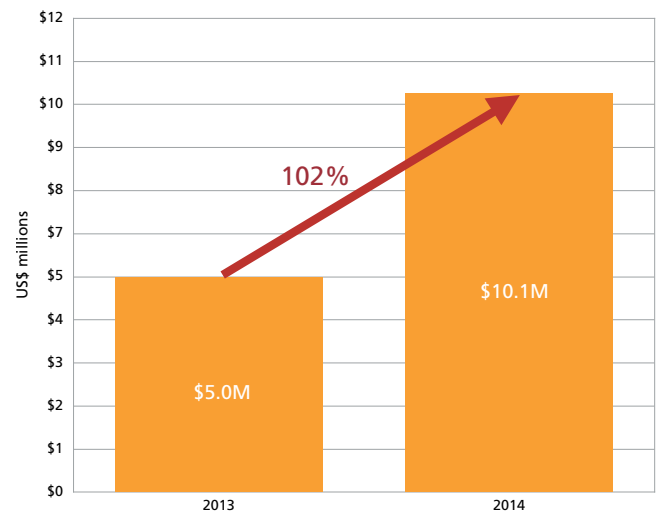
### Substantial Growth in EMEA Market

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.

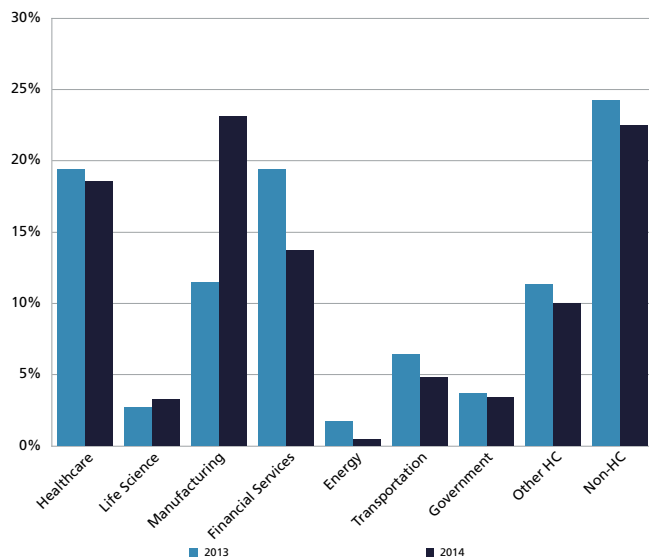
## Invoiced Sales from New Business

### New Business Drives Revenue Growth

Invoiced sales from new business was up 102% to US\$10.1M (2013: US\$5M), representing 42% of total invoiced sales (2013: 28%).



## Invoiced Sales by Industry



### Strategic High Consequence Focus

Invoiced sales to clients in high consequence industries represented 78% (2013: 76%) of total invoiced sales for the year.

# Who We Are



Established in 1999, listed on the London Stock Exchange (AIM: NETD) and trading on OTCQX (OTCQX: NETDY), NetDimensions is committed to leadership in performance, knowledge, and learning management technology for high consequence industries.

NetDimensions provides secure, flexible, and practical talent management solutions to **personalise learning, share knowledge, enhance performance, foster collaboration, and manage compliance** for employees, customers, partners, and suppliers. Our focus lies on **highly regulated industries** where operational and compliance requirements are particularly complex.



Our global solutions help organisations achieve:

- Productivity and efficiency improvements
- Cost reduction
- Risk management, and
- Cultural and process innovation



## NetDimensions Business Units

NetDimensions operates as six distinct Business Units (BUs) managed and supported by a shared corporate services group, which provides, among other things, marketing, product development, finance, human resources, technical and legal and compliance services.

The company's Talent Management System (TMS) business is structured into four BUs on a geographical basis as follows: North America; Europe; Middle East and Africa (EMEA); Asia Pacific; and China. The fifth and sixth BUs are NetDimensions Interactive and NetDimensions Healthcare, respectively.

The **NetDimensions Interactive** business unit offers a comprehensive suite of services and tools to satisfy every unique learning requirement that any organization is challenged to complete. With more than a decade of experience and a seasoned development staff, our team offers strategic eLearning consulting, custom courseware development, interactive portals, and mobile learning solutions.

Backed by a team of healthcare professionals with more than 15 years experience in the healthcare eLearning and compliance training industry, the **NetDimensions Healthcare** business unit (formerly known as eHealthcareIT) was established to support the critical need of employees and administrators in the global healthcare market for both corporate and regulatory compliance training solutions.

## Awards and Recognition



# Why We Do It

NetDimensions provides learning and performance management solutions to help companies, government agencies, and other organisations **improve productivity and efficiency, reduce costs, manage risk, and foster cultural and process innovation.**

## Our Vision

To make innovative technology that helps people all over the world do their jobs better.



# How We Get It Done

## Continuous Improvement



As an ISO 9001-certified company, we embrace a culture of **continuous improvement**. Things will continue to change and

evolve in our industries, so we created an environment for our solutions that lends itself to this evolutionary cycle so that our clients' investments will continue to be useful not only today but also into the future.

The NetDimensions Quality Policy focuses on the following:

- Providing products and services that work
- Satisfying our clients' requirements
- Getting better at what we do every year

## Fully Integrated Technology

All NetDimensions workforce management solutions rely on a single, enterprise grade, organically developed enterprise learning software platform that provides clients with an integrated approach to support an innovative yet practical model of workforce management — ongoing talent, learning, and performance management.

Our software platform was designed from the ground up to be language neutral, hence our workforce management solutions are able to support many languages simultaneously on the same server.

## Optimised for Compliance

The NetDimensions software platform security is based on a transaction server model, where all Internet requests are treated as individually controllable and auditable transactions that must pass through a Security Manager before being processed by backend business components.

Moreover, the platform supports the requirements of a number of compliance regulations such as e-signatures, auditing, reporting, and analytics (for instance as per 21 CFR Part 11 regulatory compliance).

## Secure SaaS and On Premise



Clients have the option to deploy the NetDimensions Talent Suite behind their firewall or choose a SaaS cloud subscription through

NetDimensions' ISO 27001 certified hosted and managed services.

Uniquely among SaaS providers, NetDimensions Secure SaaS solution is architected in a way that offering specific customisations is still an option without producing multiple versions of the underlying software.

## A Global Business

Through our own offices worldwide, as well as through our global affiliate, partner and reseller networks that extend to over **40 countries**, NetDimensions serves over **400 clients** with more than **4.4 million active users**.



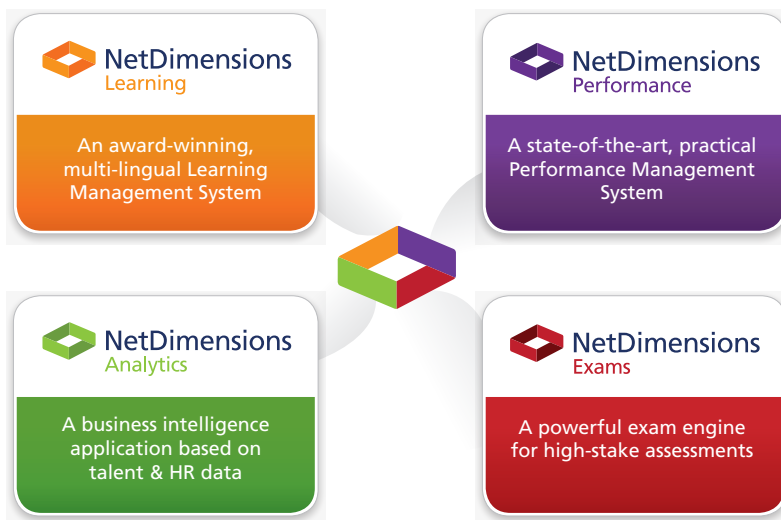


# What We Do



Learning. Knowledge. Performance.

NetDimensions Talent Suite is a state-of-the-art Talent Management System (TMS) for the enterprise, providing organisations worldwide with a practical approach to support an innovative model of ongoing talent development.



NetDimensions Talent Suite relies on a fully integrated, organically developed software platform that focuses on Learning and Performance at its core.



Best Advance in Learning Management Technology for Compliance Training



Award of Excellence, Best Talent Management System



Best Advance in Creating an Integrated Talent Management Platform

## Enterprise Solutions

NetDimensions Talent Suite powers innovative industry solutions for mobile workforce learning and performance support (including custom applications for smartphones and tablets such as iPad or Android devices), social collaboration and knowledge sharing, compliance management (including validated software installations for Title 21 CFR Part 11 of the Code of Federal Regulations), and extended enterprise support to reach not only employees, but also customers, suppliers and partners.

In addition, NetDimensions SDK (Software Development Kit) provides an easy, secure and extensible way to integrate NetDimensions Talent Suite with any type of enterprise system, 3rd-party application, or mobile device, thereby enabling NetDimensions solutions to be easily deployed and supported in complex environments.



## Professional Services

Together with our resellers around the globe, NetDimensions delivers consulting, implementation, support and other professional services so that our clients can deploy our technology solutions in the most efficient, effective and successful way.

Our service offerings include:



**ISO 27001-Certified  
Hosted and Managed Services**



**Analytics, Portal Development,  
Validation Services**



**Global Technical Solutions**



**Client Training and  
Support Services**



**Content and Application  
Development Services**

# Corporate Social Responsibility



Year 2014 was a fruitful CSR year for NetDimensions with a lot of CSR activity and development. With our CSR Committee only formally established at the end of 2013, 2014 started off with getting the Company CSR documentation and infrastructure up-to-date and/or in place. We submitted our first Communication on Progress (2013) under the United Nations Global Compact (UNGC) in February 2014, and subsequently updated our internal Code of Business Conduct and Ethics, created two related Learning Management System delivered awareness courses, and developed a Company-wide Small Start Policy and Partner and Supplier Code of Business Conduct.

## Main Achievements

Working from this foundation, we increased our internal and external CSR communication and initiated a number of CSR events throughout the year. At the event-side, we organized a successful blood drive at our Hong Kong and US offices with approximately 20 colleagues donating blood to local blood banks, and an equally successful global food donation campaign, raising basic food supplies in our respective communities with an approximate value of US\$1,000 for those in need. We also sponsored the United Technologies Corporation (UTC) Golf Tournament in the USA to benefit United Way and the From Darkness to Sunrise fundraising event in Hong Kong. At the communication-side, we implemented the Small Start

Policy company-wide (in light of this, the Hong Kong office for instance switched its coffee bean supplies to 100% fair trade beans) and rolled out our new Supplier Code of Business to over 25 partner-organizations we work with, including a number of our resellers. In this regard we also gave a presentation at our 2014 Reseller Summit, which was received well. On top of all this, we initiated the end-of-the-year US\$1-per-employee-per-month charity donation, which resulted in a significant amount being donated to four charities as chosen via an end-of-the-year poll by all of NetDimensions' employees, and saw a number of our executives participating in the ALS Ice Bucket Challenge, raising awareness and over US\$500 for the ALS Foundation.

## LINGOs

Throughout 2014, we continued to work with LINGOs (Learning in NGOs) and witnessed them taking the NetDimensions Talent Suite system live. LINGOs now has a total of 9 of their member NGOs (and several thousands of users) working with the NetDimensions' supplied Learning Management System (LMS). An additional 20-odd NGOs are also going through the implementation phase at this point of time and plan to make use of the LMS later this year.

## Budget and GRI Reporting

NetDimensions' CSR Committee's budget for 2015 has been increased compared to 2014 and NetDimensions agreed to start implementing the Global Reporting Initiative (GRI reporting) from the coming year onwards. GRI reporting comprises public sustainability reporting, informing our stakeholders through a number of annually reported KPIs that we as an organization care in continuously improving our social responsibility standards and output. Based on the frameworks we have put in place in 2014 and the first data sets we will be compiling during this year, we expect to publish our first formal, publicly communicated GRI report as part of our Company annual report in 2016.

## COP 2014 and Goals 2015

Our recently submitted Communication on Progress 2014 (as can be downloaded from the CSR page of our website under the tab 'Company') summarise NetDimensions' engagement with the United Nations Global Compact in 2014 in more detail. It also reflects on CSR goals we had set in 2013 for 2014 and sets new goals under the UNGC's Ten Principles for NetDimensions to strive for in 2015. NetDimensions will continue to communicate on progress under the United Nations Global Compact, and aims to continuously improve its business practices and environment in line with the Global Compact.

# Chairman's Statement



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.

**Roger Philip Edward Durn**  
Chairman



## Roger Philip Edward Durn

**Non-Executive Chairman** | Born in 1955

Roger has held senior management positions in Asia Pacific, US, UK, Australian, and Japanese companies including vice president and senior director positions at Arkologic, EnterpriseDB, Novell, SilverStream Software, Sybase, Powersoft, Mitsubishi Electric, GEC Alsthom, and Apricot Computers. Roger started his career in research and development in the electronics and software industry in the UK in the 1980s before moving into sales, marketing and business development. Roger holds a degree in chemical physics from the University of Sheffield. Roger chairs the nomination committee.

