



19 September 2016

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

Half Yearly Report

NetDimensions (AIM: NETD; OTCQX: NETDY), a global provider of performance, knowledge and learning management systems, is pleased to announce its half year results for the period ending 30 June 2016.

Financial Highlights

- Total revenue of US\$10.5M (2015 H1: US\$10.6M)
 - 6% increase in revenue from our global hosted secure SaaS offering to US\$5.4M (2015 H1: US\$5.1M)
- Gross margin increased to 85% (2015 H1: 81%)
- 56% improvement in adjusted EBITDA loss to US\$0.8M (2015 H1: loss of US\$1.8M)
 - 8% reduction in cost of sales, selling & operating expenses to US\$11.9M (2015 H1: US\$12.9M)
- Cash as of 30 June 2016 US\$11.2M (2015 FY: US\$12.0M)

Operations Highlights

- 4.2M active users at the end of the period (2015 H1: 3.9M)
- Recurring revenue was 70% of total revenue in the period (2015 H1: 68%)
- 12% increase in Research & Development investment to US\$1.8M (2015 H1: US\$1.6M)
 - All of which was expensed to the Income statement during the period
- 17 new clients added in the period through direct and reseller channels with a combined contracted value of US\$1.4M

Graham Higgins, Chairman of NetDimensions, commented: "The Company made good progress in the period in terms of better cost control and declaring a substantially smaller loss than the prior period. The Company did experience some delays in rolling out some larger client contracts in the first half, however the high consequence industries which we service continue to show demand for our product suite."

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About NetDimensions

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

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

Recognised as one of the talent management industry's top-rated technology suppliers, NetDimensions' award-winning solutions have been chosen by leading organisations worldwide including ING, Cathay Pacific, Chicago Police Department, Geely Automotive, Fugro Group and Fresenius Medical Care, tesa SE and DB Schenker.

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

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

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

Chairman's Statement for the six months Ended 30 June 2016

The revenue in the six months to 30 June 2016 was similar to the prior period at US\$10.5M (2015 H1: US\$10.6M). The sales in the first half were impacted by delays in the roll-out of some larger client engagements which impacted both growth in licence revenue and associated services.

Financial Highlights

- Total revenue of US\$10.5M (2015 H1: US\$10.6M)
 - 6% increase in revenue from our global hosted secure SaaS offering to US\$5.4M (2015 H1: US\$5.1M)
- Gross margin increased to 85% (2015 H1: 81%)
- 56% improvement in the adjusted EBITDA loss to US\$0.8M (2015 H1: loss of US\$1.8M)
 - 8% reduction in cost of sales, selling & operating expenses to US\$11.9M (2015 H1: US\$12.9M)
- Cash as of 30 June 2016 US\$11.2M (2015 FY: US\$12.0M)

Financial Summary

The financial results for the period ending 30 June 2016 saw both revenue and invoiced sales coming in somewhat lower than expected. Revenue was largely unchanged when compared to the six months to June 2015, US\$10.5M (2015 H1: US\$10.6M) and invoiced sales were 3% lower, US\$9.5M (2015 H1: US\$9.8M).

Revenue from higher margin SaaS licences and multi-year on premise licences increased by 8% to US\$6.8M (2015 H1: US\$6.3M). The increase in licence revenue was off-set by a reduction in support and maintenance revenue which declined by 33% to US\$0.6M (2015 H1: US\$0.9M) and software customisation & implementation revenue which declined by 9% to US\$3.1M (2015 H1: US\$3.4M). The reduction in support and maintenance revenue is a result of the Company's strategy of transitioning clients away from legacy perpetual licences to either SaaS or multi-year on premise licenses. Software customisation & implementation revenue was impacted by the delays in the roll out of some larger client engagements.

Invoiced sales to clients in high consequence industries represented 91% of total invoiced sales (2015 H1: 92%), which is in line with our strategy of becoming a leading provider of Talent Management Systems and related compliance solutions to high consequence industries.

