16 March 2016

WANdisco plc

Preliminary unaudited results for the year ended 31 December 2015

Operational and strategic highlights

Big Data

- **New WANdisco Fusion ("*Fusion*") product launched**
- **Customer base expanded from 10 to 26**
- **Customer wins with integrations to both Hadoop distributors and non-Hadoop storage platforms including HPE and Oracle**
- **First six Big Data customers have gone live**
- **Five scale-up contract expansions**

Application Lifecycle Management ("ALM")

- **Refocus on Subversion open source version control**
- **Refocused sales and marketing focus brought improved sales towards the end of the year**
- **Profitability (excluding central overheads) achieved**

Financial highlights

- **Revenue $11.0m (2014: $11.2m)**
- **Annualised cash overheads[1] reduced to approximately $25m by March 2016 (31 December 2014: approximately $40m)**
- **Adjusted EBITDA[2] loss narrowed to $16.0m (2014: $17.9m loss)**
- **Net cash $2.6m (31 December 2014: $2.5m)**

1 *Operating costs, excluding cost of sales, plus capitalised product development costs*

2 *EBITDA loss excluding equity-settled share-based payment, capitalised product development costs, acquisition-related items and exceptional items*

David Richards, WANdisco Chief Executive, comments:

Our presence in the Big Data market has taken a big step forward, with our live customers demonstrating that our Fusion product for Big Data, in on-premise, cloud or hybrid environments, is highly relevant in its marketplace.

Fusion is increasingly viewed as a crucial technology enabling customers to migrate onto our partners' emerging Cloud data platforms. With partners such as IBM, Amazon, Google and Microsoft, we are working increasingly closely on data migration offerings and go to market activities.

In our ALM business, I am pleased with our improved sales bookings towards the end of the year, responding to our increased focus on this market. Our offering remains well suited to today's increasingly distributed software development operations, and our live customer base of over 200 corporations offers ample sales opportunities.

We reduced costs progressively through the year. Whilst the timing of contract wins remains variable, I am confident that WANdisco enters 2016 on a strengthened operational footing and is moving significantly closer to cash flow break-even. With a compelling product for Big Data in the Cloud, increasing engagement of partners and a well-established ALM product, we expect to build momentum through the rest of this year.

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 2015 we directed our efforts towards three key priorities. First, we removed costs, enabled both by the simplicity and openness of the *Fusion* product and by generalised cost disciplines across all operating functions. Second, we placed renewed emphasis on our ALM business, providing it with sales and marketing focus in market segments where we believe the most growth can be captured. This focus translated into an improved financial performance from ALM in the second half of the year. Third – addressing the opportunity where we continue to see the greatest potential for growth – we evolved our core Big Data offering, achieving important breakthroughs in our strategy of becoming the leading all-purpose data replication engine.

We brought our Big Data and ALM software products together on a single *Fusion* replication platform and extended the platform to encompass multiple types of data storage beyond its Hadoop origins. We refocused our ALM business on our leading position in distributed version control on the open source *Subversion* system, achieving improved sales results towards the end of the year. In the Big Data business, we added more customers, took the first six of them into live production, and saw the first customers expand their contracts with us. We deepened our relationships with key data and storage platform partners.

Big Data

The Big Data marketplace evolved significantly during the year, broadening out beyond Hadoop platforms. Data continues to grow much faster than the budgets that enterprises can devote to storing it. Storage vendors have brought to market new data platforms, responding to their customers' requirements to store and process data on combinations of Hadoop, more traditional but Hadoop-compatible platforms, and cloud data platforms whereby the customer does not have to own infrastructure. These new and hybrid environments have brought with them requirements to migrate data onto the new platforms without interruption to data processing, to back up data, and to synchronise active data between different locations and operations where it is being used.

