



27 September 2012

WANDisco plc

(LSE: WAND)

Interim Results for the six months ended 30 June 2012

Summary

- **Bookings increased by 57%**

Financial Highlights

	Six months to 30 June 2012	Six months to 30 June 2011	Change
Cash bookings	\$3.39m	\$2.16m	+57%
Deferred Revenue	\$4.94m	\$3.98m	+24%
Revenue	\$2.92m	\$1.91m	+53%
Adjusted EBITDA ⁱ	\$0.35m	\$(0.02)m	
Net cash	\$22.0m	\$0.12m	

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

Operational Highlights

- IPO successfully completed raising \$26m in significantly oversubscribed placing
- 21 new customer wins including McAfee; Cisco; Huawei; Honeywell; FINRA; Nokia Siemens Networks; Pitney Bowes; Huntington Bank; and Ricoh
- Up-sell to 21 existing customers who purchased additional subscription licenses such as Hewlett Packard, John Deere; Fiserv; Sherwin Williams; Emerson; EMC; Syniverse; Prudential; Wells Fargo; and Wal-Mart
- 41 subscription renewals, representing a renewal rate of 114% including customers such as Juniper Networks; Cisco Systems; Vanguard; McGraw Hill; and Disney
- Plans to expand into new geographic markets underway with Huawei signed as maiden customer in China
- Launch of the new UberSVN product with enterprise class access control

Post period end

- Strengthened the sales team with the appointment of two highly experienced managers
- Opening of new development centre in Belfast, Northern Ireland to accelerate delivery of enhanced and new products, including products for Big Data market

- Purchased leading user interface SmartSVN for \$1m from Syntevo GmbH

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

"We are extremely pleased with the progress seen in this first half, as is reflected in these results. We laid out clear objectives when we listed on AIM including sales growth and product expansion. I am delighted that we are meeting and exceeding those goals so rapidly following flotation. We now intend to take our unique replication technology into the fast growing Big Data market, having had confirmation of our compelling solution for enterprises implementing Big Data systems. Our expedited investment timetable reflects our heightened confidence in the proximity of these significant opportunities. By doing this we aim to accelerate our growth trajectory both within our existing markets and in the new, high-growth areas such as Big Data."

"The Directors remain confident that the Company continues on track to achieve its commercial and bookings targets for the current year."

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

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About WANDisco plc

- WANDisco (LSE: WAND) is a leading provider of global collaboration software to the software development industry and is headquartered in Sheffield. WANDisco's differentiated patent-pending 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.
- WANDisco currently has more than 200 customers globally, a number of which are in the US Fortune 100. Customers include some of the world's most well-known and well regarded companies across a broad range of industry sectors such as AT&T, Aviva, Barclays, Hewlett Packard, Honda, Intel, John Deere, Johnson & Johnson, Juniper Networks, Motorola, NCR, Nokia, NTT and Wal-Mart.
- The Group uses an annual subscription licence model to sell its products, providing a predictable revenue stream and a foundation for further expansion.
- To date, WANDisco has focussed on exploiting its technology within the software development industry. Going forward, the Directors believe that there is potential to apply the technology to other significant markets, including the Big Data market, and thereby continue the Group's strategy of rapid organic growth through product expansion and customer acquisition.

Business Review

Introduction

On 1 June 2012, the Group reached an important milestone in its development with the admission of its shares to AIM. Today the Board is pleased to report the Group's results for the six months to 30 June 2012, which themselves very much reflect the manner in which the Company has been run since its formation in 2005.

Due to the absence of any external financing for the Group until its flotation on AIM this year, the focus has always rested upon delivering products that can generate cash in the relatively short term. In consequence, the results for the first half show positive underlying EBITDA of \$0.35 million on the back of a 57 per cent rise in customer bookings. In addition, cash bookings have remained in line with the quarterly utilisation of cash by operations.

The IPO ensured that at the half year end the Company had \$22.0 million of cash available to invest in its existing products for the software development industry and to develop new, complementary products over the medium term for adjacent industries, such as the Big Data market.

The Board has considered these opportunities, together with the likelihood of further growth in cash bookings for its existing products, and it is clear that by accelerating investment in a focused manner over the next eighteen months it should be possible to enhance the Group's growth prospects going forward. In consequence, the combined impact of an enhanced sales force together with accelerated investment in new product development provides a compelling rationale for initially investing up to \$7 million over the next eighteen months out of the \$26 million raised from AIM. As a result of this investment the Group will significantly expand its base of experienced employees, enabling a rapid execution of the Board's strategy.

