



2015

Interim Report

Highlights

- ARR¹ growth of **34%**²
to \$28.9m
from \$21.6m
- Gross margin **75%**
- Customer retention rate **90%**
by value
- Cash **\$7.4m**
- Half year operating revenue rises **26%**
to \$13.3m from \$10.6m
- More than **1,000**
e-commerce sites
worldwide use SLI
- Net cash outflow trending **down**
in coming months

1. Annualised Recurring Revenue (ARR) is a non-GAAP financial performance measure used internally by SLI as a basis for its expected forward revenue. ARR is calculated based on the subscription revenue from the existing customer base in the reference month and then annualized using exchange rates at the end of the reference month. ARR does not account for changes in behaviour of customers. For the Site Champion component of ARR it is necessary to apply judgment to mitigate the effects of one-off events that impact the base month revenue of the calculation.

2. 34% is the growth from the reported ARR of \$21.6m at December 2013. On a constant currency basis the growth over the past 12 months was 28%.



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SLI Systems helps
online retailers
increase sales by
connecting shoppers
with the products they
are most likely to buy.

Chairman and Chief Executive's Report



Greg Cross



Shaun Ryan

Dear Shareholders

In the first half of this financial year SLI has extended its track record of delivering strong year-on-year revenue growth. In the 12 months to 31 December 2014 Annual Recurring Revenue (ARR) grew 34% aided in part by favourable movements of the US dollar against the New Zealand dollar. We continue to outperform the global e-commerce market that is estimated to be growing at 18% per annum¹. SLI's performance also represents a 50% increase over the company's ARR at the time of our May 2013 Initial Public Offering.

This strong performance reflects a continuing appetite amongst retailers and other online businesses for solutions that will help increase top-line sales and therefore bottom-line profit. Maintaining our tight focus on this mission has been a key component of the company's success as a global provider to the e-commerce industry.

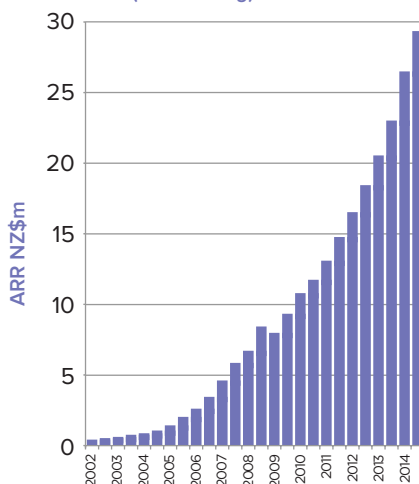
Half-year operating revenue in the six months to 31 December 2014 rose 26% to \$13.3 million from \$10.6 million in the same period the prior year. Gross margin and customer retention remained robust and in line with prior performance, at 75% and 90%, respectively.

1. eMarketer, December 2014.

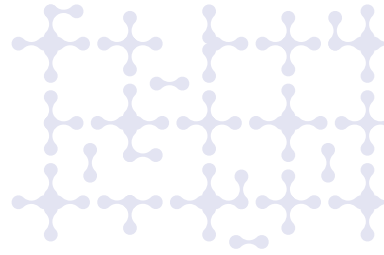
2. All points on this graph are calculated on a constant currency basis.

Growth continues ahead of the market

ARR Growth (six monthly)²



SLI's Software-as-a-Service (SaaS) business model provides a recurring revenue stream at high margins, meaning that each dollar of ARR booked this year can be expected to bring in many multiples of its value in additional revenue in the years to come. To build this recurring revenue business, we have been investing in growing our business. That is also why we consider ARR to be one of the key indicators of our success.



As part of our investment strategy, the company's half year net loss rose to \$4.0 million from \$2.3 million at the same time last year. Our balance sheet continues to be strong, with no debt and \$7.4 million cash on hand as of 31 December 2014. We expect the company's revenue growth trajectory to exceed spending growth, and therefore we should start to see reductions in our cash outflow over the course of the next six months. We believe our present cash position is sufficient for our current growth plans.

