

26 September 2013

## WANDisco plc

### Interim Results for the six months ended 30 June 2013

WANDisco plc (“WANDisco” or the “Group”), a provider of continuous-availability software for global enterprises to meet the challenges of Big Data and distributed software development, announces its interim results for the six months ended 30 June 2013. The results demonstrate further, accelerated growth in bookings, underscoring the continued strong customer response to our products across multiple markets.

#### Financial Highlights

	Six months to 30 June 2013	Six months to 30 June 2012	12 months to 31 December 2012
Bookings	<b>\$6.10m</b>	\$3.39m	\$7.92m
Deferred Revenue	<b>\$8.96m</b>	\$4.94m	\$6.37m
Revenue	<b>\$3.51m</b>	\$2.92m	\$6.03m
Adjusted EBITDA <sup>i</sup>	<b>\$(3.32)m</b>	\$0.35m	\$(3.00)m
Net cash	<b>\$5.45m</b>	\$22.0m	\$14.54m

i. Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, exceptional items and share based payments

#### Operational Highlights

- **Strong and encouraging early progress in Big Data market**
  - From platform development to product launch and first customer wins in four months
  - Early customers such as a major UK telecommunications company, NSN and Miaozen confirm that continuous availability is essential for Hadoop deployment in the enterprise
  - Leveraging patented technology DConE creates significant competitive advantage
  - Strategic partnership announced today with Hortonworks to target Enterprise Hadoop with SAP
- **Application Lifecycle Management (ALM) market leadership extended through customer wins, key product enhancements and acquisition**
  - Notable new customers included General Atomics, FutureWei (a division of Huawei), Société Générale, Maxim, Canon, Cisco, Blue Cross Blue Shield, LSI Corp and ADP
  - Significant growth from existing customers included Home Depot, Nokia, John Deere, Mentor Graphics, Western Digital, Ladbrokes and McAfee all of whom expanded their use of WANDisco products within their organisations
  - Subversion MultiSite launched, enhancing WANDisco’s offering to large, global enterprises
  - Purchase of TortoiseSVN in June opens up expanded online audience for WANDisco products
- **Patent portfolio further strengthened, enhancing WANDisco’s market lead**
  - Issuance of USPTO patent for Distributed Computing Systems
  - Three new distributed computing patent applications filed with USPTO in March
  - Further patent application relating to distributed computing and Hadoop filed post period end
- **Significant and experienced appointments made to Group Board and management team**
  - Paul Harrison appointed as Chief Financial Officer on 1 September 2013
  - Former British Telecom and CollabNet executives appointed post period end
- **Continued progress with expansion efforts outside of core US market**
  - Three experienced enterprise sales representatives added in Europe
  - Distribution agreement signed with China-based Big Data distributor Comrise
  - Miaozen, leading China advertising company, standardises on WANDisco Hadoop Big Data product after the period end
- **Equity Placing launched to fund accelerated investment in opportunities for growth**

**Commenting on the results, David Richards, Chairman and Chief Executive Officer, said:**

*“We are delighted with the progress we’ve made in this first half, particularly the strong and accelerated growth achieved in our bookings. The bedrock of our Group, our ALM business, continues to go from strength to strength, supported by a refreshed and world-class product set and by our increasingly embedded links with the software development and open-source communities we serve. In ALM we have added further new, blue-chip customers to our base and maintaining this momentum will be a key focus for us in the second half.*

*We continue to focus hard on the commitments we made at the time of our IPO. During the past six months, our pursuit of the growth opportunities has not relented. In Big Data we have moved fast to develop products ahead of schedule; hire key talent to drive future sales and innovation; and secured some very significant first customers for our offering. Today’s partnership with Hortonworks marks the next landmark in our Big Data strategy. Through this partnership, fully integrated with SAP, WANdisco will underpin what will become the de-facto standard for Enterprise Hadoop implementations globally.*

*As a result of this strong progress, the Directors remain confident that the Group continues on track to achieve its commercial and bookings targets for the current financial year.”*

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

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**About WANdisco plc**

WANdisco (LSE: WAND) is a provider of enterprise-ready, continuous-availability software solutions that enable globally distributed organizations to meet today’s data challenges of secure storage, scalability and availability. WANdisco’s products are differentiated by the company’s patented, active/active data replication technology, serving crucial high availability (HA) requirements, including Hadoop Big Data and Application Lifecycle Management (ALM). Fortune Global 1000 companies including AT&T, Motorola, Intel and Halliburton rely on WANdisco for performance, reliability, security and availability. For additional information, please visit [www.wandisco.com](http://www.wandisco.com).