Within the sales team, the focus will be to enhance the expertise across the department, with a particular focus on Enterprise Sales. Within product development we also intend to invest in high quality engineers, notably to realise our ambitions in the Big Data market. This would still leave the Group with substantial resources to take advantage of any future opportunities that may arise and is in line with the Board's strategy at the time of the IPO.

Sales and Marketing

WANDisco's differentiated patent-pending 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 continued to attract blue chip customers with 21 new customer signings including McAfee; Nokia Siemens Networks; Pitney Bowes; Huntington Bank; and Ricoh helping to drive bookings over the period.

The performance was also helped by existing customers purchasing additional subscription licenses including Hewlett Packard, EMC, Syniverse, Prudential, Wells Fargo and Wal-Mart. The strong uptake from existing customers is reflected in the robust renewal rate of 114% with approximately 50 per cent of bookings driven by renewals, demonstrating the strength of the business model.

Delivering on its IPO commitment of bolstering the sales team to help drive growth, the Group appointed two highly experienced sales executives, Paul Hewitt and Scott Rudenstein. Formerly of IBM, both executives have joined the team to support the Group's rapid expansion, focusing particularly on opportunities for large enterprise software deployments and also driving for further growth within Europe.

The Group also achieved its maiden customer win in China, a key future growth market, signing a deal with Huawei who purchased Subversion MultiSite to solve network latency issues between China and Canada.

Product Development

As outlined at the time of the IPO, WANDisco intends to continue expanding into the ALM market by developing its uberSVN product suite, which is designed to be deployed by customers in-house or as a cloud application.

During the period, the Group launched Subversion MultiSite 4.1, incorporating a significantly updated access control product, and WANDisco's new uberSVN product, also incorporating embedded, enterprise-class, access control.

The Company also launched a new online training subscription product and sold two significant deals to existing customers: John Deere and Syniverse.

In addition to product enhancements in the software development industry, the Group has made progress towards expanding its offering with complementary products for adjacent industries, such as the Big Data market. It has become very clear in recent weeks that the opportunity for our technology in the Big Data market is even greater than previously envisaged and thus it is anticipated that significant resources will be focused in the next few months towards delivering a commercially viable proto-type of the Big Data product. We have successfully completed our technical evaluation in conjunction with some of the leading experts in the Big Data field, with particular emphasis on applications in association with Apache Hadoop. It is clear that the Group's core technology can be leveraged within this exciting and high value market. With these opportunities in mind, subsequent to the period end, the Group has opened an office in Belfast, Northern Ireland to accelerate the delivery of enhanced and new products.

Product purchase

WANDisco completed the purchase of SmartSVN for \$1.0m from German software company, Syntevo GmbH following the end of the period. The SmartSVN technology has been adopted by software developers across more than 2,500 companies, including many in the Fortune Global 500 index and it achieves more than 10,000 downloads a month.

A major key to SmartSVN's success has been its platform independence, with versions available for Windows, Linux, Unix and Mac OS X operating systems. SmartSVN will afford WANDisco a number of potentially significant opportunities, including offering a more complete solution that complements WANDisco's server-centric product with a client application. It is also expected to provide cross-selling potential for our existing enterprise products, allowing WANDisco to implement an e-commerce sales model with a proven product and install base and providing a low cost end-user product that can be leveraged to drive sales in the SME market, an area of focus for the Group.

Financial Performance

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

Cash bookings for the half year were \$3.4 million representing a 57 per cent increase over the same number in the prior year of \$2.1 million. During this period of rapid growth, the revenue numbers are more a reflection of historic performance rather than future results, but even so, revenues rose from \$1.9 million to \$2.9 million thus reflecting the growth that was achieved in earlier periods. The focus in the half year has been upon increasing deferred revenue and a number of multi-year deals have also been signed resulting in a balance on the deferred revenue account of \$4.94 million, which compares with \$3.98 million on the same date in the previous year.

Renewal rates have continued to be in excess of 100 per cent, with additional licenses being sold to customers for further seats and nodes at each renewal date. This again gives confidence in the continued underlying growth of the business going forward.

In terms of underlying EBITDA, this was positive at \$0.35 million being a significant increase over the neutral EBITDA position achieved in the prior period, the Group having become EBITDA positive for the first time in Q2 of 2011.

Cash balances at the half year were \$22.0 million reflecting the funds raised as part of the IPO and, as mentioned elsewhere, the Board is actively pursuing the investment of a small proportion of these funds in order to accelerate the future growth of the business.

