

17 March 2015

WANdisco plc

Preliminary unaudited results for the year ended 31 December 2014

Big Data customer wins gather momentum

Financial Highlights

- Sales bookings up 18% to \$17.4m (2013: \$14.8m)
- Revenue up 40% to \$11.2m (2013: \$8.0m)
- Deferred revenue from booked sales up 47% to \$19.3m (2013: \$13.1m)
- Adjusted EBITDA¹ loss \$17.9m (2013: \$7.8m loss)
- New funds: \$10.0m credit facility; \$26.1m net equity fundraise (post year-end)

Operational and Strategic Highlights

Big Data

- 9 new customer wins
- British Gas expanded its solution in our largest Big Data deal to date
- Joined the Hadoop Open Data Platform with Hortonworks, EMC, IBM and others (post year-end)
- *Non-Stop Hadoop* product evolves to unify data across multiple Hadoop-compatible storage vendors

Application Lifecycle Management ("ALM")

- 46 new ALM subscriptions from global corporations such as Panasonic, Polycom and Zurich Insurance
- 54 upgraded or expanded ALM subscriptions, including Cisco, Pitney Bowes, Fannie Mae and Pixelworks
- New ALM products released for Git and Gerrit software development environments

¹ EBITDA loss excluding equity-settled share-based payment, capitalised product development, acquisition-related items and exceptional items.

David Richards, WANdisco Chief Executive, comments:

"For large enterprises adopting Hadoop, our technology has quickly become part of the standard Big Data architecture. We are seeing customers increasingly seeking a connected set of vendors to co-ordinate their Big Data infrastructure. Alongside such vendors, we recently deepened our partner relationships by joining the new Hadoop Open Data Platform.

WANdisco is enabling customers across industries to realise insights, reliability and savings that they otherwise could not achieve. We believe that many of our new Big Data customers will go on to expand significantly their WANdisco solutions as they take more and more data into their mission-critical applications.

As 2014 progressed we achieved a marked increase in momentum in our Big Data business, as successful production trials led into some significant contract wins. Alongside our new customer wins, our first contract expansion by an existing customer was particularly encouraging.

We began 2015 by winning one of the world's top ten banks as a Big Data customer and are addressing a number of exciting new sales opportunities, made more tangible by powerful references from 2014's new customers. We look forward to reporting more customer successes as the year progresses."

Notes

An audio webcast recording of the analyst presentation will be available on the company website after the event.

All Group announcements and news can be found at <http://www.wandisco.com>

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About WANdisco plc

WANdisco (LSE: WAND) is a provider of enterprise-ready, non-stop software that enables globally distributed organizations to meet today's data challenges of secure storage, scalability and continuous availability. WANdisco's products are differentiated by the company's patented, active-active data replication technology, serving crucial continuous availability requirements, including Hadoop Big Data and Application Lifecycle Management ("ALM"), including Apache Subversion and Git. Fortune Global 1000 companies, including Juniper Networks, Motorola, Intel and Halliburton, rely on WANdisco for performance, reliability, security and availability. For additional information, please visit www.wandisco.com.

BUSINESS REVIEW

2014 was a pivotal year in the evolution of the Big Data marketplace, as global corporations started to shift from trialing Hadoop applications to using Hadoop actively for real-time mission-critical data. WANdisco played a key role in this transition by enabling some key customers to cross over into 'live production', ensuring enterprise-standard resiliency by licensing our technology.

Our established ALM business continued to gather new customers in a growing market and generate resilient subscription revenues from its large customer base, providing financial momentum to help support our growth.

The uniqueness of the technology underpinning our software products was demonstrated, shortly after the year-end, by the award of our second patent, allowed on 29 January 2015. Building on the replication fundamentals covered by our first patent, this new patent covers the management of replication network members, protecting features that our customers use to ensure reliability, save costs and comply with data protection regulations.

Big Data

As Hadoop deployments have moved more emphatically into enterprise implementations at global scale, our *Non-Stop Hadoop* product, ensuring continuous data availability and high processing performance, has started to come into its own as an essential requirement for taking Hadoop applications into live production. We are enabling customers across industries to realise performance, insight, reliability and savings that they otherwise could not achieve. Many of our new Big Data customers intend to expand significantly their WANdisco solutions as they take more and more data into their mission-critical applications.

Increasing customer adoption

Nine new customers selected *Non-Stop Hadoop* during the year, six of these in the fourth quarter. Amongst these customers, in the consumer sector, dunnhumby and Epsilon are using our product to transform the capture, interrogation, availability and responsiveness of their customer data. In financial services, two global banks adopted our technology to enable analysis of buying behaviour, verification of financial transactions and management of risk, including fraud. We expect all of these customers to scale up to significantly bigger subscriptions over time as they develop their Hadoop operations.