The North America region was the largest market for the Group during the period comprising 48% of Group revenues. Europe, Middle East & Africa ("EMEA") accounted for 40% of Group revenues and Asia Pacific including China 10%. The rest of the world made up 2%.

The Group continues to focus on supplying software via its global hosted secure SaaS offering and revenues from this product offering increased by 6% to US\$5.4M (2015 H1: US\$5.1M).

The Company continued to make improvements in expense management leading to a reduction of 8% in cost of sales, selling and operating expenses to US\$11.9M (2015 H1: US\$12.9M).

Gross Margins improved in the period to 85% (2015 H1: 81%) as a result of a reduction in the costs of sales related to services and a better product mix of higher-margin licence revenue which represented 64% of total revenue (2015 H1: 60%).

The improved margin and reduction in expenses resulted in the Group's adjusted EBITDA loss coming in

56% better than prior period. The Group's adjusted EBITDA loss excluding net foreign exchange gains US\$0.2M, intangible asset amortisation (US\$0.2M) and non-cash share-based payments (US\$0.3M), was \$0.8M (2015 H1: loss of US\$1.8M). NetDimensions' loss before tax was US\$1.2M (2015 H1: loss of US\$2.5M).

Cash generated from operating activities was US\$0.2M in the period (2015 H1: cash absorption of US\$1.3M). The Group's cash balance at the end of the period was US\$11.2M (2015 H1: US\$3.5M) and the accounts receivable balance was US\$4.6M (2015 H1: US\$3.5M).

Operations Review

During the period we made the following progress in line with our business plan:

- 4.2M active users at the end of the period (2015 H1: 3.9M)
- Recurring revenue was 70% of total revenue in the period (2015 H1: 68%)
- 12% increase in Research & Development investment to US\$1.8M (2015 H1: US\$1.6M)
 - All of which was expensed to the Income statement during the period
- NetDimensions Ranked as a Leader in the 2016 Aragon Research Globe™ for Corporate Learning. NetDimensions was ranked as a 'Leader' for excellence in:
 - enterprise LMS functionality
 - talent management
 - compliance
 - analytics
 - language support
- NetDimensions has been positioned again as a “Core Leader” in the unique European learning and talent market insight report, Fosway 9-Grid™ for Learning Management Systems (LMS)
- 17 new clients added in the year through direct and reseller channels with a combined contracted value of US\$1.4M. These new clients operate in a number of high consequence industries including healthcare, financial services, life sciences and precision manufacturing

Board

James Brooke, Non-Executive Director of the Company has decided to resign from the Company with immediate effect. We would like to thank James Brooke, for his contribution to the Board over the last three years, his financial expertise has been an asset to the Company and we are glad that he will continue to retain an interest in the Company as a valued shareholder, the Board would like to thank him and wish him well for the future.

Outlook

The Company made good progress in the period in terms of better cost control and declaring a substantially smaller loss than the prior period. The Company did experience some delays in rolling out some larger client contracts in the first half, however the high consequence industries which we service continue to show demand for our product suite.

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Note	Unaudited Six months ended 30 June	
		2016 US\$	2015 US\$
Revenue	5	10,491,583	10,592,318
Cost of sales	6	(1,576,233)	(2,021,335)
Gross profit		8,915,350	8,570,983
Other gains/(losses), net		194,525	(201,663)
Selling expenses	6	(6,027,938)	(6,244,011)
Operating expenses	6	(4,272,637)	(4,613,752)
Operating loss		(1,190,700)	(2,488,443)
Finance income		367	498
Finance costs		(549)	(834)
Finance costs, net	7	(182)	(336)
Loss before income tax		(1,190,882)	(2,488,779)
Income tax expense		-	(3,540)
Loss for the period		(1,190,882)	(2,492,319)
Attributable to: Equity holders of the Company		(1,190,882)	(2,492,319)
Loss per share attributable to owners of the Company during the period (expressed in US\$ cents per share)			
- Basic	8	(2.3)	(6.4)
- Diluted	8	(2.3)	(6.4)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Unaudited	
	<u>Six months ended 30 June</u>	
	2016	2016
	US\$	US\$
Loss for the period	(1,190,882)	(2,492,319)
Other comprehensive (loss)/income:		
Currency translation differences	(907,041)	48,137
Other comprehensive (loss)/income for the period	(907,041)	48,137
	<u>-----</u>	<u>-----</u>
Total comprehensive loss for the period	(2,097,923)	(2,444,182)
	<u>=====</u>	<u>=====</u>
Total comprehensive loss attributable to owners of the Company	(2,097,923)	(2,444,182)
	<u>=====</u>	<u>=====</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