To address this emerging market for mixed storage, we evolved our product from *Non-Stop Hadoop*, which replicated data within single Hadoop distributions, to *Fusion*, which replicates data across multiple storage platforms. *Fusion* performs this mixed replication without the need for invasive access to the host platforms, making it easy for customers to install. We have integrated *Fusion* with the on-premise and cloud storage and analytics platforms of partners such as IBM, Microsoft, Amazon, Google and Oracle.

Fusion ensures continuous data availability with guaranteed data consistency between data centres, high levels of processing performance to meet demanding service level requirements and above all, cost savings from high utilisation of computing resource. Amongst our *Fusion* customers, the majority are taking Big Data into live operations rather than running trial projects or non-critical operations. New enterprise features in *Fusion* include two features that were granted new US patents, relating to addition and removal of servers, without downtime, from replicated data networks. This enables hardware and software upgrades, addition of new locations, data migrations and rollouts of new applications – all without interruption of service.

During the year, we added 16 new customers to reach 26 licensed customers. All are large organisations in our key industry segments of financial services, government agencies, consumer products and telecommunications. Their business requirements combine regulatory compliance, customer analysis and storage cost efficiencies.

All of our Big Data customers have intentions to scale up significantly their WANdisco solutions once their implementations are in live production, as they take more data into their mission-critical applications. The first six of our Big Data customers are now in live production. During the year we secured five contract expansions with existing customers, some of them even before the customer went into live usage of our product.

ALM
We continue to see strong potential in the source code management segment of the ALM market that we focus on, as customers continue to move off old proprietary platforms and onto modern, agile open source platforms. Software development continues to become more geographically and organisationally distributed, bringing greater challenges in control and efficiency, both amongst software publishers and in industry more generally.

Our assessment of the ALM market confirms that we have the right products for the market at this stage in its evolution. Our product for *Subversion* fits with customers' needs in replicated open source version control. There is untapped potential in traditional industries developing internal software, in addition to newer software vendors developing gaming, media and mobile applications for consumers.

We have high credibility in *Subversion*, a good track record and over 200 *Subversion* customers, from which we consistently get high satisfaction ratings given the quality of our support

Our core ALM product *Subversion Multisite Plus* has been upgraded to incorporate improvements in performance, resource utilisation and administration.

We have refocused on ALM to restore an appropriate level of emphasis on this business. Sales and marketing activities have been reoriented to our *Subversion* product. We have directed sales prospecting efforts towards traditional industry segments where open source adoption is strong, and have renewed our focus on up-selling and renewals for our installed base of over 200 customers. Sales were impacted while we completed the changes, but results improved in the second half of the year and new sales bookings in the final quarter were the highest of the year.

People
The evolution of our strategy and the sharpening of our focus on the most attractive segment of our markets has been made possible by the unique skills and application of our experts in sales, marketing, business development, product development, customer support, administration and finance. We have maintained and developed the skilled teams developing our products and sales channels.

FINANCIAL REVIEW

Revenue for the year ended 31 December 2015 was $11.0m (2014: $11.2m). Despite the decline in new sales bookings ($9.0m in 2015 compared with $17.4m in 2014), revenue benefitted from deferred revenue released from prior year bookings, many of them multi-year contracts.

Deferred revenue (including unbilled receivables) from sales booked during 2015 and in previous years, and not yet recognised as revenue, was $16.2m at 31 December 2015 (31 December 2014: $19.3m. Unbilled receivables were $6.5m (2014: $8.0m), see note 10. Our deferred revenues represent future revenue from new and renewed contracts, many of them spanning multiple years.

Strong cost control, with cash overheads materially below the prior year, resulted in the adjusted EBITDA loss narrowing to $16.0m (2014: $17.9m).

Big Data

Revenues were $1.8m (2014: $0.8m), showing growth on the prior year and, for the first time, a consistent revenue stream from our new and continuing contract wins.

Contract pricing was strong, particularly in those cases where we combined with global established storage vendors such as Oracle, demonstrating added value as part of pre-engineered stack.