Our first example of a customer adopting the product and subsequently scaling up its subscription contract came with British Gas, which, after its first contract in March, carried out extensive testing and subsequently scaled up for live production, entering into a new subscription that is our largest-ever Big Data contract.

After the end of the year, a global top ten bank selected *Non-Stop Hadoop* following rigorous trials. The bank has included WANdisco in its standard architecture for Big Data, which it intends to roll out across the bank. With the bank's data infrastructure covering tens of thousands of data nodes, the potential for its subscription to expand in value is considerable, making it, at full utilisation, WANdisco's largest Big Data customer to date.

Our fourth quarter sales marked an increase in momentum in Big Data, with some significant contract wins in a short period of time. Our pipeline of sales opportunities grew significantly during the year and now includes a broad industry spread, with opportunities in the EMEA and Asia-Pacific regions building up to complement our well-established opportunities in the Americas. A number of recently successful production trials are expected to lead to new subscription contracts during 2015.

Extending our product leadership

Responding to customer requirements, we have added to the core continuous availability features of *Non-Stop Hadoop*. New features enable data capture from multiple data centres; allocation of data processing to the most cost-effective hardware; and selective replication of data to comply with national data governance regulations. These features are controlled through a new administrative user interface.

We broadened our product offering by acquiring OhmData, Inc., a developer of HBase, an open source, non-relational, distributed Hadoop database. Alongside our existing distributed computing experts, OhmData has advanced our Big Data products, including *Non-Stop HBase*, not least because of the ability to commit new Hadoop code to improve integration between WANdisco products and the Hadoop open source platform.

To widen Big Data storage and availability options, we have evolved *Non-stop Hadoop* into *WANdisco Fusion*: a common access layer which unifies storage between Hadoop and Hadoop-compatible vendors. The product is easy to install and enables seamless and interchangeable use of multiple data sources

New partnerships

During the year, we partnered with the two principal Hadoop distributors, Cloudera and Hortonworks. We became a certified partner in the Oracle *Big Data Appliance* hardware and applications stack, and in the IBM *Infosphere BigInsights* stack, opening up access to global enterprise sales forces and vast customer bases of large corporations. dunnhumby was our first customer win from the Oracle partnership.

After the end of the year, we joined the Hadoop Open Data Platform (“ODP”) to collaborate and integrate with Hortonworks, IBM, Pivotal, EMC, SAS and others. This brings opportunities for our new *WANdisco Fusion* product to unify storage across these vendors. Sales collaboration will now be focused principally on ODP vendors. *WANdisco Fusion* will nevertheless be able to connect with storage systems outside of the ODP without access to their underlying technology.

Application Lifecycle Management (“ALM”)

Our well-established ALM products generated \$14.6m of sales bookings in the year. Whilst last year’s multi-year renewals impacted overall growth, new subscriptions grew by 29%.

Notable new customers amongst the 46 new enterprise subscriptions included Globant, Panasonic, Synaptics, Polycom, Zurich Insurance and PetSmart. Amongst existing customers we sustained high subscription renewal rates, with several customers signalling confidence in our products by renewing on a multi-year basis. Significant renewals included Cisco, Wal-Mart, Fannie Mae and Pixelworks. 54 of our customers extended usage of our product across their organisations, including Pitney Bowes and Huawei.

Our close links with the software development and open source communities have allowed us to move fast in introducing new products. Over one-third of our ALM sales in the fourth quarter were of products based on the emerging Git open source code management environment, which is now the leading platform. Key product releases in the year included:

- *Git MultiSite 1.2*, providing scalability and continuous availability for Git access and collaboration. New features simplify administration, enforce global policies, and enhance performance and security.
- Support for the increasingly popular Git collaboration tools, *GitLab* and *Gerrit*.
- Access Control Plus, the first unified access control solution for both the Subversion and Git open source tools, providing consistent authorisation, authentication and audit across globally distributed development sites.

We continue to see strong potential in the source code management segment of the ALM market that we focus on. Software development continues to become more geographically and organisationally distributed and greater control and efficiency is sought, both amongst software publishers and in industry more generally.

People

Over the year we have augmented our unique blend of renowned experts in distributed and open source computing, with experienced operational management drawn from the world’s best technology vendors.

Our leading open source committers significantly advanced our products, keeping them well integrated with Hadoop, Git and other open source projects. We successfully completed exhaustive Big Data production trials with some of the world’s most exacting technology customers.