## Graham Malcolm Higgins

**Non-Executive Director** | Born in 1951

Graham is Managing Director of TalentFire Ltd., an executive coaching & development company based in the UK and delivering leadership workshops and executive coaching worldwide. Graham holds a Full Technical Certificate in Telecommunications (5th Year City and Guilds). Graham chairs the remuneration and AIM committees.



## Anna Louise Thompson

**Non-Executive Director** | Born in 1968

Anna is currently Director Flight Operations of Cathay Pacific Airways (CX) and oversees all aspects of the airlines flight operations. Prior to taking up this post she was General Manager Aircrew with responsibility for the safe, effective and efficient deployment of the airlines 2,800 flight crew. She has been working for CX for over 20 years and has held a wide range of managerial positions in Hong Kong and overseas. She was also seconded to Cathay Pacific subsidiary Air Hong Kong as Chief Operating Officer. Anna holds a BA (Hons) in Philosophy, Politics and Economics from Trinity College, Oxford. Anna chairs the audit committee.

## James Dominic Brooke

**Non-Executive Director** | Born in 1971

James is a fund manager at Henderson Global Investors. He has spent over 20 years investing in smaller companies, listed and private, with Gartmore, 3i and Qvester. Prior to this, he trained as an ACA with Deloitte. James is on the board of various other UK listed companies.



# Directors' Biographies



**Jay Mervin Shaw**

**Chief Executive Officer** | Born in 1960

Jay co-founded NetDimensions after more than a decade with NASDAQ-listed The Princeton Review (TPR). Jay's experience includes running TPR operations in the US and Asia, in which capacity he held executive responsibility for organising and delivering both academic and corporate training programs on a commercial basis. Jay taught English in China in 1984 and 1985. Jay is responsible for general Group management and sales.

**Ray Cecil Ruff**

**Chief Scientist** | Born in 1955

Ray co-founded NetDimensions, having joined the Group from Sybase. Ray previously served as open systems group manager at Unisys in the US. Ray holds an M.S. in computer science from the University of North Carolina at Chapel Hill. Ray is responsible for managing the technical and product development areas of the Group.



**Matthew Chaloner**

**Chief Financial Officer** | Born in 1971

Prior to joining NetDimensions, Matthew, worked in a variety of senior financial positions before the appointment as CEO of UK-listed company, Howle Holdings plc (Howle) in 2003. After successfully executing the sale of Howle to AIM listed electronics manufacturer Elektron Technology plc (Elektron) in 2006, he acted as Financial Controller for its largest division in Elektron where he set up a Wholly Foreign Owned Enterprise (WFOE) in Shenzhen, China and successfully offshored manufacturing. From March 2010, Matthew has acted as Business Development Director responsible for targeting new business opportunities both in mainland China and overseas. Matthew is a Fellow of the ACCA and an Associate of the CIMA.



# Directors and Advisers

## Board of Directors

### Executive Directors

Jay Mervin Shaw (Chief Executive Officer)  
Ray Cecil Ruff (Chief Scientist)  
Matthew Chaloner (Chief Financial Officer)

### Secretary

Janet Luk

### Non-Executive Directors

Roger Philip Edward Durn (Non-Executive Chairman)  
Graham Malcolm Higgins (Non-Executive Director)  
Anna Louise Thompson (Non-Executive Director)  
James Dominic Brooke (Non-Executive Director)

## Principal Place of Business

17th Floor Siu On Centre  
188 Lockhart Road  
Wan Chai  
Hong Kong

## Financial Public Relations

Walbrook PR Limited  
4 Lombard Street  
London EC3V 9HD  
United Kingdom

## Registered Office

c/o M&C Corporate Services Limited  
P.O. Box 309 Ugland House  
South Church Street  
George Town Grand Cayman  
Cayman Islands  
British West Indies

## Share Registrar

Capita Registrars (Jersey) Limited  
12 Castle Street  
St. Helier Jersey JE2 3RT  
Channel Isles  
United Kingdom

## Nominated Adviser and Broker

Panmure Gordon (UK) Limited  
One New Change  
London EC4M 9AF  
United Kingdom

## UK Depositary

Capita IRG Trustees Limited  
The Registry  
34 Beckenham Road  
Beckenham Kent BR3 4TU  
United Kingdom

## Principal American Liaison

ROTH Capital Partners, LLC  
888 San Clemente Drive  
Newport Beach CA 92660  
USA

## ADR Depository

The Bank of New York Mellon  
PO Box 358516  
Pittsburgh  
PA 15252-8516  
USA

## Solicitors

Clarkson Wright & Jakes Ltd.  
Valiant House  
12 Knoll Rise Orpington  
Kent BR6 0PG  
United Kingdom

## Auditor

PricewaterhouseCoopers  
22nd Floor Prince's Building  
Central  
Hong Kong

## Bankers

Silicon Valley Bank  
The Hongkong and Shanghai Banking  
Corporation Limited

# Directors' Report

The directors submit herewith their report together with the audited financial statements for the year ended on 31 December 2014.

## Principal Place of Business

NetDimensions (Holdings) Limited ("the Company") is a company incorporated and domiciled in the Cayman Islands and has its principal place of business at 17th Floor, Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong.

## Principal Activities

The Company acts as an investment holding company. The principal activities of the Group are licensing of computer software and the provision of related services.

The analysis of the principal activities and geographical locations of the operation of the Group during the financial year are set out in note 5 to the consolidated financial statements.

## Review of Business and Future Developments

The directors are satisfied with the financial results for the year and look forward to the future with confidence.

## Results and Appropriation

The Group's loss for the year ended 31 December 2014 is set out in the consolidated income statement on page 33 and the appropriation is set out in note 10 to the consolidated financial statement.

## Dividends

The directors recommend a final dividend of GBP0.625 pence per share for the year ended 31 December 2014. Subject to the approval at Annual General Meeting ("AGM"), the dividends 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.

## Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

## Share Capital

Details of movements in the Company's share capital during the year are set out in note 19 to the consolidated financial statements.

## Purchase, Redemption or Sales of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year ended 31 December 2014.

## Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

## Directors

The directors of the Company during the year and up to the date of this report were:

### **Executive Directors:**

Jay Mervin Shaw  
Ray Cecil Ruff  
Matthew Chaloner

### **Non-executive Directors:**

Roger Philip Edward Durn  
Graham Malcolm Higgins  
Anna Louise Thompson  
James Dominic Brooke

In accordance with the provisions of Article 84 of the Company's Articles of Association, Mr. Ray Cecil Ruff, Mr. Roger Philip Edward Durn and Ms. Anna Louise Thompson will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM. All remaining directors continue in office.

# Directors' Report

## Directors' Interests in Shares, Underlying Shares and Debentures

The directors who held office during the year had the following interests in the shares of the Company as at 31 December 2014 which were:

### (i) Interests in issued shares

|                          | Ordinary shares of US\$0.001      |                                 |                                   |                                 |
|--------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                          | Personal<br>interests<br>(Note 1) | Family<br>interests<br>(Note 2) | Total<br>number of<br>shares held | % of<br>issued<br>share capital |
| Beneficial Interests     |                                   |                                 |                                   |                                 |
| Jay Mervin Shaw          | 4,308,250                         | 505,000                         | 4,813,250                         | 12.42                           |
| Ray Cecil Ruff           | 2,791,388                         | 1,000,000                       | 3,791,388                         | 9.78                            |
| Matthew Chaloner         | 6,000                             | –                               | 6,000                             | 0.02                            |
| Roger Philip Edward Durn | 111,000                           | –                               | 111,000                           | 0.29                            |
| Graham Malcolm Higgins   | 185,250                           | –                               | 185,250                           | 0.48                            |
| Anna Louise Thompson     | 66,250                            | –                               | 66,250                            | 0.17                            |

Notes:

1. The shares are registered under the name of the directors who are the beneficial shareholders.
2. The spouses of Jay Mervin Shaw and Ray Cecil Ruff are the beneficial shareholders.

## Directors' Interests in Shares, Underlying Shares and Debentures (Continued)

### (ii) Interests in underlying shares

The directors of the Company have been granted options under the Company's share option scheme, details of which are set out in the section "Share option scheme" below.

Apart from the foregoing, none of the directors of the Company or any of their spouses or children under eighteen years of age has interests in the shares, underlying shares or debentures of the Company during the financial year.

## Share Option Scheme

The Company has a share option scheme which was adopted on 18 September 2000 (the "Plan") whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The purpose of the Plan is to provide an opportunity for employees of the Group to acquire an equity participation in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. 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 2010, the Plan which expired on 17 September 2010 is renewed for a further period of ten years, ending 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 10,000,000 ordinary shares according to an ordinary resolution passed at the annual general meeting of the Company on 9 June 2014.

The vesting date of the options granted under the Renewed Plan ranged from one year to five years after the date of grant and then exercisable within a period of ten years.

# Directors' Report

## Share Option Scheme (Continued)

At 31 December 2014, the directors of the Company had the following interest in options to subscribe for shares of the Company (market value per share at 31 December 2014 was GBP0.7175) granted for nil consideration under the Plan and Renewed Plan of the Company. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of US\$0.001 each of the Company.

| Director                 | Date of grant | Exercise period          | Exercise price | Number of shares under options |                                 |                               |                  |
|--------------------------|---------------|--------------------------|----------------|--------------------------------|---------------------------------|-------------------------------|------------------|
|                          |               |                          |                | At<br>1/1/2014                 | Exercised<br>during<br>the year | Granted<br>during<br>the year | At<br>31/12/2014 |
| Jay Mervin Shaw          | 25/1/2011     | 25/1/2012 to 24/1/2021   | GBP0.1925      | 150,000                        | (150,000)                       | –                             | –                |
|                          | 15/4/2014     | 15/4/2016 to 14/4/2024   | GBP0.73        | –                              | –                               | 33,333                        | 33,333           |
|                          |               | 15/4/2017 to 14/4/2024   | GBP0.73        | –                              | –                               | 33,333                        | 33,333           |
|                          |               | 15/4/2018 to 14/4/2024   | GBP0.73        | –                              | –                               | 33,334                        | 33,334           |
| Ray Cecil Ruff           | 13/2/2010     | 13/2/2014 to 12/2/2020   | GBP0.180       | 80,000                         | –                               | –                             | 80,000           |
|                          | 25/1/2011     | 25/1/2013 to 24/1/2021   | GBP0.1925      | 50,000                         | (50,000)                        | –                             | –                |
|                          |               | 25/1/2014 to 24/1/2021   | GBP0.1925      | 50,000                         | (50,000)                        | –                             | –                |
|                          |               | 25/1/2015 to 24/1/2021   | GBP0.1925      | 50,000                         | –                               | –                             | 50,000           |
|                          | 15/4/2014     | 15/4/2016 to 14/4/2024   | GBP0.73        | –                              | –                               | 33,333                        | 33,333           |
|                          |               | 15/4/2017 to 14/4/2024   | GBP0.73        | –                              | –                               | 33,333                        | 33,333           |
|                          |               | 15/4/2018 to 14/4/2024   | GBP0.73        | –                              | –                               | 33,334                        | 33,334           |
|                          |               |                          |                |                                |                                 |                               |                  |
| Matthew Chaloner         | 2/1/2013      | 2/1/2015 to 1/1/2023     | GBP0.510       | 100,000                        | –                               | –                             | 100,000          |
|                          |               | 2/1/2016 to 1/1/2023     | GBP0.510       | 75,000                         | –                               | –                             | 75,000           |
|                          |               | 2/1/2017 to 1/1/2023     | GBP0.510       | 75,000                         | –                               | –                             | 75,000           |
|                          | 15/4/2014     | 15/4/2016 to 14/4/2024   | GBP0.73        | –                              | –                               | 100,000                       | 100,000          |
|                          |               | 15/4/2017 to 14/4/2024   | GBP0.73        | –                              | –                               | 75,000                        | 75,000           |
|                          |               | 15/4/2018 to 14/4/2024   | GBP0.73        | –                              | –                               | 75,000                        | 75,000           |
|                          |               |                          |                |                                |                                 |                               |                  |
| Roger Philip Edward Durn | 31/12/2005    | 31/12/2005 to 30/12/2015 | US\$0.30       | 40,000                         | (40,000)                        | –                             | –                |

## Share Option Scheme (Continued)

The options granted to the directors are registered under the name of the directors who are also the beneficial owners. Information on the accounting policy for share options granted and the weighted average value per option is provided in notes 2.15(c) and 20 to the consolidated financial statements respectively.

Apart from the foregoing, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Substantial Shareholdings

The directors had been informed of the following parties held interest in 3% or more of the Company's issued ordinary share capital as at 31 December 2014.

| Name of shareholder                  | Number of<br>ordinary shares held | % of issued<br>share capital |
|--------------------------------------|-----------------------------------|------------------------------|
| Henderson Global Investors Limited   | 9,480,690                         | 24.46                        |
| Jay Mervin Shaw <sup>(1)</sup>       | 4,813,250                         | 12.42                        |
| Ray Cecil Ruff <sup>(2)</sup>        | 3,791,388                         | 9.78                         |
| Hargreave Hale Limited               | 2,891,000                         | 7.46                         |
| Winston Kwok Wai Leong               | 2,244,500                         | 5.79                         |
| Herald Investment Management Limited | 1,700,000                         | 4.39                         |

<sup>(1)</sup> Rhea Lacson Briones-Shaw, the wife of Jay Mervin Shaw, holds 505,000 ordinary shares, which constitutes 1.30 per cent of the issued ordinary share capital of the Company as at 31 December 2014.