Current Trading and Outlook

During the first half, the Board has laid solid foundations to support long term, sustainable growth. We have invested in our sales team, begun to roll out new products and retained our focus on driving the subscription model on which our business runs. We are pleased with early progress and will continue to focus on these areas in the months ahead.

Historically, the second half of WANDisco's financial year is its strongest, due to the higher levels of renewals that typically arise. As a consequence, the Directors remain confident that the Company continues on track to achieve its commercial and bookings targets for the current year.

David Richards
Chairman & Chief Executive
27 September 2012

WANdisco plc

Condensed consolidated statement of comprehensive income – Unaudited

For the six month period ended 30 June 2012

	Note	6 months to 30 June 2012			6 months to 30 June 2011			Year to 31 December 2011		
		Before exceptional items \$000	Exceptional items (Note 5) \$000	Total \$000	Before exceptional items \$000	Exceptional items (Note 5) \$000	Total \$000	Before exceptional items \$000	Exceptional items (Note 5) \$000	Total \$000
Revenue		2,915	-	2,915	1,906	-	1,906	3,878	-	3,878
Cost of sales		(204)	-	(204)	(288)	(60)	(348)	(303)	(95)	(398)
Gross Profit		2,711	-	2,711	1,618	(60)	1,558	3,575	(95)	3,480
Wages & Salaries		(1,953)	-	(1,953)	(1,070)	-	(1,070)	(2,317)	(24)	(2,341)
Other operating expenses		(877)	(2,716)	(3,593)	(599)	(70)	(669)	(1,181)	(86)	(1,267)
Depreciation & amortisation		(627)	-	(627)	(471)	-	(471)	(1,026)	-	(1,026)
Loss from operations		(746)	(2,716)	(3,462)	(522)	(130)	(652)	(949)	(205)	(1,154)
Finance expense	7	(179)	-	(179)	(30)	-	(30)	(75)	-	(75)
Loss before tax		(925)	(2,716)	(3,641)	(552)	(130)	(682)	(1,024)	(205)	(1,229)
Income tax credit	8	-	-	-	12	-	12	25	-	25
Loss for the period		(925)	(2,716)	(3,641)	(540)	(130)	(670)	(999)	(205)	(1,204)
Other comprehensive income										
Foreign currency translation differences –foreign operations		24	-	24	(3)	-	(3)	(7)	-	(7)
Other comprehensive income for the period net of tax		24	-	24	(3)	-	(3)	(7)	-	(7)
Total comprehensive income for the period		(901)	(2,716)	(3,617)	(543)	(130)	(673)	(1,006)	(205)	(1,211)
Loss per share										
Basic and diluted	9			\$0.31			\$0.15			\$0.26

All activities relate to continuing operations.

Condensed consolidated statement of financial position - Unaudited

As at 30 June 2012

	Note	30 June 2012 \$000	30 June 2011 \$000	December 2011 \$000
Assets				
Intangible asset	10	1,736	1,247	1,343
Property, plant and equipment		33	66	43
Non-current assets		1,769	1,313	1,386
Trade and other receivables		1,297	1,201	1,188
Cash and cash equivalents		21,982	116	74
Current assets		23,279	1,317	1,262
Total assets		25,048	2,630	2,648
Liabilities				
Loans and borrowings		(297)	(910)	(705)
Trade and other payables		(3,855)	(2,574)	(2,566)
Deferred income	11	(4,940)	(3,976)	(4,466)
Deferred government grant		(112)	-	-
Provisions		(304)	(333)	(414)
Current liabilities		(9,508)	(7,793)	(8,151)
Loans and borrowings		-	(80)	(65)
Deferred tax liabilities		(5)	(5)	(5)
Non-current liabilities		(5)	(85)	(70)
Total liabilities		(9,513)	(7,878)	(8,221)
Net assets/(liabilities)		15,535	(5,248)	(5,573)
Equity				
Share capital		3,219	448	448
Share premium		20,176	-	-
Translation reserve		14	(6)	(10)
Reverse acquisition reserve		1,305	-	-
Retained earnings		(9,179)	(5,690)	(6,011)
Total equity		15,535	(5,248)	(5,573)