Since the end of the year we have made some leadership changes in our sales and partnership activities that we expect to lead to greater focus and effectiveness in delivering on our sales opportunities.

FINANCE REVIEW

Sales bookings were \$17.4m (2013: \$14.8m) representing 18% growth compared to the prior year. Sales bookings are total subscription contract values, subsequently recognised as revenue over the life of the contract. Bookings remain weighted to the well-established ALM business.

Revenue for the year grew 40% to \$11.2m (2013: \$8.0m). This growth includes revenue deferred from previous periods, in particular revenue from large multi-year contracts sold at the end of 2013.

Deferred revenue from sales booked during the year and in previous years (and not yet recognised as revenue) increased 47% to \$19.3m at 31 December 2014 (31 December 2013: \$13.1m), reflecting success in securing forward revenue from multi-year new and renewed contracts.

Big Data

\$2.8m of bookings came from our Big Data products (2013: \$0.2m). This included a record \$2.1m in the fourth quarter (Q4 2013: nil).

Nine new customers selected our *Non-Stop Hadoop* product. Amongst these, British Gas, after a period of extensive testing, progressed to live production, entering into a new subscription that is our largest-ever Big Data contract.

Contracts values ranged up to \$750,000, with customers indicating plans to scale up these contracts as they further develop their Hadoop operations.

On 30 June 2014 we announced the acquisition of San Francisco-based OhmData, Inc., a developer of HBase, an open source, non-relational, distributed Hadoop database. The enterprise value of the acquisition was \$2.4m, paid in WANdisco stock. This included a post-acquisition share-based payment, which is included in exceptional items.

ALM

\$14.6m of bookings came from our ALM products, (2013: \$14.6m). The prior year's bookings benefitted from one large multi-year renewal deal in the final quarter.

The high proportion of bookings from new subscriptions, and high renewal rates, continue to demonstrate the potential of the ALM market. Multi-year contracts continue to be prevalent.

Based on its operating scale and revenue potential, it remains our intention to advance the ALM business towards profitability in 2015.

Profit and loss

Our headcount increased to 182 as at 31 December 2014 (31 December 2013: 143), reflecting investment to develop and take to market our Big Data products. This includes recruitment of product engineers and sales executives.

The adjusted EBITDA loss for the year (excluding equity-settled share-based payment, capitalised product development, acquisition-related items and exceptional items) was \$17.9m (2013: \$7.8m loss). The loss resulted from significant investment to address our high growth markets, albeit in parallel we have begun to realise cost efficiencies across a number of functions.

In product development, as our products have matured we have concentrated most of our activity in testing, user interface and release management in our lower-cost UK locations. Resulting cash cost savings enabled us to accelerate development of our core Big Data product features and the underlying technology platform, which remains in the US. Product development expenditure for the year was \$9.0m (2013: \$7.4m). All of this expenditure was devoted to new product features and was capitalised.

Balance sheet and cash flow

Trade and other receivables at 31 December 2014 were \$14.5m (31 December 2013: \$10.5m). \$4.4m of receivables was billed by the year end (31 December 2013: \$4.5m), \$8.0m comprised contractual payments not yet billed (31 December 2013: \$4.7m), largely from multi-year contracts, and \$2.1m related to non-trade receivables (31 December 2013: \$1.3m).

Net cash stood at \$2.5m at 31 December 2014 (31 December 2013: \$25.7m). After the end of the year, we secured \$24.8m of new equity funds (net of fees), from a selection of UK and US investors. The new shares commenced trading on 18 February 2015. This is in addition to the existing revolving credit facility with HSBC Bank plc, announced on 5 August 2014, which remained undrawn at 31 December 2014. The funds available will be used to finance continued expansion in the Big Data market, including product development and go-to-market activities.

OUTLOOK

As 2014 progressed we achieved a marked increase in momentum in our Big Data business, as successful production trials led into some significant contract wins. Alongside these new customer wins, our first contract expansion by an existing customer was particularly encouraging.

Our ALM business continues to generate resilient subscription revenues in a growing market, and we aim to take it towards profitability in 2015.

We began 2015 by winning one of the world's top ten banks as a Big Data customer, and are addressing a number of exciting new sales opportunities, made more tangible by powerful references from 2014's new customers. We look forward to reporting more customer successes as the year progresses.

We have deepened our relationship with a range of existing partners as part of the Hadoop Open Data Platform, with whom we will be selling our next generation Big Data product, *WANdisco Fusion*. We have begun to work on new sales collaboration efforts with these partners.

