Regulatory Story

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Company	WANdisco Plc
TIDM	WAND
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WANdisco plc

("WANdisco" or the "Group")

Interim Results for the six months ended 30 June 2014

Big Data customer wins and advanced production trials with customer prospects
ALM sales bookings up 19% as customers continued to adopt new tools

Financial Highlights

- Sales bookings up 21% to $7.4m
- Deferred revenue from booked sales up 73% to $15.5m
- Net cash $15.0m at 30 June 2014 (30 June 2013: $5.5m)
- Adjusted EBITDA[1] loss $9.5m (H1 2013: $3.3m loss)
- $10m credit facility secured with HSBC - a strong endorsement of the business

Operational and Strategic Highlights

Big Data

- Strategic customer wins including British Gas and UCI Health, with extension potential
- Advanced formal production trials with a number of global corporations
- Major new release of Non-Stop NameNode, with new functionality to significantly reduce the cost of deploying Hadoop in an enterprise data centre
- OhmData acquired, accelerating go-to-market for our 'HBase' database product
- Oracle partnership opens up wide distribution opportunities

Application Lifecycle Management ("ALM")

- Sales bookings continue to rise, up 19%
- 26 new ALM subscriptions, including ARM, Panasonic, Polycom and PetSmart
- 28 upgraded or expanded ALM subscriptions, including Cisco, Pitney Bowes, Fannie Mae and Pixelworks
- High subscription renewal rates maintained, demonstrating the reliability of our business model
- New ALM products released: Git Multisite 1.2, SmartSVN 8.5, Access Control Plus

David Richards, Chief Executive Officer, comments:

"2014's first half saw further traction with our Big Data strategy, while our established ALM business continued to deliver strong sales. Our ALM customers continued to renew their subscriptions and many expanded their solutions to exert more control over their software development operations. In Big Data, in addition to securing new customers, we reached advanced stages in production trials with a number of large global corporations. Whilst the timing of the conclusion of these trials is hard to predict, we expect a number of them will lead to initial software subscriptions over the coming months.

We have deepened our partnerships with the Hadoop market's two principal distributors, Cloudera and Hortonworks, and benefitted from the significant corporate investments that they have attracted. We launched a partnership with Oracle, opening up access to their global hardware sales channel. Our product strategy was accelerated by our acquisition of OhmData, augmenting our HBase database expertise. A new credit facility from HSBC gives us funding options for future investments, and is an expression of confidence in the business.

Our first half progress has moved us forward significantly along our path to becoming the leading provider of non-stop infrastructure for Big Data."

1 *Earnings before interest, tax, depreciation, amortisation, exceptional items and share-based payments*

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 solutions that enable 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

During the first half we delivered strong sales bookings growth whilst progressing rapidly towards our strategic goal of becoming the de facto provider of continuous availability for Hadoop Big Data operations.

In our established ALM business, our strong sales bookings growth was achieved through attracting new customers to leading products, expanding customers' trusted solutions, and high renewal rates fostered by high-quality customer support.

In Big Data, we have added three customers so far this year and are in advanced production trials with a number of others. We are increasingly encouraged by the operational scope over which these organisations are seeking to deploy our 'non-stop' technology.

We have expanded our sales force inside and outside the US, focusing on enterprise-level selling and on key industry markets such as financial services and the public sector. In product engineering we added to our Big Data skills and took steps towards greater productivity in both ALM and Big Data.

We have world-class technology experts in both Open Source and Hadoop, increasingly so with the acquisition of OhmData. The depth of our expertise has enabled us to respond quickly to the needs of both prospective and new customers - integrating with partner products, committing open source code to help customers make the best use of our products, and directing our product roadmaps to where market demand is strongest.

Big Data

In the capture, curation and analysis of very large pools of structured and unstructured data, traditional data platforms are unable to handle data of the scale and diversity embraced by Hadoop across distributed operations. WANdisco's critical data replication technology is the only means by which an enterprise can ensure continuous availability of Hadoop over a wide area network. The market for software that enables continuously available Big Data over wide area networks is both large - over $5bn annually by 2017 - and rapidly growing - over 50% annually (source: Gartner, IDC, Wikibon, WANdisco research).