<sup>(2)</sup> Jeannie Chung Ruff, the wife of Ray Cecil Ruff, holds 1,000,000 ordinary shares, which constitutes 2.58 per cent of the issued ordinary share capital of the Company as at 31 December 2014.

## Directors' Interests in Contracts

No contract of significance to which the Company, or any of its subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

# Directors' Report

## Payment to Creditors

The Group does not follow any code or standard on payment practice but instead the Group's policy is to pay all creditors in accordance with agreed terms of business.

## Political and Charitable Donations

The Company made US\$6,816 charitable contributions during the year (2013: US\$8,673).

## Employees

The Group values staff involvement at all levels of operations, and uses various means to train, inform and consult the employees. The Group encourages the management to discuss regularly with the employees on both corporate and individual matters and discloses information to them that will increase their awareness of the financial and economic factors affecting the Group.

The Group recognises its obligations to provide a fair consideration on all vacancies towards people with disability and to ensure that such persons are not discriminated against on the grounds of their disability. For those employees who become disabled during their employment period, the Group will give every effort to ensure that their employment will continue and that sufficient training is arranged.

## Auditors

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



**Matthew Chaloner**

*Director*

13 April 2015

# Remuneration Report

The Remuneration Committee presents this report to shareholders on behalf of the Board.

## Membership of Remuneration Committee

The Remuneration Committee comprises Mr. Roger Philip Edward Durn (our non-executive chairman) and Ms. Anna Louise Thompson (our non-executive director) and is chaired by Mr. Graham Malcolm Higgins (our non-executive director).

## Policy Statement

The Remuneration Committee sets the remuneration and all other terms of employment of the executive directors with a vision to provide a package which is suitable for the responsibilities involved. The remuneration of the executive directors is determined by the Remuneration Committee having regard to the performance and experience of individuals, the overall performance of the Group and market trends. The remuneration and terms and conditions of the non-executive directors will be set by the entire Board.

## Directors' Remuneration

Details of individual directors' remuneration for the year are set out in the table below:

|                                | <b>Fees and<br/>salaries</b><br>US\$ | <b>Bonuses</b><br>US\$ | <b>Equity settled<br/>share-based<br/>payments</b><br>US\$ | <b>2014<br/>Total</b><br>US\$ | <b>2013<br/>Total</b><br>US\$ |
|--------------------------------|--------------------------------------|------------------------|------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Executive Directors</b>     |                                      |                        |                                                            |                               |                               |
| Jay Mervin Shaw                | 247,488                              | 46,404                 | 15,915                                                     | 309,807                       | 258,896                       |
| Ray Cecil Ruff                 | 232,020                              | 45,115                 | 18,356                                                     | 295,491                       | 241,612                       |
| Matthew Chaloner               | 232,020                              | 45,115                 | 82,478                                                     | 359,613                       | 267,405                       |
| <b>Non-executive Directors</b> |                                      |                        |                                                            |                               |                               |
| Roger Philip Edward Durn       | 43,000                               | –                      | 45,249                                                     | 88,249                        | 69,938                        |
| Graham Malcolm Higgins         | 33,500                               | –                      | 33,937                                                     | 67,437                        | 52,455                        |
| Anna Louise Thompson           | 32,500                               | –                      | 33,937                                                     | 66,437                        | 52,455                        |
| James Dominic Brooke           | 31,500                               | –                      | 22,044                                                     | 53,544                        | 5,543                         |

## Directors' Interests in Contracts and Interests in Shares

Details of directors' interests in contracts and interests in shares are given in the Directors' Report.

# Report on Corporate Governance

## Introduction

The directors believe that their foremost function is to generate continuous profits for the Company's investors, and that this should be achieved by a policy of high standards of corporate governance, integrity and ethics. As the Company is listed on the Alternative Investment Market ("AIM") and not subject to the Listing Rules of the UK Listing Authority, it is not officially required to comply with the provisions detailed in the UK Corporate Governance Code (the "Code"). However, it is the intention of the Board of Directors (the "Board") to manage the affairs of the Company and its subsidiaries (the "Group") in accordance with the Code, in so far as is practical and appropriate for a public company of this size and complexity. The following are a few examples on how the directors have applied the principles of good corporate governance to manage the Company throughout the year.

## The Board

The Board is responsible for directing the strategic objectives of the Company and overseeing the management of the business. Directors are charged with the task of promoting the success of the Company and making decisions in the best interest of the Company. It is satisfied that the Board is under effective operation.

The Board, led by the Chairman, Mr. Roger Philip Edward Durn, approves and monitors the Group's long term objectives and commercial strategies, annual operating budgets and business plans, evaluates performance of the Company, and supervises the management of the Company (the "Management"). Management is responsible for the daily operations of the Group under the leadership of the Chief Executive Officer.

As at 31 December 2014, the Board comprised seven directors, including Chief Executive Officer, Chief Financial Officer, Chief Scientist, four Non-executive Directors. Biographical information of the directors is listed in the Directors' Biographies section on pages 14 to 15 and on the Company's website ([www.netdimensions.com](http://www.netdimensions.com)).

The Board meets regularly and has adopted a schedule of matters specifically reserved for its decision. Between scheduled meetings, senior management of the Group provides information to directors with respect to the activities and development of the Group. Throughout the year, directors participate in the consideration and approval of routine and operational matters of the Company by way of circulating resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information or notification from the company secretary and other executives as and when required.

All directors are elected by shareholders at the first opportunity after their initial appointment to the Board and to be re-elected thereafter at intervals of not more than three years in accordance with the Article of Association of the Company.

## The Board (Continued)

Upon appointment to the Board, the directors are offered an opportunity to request for information and training relevant to their legal and other duties. They are also given written guidelines and rules defining their responsibilities within an AIM listed company.

The Board considers that all non-executive directors are independent of management and day to day operation, and free from any commercial relationship with the Company. These non-executive directors do not participate in any of the Company's pension schemes or bonus. The chairman of the Audit, Remuneration, Nomination and AIM Committee are all non-executive directors.

## Nomination Committee

The Nomination Committee is responsible to assist the Board in appointing, and where necessary removing, directors and other senior executives and in succession planning. It is also required to review the structure, size and composition of the Board. The Nomination Committee comprises three members, chaired by Mr. Roger Philip Edward Durn (our non-executive chairman) with Mr. Graham Malcolm Higgins (our non-executive director) and Ms. Anna Louise Thompson (our non-executive director) as member. The Nomination Committee meets not less than twice per annum. It may also invite other directors and external advisers to attend its meetings as and when appropriate.

## Audit Committee

Under the term of reference of the Audit Committee, the Audit Committee is required to monitor the integrity of the financial statements of the Group, including its annual and half-yearly reports, review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems and oversee the relationship between the Company and its external auditor.

The Audit Committee comprises three non-executive directors who possess the relevant financial experience and skill to understand financial statements and contribute to the financial governance, internal controls and risk management of the Company. It is chaired by Ms. Anna Louise Thompson (our non-executive director), Mr. Roger Philip Edward Durn (our non-executive chairman) and Mr. Graham Malcolm Higgins (our non-executive director). The Chairman of the Audit Committee has full discretion to invite any executive directors to attend its meetings.

# Report on Corporate Governance

## Audit Committee (Continued)

The Audit Committee meets not less than twice per annum with the Chief Financial Officer to review the interim report and annual report and other financial, internal control and risk management matters of the Company. It considers and discusses the reports and presentation of the Management and the Group's external auditors, with a view of ensuring that the Group's consolidated financial statement are prepared in accordance with International Financial Reporting Standards. It also meets with the Group's external auditor, PricewaterhouseCoopers ("PwC") to consider their reports on scope, strategy, process and outcome of their independent review of their annual audit of the consolidated financial statements.

## Remuneration Committee

The responsibilities of the Remuneration Committee are to assist the Board to review the ongoing appropriateness and relevance of the remuneration policy of the Group and to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. In discharging its functions, the Remuneration Committee may obtain independent external legal and other professional advices as it deems necessary. The expenses of such advices shall be borne by the Company.

The Remuneration Committee comprises three members, chaired by Mr. Graham Malcolm Higgins (our non-executive director) with Mr. Roger Philip Edward Durn (our non-executive chairman) and Ms. Anna Louise Thompson (our non-executive director) as members. The Remuneration Committee meets towards the end of each year for determination of remuneration package of executive directors and during the year to consider share options grant and other remuneration related matters. It meets not less than twice per annum.

The Remuneration Committee reviewed and approved the proposed 2015 directors' fees, and 2015 remuneration of executive directors which is determined with reference to the performance and experience of individuals, the overall performance of the Group and market trends, and made recommendation to the Board on the directors' fees for non-executive directors. Executive directors do not participate in the determination on their own remuneration.

## AIM Committee

The AIM Committee is responsible for establishing and reviewing internal procedures within the Company to ensure compliance with the AIM Rules for Companies published by the London Stock Exchange. The AIM Committee comprises three members, chaired by Mr. Graham Malcolm Higgins (our non-executive director) with Mr. Jay Mervin Shaw and Mr. Matthew Chaloner, both executive directors, as members. It meets not less than twice per annum.

## Internal Control

The Board is responsible for ensuring that the Company maintains an internal control system with appropriate monitoring procedures for the Group. The purpose of this system is to safeguard the Group's assets, maintain proper accounting records, and ensure that reliable financial information are used within the Group and for publication purposes. However, the system is designed to manage rather than completely eliminate risk and can only provide reasonable but not absolute assurance against material misstatement.

In order to achieve the above responsibilities, the Board meets regularly and monitors the Company's internal control by reviewing the overall process and the performance of the systems, setting annual budgets and monthly forecasts, and seeking any prior approval for all significant expenditure.

The Group currently does not have an internal audit department and after extensive review and consideration, the Board is satisfied that the existing control mechanisms are sufficient for the size of the Group. This decision will be kept under review.

## Legal and Regulatory Compliance

The Board seeks to increase risk awareness for safeguarding the legal interests of the Group. The legal department of the Group is responsible for monitoring daily legal affairs of the Group, including preparing, reviewing and approving all legal documentation of all group companies, working in conjunction with finance, corporate secretarial and regional heads on the review and co-ordination process, and advising management on legal and commercial issues of concern. In addition, it is responsible for analysing the regulatory framework updates and ensuring the operations of the Group are conformed to the applicable laws and regulations.

## Code of Business Conduct and Ethics

The Group has a long-standing commitment to conduct business in compliance with the relevant laws and regulations and in accordance with the highest ethical principles. The NetDimensions Code of Business Conduct and Ethics outlines the principles of the Group's business ethics and is intended to assist all employees in meeting highest standards of personal and professional integrity required during their course of work.

## Going Concern

After making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

# Report on Corporate Governance

## Investor Relations

The Group actively promotes investor relations and communication with investors when the interim and year-end financial results are announced. The Group, through its Chief Executive Officer and Chief Financial Officer, responds to requests for information and queries from the investors including institutional shareholders, analysts and the media through briefing meeting and presentations.

The Board understands that effective communication can increase the transparency and accountability to its shareholders; as such, the Company is committed to provide full and clear information of the Group to shareholders through the publication of notices, announcements, interim and annual reports. Additional information on the Group is also available to shareholders through the Investor Relations page on the Company's website ([www.netdimensions.com](http://www.netdimensions.com)).

The Company values feedback from shareholders and encourages them to attend the AGM where they can share their opinions and direct their queries and concerns towards the directors, including the chairperson of each of the board committees. Comments and suggestions to the Board are welcome and can be addressed to the Company by e-mail to [investor-relations@netdimensions.com](mailto:investor-relations@netdimensions.com).

# Independent Auditor's Report



羅兵咸永道

## TO THE SHAREHOLDERS OF NETDIMENSIONS (HOLDINGS) LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of NetDimensions (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 33 to 78, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Independent Auditor's Report

## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2014, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 13 April 2015

# Consolidated Income Statement

For the year ended 31 December 2014

|                                                                                                                    | Note | 2014<br>US\$        | 2013<br>US\$ |
|--------------------------------------------------------------------------------------------------------------------|------|---------------------|--------------|
| Revenue                                                                                                            | 5    | <b>22,701,189</b>   | 16,207,733   |
| Cost of sales                                                                                                      | 7    | <b>(4,002,325)</b>  | (1,585,989)  |
| Gross profit                                                                                                       |      | <b>18,698,864</b>   | 14,621,744   |
| Other losses, net                                                                                                  | 6    | <b>(220,367)</b>    | (129,981)    |
| Selling expenses                                                                                                   | 7    | <b>(14,489,129)</b> | (11,913,955) |
| Operating expenses                                                                                                 | 7    | <b>(9,030,344)</b>  | (7,588,694)  |
| Operating loss                                                                                                     |      | <b>(5,040,976)</b>  | (5,010,886)  |
| Finance income                                                                                                     |      | <b>28,414</b>       | 66,360       |
| Finance costs                                                                                                      |      | <b>(3,870)</b>      | (1,609)      |
| Finance income, net                                                                                                | 8    | <b>24,544</b>       | 64,751       |
| Loss before income tax                                                                                             |      | <b>(5,016,432)</b>  | (4,946,135)  |
| Income tax expense                                                                                                 | 9    | <b>(124,450)</b>    | (299)        |
| Loss for the year                                                                                                  |      | <b>(5,140,882)</b>  | (4,946,434)  |
| Attributable to:                                                                                                   |      |                     |              |
| Equity holders of the Company                                                                                      |      | <b>(5,140,882)</b>  | (4,946,434)  |
| Loss per share attributable to the equity holders of the Company for the year (expressed in US\$ cents per share): |      |                     |              |
| – Basic                                                                                                            | 11   | <b>(13.3)</b>       | (14.6)       |
| – Diluted                                                                                                          | 11   | <b>(13.3)</b>       | (14.6)       |

Details of proposed dividends to equity holders of the Company are set out in Note 10.