Global usage at an all-time high

The number of worldwide e-commerce sites using SLI services continues to expand, as does average size, traffic, geographic distribution and number of services used. All this expansion resulted in a new milestone for the company: In December 2014 the number of search queries served by SLI hit a peak of 1.7 billion, which is 54% higher than the previous December holiday season's high point.

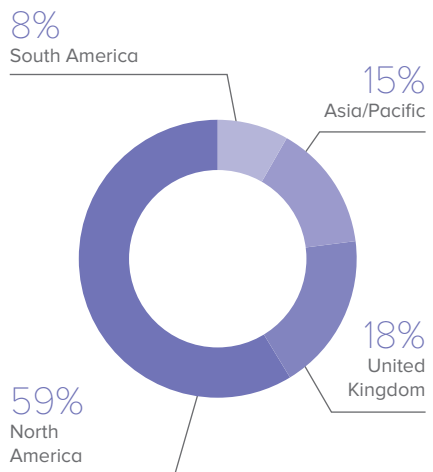
The company also recently announced that more than 1,000 e-commerce sites are using SLI services to increase their sales. SLI's customer numbers grew 22% in the past year, from 445 to 543. Notable new customers recruited in the past six months include Oscaro in the United States, Jigsaw in the UK, and Kathmandu in Australia and New

Zealand. During this time SLI has maintained its position as the most-chosen SaaS site search provider among the IR 1000, the 1,000 largest online retailers in the US as measured by *Internet Retailer Magazine*.

North America, the company's largest market with nearly 60% of total ARR, grew 27% year-on-year on a constant currency basis. The UK, Asia/Pacific, and South America grew 26%, 29% and 38%, respectively.

An expanding global business

ARR by Geography



ARR Growth by Geography¹

Region	% Change
North America	27%
United Kingdom	26%
Asia/Pacific	29%
South America	38%
Total	28%

The company's revenue growth exceeded its growth in customer count, indicating that SLI's client base is increasing in average revenue size. This increase illustrates our success in penetrating larger retailers worldwide. To accommodate these global brands, we added three supported languages—Simplified Chinese, Turkish, and Hungarian—in the past six months, bringing our total count of supported languages to 17. This broad set of languages not only opens a bigger set of geographies as markets, it also expands our ability to support the requirements of large multinational retailers.

2014 was the year of third-party recognition for SLI. Over the course of the year the company received ten industry awards for its technology, its customer implementations, and its people (see pages 6 and 7 of this report). Named by such prestigious institutions as the Direct Marketing Association, *Retail Systems Magazine*, eCommerce Expo, *Direct Commerce Magazine* and the New Zealand Engineering Excellence Awards, these accolades from around the globe reflect how widely the company impacts online retail today.

1. Calculated on a constant currency basis. 34% is the growth from the reported ARR of \$21.6m at December 2013.

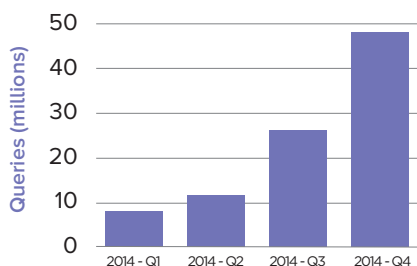
Developing for the future

We continue to see adoption of the new products we launched in 2014.

SLI Learning Recommendations™ is an add-on to our foundational SLI Learning Search™ service, which provides recommendations for additional products to site visitors. This service learns from previous customers' behaviour to present the products that individual shoppers are most likely to choose. US jeweler Michael C. Fina implemented Learning Recommendations™ on its site, which then experienced a 34% clickthrough rate on the products suggested by the service. This solution combined with Learning Search™ increased conversion amongst site search users to 1.9 times its previous level and raised the revenue per shopper using site search by 313%.

An accelerating pace for new product adoption

Learning Recommendations™ queries



SLI Dynamic Product Banners™ helps retailers convert shoppers who come to their sites from public search engines such as Google or Bing. The service presents a series of products that are likely to be chosen by shoppers based on the product

being viewed. This technique increases the opportunity for a search engine user to land on a page containing a product he or she would consider purchasing. Dynamic Product Banners™ can improve conversion on both organic and paid search traffic, not only increasing sales but also making expensive online marketing campaigns more cost effective. US wine storage and accessories retailer Wine Enthusiast has seen a 17% clickthrough rate on its landing pages using Dynamic Product Banners™. Shoppers who interact with the banners convert at a higher rate, and revenue-per-click for Wine Enthusiast has increased by 48%.