Condensed consolidated statement of cash flows – Unaudited

For the six month period ended 30 June 2012

	6 months to 30 June 2012 \$000	6 months to 30 June 2011 \$000	Year to 31 December 2011 \$000
Cash flows from operating activities			
Loss before tax for the period	(3,641)	(682)	(1,229)
Adjustments for:			
Depreciation	23	23	46
Amortisation of intangible assets	605	448	980
Finance costs	179	30	75
Foreign exchange	(76)	(3)	(6)
Change in trade and other receivables	(109)	(984)	(959)
Change in trade and other payables	1,289	1,015	1,007
Change in deferred income	474	250	740
Grant received	137	-	-
Release of grant income	(25)	-	-
Change in provisions	(110)	165	246
Share based payments charge	473	34	73
Interest paid	(79)	(30)	(75)
Net cash generated from operating activities	(860)	266	898
Cash flows from investing activities			
Purchase of property, plant and equipment	(13)	(7)	(7)
Development expenditure in respect of intangible asset	(998)	(579)	(1,207)
Net cash used in investing activities	(1,011)	(586)	(1,214)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital net of transaction costs	24,252	-	-
Proceeds from loans	-	362	362
Repayment of borrowings	(473)	(5)	(51)
Net cash from financing activities	23,779	357	311
Net increase/(decrease) in cash and cash equivalents	21,908	37	(5)
Cash and cash equivalents at start of period	74	79	79
Cash and cash equivalents at end of period	21,982	116	74

Condensed consolidated statement of changes in equity - Unaudited

For the six month period ended 30 June 2012

	Share capital \$000	Share Premium \$000	Translation reserve \$000	Reverse acquisition reserve \$000	Retained earnings \$000	Total equity \$000
Six months ended 30 June 2012						
At 1 January 2012	448	-	(10)	-	(6,011)	(5,573)
Loss for the period	-	-	-	-	(3,641)	(3,641)
Foreign currency translation differences	-	-	24	-	-	24
Total comprehensive income for the period ended 30 June 2012	-	-	24	-	(3,641)	(3,617)
Share based payments charge	-	-	-	-	473	473
Issue of shares by WANDisco, Inc.	2,761	-	-	-	-	2,761
Shares issued in exchange for WANDisco, Inc. shares	(1,305)	-	-	1,305	-	-
Issue of shares by WANDisco plc	1,306	22,121	-	-	-	22,121
Share issue costs	-	(1,956)	-	-	-	(1,956)
Shares allotted under the share option scheme	9	11	-	-	-	20
Total contributions by and distributions to owners in the period to 30 June 2012	2,771	20,176	-	1,305	473	24,725
At 30 June 2012	3,219	20,176	14	1,305	(9,179)	15,535
Six months ended 30 June 2011						
At 1 January 2011	448	-	(3)	-	(5,054)	(4,609)
Loss for the period	-	-	-	-	(670)	(670)
Foreign currency translation differences	-	-	(3)	-	-	(3)
Total comprehensive income for the period ended 30 June 2011	-	-	(3)	-	(670)	(673)
Share based payments charge	-	-	-	-	34	34
Total contributions by and distributions to owners in the period to 30 June 2011	-	-	-	-	34	34
At 30 June 2011	448	-	(6)	-	(5,690)	(5,248)
Year ended 30 December 2011						
At 1 January 2011	448	-	(3)	-	(5,054)	(4,609)
Loss for the year	-	-	-	-	(1,204)	(1,204)
Foreign currency translation differences	-	-	(7)	-	-	(7)
Total comprehensive income for the year ended 31 December 2011	-	-	(7)	-	(534)	(1,211)
Share based payments charge	-	-	-	-	73	73
Waiver of loan from shareholders	-	-	-	-	174	174
Total contributions by and distributions to owners in the year to 31 December 2011	-	-	-	-	247	247
At 31 December 2011	448	-	(10)	-	(6,011)	(5,573)

Notes to the Consolidated Interim Financial Statements

1. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the 6 months ended 30 June 2012 have been prepared in accordance with AIM Rules for Companies and IAS 34 'Interim financial reporting' as adopted by the EU. The interim financial statements are unaudited. The financial information set out in this interim report does not constitute the statutory accounts for that period prepared under the Company's (Jersey) Law 1991. The comparative figures for the financial year ended 31 December 2011 are unaudited and are not the Group's statutory accounts for that financial year.