Contract wins continue to exhibit variability in the timing of their completion. An increasing number of contract wins are resulting from scale-ups with existing customers, showing the benefit of the growth in our customer base. New sales bookings from initial and expanded contracts were $2.5m (2014: $2.8m).

Our implementations have accelerated, with six of our Big Data customers now live and others in advanced deployment. We expect these implementations to lead in due course to additional scale-up contracts.

ALM

ALM revenue was $9.2m (2014: $10.4m), benefitting from the rollout of deferred revenue from prior year sales bookings.

Steps were taken early in the year to sharpen our focus on the ALM market and increase the productivity of our sales operations. New sales bookings improved between the first and second half of the year, and totaled $6.5m for the year (2014: $14.6m).

New customers during the year include corporations developing applications for gaming, hospital systems and securities trading. Add-ons for existing customers benefitted from greater sales focus, and have included a large user expansion at a global telephony software developer. Renewals have continued to contribute a substantial proportion of sales, including a significant renewal from a wireless network testing business.

Based on its operating scale, product maturity and revenue base, we moved the business into profit (excluding central overheads) in 2015.

Operating costs

We reduced operating costs progressively throughout the year, with cash overheads, as expected, lower in the second half than in the first half. These reductions have resulted both from the simplicity and openness of the *Fusion* product's architecture and from generalised cost disciplines across all operating functions.

Product development expenditure was $8.4m (2014: $9.0m). All of this expenditure was devoted to new product features and was capitalised.

Total cash overheads (excluding cost of sales and including capitalised product development) of $34.6m were below the prior year (2014: $36.0m). Cost control continued to be strong, and as a result cash overheads were, as expected, lower in the second half than in the first half. The ongoing benefits of this, coupled with additional cost actions taken early in 2016, will result in a significantly reduced cost base for 2016, with the current annualised run rate of cash overheads at approximately $25m.

Our headcount was 143 as at 31 December 2015 (31 December 2014: 182). Headcount reductions in the year resulted from efficiencies in IT administration, sales and marketing, and ALM product engineering and testing. After the end of the year, the headcount was further reduced to 130 by March 2016.

Profit and loss

The adjusted EBITDA loss for the year (excluding equity-settled share-based payment, capitalised product development, acquisition-related items and exceptional items) was $16.0m (2014: $17.9m loss).

Balance sheet and cash flow

Trade and other receivables at 31 December 2015 were $6.7m (31 December 2014: $6.4m). This includes $3.5m of trade receivables (31 December 2014: $4.4m) and $3.2m related to non-trade receivables (31 December 2014: $2.0m). In addition to this, receivables not billed by the year end were $6.5m (31 December 2014: $8.0m) largely from multi-year contracts.

Principally as a result of reductions in cash overheads, our net consumption of cash was significantly reduced during the course of the year, resulting in a net cash balance of $2.6m at the close of the year (31 December 2014: $2.5m). This includes the benefit of $26.1m of new equity funds (net of fees) announced on 23 January 2015. In addition, we retain a revolving credit facility with HSBC Bank plc. The first drawings on this facility were made during the first quarter of 2016.

With strong cash collection, benefiting from subscription payments in advance of revenue recognition, and further cost reductions so far in 2016, we have moved significantly closer to cash flow break-even.

OUTLOOK

Our presence in the Big Data market has taken a big step forward, with our live customers demonstrating that our Fusion product for Big Data, in on-premise, cloud or hybrid environments, is highly relevant in its marketplace.

Fusion is increasingly viewed as a crucial technology enabling customers to migrate onto our partners' emerging Cloud data platforms. With partners such as IBM, Amazon and Microsoft, we are working increasingly closely on data migration offerings and go to market activities.

In our ALM business, we are pleased with our improved sales bookings towards the end of the year, responding to our increased focus on this market. Our offering remains well suited to today's increasingly distributed software development operations, and our live customer base of over 200 corporations offers ample sales opportunities.