We expect these and our entire portfolio of products to experience increased adoption amongst our customer base in the near future and the years to come. A significant contribution to that future success should come from the overall market trend towards personalisation. In the e-commerce world “personalisation” describes the practice of using technology to offer the best, customised experience for site visitors on a case-by-case basis. We have offered elementary personalisation in our search, navigation and recommendations products since they were launched. We will continue developing our capabilities in this regard, enabling more targeted online experiences that will yield increased revenue per shopper and therefore higher ROI for our customers.

Outlook

In January 2015 we completed the transition to our new sales leadership. Newly-appointed Chief Revenue Officer and President of North America Neil Thomas has now assumed full responsibility for all sales and business development personnel, strategy and

operations. Neil has a near-twenty-year track record for establishing, developing and continuously improving highly successful global sales teams. We expect his contribution to further accelerate revenue growth for the business.

E-commerce is a thriving industry and by all reasonable expectations will continue that way for many years. Online retailers and business-to-business sites are growing in number and importance, and the vast majority of these online businesses still have not optimised in the areas where SLI can help them. Online retailers will increasingly learn that site search and related functions are critical components of their success and that by improving these segments of the path to purchase they can help their bottom line. At SLI we are taking measures to ensure we remain a top choice for retailers seeking to increase website sales.

We have a strong pipeline of new business opportunities and important product improvements on the way to help us close sales and delight our customers. We look forward to the remainder of the financial year with great confidence.



Greg Cross
Chairman



Shaun Ryan
Chief Executive Officer

A global
team with
global
recognition

North
America
61 staff

In 2014 SLI received ten awards worldwide, demonstrating the company's leadership among e-commerce solutions providers.

Awards to SLI



eCommerce Awards for Excellence 2014 (UK)
Best Product



2014 ECMOD Direct Commerce Supplier of the Year Awards (UK)
Best Technology Solution



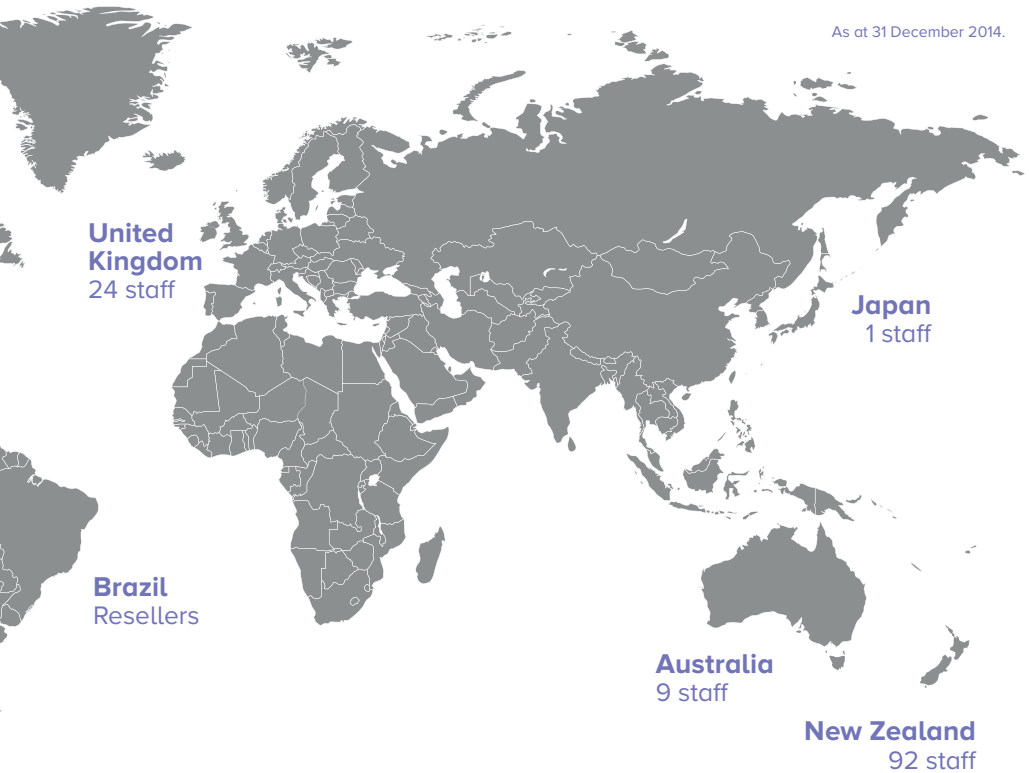
2014 New Zealand Engineering Excellence Awards (NZEEA) (New Zealand)
New Zealand Engineering Entrepreneurs of the Year – Shaun Ryan and Grant Ryan