		Unaudited	Unaudited	Audited
	Note	30 June 2016 US\$	30 June 2015 US\$	31 December 2015 US\$
ASSETS				
Non-current assets				
Property, plant and equipment	9	328,697	302,581	260,030
Intangible assets	10	2,431,930	2,820,022	2,590,605
Deposits		171,572	29,498	168,037
		<u>2,932,199</u>	<u>3,152,101</u>	<u>3,018,672</u>
Current assets				
Accounts and other receivables, prepayments and deposits		5,184,052	4,118,584	9,030,267
Tax recoverable		-	1,460	-
Cash and bank balances	11	11,190,765	3,536,248	11,981,221
		<u>16,374,817</u>	<u>7,656,292</u>	<u>21,011,488</u>
Total assets		<u><u>19,307,016</u></u>	<u><u>10,808,393</u></u>	<u><u>24,030,160</u></u>
EQUITY				
Equity attributable to owners of the Company				
Share capital	12	51,230	39,089	51,150
Other reserves		28,085,621	18,623,045	29,147,076
Accumulated losses		(18,251,711)	(17,493,183)	(17,078,149)
Total equity		<u><u>9,885,140</u></u>	<u><u>1,168,951</u></u>	<u><u>12,120,077</u></u>
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities		-	-	3,567
Obligations under finance leases		12,344	1,172	14,412
Deferred revenue		112,607	209,260	61,789
		<u>124,951</u>	<u>210,432</u>	<u>79,768</u>
Current liabilities				
Accounts and other payables		1,337,910	1,483,216	2,967,993
Deferred revenue		7,487,172	7,487,637	8,727,155
Dividend payable		467,729	373,518	-
Obligations under finance leases		4,114	2,357	4,118
Income tax payable		-	82,282	131,049
		<u>9,296,925</u>	<u>9,429,010</u>	<u>11,830,315</u>
Total liabilities		<u><u>9,421,876</u></u>	<u><u>9,639,442</u></u>	<u><u>11,910,083</u></u>
Total equity and liabilities		<u><u>19,307,016</u></u>	<u><u>10,808,393</u></u>	<u><u>24,030,160</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Attributable to owners of the Company						
	Share capital US\$	Share premium US\$	Capital redemption reserve US\$	Translation reserve US\$	Share-based payment compensatio n reserve US\$	Accumulated losses US\$	Total US\$
At 1 January 2015	38,763	17,702,373	850	216,288	852,548	(15,006,278)	3,804,544
Comprehensive loss:							
Loss for the period	-	-	-	-	-	(2,492,319)	(2,492,319)
Other comprehensive income for the period:							
Currency translation differences	-	-	-	48,137	-	-	48,137
Total comprehensive income/(loss) for the period	-	-	-	48,137	-	(2,492,319)	(2,444,182)
Transactions with owners in their capacity as owners							
Employee share potion benefits	-	-	-	-	21,124	-	21,124
Issue of shares to non-executive directors	52	65,596	-	-	-	-	65,648
Issue of shares upon exercise of share options	274	151,285	-	-	(56,224)	-	95,335
Transfer to accumulated losses upon forfeiture of share options	-	-	-	-	(5,414)	5,414	-
Dividend relating to 2014	-	(373,518)	-	-	-	-	(373,518)
At 30 June 2015 (unaudited)	39,089	17,545,736	850	264,425	812,034	(17,493,183)	1,168,951