Consolidated statement of profit and loss and other comprehensive income

for the year ended 31 December 2014

	Notes	Unaudited Year ended 31 December 2014			Audited Year ended 31 December 2013		
		Pre- exceptional \$'000	Exceptional items \$'000	Total \$'000	Pre- exceptional \$'000	Exceptional items \$'000	Total \$'000
Continuing operations							
Revenue	3	11,218	-	11,218	8,012	-	8,012
Cost of sales		(2,165)	-	(2,165)	(1,579)	-	(1,579)
Gross profit		9,053	-	9,053	6,433	-	6,433
Operating expenses	4	(47,529)	(1,441)	(48,970)	(23,425)	(2,276)	(25,701)
Loss from operations	5	(38,476)	(1,441)	(39,917)	(16,992)	(2,276)	(19,268)
Finance income	6	584	-	584	52	-	52
Finance costs	6	(27)	-	(27)	(294)	(484)	(778)
Net finance income/(costs)	6	557	-	557	(242)	(484)	(726)
Loss before tax		(37,919)	(1,441)	(39,360)	(17,234)	(2,760)	(19,994)
Income tax	7	1,053	-	1,053	263	-	263
Loss for the year		(36,866)	(1,441)	(38,307)	(16,971)	(2,760)	(19,731)
Other comprehensive income							
Items that are or may be reclassified to profit or loss:							
Foreign operations – foreign currency translation differences		(444)	-	(444)	136	-	136
Other comprehensive income for the year, net of tax		(444)	-	(444)	136	-	136
Total comprehensive income for the year		(37,310)	(1,441)	(38,751)	(16,835)	(2,760)	(19,595)
Loss per share							
Basic and diluted	8			\$1.59			\$0.90

The notes on pages 11 to 17 form an integral part of this preliminary announcement.

Consolidated balance sheet

as at 31 December 2014

	Notes	Unaudited 2014 \$'000	Audited 2013 \$'000
Assets			
Intangible assets	9	9,814	8,092
Property, plant and equipment		410	311
Non-current assets		10,224	8,403
Trade and other receivables	10	14,452	10,511
Cash and cash equivalents		2,481	25,673
Current assets		16,933	36,184
Total assets		27,157	44,587
Liabilities			
Borrowings – finance lease liabilities		(8)	(35)
Trade and other payables		(3,195)	(2,508)
Deferred income	11	(19,269)	(13,124)
Deferred government grant		(81)	(242)
Current tax liabilities		(2)	-
Current liabilities		(22,555)	(15,909)
Deferred income tax liabilities		(5)	(5)
Non-current liabilities		(5)	(5)
Total liabilities		(22,560)	(15,914)
Net assets		4,597	28,673
Equity			
Share capital		3,879	3,755
Share premium		56,587	53,882
Translation reserve		(302)	142
Merger reserve		1,247	1,247
Retained earnings		(56,814)	(30,353)
Total equity		4,597	28,673

The notes on pages 11 to 17 form an integral part of this preliminary announcement.

Consolidated statement of changes in equity

for the year ended 31 December 2014

Unaudited	Share capital \$'000	Share premium \$'000	Translation reserve \$'000	Merger reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2014	3,755	53,882	142	1,247	(30,353)	28,673
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(38,307)	(38,307)
Other comprehensive income	-	-	(444)	-	-	(444)
Total comprehensive income for the year	-	-	(444)	-	(38,307)	(38,751)
Transactions with owners of the Company						
Contributions and distributions						
Shares issued as part of OhmData, Inc. acquisition	47	2,317	-	-	(1,502)	862
Equity-settled share-based payment	-	-	-	-	13,348	13,348
Share options exercised	77	388	-	-	-	465
Total transactions with owners of the Company	124	2,705	-	-	11,846	14,675
Balance at 31 December 2014	3,879	56,587	(302)	1,247	(56,814)	4,597
Transactions with owners of the Company						
Contributions and distributions						
Shares issued by WANdisco plc	323	30,381	-	-	-	30,704
Share issue costs	-	(1,034)	-	-	-	(1,034)
Shares issued as part of TortoiseSVN.net IP purchase	8	674	-	-	(682)	-
Equity-settled share-based payment	-	-	-	-	5,799	5,799
Share options exercised	36	529	-	-	-	565
Total transactions with owners of the Company	367	30,550	-	-	5,117	36,034
Balance at 31 December 2013	3,755	53,882	142	1,247	(30,353)	28,673
Audited	Share capital \$'000	Share premium \$'000	Translation reserve \$'000	Merger reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2013	3,388	23,332	6	1,247	(15,739)	12,234
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(19,731)	(19,731)
Other comprehensive income	-	-	136	-	-	136
Total comprehensive income for the year	-	-	136	-	(19,731)	(19,595)

The notes on pages 11 to 17 form an integral part of this preliminary announcement.