We reduced costs progressively through the year. Whilst the timing of contract wins remains variable, we are confident that WANdisco enters 2016 on a strengthened operational footing and is moving significantly closer to cash flow break-even. With a compelling product for Big Data in the Cloud, increasing engagement of partners and a well-established ALM product, we expect to build momentum through the rest of this year.

Condensed consolidated statement of profit and loss and other comprehensive income

for the year ended 31 December 2015

		Year ended 31 December 2015 (Unaudited)			Year ended 31 December 2014 (Audited)		
		Pre-exceptional	**Exceptional items**	**Total**	Pre-exceptional	Exceptional items	Total
Continuing operations	Note	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000
Revenue	3	**10,994**	**-**	**10,994**	11,218	-	11,218
Cost of sales		**(749)**	**-**	**(749)**	(2,165)	-	(2,165)
Gross profit		**10,245**	**-**	**10,245**	9,053	-	9,053
Operating expenses	4	**(40,160)**	**(614)**	**(40,774)**	(47,529)	(1,441)	(48,970)
Loss from operations	5	**(29,915)**	**(614)**	**(30,529)**	(38,476)	(1,441)	(39,917)
Finance income		**59**	**-**	**59**	584	-	584
Finance costs		**(565)**	**-**	**(565)**	(27)	-	(27)
Net finance (costs)/income	6	**(506)**	**-**	**(506)**	557	-	557
Loss before tax		**(30,421)**	**(614)**	**(31,035)**	(37,919)	(1,441)	(39,360)
Income tax	7	**1,129**	**-**	**1,129**	1,053	-	1,053
Loss for the year		**(29,292)**	**(614)**	**(29,906)**	(36,866)	(1,441)	(38,307)
Other comprehensive income							
Items that are or may be reclassified to profit or loss:							
Foreign operations – foreign currency translation differences		**55**	**-**	**55**	(444)	-	(444)
Other comprehensive income for the year, net of tax		**55**	**-**	**55**	(444)	-	(444)
Total comprehensive income for the year		**(29,237)**	**(614)**	**(29,851)**	(37,310)	(1,441)	(38,751)
Loss per share							
Basic and diluted loss per share	8			**$1.04**			**$1.59**

The notes on pages 11 to 17 form an integral part of this condensed consolidated financial report.

Condensed consolidated balance sheet

as at 31 December 2015

	Note	31 December 2015 (Unaudited) $'000	Re-presented (Note 2) 31 December 2014 (Audited) $'000
Assets			
Intangible assets	9	**8,583**	9,814
Property, plant and equipment		**230**	410
Non-current assets		**8,813**	10,224
Trade and other receivables	10	**6,728**	6,447
Cash and cash equivalents		**2,555**	2,481
Current assets		**9,283**	8,928
Total assets		**18,096**	19,152
Liabilities			
Borrowings – finance lease liabilities		**-**	(8)
Trade and other payables		**(2,714)**	(3,195)
Deferred income	11	**(6,060)**	(6,076)
Deferred government grant		**(28)**	(81)
Current tax liabilities		**-**	(2)
Current liabilities		**(8,802)**	(9,362)
Deferred income	11	**(3,697)**	(5,188)
Deferred income tax liabilities		**(5)**	(5)
Non-current liabilities		**(3,702)**	(5,193)
Total liabilities		**(12,504)**	(14,555)
Net assets		**5,592**	4,597
Equity			
Share capital		**4,667**	3,879
Share premium		**81,974**	56,587
Translation reserve		**(247)**	(302)
Merger reserve		**1,247**	1,247
Retained earnings		**(82,049)**	(56,814)
Total equity		**5,592**	4,597

The notes on pages 11 to 17 form an integral part of this condensed consolidated financial report.