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Attributable to owners of the Company						
	Share capital US\$	Share premium US\$	Capital redemption reserve US\$	Translation reserve US\$	Share-based payment compensation reserve US\$	Accumulated losses US\$	Total US\$
At 1 January 2016	51,150	28,062,193	850	59,999	1,024,034	(17,078,149)	12,120,077
Comprehensive loss:							
Loss for the period	-	-	-	-	-	(1,190,882)	(1,190,882)
Other comprehensive loss for the period:							
Currency translation differences	-	-	-	(907,041)	-	-	(907,041)
Total comprehensive loss for the period	-	-	-	(907,041)	-	(1,190,882)	(2,097,923)
Transactions with owners in their capacity as owners							
Employee share option benefits	-	-	-	-	272,661	-	272,661
Issue of shares to non-executive directors	35	30,483	-	-	-	-	30,518
Allotment of shares to a non-executive director but not yet issued	-	-	-	-	13,876	-	13,876
Issue of shares upon exercise of share options	45	21,094	-	-	(7,479)	-	13,660
Transfer to accumulated losses upon forfeiture of share options	-	-	-	-	(17,320)	17,320	-
Dividend relating to 2015	-	(467,729)	-	-	-	-	(467,729)
At 30 June 2016 (unaudited)	51,230	27,646,041	850	(847,042)	1,285,772	(18,251,711)	9,885,140

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Note	Unaudited <u>Six months ended 30 June</u>	
		2016	2015
		US\$	US\$
Cash flows from operating activities			
Cash generated from/(used in) operations	14(a)	330,339	(1,244,684)
Interest paid		(549)	(834)
Income tax paid		(122,237)	(13,984)
		<hr/>	<hr/>
Net cash generated from/(used in) operating activities		207,553	(1,259,502)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of property, plant and equipment		(157,698)	(142,041)
Purchase of intangible assets		(7,120)	(12,121)
Interest received		367	498
Proceeds from disposal of property, plant and equipment	14(b)	1,314	-
Decrease in bank deposits with original maturity of over three months		-	40,047
		<hr/>	<hr/>
Net cash used in investing activities		(163,137)	(113,617)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from issuance of shares under share option scheme		13,660	95,335
Repayments of capital element of finance leases		(2,072)	(1,741)
		<hr/>	<hr/>
Net cash generated from financing activities		11,588	93,594
		<hr/>	<hr/>
Net increase /(decrease) in cash and cash equivalents		56,004	(1,279,525)
Cash and cash equivalents at beginning of the period		11,731,221	4,867,071
Effect of foreign exchange rate changes		(846,460)	(51,298)
		<hr/>	<hr/>
Cash and cash equivalents at end of the period	11	<u>10,940,765</u>	<u>3,536,248</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

NetDimensions (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands as a limited liability company under the Companies Law (2000) Revision on 10 July 2000. The address of its registered office is P.O. Box 309, 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 17/F., Siu On Centre, 188 Lockhart Road, Wan Chai, Hong Kong.

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

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

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

This condensed consolidated interim financial information for the six months ended 30 June 2015 and 2016 have not been audited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basic of preparation

The Company has a financial year end date of 31 December. This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Boards (“IASB”).

(b) Significant accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

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

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

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 2016. 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

		Effective for the accounting period beginning on or after
IAS 7 (Amendments)	Statement of Cash Flows	1 January 2017
IAS 12 (Amendments)	Income Taxes	1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 10 and IAS 28 (Amendments)	Sale of Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined

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

3 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were that same as those that applied to the consolidated financial statements for the year ended 31 December 2015, with the exception of changes in estimate that are required in determining the provision for income tax.