The notes on pages 39 to 78 are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

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

The notes on pages 39 to 78 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2014

|                                                             | Note | 2014<br>US\$      | 2013<br>US\$ |
|-------------------------------------------------------------|------|-------------------|--------------|
| <b>ASSETS</b>                                               |      |                   |              |
| <b>Non-current assets</b>                                   |      |                   |              |
| Property, plant and equipment                               | 14   | 270,171           | 316,342      |
| Intangible assets                                           | 15   | 3,058,596         | 3,522,353    |
| Available-for-sales financial assets                        | 16   | —                 | —            |
| Deposits                                                    | 17   | 29,758            | 141,527      |
|                                                             |      | <b>3,358,525</b>  | 3,980,222    |
| <b>Current assets</b>                                       |      |                   |              |
| Accounts and other receivables, prepayments and deposits    | 17   | 8,196,741         | 7,303,184    |
| Cash and bank balances                                      | 18   | 4,907,118         | 7,727,788    |
|                                                             |      | <b>13,103,859</b> | 15,030,972   |
| <b>Total assets</b>                                         |      | <b>16,462,384</b> | 19,011,194   |
| <b>EQUITY</b>                                               |      |                   |              |
| <b>Equity attributable to equity holders of the Company</b> |      |                   |              |
| Share capital                                               | 19   | 38,763            | 37,917       |
| Reserves                                                    |      | 18,772,059        | 18,052,319   |
| Accumulated losses                                          |      | (15,006,278)      | (9,865,396)  |
| <b>Total equity</b>                                         |      | <b>3,804,544</b>  | 8,224,840    |
| <b>LIABILITIES</b>                                          |      |                   |              |
| <b>Non-current liabilities</b>                              |      |                   |              |
| Obligations under finance leases                            | 21   | 2,913             | 6,389        |
| Deferred revenue                                            | 23   | 179,333           | 106,473      |
|                                                             |      | <b>182,246</b>    | 112,862      |
| <b>Current liabilities</b>                                  |      |                   |              |
| Accounts and other payables                                 | 22   | 3,961,572         | 3,123,923    |
| Deferred revenue                                            | 23   | 8,422,518         | 7,520,852    |
| Obligations under finance leases                            | 21   | 2,357             | 2,374        |
| Income tax payables                                         |      | 89,147            | 26,343       |
|                                                             |      | <b>12,475,594</b> | 10,673,492   |
| <b>Total liabilities</b>                                    |      | <b>12,657,840</b> | 10,786,354   |
| <b>Total equity and liabilities</b>                         |      | <b>16,462,384</b> | 19,011,194   |

On behalf of the Board



**Jay Mervin Shaw**  
Director



**Matthew Chaloner**  
Director

The notes on pages 39 to 78 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

|                                                                       | Attributable to equity holders of the Company |                       |                                    |                             |                                                  |                            |               |
|-----------------------------------------------------------------------|-----------------------------------------------|-----------------------|------------------------------------|-----------------------------|--------------------------------------------------|----------------------------|---------------|
|                                                                       | Share capital<br>US\$                         | Share premium<br>US\$ | Capital redemption reserve<br>US\$ | Translation reserve<br>US\$ | Share-based payment compensation reserve<br>US\$ | Accumulated losses<br>US\$ | Total<br>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 (Note 20b)                 | 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 (Note 25)               | 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     |

The notes on pages 39 to 78 are an integral part of these consolidated financial statements.

|                                                                                  | Attributable to equity holders of the Company |                          |                                          |                                |                                                           |                               | Total<br>US\$ |
|----------------------------------------------------------------------------------|-----------------------------------------------|--------------------------|------------------------------------------|--------------------------------|-----------------------------------------------------------|-------------------------------|---------------|
|                                                                                  | Share<br>capital<br>US\$                      | Share<br>premium<br>US\$ | Capital<br>redemption<br>reserve<br>US\$ | Translation<br>reserve<br>US\$ | Share-based<br>payment<br>compensation<br>reserve<br>US\$ | Accumulated<br>losses<br>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)<br>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<br>directors (Note 20b)                         | 103                                           | 113,022                  | -                                        | -                              | -                                                         | -                             | 113,125       |
| Allotment of shares to a non-executive<br>director but not yet issued (Note 20d) | -                                             | -                        | -                                        | -                              | 22,044                                                    | -                             | 22,044        |
| Issue of shares upon exercise of<br>share options                                | 743                                           | 400,901                  | -                                        | -                              | (151,238)                                                 | -                             | 250,406       |
| 2013 final dividend paid                                                         | -                                             | (388,700)                | -                                        | -                              | -                                                         | -                             | (388,700)     |
| Total transactions with equity holders<br>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     |

The notes on pages 39 to 78 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2014

|                                                                                  | Note  | 2014<br>US\$       | 2013<br>US\$       |
|----------------------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                                      |       |                    |                    |
| Cash used in operations                                                          | 26(a) | (2,084,708)        | (2,513,704)        |
| Interest paid                                                                    |       | (3,870)            | (1,609)            |
| Income tax paid                                                                  |       | (57,097)           | (31,429)           |
| <b>Net cash used in operating activities</b>                                     |       | <b>(2,145,675)</b> | <b>(2,546,742)</b> |
| <b>Cash flows from investing activities</b>                                      |       |                    |                    |
| Acquisition of a business                                                        | 25    | (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                    | 26(b) | 18,206             | –                  |
| Decrease/(increase) in bank deposits with original maturity of over three months |       | 3,567,562          | (1,558,265)        |
| <b>Net cash generated from/(used in) investing activities</b>                    |       | <b>3,193,894</b>   | <b>(3,989,467)</b> |
| <b>Cash flows from financing activities</b>                                      |       |                    |                    |
| 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)          |
| <b>Net cash (used in)/generated from financing activities</b>                    |       | <b>(141,787)</b>   | <b>5,842,554</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                      |       | <b>906,432</b>     | <b>(693,655)</b>   |
| Cash and cash equivalents at 1 January                                           |       | 4,120,179          | 4,777,313          |
| Effect of foreign exchange rate changes                                          |       | (159,540)          | 36,521             |
| <b>Cash and cash equivalents at 31 December</b>                                  | 18    | <b>4,867,071</b>   | <b>4,120,179</b>   |

The notes on pages 39 to 78 are an integral part of these consolidated financial statements.

# Notes to the Financial Statements

## 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, Ugland 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 17th Floor, 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. These consolidated financial statements are presented in United States Dollars (“US\$”), unless otherwise stated.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board (“IASB”) and have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

#### 2.1.1 Going concern

The Group reported operating losses of US\$5,040,976 and net cash out flows from operating activities of US\$2,145,675 for the year ended 31 December 2014. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis. The directors have prepared cash flows projections covering a period of twelve months from 31 December 2014. The projections make key assumptions with regards to the anticipated cash flows from the Group’s operations. Based on these cash flow projections, and after taking into account the reasonably possible changes in the operational performance, the directors believe that there will be sufficient financial resources available to the Group in the coming twelve months to meet its financial obligations as and when they fall due. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

# Notes to the Financial Statements

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### 2.1.2 Changes in accounting policy and disclosures

##### (a) Effect of adopting new and amendments to standards and interpretations

During the year, 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.

##### (b) New standards, amendments to standards and interpretations that are relevant to the Group and have been issued but are not yet effective:

|                                     |                                                                                          | Effective for<br>the accounting<br>period<br>beginning on<br>or after |
|-------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| IAS 19 (Amendment)                  | Defined Benefit Plans: Employee Contributions                                            | 1 July 2014                                                           |
| Annual Improvements<br>Project 2012 | Annual Improvements 2010-2012 Cycle                                                      | 1 July 2014                                                           |
| Annual Improvements<br>Project 2013 | Annual Improvements 2011-2013 Cycle                                                      | 1 July 2014                                                           |
| IFRS 11 (Amendment)                 | Joint Arrangements' on Acquisition of<br>an Interest in a Joint Operation                | 1 January 2016                                                        |
| IAS 16 and IAS 41<br>(Amendment)    | Agriculture: Bearer Plants                                                               | 1 January 2016                                                        |
| IAS 16 and IAS 38<br>(Amendment)    | Clarification of Acceptable Methods<br>of Depreciation and Amortisation                  | 1 January 2016                                                        |
| IFRS 14                             | Regulatory Deferral accounts                                                             | 1 January 2016                                                        |
| IAS 27 Amendment                    | Equity Method in Separate Financial Statements                                           | 1 January 2016                                                        |
| IFRS 10 and IAS 28<br>Amendment     | Sale or Contribution of Assets between<br>an Investor and its Associate or Joint Venture | 1 January 2016                                                        |
| Annual Improvements<br>Project 2014 | Annual Improvements 2012-2014 Cycle                                                      | 1 January 2016                                                        |
| IFRS 15                             | Revenue from Contracts with Customers                                                    | 1 January 2017                                                        |
| IFRS 9                              | Financial Instruments                                                                    | 1 January 2018                                                        |

Management is in the process of making an assessment of the impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the consolidated financial statements will be resulted.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Consolidation

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

#### (i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

# Notes to the Financial Statements

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Consolidation (Continued)

#### (a) Subsidiaries (Continued)

##### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 2.3 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions.

### 2.4 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollar, which is the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Foreign currency translation (Continued)

#### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income.

#### (d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

# Notes to the Financial Statements

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

|                                 |                     |
|---------------------------------|---------------------|
| – Leasehold improvements        | over the lease term |
| – Motor vehicles                | 33%                 |
| – Computer and office equipment | 20% – 33%           |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the relevant assets and are recognised in the consolidated income statement.

### 2.6 Intangible assets

#### (i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (ii) Computer software

Computer software is capitalised on the basis of the costs incurred to acquire less accumulated amortisation and accumulated impairment, if any. Amortisation is calculated using the straight-line method to allocate the capitalised costs over their estimated useful lives of two years.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Intangible assets (Continued)

#### (iii) Customer base

Customer base acquired in a business combination are recognised at fair value at the acquisition date. Customer base have finite useful lives and are carried at cost less accumulated amortisation and accumulated impairment, if any. Amortisation is calculated using the straight-line method from three to seven years over the expected useful lives of customer base.

### 2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### 2.8 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables include "accounts and other receivables", "deposits" and "cash and bank balances" in the consolidated statement of financial position.

#### (b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within twelve months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for loans and receivables and available-for-sale financial assets. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

# Notes to the Financial Statements

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial assets (Continued)

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised as other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payment is established.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.9 Impairment of financial assets

#### (a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of financial assets (Continued)

#### (b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

### 2.10 Accounts and other receivables

Accounts receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of accounts and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term deposits with original maturity of three months or less.

### 2.12 Share capital

Ordinary shares are classified as equity. Incremental costs, net of tax, directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

### 2.13 Accounts and other payables

Accounts payables are obligations to pay for services that have been acquired in the ordinary course of business. Accounts payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

# Notes to the Financial Statements

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group's entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the relevant tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.15 Employee benefits

#### (a) Pension obligations

The Group participates in various defined contribution pension schemes. The schemes are generally funded through monthly payments to publicly or privately administered pension insurance plans or government authorities on a mandatory, contractual or voluntary basis. The contributions are expensed as incurred. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Assets of the defined contribution plans are held and managed by publicly or privately administered pension insurance plans or government authorities and are separate from those of the Group.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Employee benefits (Continued)

#### (b) Employee leave entitlements

Employee entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liabilities for annual leaves as a result of services rendered by employees up to the end of each reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of the shares or options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares or options granted.

The fair value of the options granted is determined by reference to the following:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

#### (d) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

# Notes to the Financial Statements

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.17 Deferred revenue

Deferred revenue represents support and maintenance, hosting service, software customisation and implementation fee receivable and received in advance. Revenue is recognised and deferred revenue is released to the consolidated income statement when corresponding services are rendered. If the services are to be delivered after twelve months, they are included in non-current liabilities.

### 2.18 Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of services and software licensing in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### (i) Software licensing

Revenue on software licensing is recognised when the software has been delivered to the customers.

#### (ii) Hosting services and support and maintenance services

Hosting services and support and maintenance services are delivered over a period of time and revenue is recognised on a straight-line basis over the term of the subscription.