Consolidated statement of cash flows

for the year ended 31 December 2014

	Unaudited 2014 \$'000	Audited 2013 \$'000
Cash flows from operating activities		
Loss for the year	(38,307)	(19,731)
Adjustments for:		
- Depreciation of property, plant and equipment	267	138
- Amortisation of intangible assets	8,283	4,918
- Net finance income	(31)	(17)
- Income tax	(1,053)	(263)
- Foreign exchange	156	743
- Equity-settled share-based payment	13,348	5,799
	(17,337)	(8,413)
Changes in:		
- Trade and other receivables	(2,938)	(8,060)
- Trade and other payables	737	(1,122)
- Deferred income	6,145	6,756
- Government grant	(147)	(338)
- Provisions	-	(393)
Net working capital change	3,797	(3,157)
Cash used in operating activities	(13,540)	(11,570)
Interest paid	(11)	(35)
Income tax paid	(3)	-
Net cash used in operating activities	(13,554)	(11,605)
Cash flows from investing activities		
Purchase of property, plant and equipment and 3 rd party software	(475)	(320)
Development expenditure	(9,040)	(7,443)
Interest received	58	52
Net cash used in investing activities	(9,457)	(7,711)
Cash flows from financing activities		
Net proceeds from share issues	465	30,235
Payment of finance lease liabilities	(27)	-
Net cash from financing activities	438	30,235
Net (decrease)/increase in cash and cash equivalents	(22,573)	10,919
Cash and cash equivalents at the start of the year	25,673	14,545
Effect of movements in exchange rates on cash and cash equivalents	(619)	209
Cash and cash equivalents at the end of the year	2,481	25,673

The notes on pages 11 to 17 form an integral part of this preliminary announcement.

Notes to the consolidated financial statements

for the year ended 31 December 2014

1. Reporting entity

WANdisco plc (the "Company") is a company incorporated and domiciled in Jersey. The Company's ordinary shares are traded on AIM. These consolidated financial statements ("Consolidated Financial Statements") as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the development and provision of global collaboration software.

2. Basis of preparation

Basis of accounting

Whilst the Financial Information included in this preliminary announcement has been prepared on the basis of the requirements of International Financial Reporting Standards ("IFRSs") in issue, as adopted by the European Union ("EU") and effective at 31 December 2014, this announcement does not itself contain sufficient information to comply with IFRS.

The Group expects to publish full Consolidated Financial Statements in April 2015. The Financial Information set out in this Preliminary Announcement does not constitute the Group's Consolidated Financial Statements for the years ended 31 December 2014 or 31 December 2013.

The financial information for 2013 is derived from the consolidated accounts for the year ended 31 December 2013 which has been delivered to the registrar of companies with the Jersey Financial Services Commission ("JFSC"). The auditor has reported on the year ended 31 December 2013 consolidated accounts; their report was unqualified. It did not contain statements under section 113B (3) or (6) of the Companies (Jersey) law 1991.

The consolidated accounts for the year ended 31 December 2014 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies with the JFSC in due course.

The Consolidated Financial Statements have been prepared in accordance with IFRSs as adopted for use in the EU. The Group has applied all accounting standards and interpretations issued by the IASB and International Financial Reporting Committee relevant to its operations and which are effective in respect of these Financial Statements.

The accounting policies have been applied consistently to all periods presented in the Group financial statements.

The following new standards and amendments to standards that are effective for the first time for the financial year beginning 1 January 2014, have been adopted, but have not had a material impact on the Consolidated Financial Statements:

- IFRS 10 "Consolidated Financial Statements", IAS 27 "Consolidated and Separate Financial Statements", IFRS 11 "Joint Arrangements" and amendments to IAS 28 "Investments in Associates and Joint Ventures".
- IFRS 12 "Disclosure of Interests in Other Entities".
- Amendments to IAS 32 "Financial Instruments: Presentation" - Offsetting Financial Assets and Financial Liabilities.
- IFRIC Interpretation 21 Levies.
- Amendments to IAS 36 "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting.