4 FINANCIAL RISK MANAGEMENT

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

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

5 REVENUE AND SEGMENT INFORMATION

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

	Unaudited Six months ended 30 June	
	2016 US\$	2015 US\$
Software licensing	1,343,175	1,211,213
Hosting services	5,444,844	5,126,514
Support and maintenance	551,448	890,118
Software customisation and implementation	3,152,116	3,364,473
	<u>10,491,583</u>	<u>10,592,318</u>

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

The Group's revenue is mainly derived from customers located in North America, EMEA, Asia Pacific and Rest of the World, 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, and cash and bank balances excluding for corporate use. Cash and bank balances for corporate use are excluded from segment assets.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segmental information for the six months ended 30 June 2016 is as follows:

	North America US\$	EMEA US\$	Asia Pacific US\$	Rest of the World US\$	Total US\$
Revenue from external customers	5,051,672	4,157,290	1,032,363	250,258	10,491,583
Segment results	(762,734)	(43,767)	190,055	93,553	(522,893)
Amortisation of intangible assets – customer base	(152,235)	-	-	-	(152,235)
Unallocated corporate expenses					(515,572)
Finance income					367
Finance costs					(549)
Loss before income tax					(1,190,882)
Income tax expense					-
Loss for the period					(1,190,882)
Segment assets	6,815,865	2,897,187	1,615,752	-	11,328,804
Unallocated assets					7,978,212
					19,307,016
Additions to non-current assets	-	3,896	160,922	-	164,818
Depreciation and amortisation	196,498	6,440	46,008	-	248,946

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segmental information for the six months ended 30 June 2015 is as follows:

	North America US\$	EMEA US\$	Asia Pacific US\$	Rest of the World US\$	Total US\$
Revenue from external customers	5,027,990	4,150,050	865,212	549,066	10,592,318
Segment results	(1,033,426)	(1,265,246)	126,369	260,780	(1,911,523)
Amortisation of intangible assets – customer base	(235,996)	-	-	-	(235,996)
Unallocated corporate expenses					(340,924)
Finance income					498
Finance costs					(834)
Loss before income tax					(2,488,779)
Income tax expense					(3,540)
Loss for the period					(2,492,319)
Segment assets	5,080,464	2,873,820	1,365,021	40,002	9,359,307
Unallocated assets					1,449,086
					10,808,393
Additions to non-current assets	99,431	1,666	53,065	-	154,162
Depreciation and amortisation	280,279	8,029	68,507	-	356,815

6 OPERATING LOSS

Operating loss is stated after charging the following:

	Unaudited	
	<u>Six months ended 30 June</u>	
	2016	2015
	US\$	US\$
Auditor's remuneration	71,549	76,775
Amortisation of intangible assets	165,771	250,499
Depreciation on property, plant and equipment	83,175	106,316
Employee benefit expenses	7,916,550	8,134,250
Legal and professional expenses	412,994	514,812
Marketing and promotion expenses	647,028	680,330
Operating lease rentals in respect of leased premises	378,908	355,937
Other operating lease rentals	530,302	514,167
Outsourcing fee	613,161	1,047,170
Resell software rights	33,042	41,162
Travel and entertainment expenses	305,954	409,653
Other expenses	718,374	748,027
	<hr/>	<hr/>
Total cost of sales and selling and operating expenses	11,876,808	12,879,098
	<hr/>	<hr/>
Representing:		
Cost of sales	1,576,233	2,021,335
Selling expenses	6,027,938	6,244,011
Operating expenses	4,272,637	4,613,752
	<hr/>	<hr/>
	11,876,808	12,879,098
	<hr/>	<hr/>

7 FINANCE COSTS, NET

	Unaudited	
	<u>Six months ended 30 June</u>	
	2016	2015
	US\$	US\$
Finance income:		
- Interest income on bank deposits	367	498
	<hr/>	<hr/>
Finance costs:		
- Interest element of finance lease	(549)	(834)
	<hr/>	<hr/>
Finance costs, net	(182)	(336)
	<hr/>	<hr/>

8 LOSS PER SHARE

Basic

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

	Unaudited	
	<u>Six months ended 30 June</u>	
	2016	2015
Loss attributable to equity holders of the Company (US\$)	(1,190,882)	(2,492,319)
Weighted average number of ordinary shares in issue	51,221,190	38,917,530
Basic loss per share (US\$ cents per share)	(2.3)	(6.4)

Diluted

Diluted loss per share is the same as basic loss per share since the exercise of the outstanding share options would have an anti-dilutive effect for the six months ended 30 June 2015 and 2016.