## **Business Review**

### **Introduction and Overview**

The first half of our financial year has been characterised by strong progress on the execution of our strategy. Our unique active/active replication technology is currently directed at two complementary markets; Application Lifecycle Management ("ALM") and Big Data. The past six months have seen the Group take significant steps forward to establish and extend its clear market leadership in both of these fast-growth segments.

We are reporting significant growth in bookings and revenue in the ALM business. To help maintain and build upon this momentum we have begun to build out a strong enterprise sales force to support adoption of products across both ALM and Big Data. We have also augmented our European and American presence with the establishment of our first office in China, where first customers for both ALM (Huawei) and Big Data (Miaozhen) have already been secured.

Following the acquisition of AltoStor in November 2012, we have invested in building a formidable position around this core team to access the rapidly expanding Big Data market. This market is estimated by Wikibon to show 58% compound growth between now and 2016 reaching over \$50 billion in size by the end of that period. In just four months, we released our Big Data architecture, launched our first product and secured our first sale to a tier 1 UK telecommunications company. Shortly after this deal, NSN, whose systems reach nearly 45% of the world's 4G LTE subscribers announced that it would utilise WANdisco's solutions for its own customers. This stands as testament to the capabilities of our technology and serves as further proof that the availability of data is rapidly emerging as a key concern for global industry.

We have attracted some of the founding architects of Hadoop; the platform increasingly establishing itself as the Big Data standard. Combining their expertise with our active/active replication technology, we have developed the de facto, patented, continuous data availability solution for Hadoop. We are seeing substantially increased interest in Big Data as corporates appreciate the competitive advantage to be gained through leveraging and securing the considerable volume of structured and unstructured information potentially at their disposal. The pace of this market has exceeded our expectations and we therefore intend to continue to invest in engineering excellence and distribution capability to take maximum advantage of this significant opportunity.

We strengthened our management team with a number of key appointments both during and after the period end. In September 2013, Paul Harrison joined the business as CFO from FTSE100 software provider, The Sage Group plc, where for 13 years he served as its CFO. Richard Fletcher joined as VP Global Engineering having served as CIO for BT plc's Conferencing division.

### **Our target markets**

WANdisco's patented technology, DConE, has already been applied to multiple markets. The initial market targeted was the ALM software developer community. It is this business which contributes the majority of our revenues today. Through the combination of AltoStor's excellence in Hadoop and DConE, we are now uniquely positioned to target the fast growing Big Data market.

### **ALM**

WANdisco's differentiated, patented technology provides a cost-effective solution to the problems faced by organisations with globally distributed software engineering teams. By using WANdisco's technology in conjunction with Apache Subversion ("Subversion"), an open source version control system, software developers at globally distributed sites are able to access the same data program at all times which helps improve productivity, and prevent downtime and data loss.

During the period, the business added 29 new customers across a broad range of vertical industries, contributing to bookings of \$3.4 million. These included General Atomics, FutureWei (a division of Huawei), Société Générale, Maxim Canon, Cisco, Blue Cross Blue Shield, LSI Corp, ADP and Areva. These blue chip customers were attracted to WANdisco's Subversion product because our technology uniquely addresses their need to manage software development teams more effectively. The evidence of this added value was also seen in customers such as Home Depot, Nokia, John Deere and McAfee Mentor Graphics, Western Digital and Ladbrokes renewing and frequently purchasing additional subscription licences. This has contributed to bookings from existing customers in the period of \$2.5 million.

Our leading Subversion product has been materially enhanced during the period, as has the bench-strength of the already strong team driving its adoption. These enhancements have continued after the period end, particularly through the release of 'Subversion MultiSite plus' which strengthens and extends WANdisco's

offering to large, globally distributed organisations. Furthermore, recognising the emergence of the GIT platform in the source code management community, we released GIT Multisite after the period end to strong reviews.

### **Big Data**

The opportunity to become the continuous data standard in the fast growing Big Data market is highly significant. As businesses increasingly appreciate the potential of the value brought by harnessing the high volume, structured and unstructured data they create, they are investing in technology capable of capturing that opportunity.

The open source data standard, Hadoop, has emerged as a leading platform in this space so much so that it has transformed from representing an inexpensive means of storing unstructured and structured data (compared to conventional databases) to a live transaction processing platform. This enhanced role brings with it the need for continuous availability of data. By applying our replication technology to Hadoop, we have created a unique solution that meets that need.

The Big Data market is characterised by the presence of a number of application software vendors whose products deliver functionality such as data integration and analysis. For all these vendors, our strategy is to provide the essential infrastructure that ensures continuous availability. To this end, we are currently engaged in a number of discussions with software businesses which represent potentially valuable additional routes to market for our product. Our strategic partnership with Hortonworks, announced today, is a significant example of this aspect to our strategy, which will now see both of our companies jointly target the Enterprise Hadoop opportunity with a combined product that integrates fully with SAP HANA.