WANDisco plc was incorporated on 16 April 2012. On 16 May 2012 WANDisco plc acquired WANDisco, Inc.. Under IFRS 3 (revised) ("Business Combinations"), the acquisition of WANDisco, Inc. by WANDisco plc has been accounted for as a reverse acquisition and the consolidated IFRS financial information is therefore a continuation of the financial information of the WANDisco business, which was previously wholly owned by the WANDisco, Inc. group. On 18 May 2012 WANDisco plc acquired the whole of the issued share capital of WANDisco International Limited from WANDisco, Inc.. The WANDisco business has not previously prepared consolidated financial statements in accordance with IFRS as adopted by the EU (IFRS). As such these interim financial statements represent the Group's first reporting under IFRS and IFRS 1 'First time adoption of IFRS' has been applied. Since no consolidated financial statements were previously prepared for the WANDisco business, no reconciliation to previous GAAP has been presented.

The Group's accounting policies have been revised where applicable to confirm with IFRS. The Group's significant accounting policies are laid out below. In future years these will not form part of the interim financial statements as the interim financial statements will be based on the accounting policies in the previous full year's financial statements prepared under IFRS (unless otherwise stated). The accounting policies have been applied consistently to all periods presented.

Going concern

As at 30 June 2012 the Group had net assets of \$15,535,000 (30 June 2011: net liabilities of \$5,248,000) as set out in the Condensed Consolidated Interim Statement of Financial Position above. Following the admission of the ordinary shares to trading on AIM, WANDisco plc has considerable financial resources. 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 presentation 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The accounting policy descriptions set out the areas where judgement needs exercising, the most significant of which are revenue recognition, research and development and intangible assets.

Further information on critical judgements made in applying accounting policies, including details of significant methods and assumptions used, together with the areas where the Group has estimated the fair value of assets and liabilities is included in Note 3.

Management considers the following to be the most important accounting policies in the context of the Group's operations.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this consolidated financial information.

(a) Basis of consolidation

The historical financial information consolidates the financial information of WANdisco plc and entities controlled by WANdisco plc. Control exists when WANdisco plc has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial information of subsidiaries is included from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial information.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to US Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollars at average exchange rates which approximate to actual rates for the relative accounting periods.

Foreign currency differences are recognised directly in equity and are recognised in other comprehensive income.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and current balances with banks and are held at amortised cost.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment at 1 January 2009, the Group's date of transition to IFRS, was determined by reference to its carrying value under UK and US Generally Accepted Accounting Principles.

2. Significant accounting policies (continued)

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- computer equipment 3 years
- fixtures and fittings 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities relate to software development and involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset.

The expenditure capitalised includes direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Amortisation

Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over their estimated useful lives of two years.

(f) Impairment (excluding deferred tax assets)

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. Significant accounting policies (continued)

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Pension plans

There are no Group pension schemes to which the Group Entities contribute or have any liabilities.

The Group is not obliged to make any contributions to the UK stakeholder scheme and it currently has no members.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or commission plans where the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

2. Significant accounting policies (continued)

(h) Revenue recognition

(i) Software licences

Sales of software licences are recognised once the licence has been granted and the customer has been provided with access to the software. Revenue derived from sales of licences is spread over the period of the licence. Where licences are perpetual, revenue is recognised in full once the agreement is in place.

(ii) Support subscriptions

Sales of support subscriptions are recognised on a straight line basis over the period of the contract.

(iii) Maintenance, training and other services

Sales of maintenance, training and other services are recognised on a straight-line basis over the period of the contract.

(iv) Customer bookings

Customer bookings are the amounts invoiced to customers for software licences, subscriptions and services, net of discounts and sales taxes.

The operating cycle of the business is up to 36 months.

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(j) Finance income and expenses

Finance expenses comprise interest expense on borrowings and the use of debt factoring facilities.

(k) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised in respect of temporary differences: relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of WANDisco plc by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary share outstanding, for the effect of all dilutive potential ordinary shares, which comprise of the Share Option Plans granted to employees.

2. Significant accounting policies (continued)

(m) Segment reporting

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

The Group has adopted IFRS 8 Operating Segments from the date of transition to IFRS. IFRS 8 Operating Segments requires the Group to determine and present its operating segments based on information which is provided internally to the chief operating decision maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing the performance of the operating segment, has been identified as the Chief Executive Officer.

(n) Provisions

Provisions are created where the Group has a present legal or constructive obligation as a result of a past event, where it is probable it will result in an outflow from the Group.

(o) Cost of sales

Cost of sales includes commissions earned on sales and direct costs relating to software supply.

(p) Exceptional items

Exceptional items comprise items of income and expense that are material in amount and unlikely to recur and which merit separate disclosure, in order to provide an understanding of the Group's underlying financial performance.

3. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

(a) Intangible assets

Whilst development costs are valued at cost less amortisation, their carrying values are assessed to ensure that they do not exceed the recoverable amount at the end of each reporting period. The recoverable amount of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of products developed.

(b) Trade and other receivables

The fair value of short-term trade and other receivables is deemed to be its book value less any impairment provision. The effect of discounting is considered to be immaterial.

In respect of factoring arrangements where the factor has full recourse the factored receivable is not derecognised until the customer has paid.

(c) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4 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:

	6 months to 30 June 2012 \$000	6 months to 30 June 2011 \$000	Year to 31 December 2011 \$000
North America	2,528	1,432	3,028
Europe	298	374	662
Rest of the world	89	100	188
Total	2,915	1,906	3,878

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 two customers representing individually over 10% each and in aggregate over 39% of revenue.

5. Exceptional items

Exceptional items comprise the following:

	6 months to 30 June 2012 \$000	6 months to 30 June 2011 \$000	Year to 31 December 2011 \$000
Expenses related to the placing of ordinary shares and admission to trading on AIM	2,716	-	-
Penalties levied by US state and federal tax authorities	-	70	151
Provision for claims by former employees	-	60	95
Redundancy costs	-	-	24
Amounts waived by supplier	-	-	(65)
Exceptional items	2,716	130	205

Penalties levied by US state and federal tax authorities relate to charges for late payment of payroll taxes

Redundancy costs relate to certain specific organisational change activities in both the UK and the US.

Following a dispute with a supplier it was agreed that all monies due to them would be waived.

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

	<i>6 months to 30 June 2012 \$000</i>	<i>6 months to 30 June 2011 \$000</i>	<i>Year to 31 December 2011 \$000</i>
Operating loss	(3,462)	(652)	(1,154)
Adjust for:			
Amortisation and depreciation	627	448	980
Exceptional items	2,716	130	205
EBITDA before exceptional items	(119)	(51)	77
Adjust for share based payments	473	34	73
Adjusted EBITDA before exceptional items	354	(17)	150

7. Financial income and expenses

	<i>6 months to 30 June 2012 \$000</i>	<i>6 months to 30 June 2011 \$000</i>	<i>Year to 31 December 2011 \$000</i>
Charges on debt factoring and interest expense on bank loans	81	30	75
Interest receivable on promissory notes	(1)	-	-
Bank interest receivable	(1)	-	-
Currency translation differences	100	-	-
Finance expense	179	30	75

8. Income tax

No tax charge or credit has been included for the 6 months ended 30 June 2012.

9. 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:

	6 months to 30 June 2012 \$000	6 months to 30 June 2011 \$000	Year to 31 December 2011 \$000
Loss for the period attributable to ordinary shareholders	3,641	670	1,204
Weighted average number of ordinary shares	6 months to 30 June 2012 000s of shares	6 months to 30 June 2011 000s of shares	Year to 31 December 2011 000s of shares
At start of period	4,549	4,541	4,541
Effect of shares issued in the period	7,187	8	8
Weighted average number of ordinary shares during the period	11,736	4,549	4,549
Basic loss per share	\$ 0.31	\$ 0.15	\$ 0.26

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:

	6 months to 30 June 2012 \$000	6 months to 30 June 2011 \$000	Year to 31 December 2011 \$000
Loss for the period attributable to ordinary shareholders	3,641	670	1,204
Add back:			
Exceptional items	(2,716)	(130)	(205)
Share based payments	(473)	(34)	(73)
Adjusted basic loss	452	506	926
Adjusted loss per share	\$ 0.03	\$ 0.11	\$ 0.20

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.

10. Intangible assets

Intangible assets comprise capitalised development costs less amounts amortised.

	<i>6 months to 30 June 2012</i>	<i>6 months to 30 June 2011</i>	<i>Year to 31 December 2011</i>
Cost:	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Balance at the start of the period	3,392	2,185	2,185
Additions	998	579	1,207
Balance at the end of the period	4,390	2,764	3,392
Amortisation:			
Balance at the start of the period	(2,049)	(1,069)	(1,069)
Amortisation	(605)	(448)	(980)
Balance at the end of the period	(2,654)	(1,517)	(2,049)
Carrying amount	1,736	1,247	1,343

Recoverability of development costs

The carrying value of the development assets and their remaining asset lives are reviewed at least annually. In the event that product lines have been discontinued then the corresponding development asset will be fully amortised. To the extent that management are aware of a reduction in demand for a particular product line, a review of forecast sales will be used to determine whether the reduction in demand has given rise to an impairment.