Going concern

As at 31 December 2014 the Group had net assets of \$4,597,000 (31 December 2013: \$28,673,000) as set out in the Consolidated balance sheet on page 8. The Directors have prepared detailed forecasts of the Group's performance over the coming years, this review included the benefit of \$26,100,000 new equity funds (net of issue costs) which was raised following the year end. As a consequence, the Directors believe that WANdisco plc and the Group are well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries the Directors have a reasonable expectation that WANdisco plc and the Group have sufficient working capital available for its present requirements, that is for the next twelve months from the date of the Group financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Functional and presentational currency

The consolidated financial statements are presented in US dollars, which is also the presentational currency of the Group. Billings to the Group's customers during the year were all in US dollars by WANdisco, Inc. with certain costs being incurred by WANdisco International Limited in sterling and WANdisco, Pty Ltd in Australian dollar. All financial information has been rounded to the nearest thousand US dollars unless otherwise stated.

Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements as at and for the year ended 31 December 2013.

3. Segmental analysis

Operating segments

The Directors consider there to be one operating segment, being that of development and sale of licences for software and related maintenance.

Geographical segments

The Group recognises revenue in three geographical regions based on the location of customers, as set out in the following table:

	Unaudited 2014 \$'000	Audited 2013 \$'000
North America	9,414	7,069
Europe	1,376	660
Rest of the world	428	283
Total	11,218	8,012

Management makes no allocation of costs, assets or liabilities between these segments since all trading activities are operated as a single business unit.

The Group has no (2013: nil) customers representing individually over 10% of revenue.

4. Exceptional items

	Unaudited 2014 \$'000	Audited 2013 \$'000
Exceptional items comprise the following:		
Equity-settled share-based payment charge in relation to acquisitions:		
- AltoStor, Inc.	659	1,459
- TortoiseSVN.net	290	236
- OhmData, Inc.	492	-
Total equity-settled share-based payment charge in relation to acquisitions	1,441	1,695
Reorganisation costs	-	581
Total exceptional items in loss from operations	1,441	2,276
Currency exchange loss	-	484
	1,441	2,760

- The equity-settled share-based payment charge recognised in the year relate to charges arising on the acquisitions of AltoStor, Inc., TortoiseSVN.net and OhmData, Inc., which have been classified as exceptional.
- Reorganisation costs incurred in the prior year relate to certain specific organisational change activities in both the UK and the US.
- The exchange loss (2013) arose on cash balances held in sterling.

5. Reconciliation of operating loss to adjusted earnings before interest, taxation, depreciation and amortisation ("Adjusted EBITDA")

	Unaudited 2014 \$'000	Audited 2013 \$'000
Reconciliation of operating loss to adjusted EBITDA		
Operating loss	(39,917)	(19,268)
Adjusted for:		
Amortisation and depreciation	8,550	5,056
Acquisition-related items	145	-
Exceptional items within operating expenses	1,441	2,276
EBITDA before exceptional items	(29,781)	(11,936)
Adjusted for equity-settled share-based payment (non exceptional)	11,907	4,104
Adjusted EBITDA before exceptional items	(17,874)	(7,832)
Development expenditure capitalised	(9,040)	(7,443)
Adjusted EBITDA before exceptional items including development expenditure	(26,914)	(15,275)

Acquisition-related items include legal and professional costs of \$145,000, which were incurred on the acquisition of OhmData, Inc.

6. Net finance income/(costs) (pre-exceptional items)

	Unaudited 2014 \$'000	Audited 2013 \$'000
Interest receivable – bank	58	52
Exchange gain	526	-
Finance income	584	52
Unwind of discount on pledged shares	(16)	-
Exchange loss	-	(259)
Interest payable on bank borrowings	(2)	(12)
Bank charges	(9)	(23)
Finance costs	(27)	(294)
Net finance income/(costs)	557	(242)

7. Income tax

	Unaudited 2014 \$'000	Audited 2013 \$'000
Current tax expense		
Current year	478	-
Adjustment for prior years	575	263
Total tax (charge)/credit	1,053	263

8. Loss per share

Basic loss per share

Basic loss per share is calculated based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:

	Unaudited 2014 \$'000	Audited 2013 \$'000
Loss for the year attributable to ordinary shareholders	38,307	19,731
Weighted average number of ordinary shares	2014 Shares '000s	2013 Shares '000s
At the start of the year	23,693	21,421
Effect of shares issued in the year	325	586
Weighted average number of ordinary shares during the year	24,018	22,007
	\$	\$
Basic loss per share	1.59	0.90

Adjusted loss per share

Adjusted loss per share is based on the result attributable to ordinary shareholders before exceptional items, acquisition-related items and the cost of equity-settled share-based payments, and the weighted average number of ordinary shares outstanding:

	Unaudited 2014 \$'000	Audited 2013 \$'000
Loss for the year attributable to ordinary shareholders	38,307	19,731
Add back:		
Exceptional items	(1,441)	(2,760)
Acquisition-related items	(161)	-
Equity-settled share-based payment (excluding exceptional item)	(11,907)	(4,104)
Adjusted basic loss	24,798	12,867
	\$	\$
Adjusted loss per share	1.03	0.58

Diluted loss per share

Due to the Group having losses in each of the years, the fully diluted loss per share for disclosure purposes, as shown in the Consolidated statement of profit and loss and other comprehensive income, is the same as for the basic loss per share.