Our flagship product, WANdisco Non-Stop Hadoop, was released to the market ahead of schedule during the period and we made our first sale to a tier one UK telecommunications company shortly afterwards. This was followed by our announcement on 28 June of a contract with NSN, which will use WANdisco's technology to serve as a significant differentiator in the market. Together, these accounted for \$0.2 million of bookings in the period.

With the gathering momentum in the Big Data market, we have accelerated and increased our investment in attracting engineering and sales expertise. We intend to continue this investment to secure the early mover advantage that we see for the business.

### **Financial Performance**

The Group has delivered a strong first half financial performance driven by substantial growth in subscriptions.

Bookings for the half year were \$6.1 million representing an 80 per cent increase over the same number in the prior period. We disclose bookings as they are a forward indicator of activity in a subscriptions business such as ours. The inherent value of our products has led a number of customers to seek multi-year deals, evidenced by the announcement post period end of a \$1.8 million multi-year agreement with a longstanding Fortune 100 ALM customer. Deals of this nature serve as an attractive means for us of securing forward revenue.

Consistent with this, the focus in the half year has been upon increasing deferred revenue which, with a strategy of seeking multi year deals, resulted in a balance on the deferred revenue account of \$8.96 million (2012: \$4.94 million). During this period of rapid growth, revenue numbers – recognised rateably over the life of the contract – are more a reflection of historic performance rather than future results. Revenue rose from \$2.92 million to \$3.51 million; an increase of 20.2%.

The EBITDA loss of \$3.32 million reflects the investment being made in both the ALM and Big Data markets. As stated above, we intend to continue to invest in the Big Data market whilst driving the ALM business to profitability, something increased scale will bring.

Net cash stood at \$5.45 million at 30 June 2013 (31 December 2012: \$14.55 million). The decrease in cash reflects investment in recruiting an enterprise sales force and highly skilled Big Data software engineers. The Big Data market is developing rapidly and our investment here will enable us to capitalise on our early mover advantage.

### **Current Trading and Outlook**

We are pleased with the progress we've made in this first half, particularly the strong growth achieved in our bookings which have advanced at a much faster rate than in prior periods. The bedrock of our Group, our ALM business, continues to go from strength to strength, supported by a refreshed and world-class product set and by our increasingly embedded links with the software development and open-source communities we serve.

We continue to focus hard on the commitments we made at the time of our IPO. During the past six months, our pursuit of the growth opportunities open to us has not relented. In Big Data we have moved fast to develop product, forge partnerships, hire key talent and secure significant first customers for our offering. In ALM we have added further new, blue-chip customers to our base and significantly increased the number of multi-year customer deals. Maintaining this momentum is our key goal in the second half.

As a result of this strong progress, the Directors remain confident that the Group continues on track to achieve its commercial and bookings targets for the current financial year.

**David Richards**

Chairman and Chief Executive

26 September 2013

# WANdisco plc

## Condensed consolidated statement of comprehensive income – Unaudited For the six month period ended 30 June 2013

	Note	6 months to 30 June 2013			6 months to 30 June 2012			Year to 31 December 2012		
		Before exceptional items \$000	Exceptional items (Note 3) \$000	Total \$000	Before exceptional items \$000	Exceptional items (Note 3) \$000	Total \$000	Before exceptional items \$000	Exceptional items (Note 3) \$000	Total \$000
Revenue		3,506	-	3,506	2,915	-	2,915	6,031	-	6,031
Cost of sales		(679)	-	(679)	(204)	-	(204)	(497)	-	(497)
Gross Profit		2,827	-	2,827	2,711	-	2,711	5,534	-	5,534
Wages & Salaries		(3,475)	(757)	(4,232)	(1,953)	-	(1,953)	(5,911)	-	(5,911)
Other operating expenses		(3,240)	-	(3,240)	(877)	(2,716)	(3,593)	(3,438)	(2,656)	(6,094)
Depreciation & amortisation		(2,414)	-	(2,414)	(627)	-	(627)	(2,070)	-	(2,070)
Loss from operations		(6,302)	(757)	(7,059)	(746)	(2,716)	(3,462)	(5,885)	(2,656)	(8,541)
Finance income / (expense)	5	69	(524)	(455)	(179)	-	(179)	(216)	776	560
Loss before tax		(6,233)	(1,281)	(7,514)	(925)	(2,716)	(3,641)	(6,101)	(1,880)	(7,981)
Income tax credit	6	-	-	-	-	-	-	-	-	-
<b>Loss for the period</b>		<b>(6,233)</b>	<b>(1,281)</b>	<b>(7,514)</b>	<b>(925)</b>	<b>(2,716)</b>	<b>(3,641)</b>	<b>(6,101)</b>	<b>(1,880)</b>	<b>(7,981)</b>
<b>Other comprehensive income</b>										
Foreign currency translation differences –foreign operations		(236)	-	(236)	24	-	24	16	-	16
Other comprehensive income for the period net of tax		-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>(6,469)</b>	<b>(1,281)</b>	<b>(7,750)</b>	<b>(901)</b>	<b>(2,716)</b>	<b>(3,617)</b>	<b>(6,085)</b>	<b>(1,880)</b>	<b>(7,965)</b>
<b>Loss per share</b>										
Basic and diluted	7			<b>\$0.35</b>			<b>\$0.31</b>			<b>\$0.49</b>