As the Hadoop ecosystem has matured into Hadoop 2.0, we have seen 'run-time' (processing and real-time transactional) use cases come to the fore alongside data storage use cases. Such 'run-time' use cases are well represented in our pipeline of opportunities. This year we began to work with the Hadoop market's two principal distributors, Cloudera and Hortonworks, to target Hadoop customers and run production trials with them. Using this model, we are well placed to derive good commercial value for our layer of the Hadoop stack.

During the first half we achieved our first Big Data customer wins under the distribution partner model. These include the wins previously reported at UCI Health, British Gas, and a wholesale logistics technology provider to the pharmaceuticals industry. We expect all of these customers to scale up to significantly bigger subscriptions over time as they develop their Hadoop operations. In the first half, $0.3m of bookings came from our Big Data products (H1 2013: $0.2m).

Whilst completed sales bookings in the period were not significant, we reached advanced stages in a number of pre-contract production trials with prospective Big Data customers, in which a number of global corporations have invested significant hardware, data centre resource and management time in running our software. These evaluations have expanded in scope and scale as the corporations have sought to thoroughly plan for continuous data availability across wide coverage of their mission-critical operations. Outlines of some of our key current evaluations are as follows:

(1) In Manufacturing, a multinational industrial equipment supplier is embarking on the collection of massive quantities of data from sensors attached to jet engines, fuel pipelines and locomotives, so that a team of data scientists can capture insights on maintenance and faults. Hadoop has proved less expensive than the legacy data warehouse provider. However, transfer of data from the point of capture to other locations for analysis requires error-prone and time-consuming administration and monitoring. To solve this, a 'data lake' is being created to hold data in distributed clusters. In the trial, we are demonstrating continuous availability of the data lake.

(2) In Consumer Electronics, a US corporation is using Hadoop to capture, for the first time, insights into customer buying and device usage. In order to process data on a global scale from a range of devices, it needs to reduce latency between data centres, but has a shortage of data centre space to operate from. Recovery from outages is time-consuming and does not ensure continuous availability of data. WANdisco is demonstrating 100% uptime, faster processing and optimal hardware utilisation, by selectively replicating workloads across hardware resources.

(3) In Global Retail Banking, an international bank based in the UK is switching to a Hadoop platform, to meet the needs of its lines of business for more complete customer intelligence, and to eliminate redundant data storage. Its wealth management business needs to consolidate huge volumes of unstructured customer interaction records in pursuit of more precise analysis of customer-level profitability. Elsewhere in the bank, the effort to prevent fraud, rather than detect it retrospectively, requires data to be selectively replicated between Hadoop instances. Transaction queries need to produce consistent results regardless of where the query originates. We have demonstrated run time for analytics jobs reducing from 3 hours to 10 minutes, and total cost of ownership 90% lower than the bank's legacy analytics platform.

(4) In Public Health, a government programme is using predictive analytics in Hadoop to slow the spread of epidemics and pandemics. Health, environment and supply chain tracking data are being captured from thousands of hospitals, energy suppliers and ports. This will expose relationships between causal factors that have never before analysed, leading to better control of the root causes of the spread of disease. WANdisco's technology will bring together disparate types of data in a reliable fashion, for the first ever time, whilst using selective replication to protect private data where appropriate.

(5) In Insurance, a leading global property and casualty insurer is redesigning its insurance risk modelling under a new Head of Big Data. It has found that interrogating unstructured data radically improves upon traditional methods of predicting claim risks. All data is intended to be stored in Hadoop, as a basis for a wide range of management decision-making. WANdisco is demonstrating continuous management access to the expanded data set, provided over the most cost-effective hardware resources.

These trials and others are expected to conclude over the coming months and we expect subscription bookings to follow in a number of cases.

Many of our prospective customers are finding that significantly reduced Hadoop deployment costs result from the more efficient hardware utilisation that our replication technology enables. Responding to customer requirements, we released, after the period end, a major new version of our core Big Data product, Non-Stop Hadoop, including selective replication and 'zoning' - the segregation of data operations between hardware resources, enabling higher hardware utilisation and therefore a lower cost of ownership.

We acquired San Francisco-based OhmData, Inc. ("OhmData"), a developer of database solutions based on HBase, an open source, non-relational, distributed Hadoop database. The enterprise value of the acquisition was $2.1m, paid in WANdisco stock and including post-acquisition share-based payments treated as exceptional expenses (see note 12 on IFRS fair value treatment of the acquisition consideration). Working alongside our existing distributed computing experts, OhmData will enhance our ability to develop further groundbreaking replication technology, not least because of the ability to commit new Hadoop code to improve integration between WANdisco products and the Hadoop open source platform.