Condensed consolidated statement of changes in equity

for the year ended 31 December 2015

Year ended 31 December 2015 (Unaudited)	Share capital $'000	Share premium $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2015	**3,879**	**56,587**	**(302)**	**1,247**	**(56,814)**	**4,597**
Total comprehensive income for the year						
Loss for the year	**-**	**-**	**-**	**-**	**(29,906)**	**(29,906)**
Other comprehensive income	**-**	**-**	**55**	**-**	**-**	**55**
Total comprehensive income for the year	**-**	**-**	**55**	**-**	**(29,906)**	**(29,851)**
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	**-**	**-**	**-**	**-**	**4,671**	**4,671**
Proceeds from share placing	**737**	**25,341**	**-**	**-**	**-**	**26,078**
Share options exercised	**51**	**46**	**-**	**-**	**-**	**97**
Total transactions with owners of the Company	**788**	**25,387**	**-**	**-**	**4,671**	**30,846**
Balance at 31 December 2015	**4,667**	**81,974**	**(247)**	**1,247**	**(82,049)**	**5,592**

Year ended 31 December 2014 (Audited)	Share capital $'000	Share premium $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2014	3,755	53,882	142	1,247	(30,353)	28,673
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(38,307)	(38,307)
Other comprehensive income	-	-	(444)	-	-	(444)
Total comprehensive income for the year	-	-	(444)	-	(38,307)	(38,751)
Transactions with owners of the Company						
Contributions and distributions						
Shares to be issued as part of OhmData, Inc. acquisition	47	2,317	-	-	(1,502)	862
Equity-settled share-based payment	-	-	-	-	13,348	13,348
Share options exercised	77	388	-	-	-	465
Total transactions with owners of the Company	124	2,705	-	-	11,846	14,675
Balance at 31 December 2014	3,879	56,587	(302)	1,247	(56,814)	4,597

The notes on pages 11 to 17 form an integral part of this condensed consolidated financial report.

Condensed consolidated statement of cash flows

for the year ended 31 December 2015

	Year ended 31 December 2015 (Unaudited) $'000	Year ended 31 December 2014 (Audited) $'000
Cash flows from operating activities		
Loss for the year	**(29,906)**	(38,307)
Adjustments for:		
- Depreciation of property, plant and equipment	**270**	267
- Amortisation of intangible assets	**9,600**	8,283
- Net finance costs/(income)	**133**	(31)
- Income tax	**(1,129)**	(1,053)
- Foreign exchange	**42**	156
- Equity-settled share-based payment	**4,671**	13,348
	(16,319)	(17,337)
Change in:		
- Trade and other receivables	**275**	(2,938)
- Trade and other payables	**(432)**	737
- Deferred income	**(1,507)**	6,145
- Deferred government grant	**(49)**	(147)
Net working capital change	**(1,713)**	3,797
Cash used in operating activities	**(18,032)**	(13,540)
Interest paid	**(192)**	(11)
Income tax received/(paid)	**552**	(3)
Net cash used in operating activities	**(17,672)**	(13,554)
Cash flows from investing activities		
Purchase of property, plant and equipment and computer software	**(95)**	(475)
Development expenditure	**(8,369)**	(9,040)
Interest received	**59**	58
Net cash used in investing activities	**(8,405)**	(9,457)
Cash flows from financing activities		
Net proceeds from share issues	**26,175**	465
Payment of finance lease liabilities	**(8)**	(27)
Net cash from financing activities	**26,167**	438
Net increase/(decrease) in cash and cash equivalents	**90**	(22,573)
Cash and cash equivalents at the start of the year	**2,481**	25,673
Effect of movements in exchange rates on cash and cash equivalents	**(16)**	(619)
Cash and cash equivalents at the end of the year	**2,555**	2,481

The notes on pages 11 to 17 form an integral part of this condensed consolidated financial report.

Notes to the condensed consolidated financial report

for the year ended 31 December 2015

1. Reporting entity

WANdisco plc (the "Company") is a public limited company incorporated and domiciled in Jersey. The Company's ordinary shares are traded on AIM. These condensed consolidated financial statements ("Financial statements") as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the development and provision of global collaboration software.