9. Intangible assets

	Other intangible assets \$'000	Development costs \$'000	Software \$'000	Total \$'000
Cost				
At 1 January 2013	2,308	6,304	995	9,607
Additions – externally purchased	-	-	35	35
Additions – own work capitalised	-	7,443	-	7,443
At 31 December 2013 - Audited	2,308	13,747	1,030	17,085
At 1 January 2014	2,308	13,747	1,030	17,085
Reclassification from property, plant and equipment	-	-	30	30
Acquisitions through business combinations	846	-	-	846
Additions – externally purchased	-	-	103	103
Additions – own work capitalised	-	9,040	-	9,040
Effect of movement in foreign exchange	-	-	26	26
At 31 December 2014 - Unaudited	3,154	22,787	1,189	27,130
Amortisation				
At 1 January 2013	(94)	(3,850)	(122)	(4,066)
Amortisation charge for the year	(766)	(3,670)	(482)	(4,918)
Effect of movement in foreign exchange	-	-	(9)	(9)
At 31 December 2013 - Audited	(860)	(7,520)	(613)	(8,993)
At 1 January 2014	(860)	(7,520)	(613)	(8,993)
Reclassification from property, plant and equipment	-	-	(19)	(19)
Amortisation charge for the year	(935)	(6,855)	(493)	(8,283)
Effect of movement in foreign exchange	-	-	(21)	(21)
At 31 December 2014 - Unaudited	(1,795)	(14,375)	(1,146)	(17,316)
Net book value				
At 31 December 2013 - Audited	1,448	6,227	417	8,092
At 31 December 2014 - Unaudited	1,359	8,412	43	9,814

The carrying amount of the intangible assets is allocated across cash-generating units (“CGUs”). A CGU is defined as the smallest group of assets that generate cash inflows from continuing use, that are largely independent of the cash inflows of other assets or groups thereof. The recoverable amount of the CGUs are determined using Value In Use (“VIU”) calculations. As at 31 December 2014 the Group had one CGU, the DConE CGU. The Group’s patented DConE replication technology forms the basis of the Group’s products for the ALM market. This technology also underpins the enterprise-ready, Apache-Hadoop products we have developed for the Big Data market.

Other intangible assets arose as part of the acquisition of OhmData, Inc. in June 2014 and AltoStor, Inc. in November 2012. The intangibles arising as part of these acquisitions are allocated to the DConE CGU. The recoverable amount of the DConE CGU has been calculated on a VIU basis at both 31 December 2014 and 31 December 2013. These calculations use cash flow projections based on financial forecasts and appropriate long-term growth rates. To prepare VIU calculations, the cash flow forecasts are discounted back to present value using a pre-tax discount rate of 10.0% (2013: 8.0%). The Directors have reviewed the recoverable amount of the CGU and do not consider there to be any indication of impairment.

Development costs are predominantly capitalised staff costs associated with new products and services. Development costs are allocated to the DConE CGU the recoverable amount of which has been determined on a VIU basis as described above.

On 19 September 2012 WANdisco International Limited purchased an item of software from Syntevo GmbH for consideration of \$1 million. This software became fully amortised during the year ended 31 December 2014.

The above amortisation charge on intangible assets are included in operating expenses in the Consolidated statement of profit and loss and other comprehensive income.

10. Trade and other receivables

	Unaudited 2014 \$'000	Audited 2013 \$'000
Trade receivables	4,440	4,511
Other receivables		
- Unbilled receivables	8,005	4,668
- Other receivables	556	706
Total other receivables	8,561	5,374
Corporation tax	1,056	263
Prepayments	395	363
	14,452	10,511

Included in other receivables is \$4,895,000 which falls due after more than one year (2013: \$3,252,000).

11. Deferred income

Deferred income represents contracted sales for which services to customers will be provided in future years.

	Unaudited 2014 \$'000	Audited 2013 \$'000
The movement on the deferred income balance is as follows:		
At 1 January	13,124	6,368
Customer bookings	17,363	14,768
Released to revenue	(11,218)	(8,012)
At 31 December	19,269	13,124

Included in the 31 December 2014 year-end balance are amounts falling due after more than one year of \$10,792,000 (2013: \$6,844,000).