11. Deferred income

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

The movement in deferred income is as follows:

	<i>6 months to 30 June 2012</i>	<i>6 months to 30 June 2011</i>	<i>Year to 31 December 2011</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Balance at the start of the period	4,466	3,726	3,726
Customer bookings	3,389	2,156	4,618
Revenue recognised in period	(2,915)	(1,906)	(3,878)
Balance at the end of the period	4,940	3,976	4,466

Included in the period end balance at 30 June 2012 above are amounts falling due after one year of \$1,966,000 (30 June 2011: \$1,498,000, 31 December 2011: \$1,548,000).

12. 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 new options were granted to certain employees.

The terms and conditions of the grants were as follows:

<i>Date of grant</i>	<i>Expected term (years)</i>	<i>Exercisable between</i>		<i>Exercise price</i>	<i>Vesting schedule (See below)</i>	<i>Outstanding at 30 June 2012</i>
		<i>Commencement</i>	<i>Lapse</i>			
16 May 2012	1	16 May 2012	30 November 2012	£0.24	1	62,500
16 May 2012	5	16 May 2012	9 November 2017	\$0.36	1	18,348
16 May 2012	6	16 May 2012	26 September 2018	\$0.36	1	3,500
16 May 2012	7	16 May 2012	5 January 2019	\$0.36	2	200,000
16 May 2012	7	16 May 2012	3 August 2019	£0.24	2	5,000
16 May 2012	7	16 May 2012	3 August 2019	\$0.36	2	7,500
16 May 2012	8	16 May 2012	15 September 2020	\$0.36	2	57,500
16 May 2012	8	16 May 2012	7 October 2020	\$0.36	2	200,000
16 May 2012	8	16 May 2012	7 October 2020	£0.45	2	50,000
16 May 2012	9	16 May 2012	14 September 2021	\$0.36	2	2,000
16 May 2012	9	16 May 2012	20 September 2021	£0.46	2	17,000
16 May 2012	9	16 May 2012	20 September 2021	£0.46	3	1,000
16 May 2012	9	11 July 2012	20 September 2021	£0.46	3	2,000
16 May 2012	9	22 July 2012	14 September 2021	\$0.36	3	95,000
16 May 2012	9	22 July 2012	20 September 2021	£0.46	3	129,500
16 May 2012	9	1 August 2012	20 September 2021	£0.46	3	2,000
16 May 2012	10	13 January 2013	12 January 2022	\$0.36	3	470,500
16 May 2012	10	13 January 2013	30 January 2022	£0.23	3	913,000
21 June 2012	10	21 June 2015	21 June 2022	£2.00	4	96,525

The following vesting schedule applies:

1. Fully vested as date of grant
2. Partially vested at grant date, 1/48 of granted option shares vests monthly thereafter.
3. 25% of option vests on exercisable commencement date, 1/48 of granted option shares vests monthly thereafter.
4. Option vests on third anniversary of the date of grant.

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

	<i>6 months to 30 June 2012 Number</i>	<i>6 months to 30 June 2011 Number</i>	<i>Year to 31 December 2011 Number</i>
Balance at the start of the period	6,909,912	6,679,412	6,679,412
Granted (WANDisco, Inc.)	3,084,000	-	255,500
Forfeited (WANDisco, Inc.)	(14,500)	(17,188)	(17,188)
Lapsed (WANDisco, Inc.)	-	-	-
Exercised (WANDisco, Inc.)	(7,669,522)	(7,812)	(7,812)
Granted (WANDisco plc)	96,525	-	-
Forfeited (WANDisco plc)	(10,000)	-	-
Exercised (WANDisco plc)	(63,542)	-	-
Balance at the end of the period	<u>2,332,873</u>	<u>6,654,412</u>	<u>6,909,912</u>
Exercisable at the end of the period	<u>2,332,873</u>	<u>6,654,412</u>	<u>6,909,912</u>
Vested at the end of the period	<u>555,194</u>	<u>5,513,996</u>	<u>6,332,547</u>

12. Share based payments (continued)

	6 months to 30 June 2012	6 months to 30 June 2011	Year to 31 December 2011
Weighted average exercise price for	\$	\$	\$
Shares granted (WANDisco, Inc.)	0.36	n/a	0.72
Shares forfeited (WANDisco, Inc.)	0.58	0.45	0.45
Options exercised (WANDisco, Inc.)	0.36	0.40	0.40
Shares granted (WANDisco plc)	3.12	-	-
Shares forfeited (WANDisco plc)	0.45	-	-
Options exercised (WANDisco plc)	0.36	-	-
Exercise price in the range:			
From	0.36	0.40	0.40
To	3.14	0.72	0.72
	Years	Years	Years
Weighted average contractual life remaining	8.8	6.8	6.3