All activities relate to continuing operations.

**Condensed consolidated balance sheet - Unaudited  
As at 30 June 2013**

	<i>Note</i>	<b>30 June 2013 \$000</b>	<i>30 June 2012 \$000</i>	<i>31 December 2012 \$000</i>
<b>Assets</b>				
Intangible assets	8	<b>6,148</b>	1,736	5,541
Property, plant and equipment		<b>346</b>	33	129
<b>Non-current assets</b>		<b>6,494</b>	1,769	5,670
Trade and other receivables		<b>4,855</b>	1,297	2,486
Cash and cash equivalents		<b>5,454</b>	21,982	14,545
<b>Current assets</b>		<b>10,309</b>	23,279	17,031
<b>Total assets</b>		<b>16,803</b>	25,048	22,701
<b>Liabilities</b>				
Loans and borrowings		-	(297)	-
Trade and other payables		<b>(1,703)</b>	(3,855)	(3,665)
Deferred income	9	<b>(8,961)</b>	(4,940)	(6,368)
Deferred government grant		-	(112)	(36)
Provisions		<b>(320)</b>	(304)	(393)
<b>Current liabilities</b>		<b>(10,984)</b>	(9,508)	(10,462)
Loans and borrowings		-	-	-
Deferred tax liabilities		<b>(5)</b>	(5)	(5)
<b>Non-current liabilities</b>		<b>(5)</b>	(5)	(5)
<b>Total liabilities</b>		<b>(10,989)</b>	(9,513)	(10,467)
<b>Net assets</b>		<b>5,814</b>	15,535	12,234
<b>Equity</b>				
Share capital		<b>3,390</b>	3,219	3,388
Share premium		<b>23,338</b>	20,176	23,332
Translation reserve		<b>(230)</b>	14	6
Reverse acquisition reserve		<b>1,247</b>	1,305	1,247
Retained earnings		<b>(21,931)</b>	(9,179)	(15,739)
<b>Total equity</b>		<b>5,814</b>	15,535	12,234

**Condensed consolidated cash flow statement – Unaudited**  
**For the six month period ended 30 June 2013**

	<b>6 months to 30 June 2013 \$000</b>	<b>6 months to 30 June 2012 \$000</b>	<b>Year to 31 December 2012 \$000</b>
<b>Cash flows from operating activities</b>			
Loss before tax for the period	(7,514)	(3,641)	(7,981)
Adjustments for:			
Depreciation	61	23	52
Amortisation of intangible assets	2,353	604	2,018
Finance costs	(69)	179	216
Foreign exchange	524	(76)	(776)
Change in trade and other receivables	(2,369)	(109)	(1,394)
Change in trade and other payables	(1,887)	1,290	1,092
Change in deferred income	2,593	474	1,902
Grant received	-	137	139
Release of grant income	(36)	(25)	(105)
Change in provisions	(73)	(110)	(21)
Share based payments charge	1,322	473	813
Interest paid	-	(79)	(101)
<b>Net cash used in operating activities</b>	<b>(5,095)</b>	<b>(860)</b>	<b>(4,146)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(278)	(13)	(138)
Purchase of intangible assets	-	-	(1,000)
Acquisition of subsidiary	-	-	(1,500)
Development expenditure in respect of intangible asset	(3,008)	(998)	(2,912)
<b>Net cash used in investing activities</b>	<b>(3,286)</b>	<b>(1,011)</b>	<b>(5,550)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of ordinary share capital net of transaction costs	8	24,252	24,161
Repayment of borrowings	-	(473)	(770)
<b>Net cash from financing activities</b>	<b>8</b>	<b>23,779</b>	<b>23,391</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,373)</b>	<b>21,908</b>	<b>13,695</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(718)	-	776
Cash and cash equivalents at start of period	14,545	74	74
<b>Cash and cash equivalents at end of period</b>	<b>5,454</b>	<b>21,982</b>	<b>14,545</b>