Best in Biz (US)
Silver Most Customer Friendly Company Award



Retail Systems Awards 2014 (UK)
Highly Commended Online Technology Vendor of the Year



Awards to Our Customers



Direct Marketing Association Stars of Search (US)

Winner – Wine Enthusiast's VP of eCommerce Glenn Edelman



Retail TouchPoints (US)

Gold Customer Engagement, Analytics Award – Lakeshore Learning



World Retail Awards (France)

Customer Experience of the Year Award – Appliances Online



Online Retail Industry Awards (ORIAS) (Australia)

Best Pure Play Online Retailers – Appliances Online and SurfStitch



Retail TouchPoints (US)

Channel Innovation Award – Wine Enthusiast

What our customers say about us

SLI enjoys the loyalty of the world's leading retailers because its patented technology delivers real performance improvements to retailers' e-commerce sites.

HealthPost

• Better You, Better World •

60% increase

in use of the search function.

"The SLI team has this incredibly flexible way of engaging with clients. They don't put many rules around what can and can't be done, or what can be achieved."

- Abel Butler, CEO, HealthPost

SurfStitch

25% increase

in time on site.

"SLI hasn't just made it easier for our existing customers and visitors to find what they're looking for, it has also made it easier for new customers to find us online."

- Lex Pedersen, Managing Director, SurfStitch

Paul Smith

11% growth

in revenue.

"Implementing SLI Systems intelligent search solutions has been key to our e-commerce growth."

- Simon Young, Web Development Manager, Paul Smith



SPORTS AUTHORITY

300% drop

in 'no results' searches.

"SLI's cohesive leadership team and positive company culture show through in the way the company supports its clients."

- Jason Ostendorf, Director of E-commerce Operations, Sports Authority

A circular graphic on the right side of the page, featuring a dark background with bright, colorful bokeh lights and streaks of light resembling fireworks or sparks, primarily in shades of purple, pink, and orange.

Financial Statements

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Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2014

		Unaudited 6 months ended 31 Dec	Unaudited 6 months ended 31 Dec	Audited 12 months ended 30 Jun
	NOTE	2014 \$'000	2013 \$'000	2014 \$'000
Operating revenue		13,342	10,596	22,117
Other income		270	144	279
Total revenue & other income	3	13,612	10,740	22,396
Operating expenses		(7,277)	(5,529)	(12,296)
Employee entitlements		(10,439)	(7,750)	(16,485)
Operating profit / (loss) before finance costs		(4,104)	(2,539)	(6,385)
Finance income		139	260	472
Net financing income / (costs)		139	260	472
Profit / (loss) before tax		(3,965)	(2,279)	(5,913)
Income tax (expense) / credit		(30)	(10)	191
Profit / (loss) for the period		(3,995)	(2,289)	(5,722)
Other comprehensive income recycled through profit and loss				
Currency translation movement		32	29	(12)
Total comprehensive (loss) / income for the period attributable to the shareholders of the company		(3,963)	(2,260)	(5,734)
(Loss) / earnings per share				
Basic (loss) / earnings per share		(0.066)	(0.039)	(0.096)
Diluted (loss) / earnings per share		(0.066)	(0.039)	(0.096)