We became a certified partner in the Oracle Big Data Appliance programme of applications for its Big Data hardware, after the end of the period. After extensive testing in Oracle's Silicon Valley labs, WANdisco's product was certified for distribution on Oracle's servers for Hadoop installation and deployment. This is a major move forward in our channel distribution strategy, opening up access to Oracle's global enterprise sales force and vast customer base of large corporations. This new partnership has been given additional momentum by existing Oracle customers seeking to combine the performance and scalability of Oracle appliances with WANdisco's continuous Hadoop availability over wide area networks. Our joint marketing of the combined solution has been well received by prospective customers over recent months.

Application Lifecycle Management ("ALM")

We continue to see strong growth in the segment of the ALM market that we focus on, Open Source Software Change and Configuration Management. Software development continues to become more geographically and organisationally distributed and greater corporate control and efficiency is sought, both amongst software companies and in industry more generally.

$7.1m of sales bookings in the period came from our well-established ALM products, representing 19% growth compared with $5.9m in the prior year. Notable new customers amongst the 26 new subscriptions (excluding our SmartSVN e-commerce product) included ARM, Globant, Panasonic, Synaptics, Polycom and PetSmart. In addition, there were some significantly sized renewals from existing customers such as Cisco, Wal-Mart, Fannie Mae and Pixelworks. Many customers extended the usage of our product across their organisations, including Pitney Bowes and Huawei. Multi-year contracts continue to be prevalent, particularly amongst the larger deals.

Our increasingly close links with the software development and open-source communities we serve has allowed us to move fast in introducing new products. Key product releases in the period were as follows:

Git MultiSite 1.2, a scalability and continuous availability solution that provides LAN-speed Git access and collaboration to developers everywhere. New features further simplify configuration and administration, enforce global policies, and enhance performance and security.

SmartSVN 8.5, the latest version of our platform-independent graphical client for Apache Subversion, delivering significant performance and compatibility improvements.

Access Control Plus, the first unified access control solution for the Subversion and Git open source tools, providing consistent authorisation, authentication, access control and audit across globally distributed software development sites.

Financial Review

Sales bookings in the period were $7.4m (H1 2013: $6.1m) representing 21% growth compared to the prior year period. Sales bookings are total subscription contract values, subsequently recognised rateably as revenue over the life of the contract. Bookings remain heavily weighted to the well-established ALM business.

Deferred revenue from sales booked during the first half and in previous periods (and not yet recognised as revenue) was $15.5m at 30 June 2014 (30 June 2013: $9.0m), up 73%, reflecting success in securing forward revenue from multi-year contracts.
Revenue for the period grew 43% to $5.0m (H1 2013: $3.5m). This growth includes revenue deferred from previous periods, in particular revenue from large multi-year contracts sold at the end of 2013.

We sustained high subscription renewal rates in the period. Several of those customers renewed on a multi-year basis, signalling strong confidence in our products.

As is usual in our subscription model, sales bookings had high 'upfront' billing content. Trade and other receivables at the period end were $10.4m (H1 2013: $4.9m). Of this, $2.3m was billed by the period end (H1 2013: $2.8m), $7.2m comprised contractual payments not yet billed (H1 2013: $1.5m), largely from multi-year contracts, and $0.9m were sundry non-trade receivables (H1 2013: $0.6m).

The adjusted EBITDA loss for the period (excluding share-based payments, capitalised product development and exceptional items) was $9.5m (H1 2013: $3.3m). The loss resulted from the significant investment required to address our high growth markets, albeit in parallel we have begun to realise material cost efficiencies in product engineering.

Our product development expenditure for the period was $4.2m (H1 2013: $3.0m). All of this expenditure was devoted to new products and was capitalised.

At 30 June 2014, our headcount stood at 162 (31 December 2013: 147). The increase reflects investment in highly skilled product engineers and in sales executives, in order to further develop and take to market our Big Data products. At the same time, we have realised efficiencies in product engineering amongst both our more established ALM products and our newer Big Data products, where we undertake much of our testing, user interface and release management activity in our lower-cost UK locations. Core Big Data product build and technology platform activity remains in the US. Resulting cash cost savings have enabled us to accelerate development of new Big Data products. In the second half of the year we expect our operating costs to remain broadly stable compared with the first half.

Net cash stood at $15.0m at 30 June 2014 (30 June 2013: $5.5m).