#### (iii) Software customisation and implementation

Software customisation and implementation contracts are specifically negotiated for the customisation or implementation of software. Sales of these services are recognised in the accounting period in which the services rendered, by reference to stage of completion of the specific transaction which is assessed on the basis of actual costs provided as a proportion of the total costs to be provided.

#### (iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Leases

#### (i) Operating leases (as a lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

#### (ii) Finance leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

### 2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors or shareholders, as appropriate.

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management of the Group under policies approved by the Board of Directors of the Company. The senior management identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group operates in different countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Pound sterling ("GBP") and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations denominated in a currency that is not the group companies' functional currencies.

# Notes to the Financial Statements

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.1 Financial risk factors (Continued)

#### (a) Market risk (Continued)

##### (i) Foreign exchange risk (Continued)

Management has a policy to require group companies to manage their foreign exchange risk against functional currency. It mainly includes reviewing the exposures arising from sales and purchases made by the relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

At 31 December 2014, if US\$ had weakened/strengthened by 5% against GBP with all other variables held constant, loss for the year would have been US\$22,258 higher/lower (2013: US\$263,116 lower/higher), mainly as a result of foreign exchange losses/gains on translation of GBP denominated financial assets and liabilities.

At 31 December 2014, if US\$ had weakened/strengthened by 5% against Euro with all other variables held constant, loss for the year would have been US\$106,952 lower/higher (2013: US\$89,355), mainly as a result of foreign exchange gains/losses on translation of Euro denominated financial assets and liabilities.

##### (ii) Cash flow interest rate risk

The Group has no significant interest-bearing assets except for cash at bank and bank deposits, details of which are disclosed in Note 18. The Group's exposure to changes in interest rates is mainly attributable to its cash at bank and bank deposits, which bear interest at floating interest rates and expose the Group to cash flow interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk as it is considered not cost efficient.

As at 31 December 2014, if interest rate on cash at bank and bank deposits had increased/decreased by 50 basis points with all other variables held constant, the effect on loss for the year would be US\$20,262 lower/higher (2013: US\$35,135).

#### (b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of bank balances and deposits and outstanding receivables from customers included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk of the counterparty in relation to its financial assets. The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

Substantially all of the Group's cash at bank and deposits with banks are held in major financial institutions, which management believes are of high credit quality. Management does not expect any losses from non-performance by these counterparties.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally, the Group does not require collaterals from customers.

Management makes periodic assessment on the recoverability of accounts and other receivables. The Group's historical experience in collection of receivables falls within the recorded allowances. It is considered that adequate provision for uncollectible receivables has been made.

### 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of undrawn committed credit facilities. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash balances and credit facilities to meet its liquidity requirements in short term and long term.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

|                                  | Within<br>1 year<br>US\$ | Between<br>1 and 2 years<br>US\$ | Between<br>2 and 5 years<br>US\$ |
|----------------------------------|--------------------------|----------------------------------|----------------------------------|
| <b>Group</b>                     |                          |                                  |                                  |
| At 31 December 2014              |                          |                                  |                                  |
| Accounts and other payables      | 3,961,572                | –                                | –                                |
| Obligations under finance leases | 3,034                    | 3,665                            | –                                |
| <b>Total</b>                     | <b>3,964,606</b>         | <b>3,665</b>                     | <b>–</b>                         |
| At 31 December 2013              |                          |                                  |                                  |
| Accounts and other payables      | 3,123,923                | –                                | –                                |
| Obligations under finance leases | 3,489                    | 3,489                            | 4,977                            |
| <b>Total</b>                     | <b>3,127,412</b>         | <b>3,489</b>                     | <b>4,977</b>                     |

#### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

During the year, the Group's strategy, which was unchanged from 2013, was to maintain a gearing ratio below 15%. The gearing ratio at 31 December 2013 and 2014 was nil as the Group has no borrowing or debt.

# Notes to the Financial Statements

## 3 FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

### 3.3 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Useful life, residual value, depreciation and amortisation of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives, residual values and related depreciation and amortisation expenses for its property, plant and equipment and intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from use of these assets. This estimate is based on the historical experience of the actual useful lives of these assets of similar nature and functions. Management will adjust the depreciation and amortisation expenses where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable and amortisation lives and residual values and therefore affect the depreciation and amortisation expense in the future periods.

### (b) Impairment of non-financial assets

Non-financial assets including property, plant and equipment and intangible assets are reviewed for impairment in accordance with the policies as stated in Note 2.7. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### (b) Impairment of non-financial assets (Continued)

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement.

##### (c) Impairment of receivables

The Group makes provision for impairment in receivables based on an assessment of the recoverability of receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition. Provisions are made where events or changes in circumstances indicate that the receivables may not be collectible. The identification of impairment in receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the receivables and impairment is recognised in the period in which such estimate has been changed.

##### (d) Income and deferred taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates have been changed.

# Notes to the Financial Statements

## 5 REVENUE AND SEGMENT INFORMATION

### (a) Revenue by nature

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

|                                           | 2014<br>US\$      | 2013<br>US\$      |
|-------------------------------------------|-------------------|-------------------|
| Software licensing                        | 5,381,358         | 3,673,405         |
| Hosting services                          | 8,279,395         | 6,071,684         |
| Support and maintenance                   | 2,643,650         | 2,433,124         |
| Software customisation and implementation | 6,396,786         | 4,029,520         |
|                                           | <b>22,701,189</b> | <b>16,207,733</b> |

### (b) Segment information

The Group is principally engaged in licensing of computer software and the provision of related services.

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 and finance costs 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.

## 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

An analysis of the Group's revenue by location of customers and analysis of the Group's assets by location of assets provided to the CODM for the reportable segments for the year ended 31 December 2014 is as follows:

|                                                      | North<br>America<br>US\$ | EMEA<br>US\$      | Asia<br>Pacific<br>US\$ | Rest of<br>the World<br>US\$ | Total<br>US\$      |
|------------------------------------------------------|--------------------------|-------------------|-------------------------|------------------------------|--------------------|
| Total gross segment revenue                          | 12,733,702               | 14,215,202        | 7,091,147               | 963,008                      | 35,003,059         |
| Inter-segment revenue                                | (3,423,146)              | (3,646,227)       | (5,232,497)             | –                            | (12,301,870)       |
| Revenue from external customers                      | <u>9,310,556</u>         | <u>10,568,975</u> | <u>1,858,650</u>        | <u>963,008</u>               | <u>22,701,189</u>  |
| Segment results                                      | (2,549,190)              | (1,080,980)       | (174,584)               | 457,200                      | (3,347,554)        |
| Amortisation of intangible assets<br>– customer base | (472,306)                | –                 | –                       | –                            | (472,306)          |
| Unallocated corporate expenses                       |                          |                   |                         |                              | (1,221,116)        |
| Finance income                                       |                          |                   |                         |                              | 28,414             |
| Finance costs                                        |                          |                   |                         |                              | (3,870)            |
| Loss before income tax                               |                          |                   |                         |                              | (5,016,432)        |
| Income tax expense                                   |                          |                   |                         |                              | (124,450)          |
| Loss for the year                                    |                          |                   |                         |                              | <u>(5,140,882)</u> |

For the year ended 31 December 2014, the top one external customer contributed revenue of approximately US\$1,924,000 (2013: US\$1,304,000) to the EMEA segment.

# Notes to the Financial Statements

## 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

Other information:

|                                                  | North<br>America<br>US\$ | EMEA<br>US\$ | Asia<br>Pacific<br>US\$ | Rest of<br>the World<br>US\$ | Total<br>US\$     |
|--------------------------------------------------|--------------------------|--------------|-------------------------|------------------------------|-------------------|
| Depreciation of property,<br>plant and equipment | 40,928                   | 12,656       | 116,860                 | –                            | 170,444           |
| Amortisation of intangible assets                | 475,112                  | 4,903        | 17,902                  | –                            | 497,917           |
| Capital expenditure                              |                          |              |                         |                              |                   |
| – Property, plant and equipment                  | 87,661                   | 16,808       | 22,432                  | –                            | 126,901           |
| – Intangible assets                              | 931                      | 89           | 34,329                  | –                            | 35,349            |
| Segment assets                                   | 7,191,790                | 6,158,728    | 1,635,870               | 554,277                      | 15,540,665        |
| Unallocated assets                               |                          |              |                         |                              | 921,719           |
|                                                  |                          |              |                         |                              | <b>16,462,384</b> |

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2013 is as follows:

|                                   | North<br>America<br>US\$ | EMEA<br>US\$ | Asia<br>Pacific<br>US\$ | Rest of<br>the World<br>US\$ | Total<br>US\$      |
|-----------------------------------|--------------------------|--------------|-------------------------|------------------------------|--------------------|
| Total gross segment revenue       | 11,139,794               | 10,961,320   | 2,007,551               | 852,022                      | 24,960,687         |
| Inter-segment revenue             | (4,330,888)              | (3,874,143)  | (547,923)               | –                            | (8,752,954)        |
| Revenue from external customers   | 6,808,906                | 7,087,177    | 1,459,628               | 852,022                      | 16,207,733         |
| Segment results                   | (3,154,405)              | (304,580)    | (792,607)               | 332,619                      | (3,918,973)        |
| Amortisation of intangible assets |                          |              |                         |                              |                    |
| – customer base                   | (421,311)                | (55,768)     | –                       | –                            | (477,079)          |
| Unallocated corporate expenses    |                          |              |                         |                              | (614,834)          |
| Finance income                    |                          |              |                         |                              | 66,360             |
| Finance costs                     |                          |              |                         |                              | (1,609)            |
| Loss before income tax            |                          |              |                         |                              | (4,946,135)        |
| Income tax expense                |                          |              |                         |                              | (299)              |
| Loss for the year                 |                          |              |                         |                              | <b>(4,946,434)</b> |

## 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment information (Continued)

Other information:

|                                                  | North<br>America<br>US\$ | EMEA<br>US\$ | Asia<br>Pacific<br>US\$ | Rest of<br>the World<br>US\$ | Total<br>US\$ |
|--------------------------------------------------|--------------------------|--------------|-------------------------|------------------------------|---------------|
| Depreciation of property,<br>plant and equipment | 55,252                   | 8,735        | 83,411                  | –                            | 147,398       |
| Amortisation of intangible assets                | 423,602                  | 59,272       | 13,060                  | –                            | 495,934       |
| Capital expenditure                              |                          |              |                         |                              |               |
| – Property, plant and equipment                  | 35,333                   | 18,750       | 178,628                 | –                            | 232,711       |
| – Intangible assets                              | 3,434,396                | 7,805        | 11,773                  | –                            | 3,453,974     |
| Segment assets                                   | 5,811,628                | 5,280,967    | 1,407,672               | 609,829                      | 13,110,096    |
| Unallocated assets                               |                          |              |                         |                              | 5,901,098     |
|                                                  |                          |              |                         |                              | 19,011,194    |

Total non-current assets other than financial instruments located in North America, EMEA, Asia Pacific and Rest of the World are US\$3,157,537 (2013: US\$3,578,202), US\$37,462 (2013: US\$36,391), US\$163,526 (2013: US\$239,432) and US\$ Nil (2013: US\$126,197) respectively.

## 6 OTHER LOSSES, NET

|                                                          | 2014<br>US\$ | 2013<br>US\$ |
|----------------------------------------------------------|--------------|--------------|
| Net foreign exchange losses                              | (317,564)    | (126,222)    |
| Gain/(loss) on disposal of property, plant and equipment | 17,360       | (7,474)      |
| Loss on disposal of intangible asset                     | (308)        | –            |
| Others                                                   | 80,145       | 3,715        |
|                                                          | (220,367)    | (129,981)    |

# Notes to the Financial Statements

## 7 EXPENSES BY NATURE

|                                                           | 2014<br>US\$ | 2013<br>US\$ |
|-----------------------------------------------------------|--------------|--------------|
| Agency fee                                                | 96,524       | 289,039      |
| Amortisation of intangible assets (Note 15)               | 497,917      | 495,934      |
| Auditor's remuneration                                    | 164,817      | 148,691      |
| Depreciation:                                             |              |              |
| – Owned property, plant and equipment                     | 166,557      | 143,040      |
| – Property, plant and equipment under finance leases      | 3,887        | 4,358        |
| Employment benefit expenses (Note 12)                     | 17,926,607   | 13,407,604   |
| Legal and professional expenses                           | 980,025      | 1,288,292    |
| Marketing and promotion expenses                          | 1,256,293    | 1,880,363    |
| Operating lease rentals in respect of leased premises     | 634,195      | 458,056      |
| Other operating lease rentals                             | 762,744      | 555,555      |
| Outsourcing fee                                           | 2,362,528    | 167,001      |
| Resell software rights                                    | 31,784       | 10,083       |
| Travelling and entertainment expenses                     | 1,481,819    | 970,410      |
| Write-off of accounts receivable (Note 17)                | –            | 113,682      |
| Provision for impairment of accounts receivable (Note 17) | 14,995       | –            |
| Other expenses                                            | 1,141,106    | 1,156,530    |
| Total cost of sales and selling and operating expenses    | 27,521,798   | 21,088,638   |
| Representing:                                             |              |              |
| Cost of sales                                             | 4,002,325    | 1,585,989    |
| Selling expenses                                          | 14,489,129   | 11,913,955   |
| Operating expenses                                        | 9,030,344    | 7,588,694    |
|                                                           | 27,521,798   | 21,088,638   |

## 8 FINANCE INCOME, NET

|                                     | 2014<br>US\$ | 2013<br>US\$ |
|-------------------------------------|--------------|--------------|
| Finance income:                     |              |              |
| – Interest income on bank deposits  | 28,414       | 66,360       |
| Finance costs:                      |              |              |
| – Interest element of finance lease | (3,870)      | (1,609)      |
| Finance income, net                 | 24,544       | 64,751       |

## 9 INCOME TAX EXPENSE

Income tax expense has been provided at the prevailing rates on the estimated assessable profit for the year of the group companies operating in respective countries.