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2014

	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	Share Capital	Share Option Reserve	Translation Reserve	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	17,674	1,216	34	(7,476)	11,448
Profit / (loss) for the period	-	-	-	(3,995)	(3,995)
Currency translation movement	-	-	32	-	32
Total comprehensive income for the period	-	-	32	(3,995)	(3,963)

Transactions with owners

Share options

- Share options exercised during period	332	(110)	-	-	222
- Share option expense for the period	-	273	-	-	273
- Share options expired for the period	-	(48)	-	48	-
Balance at 31 December 2014	18,006	1,331	66	(11,423)	7,980

	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	Share Capital	Share Option Reserve	Translation Reserve	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	16,531	995	46	(1,817)	15,755
Profit / (loss) for the period	-	-	-	(2,289)	(2,289)
Currency translation movement	-	-	29	-	29
Total comprehensive income for the period	-	-	29	(2,289)	(2,260)

Transactions with owners

Share options

- Share options exercised during period	916	(207)	-	-	709
- Share option expense for the period	-	266	-	-	266
- Share options expired for the period	-	(13)	-	13	-
Balance at 31 December 2013	17,447	1,041	75	(4,093)	14,470

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated Balance Sheet

As at 31 December 2014

		Unaudited 31 Dec 2014 \$'000	Unaudited 31 Dec 2013 \$'000	Audited 30 Jun 2014 \$'000
	NOTE			
ASSETS				
Current assets				
Cash and cash equivalents		7,359	13,621	11,389
Trade and other receivables		6,581	4,468	4,972
Taxation receivable		5	-	30
Total current assets		13,945	18,089	16,391
Non-current assets				
Deferred tax assets		358	179	358
Property, plant and equipment		1,649	1,537	1,589
Intangible assets		103	134	115
Total non-current assets		2,110	1,850	2,062
Total assets		16,055	19,939	18,453
LIABILITIES				
Current liabilities				
Taxation payable		-	78	-
Trade and other payables		5,791	3,986	4,967
Employee benefits		2,188	1,352	1,966
Total current liabilities		7,979	5,416	6,933
Non-current liabilities				
Employee benefits		81	53	57
Deferred tax liabilities		15	-	15
Total non-current liabilities		96	53	72
Total liabilities		8,075	5,469	7,005
Net assets		7,980	14,470	11,448
EQUITY				
Share capital	5	18,006	17,447	17,674
Reserves		1,397	1,116	1,250
Accumulated losses		(11,423)	(4,093)	(7,476)
Total equity		7,980	14,470	11,448
Net tangible asset backing per ordinary security		\$0.13	\$0.24	\$0.19

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2014

		Unaudited 6 months ended 31 Dec	Unaudited 6 months ended 31 Dec	Audited 12 months ended 30 Jun
	NOTE	2014 \$'000	2013 \$'000	2014 \$'000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		12,969	10,765	22,109
Interest received		191	182	445
Net GST received		(46)	73	87
Government grants		230	273	271
Insurance proceeds		-	-	13
Cash was applied to:				
Payments made to suppliers and employees		(17,318)	(13,334)	(27,030)
Income tax paid		(5)	(20)	(91)
Net cash inflow/(outflow) from operating activities	4	(3,979)	(2,061)	(4,196)
Cash flows from investing activities				
Cash was provided from/(applied to):				
Purchase of property, plant & equipment		(259)	(409)	(689)
Purchase of intangibles		(14)	-	(10)
Net cash inflow/(outflow) from investing activities		(273)	(409)	(699)
Cash flows from financing activities				
Cash was provided from/(applied to):				
Cash received from share options exercised		222	709	902
Net cash inflow/(outflow) from financing activities		222	709	902
Net increase/(decrease) in cash and cash equivalents		(4,030)	(1,761)	(3,993)
Cash and cash equivalents at the beginning of the period		11,389	15,382	15,382
Cash and cash equivalents at the end of the period		7,359	13,621	11,389

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. General information

SLI Systems Limited (the Company, SLI) and its subsidiaries S.L.I. Systems, Inc., SLI Systems (UK) Limited and SLI Systems (Japan) K.K (together the Group) provide site search and navigation technologies to connect site visitors with products on e-commerce websites. The Group has operations in New Zealand, the United States, Australia, the United Kingdom and Japan.