12. Acquisition

On 27 June 2014, the Group acquired 100% of the share capital of OhmData, Inc. ("OhmData") for a total consideration of \$846,000. \$526,000 was issued in shares at the date of the acquisition, and \$320,000 is deferred share consideration. OhmData is engaged in the development of database solutions based on the Apache HBase database.

Share type	Number of shares	Unaudited Fair value \$'000
Consideration – equity	60,040	526
Deferred consideration – equity	41,170	320
Total consideration – equity	101,210	846

Provisional net assets assumed at date of acquisition

Net assets – Intangible assets	(846)
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Goodwill arising on acquisition

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The following table shows the shares that were issued as part of the transaction and the fair value of those shares at the acquisition date:

Share type	Number of shares	Unaudited Fair value \$'000
Shares issued at acquisition	60,040	526
Pledged shares	41,170	320
Restricted shares	173,266	1,518
Total shares issued	274,476	2,364

- The pledged shares have been treated as deferred consideration and will be released to the OhmData founders 15 months after the acquisition date, but contain no contingency clauses related to post acquisition performance.
- The restricted shares have been treated as equity-settled share-based payment charges as they have conditions attached relating to employment post acquisition, and have been accounted for under IFRS 2, "Share-based Payment".
- The equity-settled share-based payment charges will be recognised over the 2 ½ year vesting period of the shares.
- Prior to acquisition, OhmData, Inc. generated revenue of \$negligible and losses of \$94,000.
- OhmData did not generate any revenues, profits or losses during the period from acquisition to 31 December 2014.

13. Share-based payment

WANdisco plc operates share option plans for qualifying employees of the Group. Options in the plans are settled in equity in the Company and are normally subject to a vesting schedule but not conditional on any performance criteria being achieved.

The terms and conditions of the share option grants are detailed in the Group financial statements for the year ended 31 December 2013.

	Unaudited 2014 \$'000	Audited 2013 \$'000
Analysis of equity-settled share-based payment charge		
Exceptional equity-settled share-based payment charge in relation to acquisitions:		
- AltoStor, Inc.	659	1,459
- TortoiseSVN.net	290	236
- OhmData, Inc.	492	-
Total equity-settled share-based payment charge in relation to acquisitions	1,441	1,695
Non-exceptional equity-settled share-based payment charge	11,907	4,104
Total equity-settled share-based payment charge	13,348	5,799

	Unaudited 2014 Number	Audited 2013 Number
Number of share options outstanding:		
Balance at the start of the year	3,305,201	2,681,470
Granted	1,878,561	1,046,870
Forfeited	(414,100)	(201,372)
Exercised	(467,995)	(221,767)
Balance at the end of the year	4,301,667	3,305,201
Exercisable at the end of the year	675,631	364,465
Vested at the end of the year	1,081,844	1,075,550

	Unaudited 2014 \$	Audited 2013 \$
Weighted average exercise price for:		
Shares granted	3.25	11.97
Shares forfeited	11.06	5.52
Options exercised	0.99	2.46
Exercise price in the range:		
From	0.16	0.16
To	20.96	22.37

	Unaudited 2014 Years	Audited 2013 Years
Weighted average contractual life remaining	6.5	7.8

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Unaudited 2014	Audited 2013
Dividend yield	0.00%	0.00%
Risk-free interest rate	2.28%	2.19%
Stock price volatility	30%	30%
Expected life (years)	4.9	3.2
Weighted average fair value of options granted during the year	\$7.61	\$9.54

- The dividend yield is based on the Company's forecast dividend rate and the current market price of the underlying common stock at the date of grant.
- Expected life in years is determined from the average of the time between the date of grant and the date on which the options lapse.
- Expected volatility is based on the historical volatility of shares of listed companies with a similar profile to the Company.
- The risk-free interest rate is based on the treasury bond rates for the expected life of the option.

14. Contingent liabilities

The Group had no contingent liabilities at 31 December 2014 (2013: none).

15. Post-balance sheet events

On 23 January 2015 the Group announced its intention to raise circa \$25m (after expenses) by a conditional non-preemptive placing of 4,798,859 new ordinary shares of 10 pence each in the capital of the Company at a price of 375.00 pence per share. The conditions were, inter alia, the passing of certain resolutions by the shareholders of the Company.

On 17 February 2015, at a general meeting of the Company, the shareholders approved the disapplication of pre-emption rights and the allotment of the placing shares. On 18 February 2015 the placing shares were admitted and dealing commenced and, as a result, \$26.1m cash (net of expenses) was raised.