The amount of income tax expense charged to the consolidated income statement represents:

|                                       | 2014<br>US\$ | 2013<br>US\$ |
|---------------------------------------|--------------|--------------|
| Current tax:                          |              |              |
| – Current tax on profits for the year | 98,447       | 299          |
| – Under-provision in prior years      | 26,003       | –            |
| Income tax expense                    | 124,450      | 299          |

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the domestic rates applicable to profits on the group companies as follows:

|                                                                                   | 2014<br>US\$ | 2013<br>US\$ |
|-----------------------------------------------------------------------------------|--------------|--------------|
| Loss before income tax                                                            | (5,016,432)  | (4,946,135)  |
| Tax calculated at the domestic rates applicable to losses in respective countries | (736,486)    | (733,268)    |
| Income not subject to tax                                                         | (1,109)      | (19,051)     |
| Expenses not deductible for tax purposes                                          | 127,129      | 91,320       |
| Utilisation of previously unrecognised tax losses                                 | (181,049)    | (98,481)     |
| Tax losses not recognised                                                         | 860,225      | 705,121      |
| Under-provision in prior years                                                    | 26,003       | –            |
| Others                                                                            | 29,737       | 54,658       |
| Income tax expense                                                                | 124,450      | 299          |

The weighted average applicable domestic tax rate was 15% for the year ended 31 December 2014 (2013: 15%).

## 10 DIVIDENDS

|                                                                                                         | 2014<br>US\$ | 2013<br>US\$ |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|
| Proposed final dividend of GBP0.625 pence per ordinary share<br>(2013: GBP0.6 pence per ordinary share) | 377,550      | 376,314      |

Note:

A final dividend for the year ended 31 December 2014 of GBP0.625 pence per ordinary share, totalling US\$377,550 (2013: GBP0.6 pence per ordinary share totalling US\$376,314), is proposed by the Board of Directors for approval at the forthcoming annual general meeting of the Company and will be declared out of the Company's share premium.

The proposed final dividend has not been dealt with as a dividend payable as at 31 December 2014 and will be reflected as an appropriation of share premium for the year ending 31 December 2015.

# Notes to the Financial Statements

## 11 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 year.

|                                                           | 2014              | 2013       |
|-----------------------------------------------------------|-------------------|------------|
| Loss attributable to equity holders of the Company (US\$) | <b>5,140,882</b>  | 4,946,434  |
| Weighted average number of ordinary shares in issue       | <b>38,532,474</b> | 33,847,004 |
| Basic loss per share (US\$ cents per share)               | <b>13.3</b>       | 14.6       |

### 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.

## 12 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

|                                                | 2014<br>US\$      | 2013<br>US\$ |
|------------------------------------------------|-------------------|--------------|
| Wages, salaries and bonus                      | <b>15,619,295</b> | 11,852,384   |
| Staff welfare                                  | <b>707,666</b>    | 581,675      |
| Pension contributions                          | <b>925,776</b>    | 707,847      |
| Equity settled share-based payments (Note 20c) | <b>673,870</b>    | 265,698      |
|                                                | <b>17,926,607</b> | 13,407,604   |

## 13 DIRECTORS' EMOLUMENTS

|                                 | 2014<br>US\$     | 2013<br>US\$ |
|---------------------------------|------------------|--------------|
| Aggregate directors' emoluments | <b>1,240,578</b> | 948,304      |

## 13 DIRECTORS' EMOLUMENTS (CONTINUED)

Details of the directors' emoluments are set out as follows:

**For the year ended 31 December 2014**

|                          | Fees and<br>salaries<br>US\$ | Bonuses<br>US\$ | Equity settled<br>share-based<br>payments<br>US\$ | Total<br>US\$    |
|--------------------------|------------------------------|-----------------|---------------------------------------------------|------------------|
| Jay Mervin Shaw          | 247,488                      | 46,404          | 15,915                                            | 309,807          |
| Ray Cecil Ruff           | 232,020                      | 45,115          | 18,356                                            | 295,491          |
| Matthew Chaloner         | 232,020                      | 45,115          | 82,478                                            | 359,613          |
| Roger Philip Edward Durn | 43,000                       | –               | 45,249                                            | 88,249           |
| Graham Malcolm Higgins   | 33,500                       | –               | 33,937                                            | 67,437           |
| Anna Louise Thompson     | 32,500                       | –               | 33,937                                            | 66,437           |
| James Dominic Brooke     | 31,500                       | –               | 22,044                                            | 53,544           |
|                          | <b>852,028</b>               | <b>136,634</b>  | <b>251,916</b>                                    | <b>1,240,578</b> |

**For the year ended 31 December 2013**

|                                                        | Fees and<br>salaries<br>US\$ | Bonuses<br>US\$ | Equity settled<br>share-based<br>payments<br>US\$ | Total<br>US\$  |
|--------------------------------------------------------|------------------------------|-----------------|---------------------------------------------------|----------------|
| Jay Mervin Shaw                                        | 238,981                      | 19,915          | –                                                 | 258,896        |
| Ray Cecil Ruff                                         | 215,083                      | 17,924          | 8,605                                             | 241,612        |
| Matthew Chaloner<br>(Appointed on 2 January 2013)      | 208,818                      | 17,402          | 41,185                                            | 267,405        |
| Roger Philip Edward Durn                               | 40,217                       | –               | 29,721                                            | 69,938         |
| Graham Malcolm Higgins                                 | 30,163                       | –               | 22,292                                            | 52,455         |
| Anna Louise Thompson                                   | 30,163                       | –               | 22,292                                            | 52,455         |
| James Dominic Brooke<br>(Appointed on 25 October 2013) | 5,543                        | –               | –                                                 | 5,543          |
|                                                        | <b>768,968</b>               | <b>55,241</b>   | <b>124,095</b>                                    | <b>948,304</b> |

# Notes to the Financial Statements

## 14 PROPERTY, PLANT AND EQUIPMENT

|                                    | Motor<br>vehicles<br>US\$ | Leasehold<br>improvements<br>US\$ | Computer<br>and office<br>equipment<br>US\$ | Total<br>US\$ |
|------------------------------------|---------------------------|-----------------------------------|---------------------------------------------|---------------|
| <b>As at 1 January 2013</b>        |                           |                                   |                                             |               |
| Cost                               | 51,683                    | 148,146                           | 684,344                                     | 884,173       |
| Accumulated depreciation           | (33,738)                  | (120,522)                         | (491,468)                                   | (645,728)     |
| Net book amount                    | 17,945                    | 27,624                            | 192,876                                     | 238,445       |
| <b>Year ended 31 December 2013</b> |                           |                                   |                                             |               |
| Opening net book amount            | 17,945                    | 27,624                            | 192,876                                     | 238,445       |
| Additions                          | –                         | 117,541                           | 115,170                                     | 232,711       |
| Acquisition of business (Note 25)  | –                         | –                                 | 2,000                                       | 2,000         |
| Disposals                          | –                         | (7,101)                           | (373)                                       | (7,474)       |
| Depreciation                       | (17,228)                  | (26,556)                          | (103,614)                                   | (147,398)     |
| Exchange differences               | –                         | (312)                             | (1,630)                                     | (1,942)       |
| Closing net book amount            | 717                       | 111,196                           | 204,429                                     | 316,342       |
| <b>At 31 December 2013</b>         |                           |                                   |                                             |               |
| Cost                               | 51,683                    | 238,959                           | 763,812                                     | 1,054,454     |
| Accumulated depreciation           | (50,966)                  | (127,763)                         | (559,383)                                   | (738,112)     |
| Net book amount                    | 717                       | 111,196                           | 204,429                                     | 316,342       |
| <b>Year ended 31 December 2014</b> |                           |                                   |                                             |               |
| Opening net book amount            | 717                       | 111,196                           | 204,429                                     | 316,342       |
| Additions                          | 65,781                    | 1,392                             | 59,728                                      | 126,901       |
| Disposals                          | –                         | –                                 | (846)                                       | (846)         |
| Depreciation                       | (5,286)                   | (60,782)                          | (104,376)                                   | (170,444)     |
| Exchange differences               | –                         | (105)                             | (1,677)                                     | (1,782)       |
| Closing net book amount            | 61,212                    | 51,701                            | 157,258                                     | 270,171       |
| <b>At 31 December 2014</b>         |                           |                                   |                                             |               |
| Cost                               | 65,781                    | 240,125                           | 760,900                                     | 1,066,806     |
| Accumulated depreciation           | (4,569)                   | (188,424)                         | (603,642)                                   | (796,635)     |
| Net book amount                    | 61,212                    | 51,701                            | 157,258                                     | 270,171       |

Notes:

- Depreciation of US\$170,444 (2013: US\$147,398) has been charged to operating expenses.
- As at 31 December 2014, the cost and accumulated depreciation of property, plant and equipment held by the Group under finance leases amounted to US\$17,445 (2013: US\$17,445) and US\$14,734 (2013: US\$10,847) respectively.

## 15 INTANGIBLE ASSETS

|                                     | Goodwill<br>US\$ | Customer<br>base<br>US\$ | Computer<br>software<br>US\$ | Total<br>US\$ |
|-------------------------------------|------------------|--------------------------|------------------------------|---------------|
| <b>At 1 January 2013</b>            |                  |                          |                              |               |
| Cost                                | –                | 1,359,565                | 239,087                      | 1,598,652     |
| Accumulated amortisation            | –                | (812,358)                | (219,702)                    | (1,032,060)   |
| Net book amount                     | –                | 547,207                  | 19,385                       | 566,592       |
| <b>Year ended 31 December 2013</b>  |                  |                          |                              |               |
| Opening net book amount             | –                | 547,207                  | 19,385                       | 566,592       |
| Additions                           | –                | –                        | 22,889                       | 22,889        |
| Acquisition of a business (Note 25) | 1,147,553        | 2,283,532                | –                            | 3,431,085     |
| Amortisation                        | –                | (477,079)                | (18,855)                     | (495,934)     |
| Exchange differences                | –                | (2,103)                  | (176)                        | (2,279)       |
| Closing net book amount             | 1,147,553        | 2,351,557                | 23,243                       | 3,522,353     |
| <b>At 31 December 2013</b>          |                  |                          |                              |               |
| Cost                                | 1,147,553        | 3,652,813                | 261,581                      | 5,061,947     |
| Accumulated amortisation            | –                | (1,301,256)              | (238,338)                    | (1,539,594)   |
| Net book amount                     | 1,147,553        | 2,351,557                | 23,243                       | 3,522,353     |
| <b>Year ended 31 December 2014</b>  |                  |                          |                              |               |
| Opening net book amount             | 1,147,553        | 2,351,557                | 23,243                       | 3,522,353     |
| Additions                           | –                | –                        | 35,349                       | 35,349        |
| Disposal                            | –                | –                        | (308)                        | (308)         |
| Amortisation                        | –                | (472,306)                | (25,611)                     | (497,917)     |
| Exchange differences                | –                | (333)                    | (548)                        | (881)         |
| Closing net book amount             | 1,147,553        | 1,878,918                | 32,125                       | 3,058,596     |
| <b>At 31 December 2014</b>          |                  |                          |                              |               |
| Cost                                | 1,147,553        | 3,620,526                | 295,192                      | 5,063,271     |
| Accumulated amortisation            | –                | (1,741,608)              | (263,067)                    | (2,004,675)   |
| Net book amount                     | 1,147,553        | 1,878,918                | 32,125                       | 3,058,596     |

Note:

Amortisation of the Group's customer base and computer software of US\$497,917 (2013: US\$495,934) has been charged to operating expenses.

# Notes to the Financial Statements

## 15 INTANGIBLE ASSETS (CONTINUED)

### Impairment tests for goodwill

Goodwill is monitored by management at the lowest level of CGU. Goodwill relating to the acquisition of the business of eHealthcareIT LLC is included in North America segment. Management reviews the financial position and performance of eHealthcareIT on a standalone basis and therefore, it represents the lowest level of CGU for impairment assessment.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering the financial year 2015. Cash flows from 2016 to 2019 are projected based on the revenue growth rate as stated below. Cash flows from 2020 onwards are extrapolated using the estimated long-term growth rate. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the forecast period and key assumptions used are as follows:

|                        |     |
|------------------------|-----|
| Revenue growth rate:   | 8%  |
| Long term growth rate: | 2%  |
| Discount rate:         | 15% |

The revenue growth rate is determined by management based on past performance and its expectation for market development. The long-term growth rate used is determined by management with reference to the Group's historical growth rates and industry forecasts. The discount rate is pre-tax and reflects the specific risks relating to that CGU. Sensitivity analysis was performed by management and no material impact on the recoverable amount of CGU was identified.