The consolidated financial statements for the Group for the period ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 23 February 2015.

2. Basis of preparation

These general purpose financial statements for the six months ended 31 December 2014 have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting and consequently, do not include all the information required for full financial statements. These condensed Group interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2014.

The interim financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Financial Markets Conduct Act 2013 and the New Zealand Stock Exchange (NZX).

SLI Systems Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements of SLI Systems Limited and its Subsidiaries for the year ended 30 June 2014 which have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

The Company and Group are designed as profit-oriented entities for financial reporting purposes.

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of SLI Systems Limited and its Subsidiaries for the year ended 30 June 2014.

There have been no significant changes in accounting policies during the period.

3. Revenue and other income

	Unaudited 6 months ended 31 Dec	Unaudited 6 months ended 31 Dec	Audited 12 months ended 30 Jun
	2014 \$'000	2013 \$'000	2014 \$'000
Revenue from sale of services	13,342	10,596	22,117
Government grants received and receivable	270	144	267
Insurance proceeds	-	-	12
Total revenue and other income	13,612	10,740	22,396

4. Reconciliation from the net (loss)/profit after tax to the net cash from operating activities

	Unaudited 6 months ended 31 Dec	Unaudited 6 months ended 31 Dec	Audited 12 months ended 30 Jun
	2014 \$'000	2013 \$'000	2014 \$'000
Net (loss)/profit after tax	(3,996)	(2,289)	(5,722)
Adjustments			
Depreciation	204	164	391
Amortisation	26	28	57
Loss/(gain) on foreign exchange transactions	27	28	(13)
Share option expense	273	266	525
Changes in working capital items			
(Increase)/decrease in trade receivables & prepayments	(605)	15	(29)
(Decrease)/increase in trade & other payables	42	(332)	831
(Increase)/decrease in GST	25	69	46
(Increase)/decrease in tax	25	(10)	(282)
Net cash outflow from operating activities	(3,979)	(2,061)	(4,196)

5. Contributed equity

(a) Ordinary share capital

Current Period

	Number of ordinary shares	\$'000
Balance at 31 December 2013 (unaudited)	60,046,686	17,447
Share options exercised	451,332	227
Balance at 1 July 2014 (audited)	60,498,018	17,674
Share options exercised	478,094	332
Balance at 31 December 2014 (unaudited)	60,976,112	18,006

The total authorised number of ordinary shares is 60,976,112 shares as at 31 December 2014. All shares are fully paid.

Prior Period

	Number of ordinary shares	\$'000
Balance at 1 July 2013 (audited)	58,137,106	16,531
Share options exercised	1,909,580	916
Balance at 31 December 2013 (unaudited)	60,046,686	17,447

The total authorised number of ordinary shares is 60,046,686 shares as at 31 December 2013. All shares are fully paid.

(b) Redeemable shares

On 31 May 2013, the Company issued 399,999 unlisted redeemable shares, with an issue price of \$1.50, which were allotted to independent directors, as contemplated in the Prospectus dated 6 May 2013.

On 20 December 2013, the Company issued 107,527 unlisted redeemable shares, with an issue price of \$1.86, to Andrew Lark, an independent director, as approved by Board resolution on the 19 December 2013.

The redeemable shares have the same rights and terms, and rank uniformly in all respects with the ordinary shares in the Company.

In satisfaction of the issue price of the redeemable shares, the Company provided loans to the redeemable shareholders of \$800,000 in aggregate. The loans provided are interest free, have recourse only against the redeemable shares and are repayable in full on 31 May 2016 (\$600,000) and 20 December 2016 (\$200,000), or some other date under certain conditions. The substance of these transactions is similar in nature to the issuing of share options and as such are valued in accordance with note 6 using the Blacks-Scholes pricing model. As at 31 December 2014, no cash has been exchanged in relation to these transactions and the loans are not recognised in the financial statements.

The redeemable shares vest immediately. Upon repayment of the loan, the redeemable shares automatically reclassify into ordinary shares in the Company.