After the period end we secured a $10m revolving credit facility with HSBC Bank plc ("HSBC"), available until 31 March 2017. The funds available through the facility will be used to finance continued expansion in the Big Data market, including product development and go-to-market activities. The interest rate on funds drawn down under the facility will be 1.2% above the prevailing LIBOR interest rate. HSBC's involvement, alongside our equity investors, diversifies our financing options. Moreover, it is an emphatic expression of confidence in our business.

Conclusion and Outlook

2014 so far has been a period of operational, financial and strategic progress. During the rest of the year our priorities are to convert Big Data production trials into customer subscriptions, to continue to develop Big Data products and to leverage our partnerships and recent acquisition. Whilst the complexity of these evaluations, entailing live environments, makes the timing of their conclusion difficult to predict, we expect a number of successful trials to translate to initial software subscriptions over the coming months.

At the same time we expect our ALM business to continue to generate strong sales bookings growth, after recent new product releases and with continued close engagement with our customers as they advance their software development activities.

Having made investments in people and in infrastructure, as well as realising some engineering cost efficiencies, we enter the remainder of the year with a more efficient organisation set up to take advantage of the opportunities which we see ahead of us in a big and rapidly-evolving market place.

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2014

		Six months ended 30 June 2014 (Unaudited)			Six months ended 30 June 2013 (Unaudited)			Year ended 31 December 2013 (Audited)		
		Pre-exceptional	**Exceptional items**	**Total**	Pre-exceptional	Exceptional items	Total	Pre-exceptional	Exceptional items	Total
Continuing operations	Note	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	3	**5,013**	**-**	**5,013**	3,506	-	3,506	8,012	-	8,012

Cost of sales		**(1,029)**	**-**	**(1,029)**	(679)	-	(679)	(1,579)	-	(1,579)
Gross profit		**3,984**	**-**	**3,984**	2,827	-	2,827	6,433	-	6,433
Operating expenses	4	**(21,991)**	**(536)**	**(22,527)**	(9,129)	(757)	(9,886)	(23,425)	(2,276)	(25,701)
Loss from operations	5	**(18,007)**	**(536)**	**(18,543)**	(6,302)	(757)	(7,059)	(16,992)	(2,276)	(19,268)
Net finance (costs)/income	4,6	**(2)**	**-**	**(2)**	69	(524)	(455)	(242)	(484)	(726)
Loss before tax		**(18,009)**	**(536)**	**(18,545)**	(6,233)	(1,281)	(7,514)	(17,234)	(2,760)	(19,994)
Income tax	7	**-**	**-**	**-**	-	-	-	263	-	263
Loss for the period		**(18,009)**	**(536)**	**(18,545)**	(6,233)	(1,281)	(7,514)	(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		**543**	**-**	**543**	(236)	-	(236)	136	-	136
Other comprehensive income for the period, net of tax		**543**	**-**	**543**	(236)	-	(236)	136	-	136
Total comprehensive income for the period		**(17,466)**	**(536)**	**(18,002)**	(6,469)	(1,281)	(7,750)	(16,835)	(2,760)	(19,595)
Loss per share										
Basic and diluted loss per share	8			$0.78			$0.35			$0.90

The notes on pages 11 to 18 form an integral part of this condensed consolidated half yearly financial report.

Condensed consolidated statement of financial position

As at 30 June 2014

	Note	**30 June 2014 (Unaudited) $'000**	30 June 2013 (Unaudited) $'000	31 December 2013 (Audited) $'000
Assets				
Intangible assets	9	**9,682**	6,148	8,092
Property, plant and equipment		**382**	346	311
Non-current assets		**10,064**	6,494	8,403
Trade and other receivables	10	**10,423**	4,855	10,511
Cash and cash equivalents		**14,994**	5,454	25,673
Current assets		**25,417**	10,309	36,184
Total assets		**35,481**	16,803	44,587
Liabilities				
Borrow ings - finance lease liabilities		**(19)**	-	(35)
Trade and other payables		**(2,664)**	(1,703)	(2,508)
Deferred income	11	**(15,503)**	(8,961)	(13,124)
Deferred government grant		**(119)**	-	(242)
Provisions		**-**	(320)	-
Current liabilities		**(18,305)**	(10,984)	(15,909)
Deferred income tax liabilities		**(5)**	(5)	(5)
Non-current liabilities		**(5)**	(5)	(5)
Total liabilities		**(18,310)**	(10,989)	(15,914)
Net assets		**17,171**	5,814	28,673
Equity				
Share capital		**3,767**	3,390	3,755
Share premium		**54,201**	23,338	53,882
Shares to be issued		**2,364**	-	-
Translation reserve		**685**	(230)	142
Merger reserve		**1,247**	1,247	1,247
Retained earnings		**(45,093)**	(21,931)	(30,353)
Total equity		**17,171**	5,814	28,673