9 PROPERTY, PLANT AND EQUIPMENT

	<u>As at 30 June</u>	
	2016	2015
	US\$	US\$
Net book value at 1 January	260,030	270,171
Additions	157,698	142,041
Disposals	(4,504)	(2,193)
Depreciation for the period	(83,175)	(106,316)
Exchange differences	(1,352)	(1,122)
Net book value at 30 June (unaudited)	328,697	302,581

10 INTANGIBLE ASSETS

	Goodwill US\$	Customer base US\$	Computer software US\$	Total US\$
Net book value at 1 January 2016	1,147,553	1,420,864	22,188	2,590,605
Additions	-	-	7,120	7,120
Disposals	-	-	-	-
Amortisation for the period	-	(152,235)	(13,536)	(165,771)
Exchange differences	-	-	(24)	(24)
Net book value at 30 June 2016 (unaudited)	<u>1,147,553</u>	<u>1,268,629</u>	<u>15,748</u>	<u>2,431,930</u>
Net book value at 1 January 2015	1,147,553	1,878,918	32,125	3,058,596
Additions	-	-	12,121	12,121
Disposals	-	-	(202)	(202)
Amortisation for the period	-	(235,996)	(14,503)	(250,499)
Exchange differences	-	7	(1)	6
Net book value at 30 June 2015 (unaudited)	<u>1,147,553</u>	<u>1,642,929</u>	<u>29,540</u>	<u>2,820,022</u>

11 CASH AND BANK BALANCES

	Unaudited As at 30 June	
	2016 US\$	2015 US\$
Cash on hand	5,503	5,476
Cash at bank	10,895,212	3,490,718
Short-term bank deposits	40,050	40,054
Cash and cash equivalents	<u>10,940,765</u>	<u>3,536,248</u>
Restricted bank deposits with original maturity of over three months	<u>250,000</u>	<u>-</u>
Total cash and bank balances	<u>11,190,765</u>	<u>3,536,248</u>

12 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Unaudited As at 30 June			
	2016		2015	
	No. of shares	US\$	No. of shares	US\$
Movements in ordinary shares				
At 1 January	51,150,226	51,150	38,762,826	38,763
Issue of shares to non-executive directors (note 13(b))	34,639	35	52,500	52
Issue of shares upon exercise of share options (note a)	45,000	45	273,500	274
At 30 June	<u>51,229,865</u>	<u>51,230</u>	<u>39,088,826</u>	<u>39,089</u>

Note:

- (a) During the period ended 30 June 2016, an aggregate of 45,000 share options (30 June 2015: 273,500) were exercised with proceeds of US\$13,660 (30 June 2015: US\$95,335). The weighted average market value per share at the date of exercise for these share options exercised was GBP 60 pence (30 June 2015: GBP 80.4 pence).

13 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 is ranged from one year to five years from the date of grant. If the options remain unexercised ten years after the date of grant, the options will expire. Options are forfeited if the relevant option holder leaves the Group before the options vest.

13 EQUITY SETTLED SHARE-BASED PAYMENTS (CONTINUED)

(a) Share option scheme (Continued)

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

	2016		2015	
	Number of share options	Weighted average exercise price US\$	Number of share options	Weighted average exercise price US\$
As at 1 January	2,989,000	0.840	4,276,000	0.876
Granted	2,480,000	0.802	550,000	1.126
Forfeited	(134,000)	1.017	(1,467,000)	0.990
Exercised	(45,000)	0.303	(273,500)	0.365
As at 30 June	<u>5,290,000</u>	0.789	<u>3,085,500</u>	0.840
Exercisable as at 30 June (unaudited)	<u>1,780,416</u>	0.653	<u>1,066,250</u>	0.558

Share options outstanding during the periods ended 30 June 2016 and 30 June 2015 are as follows:

Expiry date	Exercise price per share	30 June 2016 Number of shares under option	30 June 2015 Number of shares under option
24/05/2016	US\$0.300	-	20,000
28/12/2016	US\$0.300	44,000	49,000
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	50,000
02/01/2022	GBP0.215	275,000	300,000
01/01/2023	GBP0.51	250,000	250,000
05/03/2023	GBP0.44	100,000	100,000
05/05/2023	GBP0.425	250,000	250,000
01/09/2023	GBP0.555	50,000	50,000
14/04/2024	GBP0.73	1,176,000	1,334,000
08/06/2024	GBP0.71	-	7,500
01/09/2024	GBP0.655	10,000	10,000
10/11/2024	GBP0.725	25,000	25,000
13/11/2024	GBP0.715	10,000	10,000
22/04/2025	GBP0.815	250,000	300,000
12/01/2026	GBP0.61	750,000	-
02/02/2026	GBP0.545	1,720,000	-
		<u>5,290,000</u>	<u>3,085,500</u>

13 EQUITY SETTLED SHARE-BASED PAYMENTS (CONTINUED)

(a) Share option scheme (Continued)

The fair values of share options granted during the period ended 30 June 2016 were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

Batch	i	ii	iii
Date of grant	13 January 2016	3 February 2016	3 February 2016
Closing price at date of grant (GBP)	0.61	0.545	0.545
Exercise price (GBP)	0.61	0.545	0.545
Expected volatility	51.68%	51.60%	51.60%
Expected multiple	3	3	1.5
Risk-free interest rate	1.75%	1.52%	1.52%
Expected annual dividend yield	1.02%	1.15%	1.15%
Fair value per share option(GBP)	0.299	0.252	0.22

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 34,639 (30 June 2015: 52,500) ordinary shares of the Company were allotted to them as part of their remuneration package during the period ended 30 June 2016. The fair values of these shares amounting to US\$30,518 and US\$65,648 respectively.
- (c) The Company recognised total expenses of US\$317,056 and US\$86,772 relating to equity settled share-based payments in the periods ended 30 June 2016 and 30 June 2015 respectively.
- (d) Pursuant to the terms and conditions of the letter of appointment with a non-executive director of the Company, an aggregate of 15,750 (30 June 2015: Nil) ordinary shares of the Company were allotted to him as part of his remuneration package for his service during the period ended 30 Jun 2016. The fair value of these 15,750 (30 June 2015: Nil) shares amounted to US\$13,876 (30 June 2015: Nil). As at 30 Jun 2016, the shares had not been issued to the director yet.

14 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Unaudited	
	<u>Six months ended 30 June</u>	
	2016	2015
	US\$	US\$
Loss before income tax	(1,190,882)	(2,488,779)
Adjustments for:		
Amortisation of intangible assets	165,771	250,499
Depreciation of property, plant and equipment	83,175	106,316
Equity settled share-based payments	317,056	86,772
Exchange (gain)/loss	(168,922)	154,625
Finance income	(367)	(498)
Finance costs	549	834
Loss on disposal of property, plant and equipment	3,190	2,193
Loss on disposal of intangible assets	-	202
	<hr/>	<hr/>
Changes in working capital	(790,430)	(1,887,836)
- Accounts and other receivables, prepayments and deposits	3,799,042	3,946,838
- Accounts and other payables	(1,589,692)	(2,452,223)
- Deferred revenue	(1,088,581)	(851,463)
	<hr/>	<hr/>
Net cash generated from/(used in) operations	<u>330,339</u>	<u>(1,244,684)</u>

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

	Unaudited	
	<u>Six months ended 30 June</u>	
	2016	2015
	US\$	US\$
Net book amount (Note 9)	4,504	2,193
Loss on disposal of property, plant and equipment	(3,190)	(2,193)
	<hr/>	<hr/>
Proceeds from disposal of property, plant and equipment	<u>1,314</u>	<u>-</u>

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

	Unaudited	
	<u>Six months ended 30 June</u>	
	2016	2015
	US\$	US\$
Net book amount (Note 10)	-	202
Loss on disposal of intangible assets	-	(202)
	<hr/>	<hr/>
Proceeds from intangible assets	<u>-</u>	<u>-</u>