**Condensed consolidated statement of changes in equity - Unaudited**  
**For the six month period ended 30 June 2013**

	<i>Share capital \$000</i>	<i>Share Premium \$000</i>	<i>Translation reserve \$000</i>	<i>Reverse acquisition reserve \$000</i>	<i>Retained earnings \$000</i>	<i>Total equity \$000</i>
<b>Six months ended 30 June 2013</b>						
At 1 January 2013	3,388	23,332	6	1,247	(15,739)	12,234
Loss for the period	-	-	-	-	(7,514)	(7,514)
Foreign currency translation differences	-	-	(236)	-	-	(236)
Total comprehensive income for the period ended 30 June 2013	-	-	(236)	-	(7,514)	(7,750)
Share based payments charge	-	-	-	-	1,322	1,322
Issue of shares by WANdisco plc	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Shares allotted under the share option scheme	2	6	-	-	-	8
Total contributions by and distributions to owners	2	6	-	-	1,322	1,330
<b>At 30 June 2013</b>	<b>3,390</b>	<b>23,338</b>	<b>(230)</b>	<b>1,247</b>	<b>(21,931)</b>	<b>5,814</b>
<b>Six months ended 30 June 2012</b>						
At 1 January 2012	448	-	(10)	-	(6,011)	(5,573)
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(3,641)	(3,641)
Foreign currency translation differences	-	-	24	-	-	24
Total comprehensive income for the period	-	-	24	-	(3,641)	(3,617)
Transactions with owners recorded directly in equity						
Issue of shares by WANdisco Inc	2,761	-	-	-	-	2,761
Shares issued by WANdisco plc in exchange for WANdisco inc shares	(1,305)	-	-	1,305	-	-
Shares issued by WANdisco plc	1,306	22,121	-	-	-	23,427
Share issue costs	-	(1,956)	-	-	-	(1,956)
Shares allotted under share option scheme	9	11	-	-	-	20
Share based payment charge	-	-	-	-	473	473
Total contributions by and distributions to owners	2,771	20,176	-	1,305	473	24,725
<b>Balance at 30 June 2012</b>	<b>3,219</b>	<b>20,176</b>	<b>14</b>	<b>1,305</b>	<b>(9,179)</b>	<b>15,535</b>
<b>Year ended 30 December 2012</b>						
At 1 January 2012	448	-	(10)	-	(6,011)	(5,573)
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(7,981)	(7,981)
Foreign currency translation differences	-	-	16	-	-	16
Total comprehensive income for the period	-	-	16	-	(7,981)	(7,965)
Transactions with owners recorded directly in equity						
Issue of shares by WANdisco Inc	2,761	-	-	-	-	2,761
Shares issued by WANdisco plc in exchange for WANdisco inc shares	(1,247)	-	-	1,247	-	-
Shares issued by WANdisco plc	1,289	21,908	-	-	-	23,197
Share issue costs	-	(1,946)	-	-	-	(1,946)
Shares allotted under share option scheme	54	95	-	-	-	149
Shares issued as part of Altostor acquisition	83	3,275	-	-	(2,560)	798
Share based payment charge	-	-	-	-	813	813
Total contributions by and distributions to owners	2,940	23,332	-	1,247	(1,747)	25,772
<b>Balance at 31 December 2012</b>	<b>3,388</b>	<b>23,332</b>	<b>6</b>	<b>1,247</b>	<b>(15,739)</b>	<b>12,234</b>

## Notes to the Consolidated Half Yearly Financial Statements

### 1. Basis of preparation

WANdisco plc (the "Company") is a public limited company incorporated and domiciled in Jersey. The Condensed Consolidated Half-yearly statements of the Company for the half year ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

The Condensed Consolidated Half-yearly Financial Statements have been prepared in accordance with AIM rules for companies and the requirements of IAS 34 "Interim Financial Reporting" as adopted by the European Union ("EU").

The condensed Consolidated Half-yearly Financial Statements do not constitute financial statements and do not include all the information and disclosures required for full annual financial statements. The Condensed Consolidated Half-yearly Financial Statements were approved by the Board on 26 September 2013.

The annual Financial Statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the EU, IFRIC interpretations, under the historical cost accounting convention, and with those parts of Jersey Law (1991) applicable to companies under IFRS. The condensed set of Financial Statements has, other than in respect of the matters referred to below, been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's Published Consolidated Financial Statements for the year ended 31 December 2012.

The following new standards and amendments to standards that are effective for the first time for the financial year beginning 1 January 2013, have been adopted, but are not considered to have a material impact on the group:

Amendments to IAS 1 – "Presentation of items of Other comprehensive income";  
Amendments to IFRS 13 – "Fair Value Measurement";  
Amendments to IFRS 7 – "Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities";  
Amendments to IAS 31 – "Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities"; and  
Annual improvements to IFRSs – "2009-2011 Cycle".