No impairment loss is recognised for the year ended 31 December 2013 and 2014.

## 16 AVAILABLE-FOR-SALES FINANCIAL ASSETS

The available-for-sales financial assets of the Group had been fully impaired in prior years.

## 17 ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

|                                                       | 2014<br>US\$ | 2013<br>US\$ |
|-------------------------------------------------------|--------------|--------------|
| Accounts receivable                                   | 7,529,850    | 6,590,922    |
| Less: allowance for impairment of accounts receivable | (14,995)     | –            |
| Accounts receivable – net                             | 7,514,855    | 6,590,922    |
| Prepayments, deposits and other receivables           | 711,644      | 853,789      |
|                                                       | 8,226,499    | 7,444,711    |
| Less: Non-current deposits                            | (29,758)     | (141,527)    |
| Current portion                                       | 8,196,741    | 7,303,184    |

All non-current deposits are due within six years from the balance sheet date.

## 17 ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

The carrying amounts of accounts receivable are denominated in the following currencies:

|                    | 2014<br>US\$     | 2013<br>US\$     |
|--------------------|------------------|------------------|
| US Dollars         | 3,897,498        | 3,702,062        |
| Pounds Sterling    | 1,538,499        | 1,607,271        |
| Euro               | 1,901,013        | 1,160,221        |
| Australian Dollars | 99,076           | 105,624          |
| Renminbi           | 67,061           | 15,744           |
| Denmark Krone      | 11,708           | —                |
|                    | <b>7,514,855</b> | <b>6,590,922</b> |

The carrying values of accounts and other receivables approximate their fair values.

The Group grants its customers credit terms of 30 to 90 days (2013: 30 to 90 days). As of 31 December 2014, accounts receivable of US\$5,332,523 (2013: US\$5,064,807) were neither past due nor impaired. As at 31 December 2014, accounts receivable of US\$2,182,332 (2013: US\$1,526,115) were past due but not considered to be impaired. These related to a number of independent customers for whom there was no recent history of default. The aging analysis of these accounts receivable is as follows:

|                   | 2014<br>US\$     | 2013<br>US\$     |
|-------------------|------------------|------------------|
| Past due by:      |                  |                  |
| Less than 1 month | 1,178,005        | 1,244,558        |
| 1 to 3 months     | 791,582          | 197,589          |
| Over 3 months     | 212,745          | 83,968           |
|                   | <b>2,182,332</b> | <b>1,526,115</b> |

As at 31 December 2014, account receivable of US\$14,995 (2013: US\$ Nil) denominated in US\$ was individually determined to be impaired and fully provided. The individually impaired account receivable related to a customer which is in unexpectedly difficult economic situations. The aging of these receivables is as follows:

|               | 2014<br>US\$  | 2013<br>US\$ |
|---------------|---------------|--------------|
| 1 to 3 months | 5,000         | —            |
| Over 3 months | 9,995         | —            |
|               | <b>14,995</b> | <b>—</b>     |

Movements on the allowance for impairment of accounts receivable are as follows:

|                                      | 2014<br>US\$  | 2013<br>US\$ |
|--------------------------------------|---------------|--------------|
| At 1 January                         | —             | —            |
| Provision for receivables impairment | 14,995        | —            |
| At 31 December                       | <b>14,995</b> | <b>—</b>     |

# Notes to the Financial Statements

## 17 ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

The creation of provision for impaired receivables had been included in operating expenses in the consolidated income statement (Note 7). During the year ended 31 December 2013, accounts receivable of US\$113,682 was written off as management assessed that the amount is not expected to be recoverable. The amount had been recognised in operating expenses.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

## 18 CASH AND BANK BALANCES

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

The carrying amounts of cash and bank balances are denominated in the following currencies:

|                                                           | 2014<br>US\$ | 2013<br>US\$ |
|-----------------------------------------------------------|--------------|--------------|
| Cash at bank and on hand                                  |              |              |
| US Dollars                                                | 2,657,565    | 2,510,260    |
| Euro                                                      | 328,802      | 684,221      |
| Pounds Sterling                                           | 1,300,680    | 462,650      |
| HK Dollars                                                | 142,108      | 183,325      |
| Renminbi                                                  | 180,576      | 116,540      |
| Australian Dollars                                        | 185,909      | 84,673       |
| Other currencies                                          | 71,431       | 78,510       |
|                                                           | 4,867,071    | 4,120,179    |
| Bank deposits with original maturity of over three months |              |              |
| US Dollars                                                | 40,047       | 3,040,040    |
| Renminbi                                                  | –            | 535,964      |
| HK Dollars                                                | –            | 31,605       |
|                                                           | 40,047       | 3,607,609    |
|                                                           | 4,907,118    | 7,727,788    |
| Maximum exposure to credit risk                           | 4,902,431    | 7,722,419    |

## 18 CASH AND BANK BALANCES (CONTINUED)

As at 31 December 2014, the effective interest rate on bank deposits was 0.05% per annum (2013: 1.81% per annum) and these deposits are with original maturity of 187 days (2013: 184 – 365 days).

As at 31 December 2014, short-term bank deposits of US\$40,047 (2013: US\$71,645) have been deposited to a bank to secure short-term banking facilities granted to the Group. The deposits carried interest at 0.05% (2013: 0.05% to 0.11%) per annum and with original maturity of 187 days (2013: 185 days). As the banking facilities have not been utilised as at 31 December 2014 and 2013, the deposits can practically be used to meet short-term cash commitment on maturity and accordingly, the deposits were not considered to be restricted.

The Group's cash and bank balances of US\$180,306 (2013: US\$115,884) are deposited with banks in the People's Republic of China (the "PRC"). The remittance of these funds out of PRC is subject to the foreign exchange control restrictions imposed by the PRC government.

## 19 SHARE CAPITAL

|                                                         | 2014               |                | 2013          |         |
|---------------------------------------------------------|--------------------|----------------|---------------|---------|
|                                                         | No. of shares      | US\$           | No. of shares | US\$    |
| Authorised:                                             |                    |                |               |         |
| Ordinary shares at US\$0.001 each                       | <b>100,000,000</b> | <b>100,000</b> | 100,000,000   | 100,000 |
| Issued and fully paid:                                  |                    |                |               |         |
| Ordinary shares                                         | <b>38,762,826</b>  | <b>38,763</b>  | 37,917,326    | 37,917  |
| Movements in ordinary shares                            |                    |                |               |         |
| At 1 January                                            | <b>37,917,326</b>  | <b>37,917</b>  | 25,334,826    | 25,335  |
| Issue of shares to non-executive directors (Note 20b)   | <b>102,500</b>     | <b>103</b>     | 100,000       | 100     |
| Issue of shares for business acquisition (Note a)       | –                  | –              | 1,500,000     | 1,500   |
| Issue of shares from placement (Note b)                 | –                  | –              | 10,750,000    | 10,750  |
| Issue of shares upon exercise of share options (Note c) | <b>743,000</b>     | <b>743</b>     | 232,500       | 232     |
| At 31 December                                          | <b>38,762,826</b>  | <b>38,763</b>  | 37,917,326    | 37,917  |

# Notes to the Financial Statements

## 19 SHARE CAPITAL (CONTINUED)

Notes:

- (a) On 1 March 2013, the Company issued 1,500,000 ordinary shares to the former shareholders of eHealthcareIT LLC (“eHealthcareIT”) as part of the purchase consideration of the business of eHealthcareIT. These ordinary shares rank pari passu in all respects with the existing ordinary shares. The fair values of these shares amounted to US\$989,973.
- (b) 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.
- (c) During the year ended 31 December 2014, an aggregate of 743,000 share options (2013: 232,500) were exercised with proceeds of US\$250,406 (2013: US\$63,165). The weighted average market value per share at the date of exercise for these share options exercised was GBP72.2 pence (2013: GBP47.5 pence).

## 20 EQUITY SETTLED SHARE-BASED PAYMENTS

### (a) Share option scheme

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 10,000,000 ordinary shares according to an ordinary resolution passed at the annual general meeting of the Company on 9 June 2014. 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 ranges 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.

## 20 EQUITY SETTLED SHARE-BASED PAYMENTS (CONTINUED)

## (a) Share option scheme (Continued)

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                       | 2,277,500               | 1.202                                | 1,050,000               | 0.711                                |
| Forfeited                     | (271,500)               | 0.683                                | (140,000)               | 0.333                                |
| Exercised                     | (743,000)               | 0.337                                | (232,500)               | 0.272                                |
| As at 31 December             | <b>4,276,000</b>        | <b>0.876</b>                         | <b>3,013,000</b>        | <b>0.458</b>                         |
| Exercisable as at 31 December | <b>620,000</b>          | <b>0.365</b>                         | <b>845,500</b>          | <b>0.309</b>                         |

Share options outstanding during the years ended 31 December 2013 and 2014 are as follows:

| Expiry date | Exercise price per share | 2014<br>Number of shares under option | 2013<br>Number of shares under option |
|-------------|--------------------------|---------------------------------------|---------------------------------------|
| 19.04.2015  | US\$0.165                | —                                     | 50,000                                |
| 30.12.2015  | US\$0.300                | —                                     | 40,000                                |
| 24.05.2016  | US\$0.300                | 20,000                                | 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                               | 825,000                               |
| 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                                | 50,000                                |
| 19.01.2024  | GBP0.78                  | 100,000                               | —                                     |
| 14.04.2024  | GBP0.73                  | 1,576,000                             | —                                     |
| 08.06.2024  | GBP0.71                  | 457,500                               | —                                     |
| 20.07.2024  | GBP0.69                  | 7,500                                 | —                                     |
| 03.08.2024  | GBP0.69                  | 7,500                                 | —                                     |
| 01.09.2024  | GBP0.655                 | 10,000                                | —                                     |
| 10.11.2024  | GBP0.725                 | 25,000                                | —                                     |
| 13.11.2024  | GBP0.715                 | 10,000                                | —                                     |
|             |                          | <b>4,276,000</b>                      | <b>3,013,000</b>                      |

# Notes to the Financial Statements

## 20 EQUITY SETTLED SHARE-BASED PAYMENTS (CONTINUED)

### (a) Share option scheme (Continued)

The fair values of share options granted during the year ended 31 December 2014 were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

| Batch                                | i               | ii            | iii           | iv          | v           |
|--------------------------------------|-----------------|---------------|---------------|-------------|-------------|
| Date of grant                        | 20 January 2014 | 15 April 2014 | 15 April 2014 | 9 June 2014 | 9 June 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 (GBP)    | 0.4             | 0.366         | 0.375         | 0.4         | 0.371       |

| Batch                                | vi           | vii           | viii             | ix               | x                |
|--------------------------------------|--------------|---------------|------------------|------------------|------------------|
| Date of grant                        | 21 July 2014 | 4 August 2014 | 2 September 2014 | 11 November 2014 | 14 November 2014 |
| Closing price at date of grant (GBP) | 0.69         | 0.69          | 0.655            | 0.725            | 0.715            |
| Exercise price (GBP)                 | 0.69         | 0.69          | 0.655            | 0.725            | 0.715            |
| Expected volatility                  | 55.42%       | 55.27%        | 55.00%           | 54.47%           | 55.48%           |
| Expected multiple                    | 3            | 3             | 3                | 3                | 3                |
| Risk-free interest rate              | 2.53%        | 2.51%         | 2.41%            | 2.21%            | 2.09%            |
| Expected annual dividend yield       | 0.87%        | 0.87%         | 0.91%            | 0.82%            | 0.84%            |
| Fair value per share option (GBP)    | 0.338        | 0.337         | 0.318            | 0.343            | 0.344            |

The expected volatility is based on the average of industry annualised historical stock price volatility as at the date of grant. The expected life is the expected lives of the options which have been taken into account of early exercise behaviour of the option holders.

- (b) Pursuant to the terms and conditions of the letter of appointment with the non-executive directors of the Company, an aggregate of 102,500 (2013: 100,000) ordinary shares of the Company were allotted to them as part of their remuneration package for their services during the year ended 31 December 2014. The fair value of these 102,500 (2013: 100,000) shares amounted to US\$113,125 (2013: US\$74,305).
- (c) The Company recognised total expenses of US\$673,870 and US\$265,698 relating to equity settled share-based payments in the years ended 31 December 2014 and 31 December 2013 respectively.
- (d) Pursuant to the terms and conditions of the letter of appointment with a non-executive director of the Company, an aggregate of 18,521 (2013: Nil) ordinary shares of the Company were allotted to him as part of his remuneration package for his service during the year ended 31 December 2014. The fair value of these 18,521 (2013: Nil) shares amounted to US\$22,044 (2013: Nil). As at 31 December 2014, the shares had not been issued to the director yet.