The notes on pages 11 to 18 form an integral part of this condensed consolidated half yearly financial report.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2014

	Share capital	**Share premium**	**Shares to be issued**	**Translation reserve**	**Merger reserve**	**Retained earnings**	**Total**

Six months ended 30 June 2014 (unaudited)	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2014	**3,755**	**53,882**	**-**	**142**	**1,247**	**(30,353)**	**28,673**
Total comprehensive income for the period							
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(18,545)**	**(18,545)**
Other comprehensive income	**-**	**-**	**-**	**543**	**-**	**-**	**543**
Total comprehensive income for the period	**-**	**-**	**-**	**543**	**-**	**(18,545)**	**(18,002)**
Transactions with owners of the Company							
Contributions and distributions							
Shares to be issued as part of OhmData acquisition	**-**	**-**	**2,364**	**-**	**-**	**(1,518)**	**846**
Equity-settled share-based payment	**-**	**-**	**-**	**-**	**-**	**5,323**	**5,323**
Share options exercised	**12**	**319**	**-**	**-**	**-**	**-**	**331**
Total transactions with owners of the Company	**12**	**319**	**2,364**	**-**	**-**	**3,805**	**6,500**
Balance at 30 June 2014	**3,767**	**54,201**	**2,364**	**685**	**1,247**	**(45,093)**	**17,171**

Six months ended 30 June 2013 (unaudited)	Share capital $'000	Share premium $'000	Shares to be issued $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2013	3,388	23,332	-	6	1,247	(15,739)	12,234
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(7,514)	(7,514)
Other comprehensive income	-	-	-	(236)	-	-	(236)
Total comprehensive income for the period	-	-	-	(236)	-	(7,514)	(7,750)
Transactions with owners of the Company							
Contributions and distributions							
Equity-settled share-based payment	-	-	-	-	-	1,322	1,322
Share options exercised	2	6	-	-	-	-	8
Total transactions with owners of the Company	2	6	-	-	-	1,322	1,330
Balance at 30 June 2013	3,390	23,338	-	(230)	1,247	(21,931)	5,814

The notes on pages 11 to 18 form an integral part of this condensed consolidated half yearly financial report.

Condensed consolidated statement of cash flows

For the six months ended 30 June 2014

	Six months ended 30 June 2014 (Unaudited) $'000	Six months ended 30 June 2013 (Unaudited) $'000	Year ended 31 December 2013 (Audited) $'000
Cash flows from operating activities			
Loss for the period	**(18,545)**	(7,514)	(19,731)
Adjustments for:			
- Depreciation	**134**	61	138
- Amortisation of intangibles	**3,573**	2,353	4,918
- Net finance costs	**2**	455	726
- Tax credit	**-**	-	(263)
- Foreign exchange	**163**	(28)	-
- Equity settled share-based payment transactions	**5,323**	1,322	5,799
	(9,350)	(3,351)	(8,413)
Changes in:			
- Trade and other receivables	**118**	(2,369)	(8,060)
- Trade and other payables	**128**	(1,887)	(1,122)
- Deferred income	**2,378**	2,593	6,756
- Government grant	**(130)**	(36)	(338)
- Provisions	**-**	(73)	(393)
Net working capital change	**2,494**	(1,772)	(3,157)
Cash used in operating activities	**(6,856)**	(5,123)	(11,570)
Interest paid	**(15)**	-	(35)
Net cash used in operating activities	**(6,871)**	(5,123)	(11,605)
Cash flows from investing activities			
Purchase of property, plant and equipment	**(300)**	(278)	(320)
Development expenditure	**(4,206)**	(3,008)	(7,443)
Interest received	**34**	28	52

Net cash used in investing activities	**(4,472)**	(3,258)	(7,711)
Cash flow from financing activities			
Net proceeds from share issues	**331**	8	30,235
Finance lease principal payments	**(16)**	-	-
Net cash from financing activities	**315**	8	30,235
Net (decrease)/increase in cash and cash equivalents	**(11,028)**	(8,373)	10,919
Cash and cash equivalents at the start of the period	**25,673**	14,545	14,545
Effect of movements in exchange rates on cash and cash equivalents	**349**	(718)	209
Cash and cash equivalents at the end of the period	**14,994**	5,454	25,673

The notes on pages 11 to 18 form an integral part of this condensed consolidated half yearly financial report.