#### *Going concern*

As at 30 June 2013 the Group had net assets of \$5,814,000 (30 June 2012: \$15,535,000) as set out in the Condensed Consolidated Interim Balance Sheet above. The Directors have prepared detailed forecasts of the Group's performance over the coming years. 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 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the historical financial information.

#### *Functional and presentational currency*

This consolidated financial information is presented in US dollars, which is the functional currency of the Group. Billings to the Group's customers during the period were all in US dollars by WANdisco, Inc. with certain costs being incurred by WANdisco International Limited in Sterling. All financial information has been rounded to the nearest thousand US dollars unless otherwise stated.

#### *Use of estimates and judgments*

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. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these Condensed Consolidated Half-yearly Financial Statements, 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 Consolidated Financial Statements of the Group for the year ended 31 December 2012.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 2 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:

	<b>6 months to 30 June 2013 \$000</b>	<b>6 months to 30 June 2012 \$000</b>	<b>Year to 31 December 2012 \$000</b>
North America	<b>2,780</b>	2,528	5,257
Europe	<b>620</b>	298	589
Rest of the world	<b>106</b>	89	185
Total	<b><u>3,506</u></b>	<u>2,915</u>	<u>6,031</u>

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 customers representing individually over 10% of revenue in the half year ended 30 June 2013.

## 3. Exceptional items

Exceptional items comprise the following:

	<b>6 months to 30 June 2013 \$000</b>	<b>6 months to 30 June 2012 \$000</b>	<b>Year to 31 December 2012 \$000</b>
Expenses related to the placing of ordinary shares and admission to trading on AIM	-	2,716	2,656
Currency exchange loss/(gain)	<b>524</b>	-	(776)
Share base payment charge in relation to acquisitions	<b>757</b>	-	-
Exceptional items	<b><u>1,281</u></b>	<u>2,716</u>	<u>1,880</u>

The Group incurred one-off legal and professional fees in the year ended 31 December 2012 in relation to the placing of Ordinary Shares and Admission to AIM.

The exchange loss/(gain) is a result of the fact the majority of the Group cash balance is held in sterling denominated accounts.

The share based payment charges recognised in the half year in relation to the acquisition of AltoStor (\$730,000) and TortoiseSVN.net (\$27,000) have been classified as exceptional.

#### 4. Adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA)

	<b>6 months to 30 June 2013 \$000</b>	<b>6 months to 30 June 2012 \$000</b>	<b>Year to 31 December 2012 \$000</b>
Operating loss	<b>(7,059)</b>	(3,462)	(8,541)
Adjust for:			
Amortisation and depreciation	<b>2,414</b>	627	2,070
Exceptional items	-	2,716	2,656
EBITDA before exceptional items	<b>(4,645)</b>	(119)	(3,815)
Adjust for share based payments	<b>1,322</b>	473	813
Adjusted EBITDA before exceptional items	<b>(3,323)</b>	354	(3,002)

#### 5. Financial income and expenses (pre-exceptional items)

	<b>6 months to 30 June 2013 \$000</b>	<b>6 months to 30 June 2012 \$000</b>	<b>Year to 31 December 2012 \$000</b>
Charges on debt factoring and interest expense on bank loans	-	81	37
Interest receivable on promissory notes	-	(1)	(1)
Bank interest receivable	<b>(28)</b>	(1)	(79)
Interest payable	-	-	44
Exchange (gains)/losses	<b>(41)</b>	100	215
Finance (income)/expense	<b>(69)</b>	179	216

#### 6. Income tax

No tax charge or credit has been included for the 6 months ended 30 June 2013 (6 months ended 30 June 2012 - \$nil).

## 7. Loss per share

### **Basic loss per share**

Basic loss per share is calculated in accordance with IAS 33 "Earnings per Share" and is based on the loss attributable to ordinary shareholders and a weighted average number of Ordinary Shares outstanding:

	<b>6 months to 30 June 2013 \$000</b>	<b>6 months to 30 June 2012 \$000</b>	<b>Year to 31 December 2012 \$000</b>
Loss for the period attributable to ordinary shareholders	<u>7,514</u>	<u>3,641</u>	<u>7,981</u>
Weighted average number of ordinary shares	<b>000s of shares</b>	<b>000s of shares</b>	<b>000s of shares</b>
At start of period	<b>21,421</b>	4,549	4,549
Effect of shares issued in the period	<u>11</u>	<u>7,187</u>	<u>11,831</u>
Weighted average number of ordinary shares during the period	<u><b>21,432</b></u>	<u>11,736</u>	<u>16,380</u>
<b>Basic loss per share</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Basic loss per share	<u><b>0.35</b></u>	<u>0.31</u>	<u>0.49</u>