The unlisted redeemable shares as at 31 December 2014 are as follows:

	Unlisted redeemable shares	Loan \$
Greg Cross	133,333	200,000
Sarah Smith	133,333	200,000
Sam Knowles	133,333	200,000
Andrew Lark	107,527	200,000
Total	507,526	800,000

6. Share options

Options to subscribe for shares have been issued to certain directors, employees and some advisors of the Company. The purpose of the plan is to provide an incentive to attract, retain and reward individuals performing services for the Company and to motivate such individuals to contribute to the growth and profitability of the Company.

The options shall be exercisable to the extent of 1/4 of the options as of the one year anniversary after the grant date, then an additional 1/36th of the remaining balance on a monthly basis, so that the options are fully exercisable on the fourth anniversary of the grant date. The options are no longer exercisable on the first to occur of i) the 10th anniversary of the grant date, ii) the last date for exercising the option following termination of the Optionee's Service or iii) its termination in connection with a change in control in the Company.

The functional and presentation currency of the financial statements is in New Zealand dollars however a significant majority of the options have an exercise price denominated in US dollars so the tables below are presented in USD where appropriate.

Current Period

Reconciliation of outstanding options	Number of options	Weighted average exercise price US\$
		2014
Balance at 1 July 2014	6,786,960	0.71
Expired during the period	(285,306)	1.02
Exercised during the period	(478,094)	0.38
Issued	1,264,700	1.01
Balance at 31 December 2014	7,288,260	0.72
Exercisable at 31 December 2014	4,508,586	0.52

Prior Period

Reconciliation of outstanding options	Number of options	Weighted average exercise price US\$
		2013
Balance at 1 July 2013	8,663,574	0.46
Expired during the period	(472,897)	0.68
Exercised during the period	(1,909,580)	0.30
Issued	753,927	1.57
Balance at 31 December 2013	7,035,024	0.60
Exercisable at 31 December 2013	4,064,276	0.39

The weighted average exercise price of the total options at the end of the period is USD 72 cents which equates to NZD 92 cents at 31 December 2014 exchange rates.

The tables above include the unlisted redeemable shares as detailed in note 5 (b). Note the 1,264,700 options issued in the six months to 31 December 2014 include a single tranche of 600,000 options issued to a new senior employee in the US. The Board decided this level of options was required to be issued to attract the appropriate talent for this position.

Share options outstanding at the end of the period have the following characteristics.

The following options are outstanding at 31 December 2014:

Number of options	Range of exercise price per share	Weighted average contractual life at 31 December 2014 (years)
566,800	US\$ 0.29 – \$0.33	2.2
2,966,844	US\$ 0.3333	5.6
270,375	US\$ 0.68	7.4
465,938	US\$ 0.75	7.7
259,200	US\$ 0.78	8.2
889,800	NZ\$ 1.20 - \$1.39	10.0
205,900	NZ\$ 1.40 - \$1.59	9.7
525,396	NZ\$ 1.60 - \$1.79	8.5
260,080	NZ\$ 1.80 - \$1.99	9.4
601,927	NZ\$ 2.00 - \$2.19	8.9
96,600	NZ\$ 2.20 - \$2.39	8.9
55,200	NZ\$ 2.40 - \$2.59	9.3
124,200	NZ\$ 2.60 - \$2.80	9.2

Measurement of fair value

The fair value of the options granted was measured based on the Black-Scholes pricing model. Expected volatility is estimated by considering historic average share price volatility and industry peer volatility.

The inputs used in the measurement of the fair values at grant date of the share based payment plans were as follows for USD\$ options. No options have been issued in USD during the period (Dec 2013 nil):

USD\$ Options	Dec 2014	Dec 2013	Jun 2014
Share price at grant date (weighted average USD\$)	0.41	0.42	0.42
Exercise price (weighted average USD\$)	0.42	0.42	0.42
Expected volatility (weighted average)	20% to 30%	20% to 30%	20% to 30%
Expected life (weighted average)	4	4	4
Risk-free interest rate (weighted average)	3.0%	3.0%	3.0%
Fair value at grant date (weighted average USD\$)	0.09	0.10	0.10