Notes to the condensed consolidated half yearly financial statements

For the six months ended 30 June 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 condensed consolidated half yearly financial statements ("Half yearly financial statements") as at and for the six months ended 30 June 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

These half yearly financial statements have been prepared in accordance with AIM rules for Companies and IAS 34 "Interim Financial Reporting" as adopted by the European Union ("EU"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last consolidated financial statements as at and for the year ended 31 December 2013.

These half yearly financial statements were authorised for issue by the Company's Board of Directors on 16 September 2014.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed by the EU, IFRIC ("IFRS Interpretations Committee) interpretations, under the historical cost accounting convention, and with those parts of Jersey Law (1991) applicable to companies under IFRS. The half yearly financial statements have, 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 Group's published Consolidated financial statements for the year ended 31 December 2013. Accordingly, these half yearly financial statements should be used in conjunction with the Group's published financial statements for the year ended 31 December 2013.

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 are not considered to have a material impact on the Group:

- Amendment to IFRS 10 - "Consolidated Financial Statements"
- Amendment to IFRS 12 - "Disclosure of Interests in Other Entities"
- Amendment to IAS 27 - "Separate Financial Statements"
- Amendment to IAS 32 - "Financial Instruments: Presentation"
- Amendment to IAS 36 - "Impairment of Assets"
- Amendment to IAS 39 - "Financial Instruments: Recognition and Measurement"

Going concern

As at 30 June 2014 the Group had net assets of $17,171,000 (30 June 2013: $5,814,000; 31 December 2013: $28,673,000) as set out in the Condensed consolidated statement of financial position 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 twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the half yearly financial statements.

Functional and presentational currency

The half yearly financial statements are presented in US dollars, which is also the functional currency of the Group. Billings to the Group's customers during the period were all made 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 judgements and estimates

In preparing these half yearly financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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:

	Six months	Six months

	ended 30 June 2014 (Unaudited) $'000	ended 30 June 2013 (Unaudited) $'000	Year ended 31 December 2013 (Audited) $'000
North America	**4,592**	2,780	7,069
Europe	**288**	620	660
Rest of the world	**133**	106	283
Total	**5,013**	3,506	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 customers representing individually over 10% of revenue.

4. Exceptional items

Exceptional items comprise the following:	**Six months ended 30 June 2014 (Unaudited) $'000**	Six months ended 30 June 2013 (Unaudited) $'000	Year ended 31 December 2013 (Audited) $'000
Share-based payment charge in relation to acquisitions			
- AltoStor	**329**	730	1,459
- TortoiseSVN.net	**196**	27	236
- OhmData	**11**	-	-
Total share-based payment charge in relation to acquisitions	**536**	757	1,695
Reorganisation costs	**-**	-	581
Exceptional items within operating expenses	**536**	757	2,276
Currency exchange loss	**-**	524	484
	536	1,281	2,760

The share-based payment charge recognised in the period relate to charges arising on the acquisitions of AltoStor, TortoiseSVN.net and OhmData, Inc., which have been classified as exceptional.

Reorganisation costs relate to certain specific organisational change activities in both the UK and the US in the prior full year period.

The exchange loss is a result of certain Group cash balances being held in sterling denominated accounts.

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

Reconciliation of operating loss to EBITDA	**Six months ended 30 June 2014 (Unaudited) $'000**	Six months ended 30 June 2013 (Unaudited) $'000	Year ended 31 December 2013 (Audited) $'000
Loss from operations	**(18,543)**	(7,059)	(19,268)
Adjusted for:			
Amortisation and depreciation	**3,707**	2,414	5,056
Exceptional items within operating expenses	**536**	757	2,276
EBITDA before exceptional items	**(14,300)**	(3,888)	(11,936)
Share-based payment charge (non-exceptional)	**4,787**	565	4,104
Adjusted EBITDA before exceptional items	**(9,513)**	(3,323)	(7,832)
Development expenditure capitalised	**(4,206)**	(3,008)	(7,443)
Adjusted EBITDA before exceptional items including development expenditure	**(13,719)**	(6,331)	(15,275)