### **Adjusted loss per share**

Adjusted loss per share is based on the result attributable to ordinary shareholders before exceptional items and the cost of share based payments and a weighted average number of Ordinary Shares outstanding:

	<b>6 months to 30 June 2013 \$000</b>	<b>6 months to 30 June 2012 \$000</b>	<b>Year to 31 December 2012 \$000</b>
Loss for the period attributable to ordinary shareholders	<b>7,514</b>	3,641	7,981
Add back:			
Exceptional items	<b>(524)</b>	(2,716)	(1,880)
Share based payments	<u><b>(1,322)</b></u>	<u>(473)</u>	<u>(813)</u>
Adjusted basic loss	<u><b>5,668</b></u>	<u>452</u>	<u>5,288</u>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Adjusted loss per share	<u><b>0.26</b></u>	<u>0.03</u>	<u>0.33</u>

### **Diluted earnings per share:**

Due to the Group having losses in each of the periods, the fully diluted loss per share for disclosure purposes, as shown in the consolidated statement of comprehensive income, is the same as for basic loss per share.

## 8. Intangible assets

Intangible assets comprise capitalised development costs, Software and other intangibles.

	<i>6 months to 30 June 2013</i>	<i>6 months to 30 June 2012</i>	<i>Year to 31 December 2012</i>
<b>Capitalised Development costs</b>			
<b>Cost:</b>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Balance at the start of the period	6,304	3,392	3,392
Additions	3,008	998	2,912
Balance at the end of the period	<b>9,312</b>	4,390	6,304
<b>Amortisation:</b>			
Balance at the start of the period	(3,850)	(2,049)	(2,049)
Amortisation	(1,731)	(605)	(1,801)
Balance at the end of the period	<b>(5,581)</b>	(2,654)	(3,850)
<b>Carrying amount</b>	<b>3,731</b>	1,736	2,454
<b>Software</b>			
<b>Cost:</b>	<i>2013 \$000</i>	<i>2012 \$000</i>	<i>2012 \$000</i>
Balance at the start of the period	995	-	-
Additions	-	-	1,000
Effect of movement in foreign exchange	(48)	-	(5)
Balance at the end of the period	<b>947</b>	-	995
<b>Amortisation:</b>			
Balance at the start of the period	(122)	-	-
Amortisation	(239)	-	(122)
Balance at the end of the period	<b>(361)</b>	-	(122)
<b>Carrying amount</b>	<b>586</b>	-	873
<b>Other Intangibles</b>			
<b>Cost:</b>	<i>2013 \$000</i>	<i>2012 \$000</i>	<i>2012 \$000</i>
Balance at the start of the period	2,308	-	-
Additions	-	-	2,308
Balance at the end of the period	<b>2,308</b>	-	2,308
<b>Amortisation:</b>			
Balance at the start of the period	(94)	-	-
Amortisation	(383)	-	(94)
Balance at the end of the period	<b>(477)</b>	-	(94)
<b>Carrying amount</b>	<b>1,831</b>	-	2,214
<b>Total carrying amount</b>	<b>6,148</b>	1,736	5,541

### **Carrying value of intangible assets**

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 30 June 2013, 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 the Group has developed for the Big Data market.

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 the DConE CGU has been calculated on a VIU basis at both 30 June 2013 and 30 June 2012. These calculations use cash flow projections based on financial forecasts and approximate long term growth rates. The cash flow forecasts are discounted back to present value using a pre-tax discount rate of 8.0%. The directors have reviewed the recoverable amount of the CGU and do not consider there to be any indication of impairment.

Other intangibles arose as part of the acquisition of AltoStor, Inc. in November 2012. The intangibles arising as part of the AltoStor acquisition are allocated to the DConE CGU, the recoverable amount of which has been determined on a VIU basis as described above.

The software relates to the purchase of an item of software by WANdisco International Limited from Syntevo GmbH in September 2012. This software is being amortised over a period of two years and is allocated to the DConE CGU as described above.

## 9. Deferred income

Deferred income represents contracted sales for which services to customers will be provided in future years. The movement in deferred income is as follows:

	<b>6 months to 30 June 2013</b>	<i>6 months to 30 June 2012</i>	<i>Year to 31 December 2012</i>
Balance at the start of the period	<b>\$000</b>	\$000	\$000
Customer bookings	<b>6,368</b>	4,466	4,466
Revenue recognised in period	<b>(3,506)</b>	(2,915)	(6,014)
Balance at the end of the period	<b><u>8,961</u></b>	<u>4,940</u>	<u>6,368</u>

Included in the period end balance at 30 June 2013 above are amounts falling due after one year of \$3,713,000 (30 June 2012: \$1,966,000; 31 December 2012: \$2,166,000).