2. Basis of preparation

Basis of accounting

Whilst the financial information included in this preliminary announcement has been prepared on the basis of the requirements of International Financial Reporting Standards ("IFRSs") in issue, as adopted by the European Union ("EU") and effective at 31 December 2015, this announcement does not itself contain sufficient information to comply with IFRS.

The Group expects to publish full Consolidated Financial Statements in April 2015. The financial information set out in this preliminary announcement does not constitute the Group's Consolidated financial statements for the years ended 31 December 2015 or 31 December 2014.

The financial information for 2014 is derived from the consolidated accounts for the year ended 31 December 2014 which has been delivered to the registrar of companies with the Jersey Financial Services Commission ("JFSC"). The auditor has reported on the year ended 31 December 2014 consolidated accounts; their report was unqualified. It did not contain statements under section 113B (3) or (6) of the Companies (Jersey) law 1991.

The consolidated accounts for the year ended 31 December 2015 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies with the JFSC in due course.

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

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

The following new standards and amendments to standards that are effective for the first time for the financial year beginning 1 January 2015, have been adopted, but have not had a material impact on the Consolidated financial statements:

- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions.
- Annual Improvements to IFRSs 2010-2012 Cycle.
- Annual Improvements to IFRSs 2011-2013 Cycle.

Going concern

As at 31 December 2015 the Group had net assets of $5.6m (31 December 2014: $4.6m), including cash of $2.6m (2014: $2.5m) as set out in the Condensed consolidated balance sheet above and an unused revolving credit facility of $10.0m (2014: $10.0m). In the year ended 31 December 2015, the Group incurred a loss before tax of $31.0m (2014: $39.4m) and net cash outflows before financing of $26.1m (2014: $23.0m).

Contract wins continue to exhibit variability and despite the decline in new sales bookings, i.e. signed sales contracts ($9.0m in 2015 compared with $17.4m in 2014), revenue benefitted from deferred revenue released from prior year bookings, many of them multi-year contracts. At the same time, the sales pipeline is encouraging, particularly following the release of the *Fusion* product during the year. Operating costs were progressively reduced throughout the year, with cash overheads, including development costs, lower in the second half of the year than in the first half. These reductions have resulted both from the simplicity and openness of the *Fusion* product's architecture and from generalised cost disciplines across all operating functions, both of which have demonstrated the ability of the Group to be operationally agile. Total cash overheads of $34.6m were below the prior year (2014: $36.0m). Since then, the ongoing benefits of these operating cost reduction measures, coupled with additional cost actions taken early in 2016, have significantly reduced the expected cash overhead base for 2016, to an annualised run rate of approximately $25m.

The Directors have prepared a detailed budget and forecasts of the Group's expected performance over a period covering at least the next twelve months from the date of this report. As well as modelling the realisation of the sales pipeline, these forecasts also cover a number of scenarios and sensitivities in order for the Board to satisfy themselves that the Group remains within its revolving credit facility of $10m over this period (which can be drawn down based on the Group's bookings not yet collected in cash).

Whilst the Directors are confident in the Group's ability to grow bookings, the Board's sensitivity modelling shows that the Group can remain within its facilities in the event that bookings growth is delayed (i.e. bookings do not increase from the level reported in 2015) for a period in excess of 12 months. The Directors' financial forecasts and operational planning and modelling also include the actions that the Group could take to further significantly reduce the cost base during the coming year in the event that longer term bookings growth was set to remain consistent with the level reported in 2015. On the basis of this financial and operational modelling, the Directors believe that the Group has the capability and the operational agility to react quickly, cut further costs from the business, and ensure that the cost base of the business is aligned with its sales bookings, cash revenue and funding scale.

As a consequence, the Directors have a reasonable expectation that the Group can continue to operate and to be able to meet its commitments and discharge is liabilities in the normal course of business for a period not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Functional and presentational currency

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

Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements as at and for the year ended 31 December 2014.