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:

	6 months to 30 June 2012	6 months to 30 June 2011	Year to 31 December 2011
Dividend yield	0.0%	0.0%	0.0%
Risk free interest rate	3.5%	3.5%	3.5%
Stock price volatility	40%	40%	40%
Expected life (years)	5	5	5
Weighted average fair value of options granted during the period			
WANDisco, Inc.	\$0.15	n/a	\$0.29
WANDisco plc	\$1.26	n/a	n/a

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.

13. Capital and reserves

Share capital

On 16 May 2012 WANDisco plc acquired the entire share capital of WANDisco, Inc.. As a result of this transaction, the shareholders in WANDisco, Inc. received shares in WANDisco plc in direct proportion to their original shareholdings in WANDisco, Inc., with one share issued for each share held. The shares in WANDisco plc have a nominal value of 10pence. Therefore, from the 16 May 2012 the share capital represents that of WANDisco plc and in the prior periods represents that of WANDisco, Inc..

On 1 June 2012 the Company's share were admitted to AIM. In conjunction, the Company made an initial public offering (IPO) of 8,333,334 new 10pence shares at a price of 180 pence per share.

Costs relating directly to the new issue of shares have been deducted from the share premium account. Attributable IPO costs are allocated between share premium and the Income statement in proportion to the number of shares traded on admission.

Reverse acquisition reserve

The acquisition by WANDisco plc of the entire share capital of WANDisco, Inc. has been accounted for as a reverse acquisition under IFRS 3 (revised). Consequently the previously recognised book values and assets and liabilities have been retained and the consolidated financial information for the period to 16 May 2012 has been presented as a continuation of the WANDisco business which was previously wholly owned by the WANDisco Inc. group.

The share capital for the period covered by these condensed consolidated financial statements and the comparative periods is stated at the nominal value of the shares issued pursuant to the above share arrangement. The difference between the nominal value of these shares and the nominal value of WANDisco, Inc. shares at the time of the acquisition has been transferred to the reverse acquisition reserve.

14. Related Parties

Key management personnel and director transactions

During the 18 month period to 30 June 2012 certain directors held positions in another private entity that resulted in them having control or significant influence over the financial or operating policies of that entity. The entity transacted with the Group in the reporting period.

The aggregate value of transactions and outstanding balances relating to related party transactions between the Group and the related entity were as follows:

	6 months to 30 June 2012 \$000	6 months to 30 June 2011 \$000	Year to 31 December 2011 \$000
Creditor at the start of the period	535	633	633
Loan advances	-	112	112
Loan repayments	(465)	-	(36)
Loan waived	-	-	(174)
Creditor at the end of the period	70	745	535

David Richards together with James Campigli, Mohammad Akhtar and Dr. Yeturu Aahlad exercised a number of stock options that they held in WANDisco, Inc. on 17 January 2012 and 16 February 2012. The exercise of 500,000 shares for David Richards and 450,000 shares for James Campigli was paid for in cash totalling \$342,000. The exercise of a further 2,299,904 shares for David Richards, 1,346,851 shares for James Campigli, 2,179,047 shares for Dr Yeturu Aahlad and 737,262 shares for Mohammad Akhtar were funded by the issue of certain Promissory Notes to each of these individuals by WANDisco, Inc..

14. Related Parties (continued)

The Promissory Notes were for a 3 year period and had an interest rate of 0.21 per cent. per annum. They were secured by a pledge given by each of the individuals over the number of shares that were issued upon exercise of the options.

The aggregate value of transactions and outstanding balances relating to the promissory notes were as follows:

	6 months to 30 June 2012 \$000	6 months to 30 June 2011 \$000	Year to 31 December 2011 \$000
Balance at the start of the period	-	-	-
Issue of promissory notes	2,363	-	-
Interest	1	-	-
Repayment of promissory notes	(2,364)	-	-
Balance at the end of the period	-	-	-

15. 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.

16. Events after the balance sheet date

On 17 September 2012 the Group announced the purchase of SmartSVN, a leading user-interface for Subversion. The consideration was \$1,000,000 and the company also has engaged the vendor to provide consulting and training services to facilitate the smooth integration of SmartSVN into WANDisco's existing product line.