## 10. Share based payments

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.

On 16 May 2012, in connection with the acquisition of WANdisco, Inc., options were granted to employees to replace options that they held over the shares of WANdisco, Inc.. The terms of these replacement options and the number of shares under option are the same as the options that each employee previously held. The exercise price is equivalent to the exercise price for the WANdisco, Inc. shares translated at the exchange rate on the day the replacement options were issued. On 21 June 2012 and 7 December 2012 new options were granted to certain employees.

The terms and conditions of the grants are detailed in the full group financial statements for the year ended 31 December 2012.

### AltoStor related share-based payments

As part of the acquisition of AltoStor Inc. on 16 November 2012, a total of 375,651 restricted shares have been issued to the former owners of the AltoStor Inc. business. These shares have been treated as contingent consideration and have been accounted for under IFRS 2 'Share-based Payments' rather than as part of the acquisition consideration under IFRS 3 'Business Combinations'.

A share based payment charge of \$730,000 has been recognised in the 6 months ended 30 June 2013 in relation to these restricted shares.

### TortoiseSVN.net related share-based payments

On 7 June 2013, the group acquired TortoiseSVN.net for a nominal fee. As part of the transaction, the lead developer of TortoiseSVN.net has joined WANdisco, and 50,000 restricted shares have been issued as part of his remuneration package. These shares have been accounted for under IFRS 2 'Share-based payments' and a share based payment charge of \$27,000 has been recognised in the 6 months ended 30 June 2013 in relation to these restricted shares.

The number and weighted average exercise price of share options (including previous options in WANdisco, Inc. were as follows:

	<b>6 months to 30 June 2013 Number</b>	<b>6 months to 30 June 2012 Number</b>	<b>Year to 31 December 2012 Number</b>
Balance at the start of the period	<b>2,681,470</b>	6,909,912	6,909,912
Granted (WANdisco, Inc.)	-	3,084,000	3,084,000
Forfeited (WANdisco, Inc.)	-	(14,500)	(14,500)
Lapsed (WANdisco, Inc.)	-	-	-
Exercised (WANdisco, Inc.)	-	(7,669,522)	(7,669,522)
Granted (WANdisco plc)	-	96,525	811,525
Forfeited (WANdisco plc)	<b>(147,892)</b>	(10,000)	(99,678)
Exercised (WANdisco plc)	<b>(11,791)</b>	(63,542)	(340,267)
Balance at the end of the period	<b><u>2,521,787</u></b>	<u>2,332,873</u>	<u>2,681,470</u>
Exercisable at the end of the period	<b><u>212,256</u></b>	<u>2,332,873</u>	<u>201,397</u>
Vested at the end of the period	<b><u>219,827</u></b>	<u>555,194</u>	<u>214,927</u>



## 10. Share based payments (continued)

	<b>6 months to 30 June 2013</b>	<b>6 months to 30 June 2012</b>	<b>Year to 31 December 2012</b>
Weighted average exercise price for	<b>\$</b>	<b>\$</b>	<b>\$</b>
Shares granted (WANdisco, Inc.)	-	0.36	0.36
Shares forfeited (WANdisco, Inc.)	-	0.58	0.58
Options exercised (WANdisco, Inc.)	-	0.36	0.36
Shares granted (WANdisco plc)	-	3.12	6.71
Shares forfeited (WANdisco plc)	<b>4.97</b>	0.45	1.26
Options exercised (WANdisco plc)	<b>0.63</b>	0.36	0.38
Exercise price in the range:			
From	<b>0.36</b>	0.36	0.36
To	<b>7.19</b>	3.14	7.19
Weighted average contractual life remaining	<b>Years 8.6</b>	<b>Years 8.8</b>	<b>Years 9.1</b>

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:

	<b>6 months to 30 June 2013</b>	<b>6 months to 30 June 2012</b>	<b>Year to 31 December 2012</b>
Dividend yield	<b>0.0%</b>	0.0%	0.0%
Risk free interest rate	<b>3.5%</b>	3.5%	3.5%
Stock price volatility	<b>40%</b>	40%	40%
Expected life (years)	<b>5</b>	5	5
Weighted average fair value of options granted during the period			
WANdisco, Inc.	-	\$0.15	\$0.15
WANdisco plc	-	\$1.26	\$2.46

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 of which the option 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.

## 11. Contingent liabilities

Given the nature of the business there are potentially claims which could arise against the Group. The Directors have made provision for any known claims based on their assessment of the likely outcome.

## 12. Events after the balance sheet date

There are no significant or disclosable post-balance sheet events.