The inputs used in the measurement of the fair values at grant date of the share based payment plans were as follows for NZD\$ options:

NZD\$ Options	Dec 2014	Dec 2013	Jun 2014
Share price at grant date (weighted average NZD\$)	1.57	1.76	1.86
Exercise price (weighted average NZD\$)	1.57	1.76	1.86
Expected volatility (weighted average)	30%	30%	30%
Expected life (weighted average)	4	4	4
Risk-free interest rate (weighted average)	3.7%	3.1%	3.4%
Fair value at grant date (weighted average NZD\$)	0.47	0.50	0.54

Directors

The following directors hold the following number of options as at 31 December 2014:

	Exercise Price	
Shaun Ryan	US\$0.33	49,260
Greg Cross	US\$0.33	120,000

7. Related parties

Parent and ultimate controlling party

The immediate parent and ultimate controlling party of the Group is SLI Systems Limited.

Related party transactions and balances

Directors' holdings of options, preference shares and associated loans are disclosed in Notes 5 and 6.

Marder Media Group, Inc. (of which Steven Marder is a director) is a shareholder of Delivery Agent which is a customer of S.L.I Systems, Inc. Revenue recognised in the period \$89,000 (Dec 2013 \$82,000).

Group Lark Pty Ltd (of which Andrew Lark is a director) provided consulting services to S.L.I Systems, Inc. Consultancy fees charged to the Group for the period in which Mr Lark was a director were \$28,000 (Dec 2013 nil).

8. Interest bearing liabilities

There are no interest bearing liabilities in the six months to 31 December 2014.

9. Contingencies

There are no contingencies at 31 December 2014.

10. Commitments

(a) Operating lease commitments

	Unaudited 6 months ended 31 Dec	Unaudited 6 months ended 31 Dec	Audited 12 months ended 30 Jun
	2014 \$'000	2013 \$'000	2014 \$'000
Non-cancellable operating lease rentals are payable as follows:			
Less than one year	1,160	1,076	1,129
Between one and five years	2,170	2,745	2,758
More than five years	-	-	-
	3,330	3,821	3,887

The Group leases properties. Operating leases held over certain properties give the Group the right to renew the lease subject to a redetermination of the lease rental by the lessor, however potential commitments beyond the renewal dates have not been included in the above commitments.

(b) Capital commitments

There are no material contractual obligations to purchase plant and equipment at 31 December 2014.

11. Segmental information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the Group, has been identified as the CEO.

The Group currently operates in one business segment providing website search services in New Zealand, United States, Australia, the United Kingdom, Brazil and Japan. Discrete financial information is not produced on a geographical basis and the operating results are reviewed on a group basis.

12. Events occurring after 31 December 2014

There are no events occurring after 31 December 2014 that materially affects the information within the financial statements.

Board and Management

Board

Greg Cross

Independent Chairman

Dr. Shaun Ryan

Chief Executive Officer and Co-Founder

Steven E. Marder

Non-Executive Director and Co-Founder

Matthew Houtman

Non-Executive Director

Sarah Smith

Independent Director

Sam Knowles

Independent Director

Andrew Lark

Independent Director

Management

Dr. Shaun Ryan

Chief Executive Officer and Co-Founder

Rod Garrett

Chief Financial Officer

Tim Callan

Chief Marketing Officer

Neil Thomas

Chief Revenue Officer and President of North America

Dr. Wayne Munro

Chief Technology Officer and Co-Founder

Dr. Blair Cassidy

Vice President of Product Management

Chris Riland

Vice President of Customer Success

Michael Grantham

Chief Information Officer and Co-Founder

Heather Kinghorn

Vice President of Human Resources

Directory

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Website: www.slj-systems.com

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Christchurch 8011

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PricewaterhouseCoopers

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Christchurch

Registrar

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Victoria Street West, Auckland 1142
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Facsimile: +64 (9) 375 5990
Email: enquiries@linkmarketservices.co.nz
Website: www.linkmarketservices.co.nz

Investor Calendar

Financial Year End

30 June 2015

Full-year Results Announcement

August 2015

Annual Meeting

October 2015