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

	Six months ended 30 June 2014 (Unaudited) $'000	Six months ended 30 June 2013 (Unaudited) $'000	Year ended 31 December 2013 (Audited) $'000
Interest receivable - bank	**34**	28	52
Exchange losses	**(21)**	41	(259)
Interest payable on bank borrowings	**-**	-	(12)
Bank charges	**(15)**	-	(23)
Net finance (costs)/income	**(2)**	69	(242)

7. Taxation

	Six months ended 30 June 2014 (Unaudited) $'000	Six months ended 30 June 2013 (Unaudited) $'000	Year ended 31 December 2013 (Audited) $'000
Total current tax expense - adjustment for prior years	**-**	-	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:

	Six months ended 30 June 2014 (Unaudited) $'000	Six months ended 30 June 2013 (Unaudited) $'000	Year ended 31 December 2013 (Audited) $'000
Loss for the period attributable to ordinary shareholders	**18,545**	7,514	19,731
Weighted average number of ordinary shares	**Number of shares '000**	Number of shares '000	Number of shares '000
At start of period	**23,693**	21,421	21,421
Effect of shares issued in the period	**48**	11	586
Weighted average number of ordinary shares during the period	**23,741**	21,432	22,007
Basic loss per share	**$0.78**	$0.35	$0.90

Adjusted loss per share

Adjusted loss per share is calculated based on the loss attributable to ordinary shareholders before exceptional items and the share-based payment charge, and the weighted average number of ordinary shares outstanding:

	Six months ended 30 June 2014 (Unaudited) $'000	Six months ended 30 June 2013 (Unaudited) $'000	Year ended 31 December 2013 (Audited) $'000
Loss for the period attributable to ordinary shareholders	**18,545**	7,514	19,731
Add back:			
Exceptional items	**(536)**	(1,281)	(2,760)
Share-based payment charge (non-exceptional)	**(4,787)**	(565)	(4,104)
Adjusted basic loss for the period	**13,222**	5,668	12,867
Adjusted loss per share	**$0.56**	$0.26	$0.58

Diluted loss per share

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

9. Intangible assets

At 30 June 2014 (unaudited)	**Other intangible $'000**	**Development costs $'000**	**Software $'000**	**Total $'000**
Cost				
At 1 January 2014	**2,308**	**13,747**	**1,030**	**17,085**
Acquisitions through business combinations (note 12)	**846**	**-**	**-**	**846**
Additions - externally purchased	**-**	**-**	**98**	**98**
Additions - own work capitalised	**-**	**4,206**	**-**	**4,206**
Effect of movement in foreign exchange	**-**	**-**	**(21)**	**(21)**
At 30 June 2014	**3,154**	**17,953**	**1,107**	**22,214**
Amortisation				
At 1 January 2014	**(860)**	**(7,520)**	**(613)**	**(8,993)**
Amortisation charge for the period	**(383)**	**(2,932)**	**(258)**	**(3,573)**
Effect of movement in foreign exchange	**-**	**-**	**34**	**34**
At 30 June 2014	**(1,243)**	**(10,452)**	**(837)**	**(12,532)**
Net book value - At 30 June 2014	**1,911**	**7,501**	**270**	**9,682**

At 30 June 2013 (unaudited)				
Cost				
At 1 January 2013	2,308	6,304	995	9,607
Additions - own work capitalised	-	3,008	-	3,008
Effect of movement in foreign exchange	-	-	(48)	(48)
At 30 June 2013	2,308	9,312	947	12,567
At 1 January 2013	(94)	(3,850)	(122)	(4,066)
Amortisation charge for the period	(383)	(1,731)	(239)	(2,353)
At 30 June 2013	(477)	(5,581)	(361)	(6,419)
Net book value - At 30 June 2013	1,831	3,731	586	6,148

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 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 the Group have 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. There was no indication of impairment at either 30 June 2014, 30 June 2013 or 31 December 2013.

Other intangibles arose as part of the acquisitions of AltoStor, Inc. in November 2012 and OhmData, Inc. in June 2014. The intangibles arising as part of these acquisitions are allocated to the DConE CGU. The recoverable amount of which has been determined on a VIU basis as described above.

Software primarily relates to an item of software purchased from Syntevo GmBH for consideration of $1 million in September 2012. This software is being amortised over a period of two years and is allocated to the DConE CGU as described above.