## 21 OBLIGATIONS UNDER FINANCE LEASES

Finance lease liabilities – minimum lease payments:

|                                          | 2014<br>US\$   | 2013<br>US\$ |
|------------------------------------------|----------------|--------------|
| Within one year                          | 3,034          | 3,489        |
| Between two and five years               | 3,665          | 8,466        |
|                                          | <b>6,699</b>   | 11,955       |
| Future finance charges on finance leases | <b>(1,429)</b> | (3,192)      |
|                                          | <b>5,270</b>   | 8,763        |

The present value of obligations under finance leases is as follows:

|                            | 2014<br>US\$ | 2013<br>US\$ |
|----------------------------|--------------|--------------|
| Within one year            | 2,357        | 2,374        |
| Between two and five years | 2,913        | 6,389        |
|                            | <b>5,270</b> | 8,763        |

The weighted average interest rate on the outstanding finance lease liabilities as at 31 December 2014 was 7.3 % (2013: 7.3%) per annum.

All the lease obligations are denominated in HK dollars.

The carrying values of the Group's lease obligations approximate their fair values.

The Group's obligations under finance leases are secured by certain property, plant and equipment (Note 14(b)) of the Group.

## 22 ACCOUNTS AND OTHER PAYABLES

|                   | 2014<br>US\$     | 2013<br>US\$ |
|-------------------|------------------|--------------|
| Accounts payables | 1,797,805        | 562,686      |
| Other payables    | 342,381          | 797,964      |
| Accruals          | 1,821,386        | 1,763,273    |
|                   | <b>3,961,572</b> | 3,123,923    |

# Notes to the Financial Statements

## 22 ACCOUNTS AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the Group's accounts and other payables are denominated in the following currencies:

|                  | 2014<br>US\$     | 2013<br>US\$     |
|------------------|------------------|------------------|
| US Dollars       | 924,308          | 1,881,405        |
| Pounds Sterling  | 1,513,887        | 635,072          |
| HK Dollars       | 1,328,697        | 504,911          |
| Other currencies | 194,680          | 102,535          |
|                  | <b>3,961,572</b> | <b>3,123,923</b> |

The carrying values of accounts and other payables approximate their fair values.

## 23 DEFERRED REVENUE

|                             | 2014<br>US\$     | 2013<br>US\$     |
|-----------------------------|------------------|------------------|
| Deferred service fee income | 8,601,851        | 7,627,325        |
| Less: Non-current portion   | (179,333)        | (106,473)        |
| Current portion             | <b>8,422,518</b> | <b>7,520,852</b> |

The amount represents aggregate revenue received and receivable from customers in relation to hosting service, support and maintenance services and software customisation and implementation which had not yet been recognised by the Group as the service periods extend beyond the financial year end.

## 24 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

|                                                                      | 2014<br>US\$ | 2013<br>US\$ |
|----------------------------------------------------------------------|--------------|--------------|
| Deferred tax assets                                                  | 24,104       | 16,628       |
| Deferred tax liabilities                                             | (24,104)     | (16,628)     |
| Net amount shown on the consolidated statement of financial position | <b>—</b>     | <b>—</b>     |

## 24 DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities:

|                                              | <b>Accelerated tax depreciation</b> |             |
|----------------------------------------------|-------------------------------------|-------------|
|                                              | <b>2014</b>                         | 2013        |
|                                              | <b>US\$</b>                         | <b>US\$</b> |
| At 1 January                                 | <b>16,628</b>                       | 3,069       |
| Charged to the consolidated income statement | <b>7,508</b>                        | 13,419      |
| Exchange difference                          | <b>(32)</b>                         | 140         |
|                                              | <hr/>                               | <hr/>       |
| At 31 December                               | <b>24,104</b>                       | 16,628      |
|                                              | <hr/>                               | <hr/>       |

Deferred tax assets:

|                                               | <b>Tax losses</b> |             |
|-----------------------------------------------|-------------------|-------------|
|                                               | <b>2014</b>       | 2013        |
|                                               | <b>US\$</b>       | <b>US\$</b> |
| At 1 January                                  | <b>16,628</b>     | 3,069       |
| Credited to the consolidated income statement | <b>7,508</b>      | 13,419      |
| Exchange difference                           | <b>(32)</b>       | 140         |
|                                               | <hr/>             | <hr/>       |
| At 31 December                                | <b>24,104</b>     | 16,628      |
|                                               | <hr/>             | <hr/>       |

Deferred tax assets are recognised for tax losses carry forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 December 2014, the Group had unrecognised tax losses to be carried forward against future taxable income of US\$9,396,338 (2013: US\$5,576,180). These tax losses have no expiry date except that US\$2,020,935 (2013: US\$1,783,418) will expire from 2015 to 2033. The potential deferred tax assets in respect of these tax losses which have not been recognised amounted to US\$1,585,954 (2013: US\$989,048).

## 25 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. 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.

# Notes to the Financial Statements

## 25 BUSINESS COMBINATION (CONTINUED)

|                                                                             | US\$              |
|-----------------------------------------------------------------------------|-------------------|
| Consideration:                                                              |                   |
| – Cash consideration                                                        | 2,000,000         |
| – Equity instruments (1,500,000 ordinary shares)                            | 989,973           |
| – Contingent consideration, payable in cash                                 | 500,000           |
|                                                                             | <hr/>             |
| Total consideration                                                         | 3,489,973         |
|                                                                             | <hr/>             |
| Recognised amounts of identifiable assets acquired and liabilities assumed: |                   |
|                                                                             | <b>Fair value</b> |
|                                                                             | US\$              |
|                                                                             | <hr/>             |
| Intangible asset – customer base                                            | 2,283,532         |
| Property, plant and equipment (Note 14)                                     | 2,000             |
| Trade and other receivables                                                 | 210,790           |
| Trade and other payables                                                    | (43,902)          |
| Deferred revenue                                                            | (110,000)         |
|                                                                             | <hr/>             |
| Total identifiable net assets                                               | 2,342,420         |
|                                                                             | <hr/>             |
| Goodwill                                                                    | 1,147,553         |
|                                                                             | <hr/>             |

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.

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.

## 26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

|                                                            | 2014<br>US\$       | 2013<br>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)            |
|                                                            | <b>(3,337,284)</b> | <b>(3,984,293)</b> |
| 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                                | <b>(2,084,708)</b> | <b>(2,513,704)</b> |

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

|                                                                   | 2014<br>US\$  | 2013<br>US\$ |
|-------------------------------------------------------------------|---------------|--------------|
| Net book amount (Note 14)                                         | 846           | 7,474        |
| Gain/(loss) on disposal of property, plant and equipment (Note 6) | 17,360        | (7,474)      |
| Proceeds from disposal of property, plant and equipment           | <b>18,206</b> | <b>–</b>     |

## 27 OPERATING LEASE COMMITMENTS

As at 31 December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings, as follows:

|                                                   | 2014<br>US\$     | 2013<br>US\$     |
|---------------------------------------------------|------------------|------------------|
| Leased premises:                                  |                  |                  |
| Within one year                                   | 519,622          | 611,965          |
| Later than one year and not later than five years | 467,407          | 607,444          |
| Later than five years                             | 31,395           | –                |
|                                                   | <b>1,018,424</b> | <b>1,219,409</b> |

# Notes to the Financial Statements

## 28 RELATED PARTY TRANSACTIONS

(a) During the year ended 31 December 2014 and 2013, there was no significant transaction with related parties.

### (b) Key management

The Directors are regarded as key management of the Group. Details of compensation paid and payable to the Directors are disclosed in Note 13 to the consolidated financial statements.

## 29 PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2014 are as follows:

| Name of Company                                                   | Place of incorporation/<br>establishment<br>and operation | Percentage of equity<br>attributable to<br>the Company |          | Principal activities                                                                    |
|-------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|----------|-----------------------------------------------------------------------------------------|
|                                                                   |                                                           | Direct                                                 | Indirect |                                                                                         |
| NetDimensions Limited                                             | Hong Kong                                                 | 100%                                                   | –        | Licensing of computer software and provision of related services and investment holding |
| NetDimensions, Inc.                                               | United States                                             | 100%                                                   | –        | Licensing of computer software and provision of related services                        |
| NetDimensions Asia Limited                                        | Hong Kong/<br>Philippines                                 | –                                                      | 100%     | Support service centre                                                                  |
| NetDimensions (UK) Limited                                        | United Kingdom                                            | 100%                                                   | –        | Licensing of computer software and provision of related services and investment holding |
| NetDimensions (China) Limited                                     | Hong Kong                                                 | 100%                                                   | –        | Investment holding                                                                      |
| NetDimensions Software (Shanghai) Company Limited<br>網維軟件（上海）有限公司 | People's Republic of China                                | –                                                      | 100%     | Licensing of computer software and provision of related services                        |
| NetDimensions Germany GmbH                                        | Germany                                                   | –                                                      | 100%     | Licensing of computer software and provision of related services                        |
| NetDimensions (Australia) Pty Ltd.                                | Australia                                                 | –                                                      | 100%     | Licensing of computer software and provision of related services                        |
| NetDimensions Denmark ApS                                         | Denmark                                                   | –                                                      | 100%     | Licensing of computer software and provision of related services                        |

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the Company ("Meeting") will be held at 18th Floor, Siu On Centre, 188 Lockhart Road, Wan Chai, Hong Kong on Monday, 15 June 2015 at 12:30pm to consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions in the case of resolutions 1 to 5 (inclusive), and as special resolutions in the case of resolutions 6 and 7:

## ORDINARY RESOLUTIONS

1. **THAT** the audited financial statements of the Group for the year ended 31 December 2014 be approved.
2. **THAT** PricewaterhouseCoopers be appointed as auditors and that the Directors be authorised to fix their remuneration.
3. **THAT** the following directors of the Company who shall retire at the Meeting be re-elected:
  - (a) Ray Cecil Ruff as executive director
  - (b) Anna Thompson as non-executive director; and
  - (c) Roger Philip Edward Durn as non-executive director.
4. **THAT** the Company be generally and unconditionally authorised to make market purchases of ordinary shares of US\$0.001 each in the capital of the Company ("ordinary shares") provided that:
  - (a) the maximum number of ordinary shares hereby authorised to be purchased is 5,824,173 (representing 15% of the Company's issued ordinary share capital at the date of this resolution);
  - (b) the minimum price, exclusive of any expenses, which may be paid for an ordinary share is GBP 1 pence;
  - (c) the maximum price, exclusive of any expenses, which may be paid for any such share is an amount equal to 105% of the average of the middle market quotations for an ordinary share taken from AIM, a market of the London Stock Exchange plc, for the five business days immediately preceding the date on which such share is contracted to be purchased;
  - (d) the authority hereby conferred shall expire on the earlier of the date falling 12 months after the date of this Meeting or the close of the next annual general meeting of the Company;
  - (e) the Company may make a contract for the purchase of ordinary shares under this authority before the expiry of this authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of ordinary shares in pursuance of such a contract as if such authority had not expired; and
  - (f) any shares to be purchased under this authority shall be paid out of the profits of the Company or the proceeds of a fresh issue of shares made for the purposes of the purchase, or out of the capital of the Company provided that immediately following the date on which such payment out of capital is made, the Company will be able to pay its debts as they fall due in the ordinary course of business.
5. **THAT** the Directors be unconditionally authorised to declare and pay a final dividend of GBP0.625 pence per ordinary share for the year ended 31 December 2014.

# Notice of Annual General Meeting

## SPECIAL RESOLUTIONS

6. **THAT** the articles of association of the Company be and are hereby amended in the following manner:

Article 114.1 be deleted in its entirety and replaced by the following:

***“114. Interim dividends***

*114.1 The board may, if it considers that the profits or share premium of the Company or other amounts lawfully available for distribution justify such payments:*

*114.1.1 Declare and pay interim dividends on shares of any class of such amounts and on such dates and for such periods as it determines; and*

*114.1.2 declare and pay the fixed dividend on any class of shares carrying a fixed dividend on the dates prescribed for the payment of such dividends.”*

7. **THAT** the Directors be generally and unconditionally authorised (in substitution for all such subsisting authorities to the extent unused other than in respect of any allotments made, or to be made, pursuant to offers or arrangements made prior to the passing of this resolution which are hereby approved, confirmed and ratified) to allot ordinary shares in the capital of the Company on a non-pre-emptive basis, up to an aggregate nominal amount of US\$ 12,500 (comprising 12,500,000 ordinary shares), provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date falling 12 months after the date that this resolution is passed or, if earlier, the date of the next annual general meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require ordinary shares in the capital of the Company to be allotted and the Directors may allot such ordinary shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

By Order of the Board

**Janet Luk**

*Company Secretary*

Hong Kong, 13 April 2015

Notes:

1. A Shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a Shareholder.
2. A form of proxy for use at the Meeting is enclosed. Whether or not you propose to attend the Meeting in person, you are strongly urged to complete and sign the enclosed form of proxy in accordance with the instructions printed on it and to send it to, or deposit it (together with any power of attorney or other authority under which it is signed, or a notarially certified copy thereof) to the attention of Capita Registrars PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom as soon as possible and no later than 48 hours before the time appointed for holding the Meeting. Returning the completed form of proxy will not preclude you from attending the Meeting and voting in person if you so wish.
3. In the case of joint holders of record the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholder.

NetDimensions (Holdings) Limited

AIM Stock Code: **NETD**

OTCQX Symbol: **NETDY**



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