See note 12 for further information on intangible assets acquired through business combinations in the period.

The above amortisation charge forms part of operating expenses in the Condensed consolidated statement of profit or loss.

10. Trade and other receivables

	30 June 2014 (Unaudited) $'000	30 June 2013 (Unaudited) $'000	31 December 2013 (Audited) $'000
Trade receivables	**2,340**	2,742	4,511
Other receivables			
- Unbilled receivables	**7,149**	1,504	4,668
- Other receivables	**348**	183	706
Total other receivables	**7,497**	1,687	5,374
Corporation tax	**-**	-	263
Prepayments	**586**	426	363
	10,423	4,855	10,511

Included in other receivables is $5,089,000 which falls due after more than one year (30 June 2013: $850,000; 31 December 2013: $3,252,000).

11. Deferred income

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

The movement on the deferred income balance is as follows:	**30 June 2014 (Unaudited) $'000**	30 June 2013 (Unaudited) $'000	31 December 2013 (Audited) $'000
At 1 January	**13,124**	6,368	6,368
Customer bookings	**7,392**	6,099	14,768
Released to revenue	**(5,013)**	(3,506)	(8,012)
At end of period	**15,503**	8,961	13,124

Included in the deferred income is $8,362,000 which falls due after one year (30 June 2013: $3,713,000; 31 December 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**	**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)**
Goodwill arising on acquisition	**-**

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

Share type	**Number of shares**	**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**

Whilst the acquisition was concluded on 27 June 2014, the shares were actually issued on 17 July 2014, and have therefore been classified as "Shares to be issued" at 30 June 2014.

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 share-based payment charges as they have conditions attached relating to employment post acquisition, and have been accounted for under IFRS 2, "Share based payments".

The share based payments charge will be recognised over the 2 ½ year vesting period of the shares.

Prior to acquisition, OhmData generated revenue of $negligible and losses of $94,000.

13. Share-based payment charges

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.

Exceptional share-based payment charges related to acquisitions and software purchases

	Six months ended 30 June 2014 (Unaudited) $'000	Six months ended 30 June 2013 (Unaudited) $'000	Year ended 31 December 2013 (Audited) $'000
OhmData, Inc.	**11**	-	-
AltoStor, Inc.	**329**	730	1,459
TortoiseSVN.net	**196**	27	236
Total share-based payment expense	**536**	757	1,695
Number of restricted shares	**456,790**	425,651	300,524

As part of the acquisitions of OhmData, Inc. on 27 June 2014, AltoStor, Inc. in November 2012 and TortoiseSVN.net community website in June 2013 restricted shares in WANdisco plc were issued to former owners. These shares have been treated as contingent payments and have been accounted for under IFRS 2 "Share-based Payments" as employee benefit expenses.

Summary of share options outstanding

Number of share options outstanding:	**Six months ended 30 June 2014 (Unaudited) Number**	Six months ended 30 June 2013 (Unaudited) Number	Year ended 31 December 2013 (Audited) Number
Balance at the start of the period	**3,305,201**	2,681,470	2,681,470
Granted	**655,000**	-	1,046,870
Forfeited	**(153,521)**	(147,892)	(201,372)
Exercised	**(281,165)**	(11,791)	(221,767)
Balance at the end of the period	**3,525,515**	2,521,787	3,305,201
Exercisable at the end of the period	**268,031**	212,256	364,465
Vested at the end of the period	**1,151,369**	219,827	1,075,550

Weighted average exercise price for:	**$**	$	$
Shares granted	**4.62**	-	**11.97**
Shares forfeited	**12.30**	4.97	**5.52**
Options exercised	**1.30**	0.63	**2.46**
Exercise price in the range:			
From	**0.16**	0.36	**0.16**
To	**22.37**	7.19	**22.37**
	Years	Years	Years
Weighted average contractual life remaining	**7.2**	8.6	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:

	Six months ended 30 June 2014 (Unaudited)	Six months ended 30 June 2013 (Unaudited)	Year ended 31 December 2013 (Audited)
Dividend yield	**0.00%**	0.00%	0.00%
Risk-free interest rate	**2.19%**	3.50%	2.19%
Stock price volatility	**30%**	40%	30%
Expected life (years)	**3.6**	5.0	3.2
Weighted average fair value of options granted during the period	**$7.09**	-	$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

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

15. Post-balance sheet events

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

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