Prior year re-presentation

The prior year Balance sheet has been re-presented to offset unbilled receivables (previously included in trade and other receivables) against the deferred revenue balance. This had $nil impact on net assets. The re-presentation was made to improve the clarity of our statutory reporting. A reconciliation to the gross position is shown in note 10.

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:

Revenue by segment:	**Year ended 31 December 2015 (Unaudited) $'000**	Year ended 31 December 2014 (Audited) $'000
North America	**7,255**	9,414
Europe	**2,983**	1,376
Rest of the world	**756**	428
Total revenue	**10,994**	11,218

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 (2014: Nil).

4. Exceptional items

Exceptional items comprise the following:	Note	**Year ended 31 December 2015 (Unaudited) $'000**	Year ended 31 December 2014 (Audited) $'000
Equity-settled share-based payment charge in relation to acquisitions			
- OhmData, Inc.	**12**	**241**	492
- AltoStor, Inc.	**12**	**249**	659
- TortoiseSVN.net	**12**	**124**	290
Exceptional items		**614**	1,441

5. Reconciliation of loss from operations to adjusted earnings before interest, taxation, depreciation and amortisation (“Adjusted EBITDA”)

Reconciliation of loss from operations to Adjusted EBITDA:	Note	Year ended 31 December 2015 (Unaudited) $’000	Year ended 31 December 2014 (Audited) $’000
Loss from operations		(30,529)	(39,917)
Adjusted for:			
Amortisation and depreciation		9,870	8,550
Acquisition-related items		-	145
Exceptional items within operating expenses	4	614	1,441
EBITDA before exceptional items		(20,045)	(29,781)
Equity-settled share-based payment (excluding exceptional item)	12	4,057	11,907
Adjusted EBITDA before exceptional items		(15,988)	(17,874)
Development expenditure capitalised	9	(8,369)	(9,040)
Adjusted EBITDA before exceptional items including development expenditure		(24,357)	(26,914)

6. Net finance (costs)/income

	Year ended 31 December 2015 (Unaudited) $’000	Year ended 31 December 2014 (Audited) $’000
Interest receivable – bank	59	58
Exchange gain	-	526
Finance income	59	584
Unwind of discount on pledged shares	(16)	(16)
Exchange loss	(373)	-
Interest payable on bank borrowings	(48)	(2)
Bank charges	-	(9)
Amortisation of loan costs	(128)	-
Finance costs	(565)	(27)
Net finance (costs)/income	(506)	557

7. Taxation

	Year ended 31 December 2015 (Unaudited) $’000	Year ended 31 December 2014 (Audited) $’000
Current tax expense		
Current year	739	478
Adjustment for prior years	390	575
Income tax	1,129	1,053

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:

	Year ended 31 December 2015	Year ended 31 December 2014
	(Unaudited)	(Audited)
	$'000	$'000
Loss for the year attributable to ordinary shareholders	**29,906**	38,307

Weighted average number of ordinary shares	**Number of shares '000**	Number of shares '000
At the start of the year	**24,018**	23,693
Effect of shares issued in the year	**4,765**	325
Weighted average number of ordinary shares during the year	**28,783**	24,018

Basic loss per share	**$1.04**	**$1.59**

Adjusted loss per share

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

	Year ended 31 December 2015	Year ended 31 December 2014
	(Unaudited)	(Audited)
Adjusted loss for the year:	**$'000**	$'000
Loss for the year attributable to ordinary shareholders	**29,906**	38,307
Add back:		
Exceptional items	**(614)**	(1,441)
Acquisition-related items	**(16)**	(161)
Equity-settled share-based payment (excluding exceptional item)	**(4,057)**	(11,907)
Adjusted basic loss for the year	**25,219**	24,798

Adjusted loss per share	**$0.88**	**$1.03**

Diluted loss per share

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

9. Intangible assets

At 31 December 2015 (unaudited)	**Other Intangible assets $'000**	**Development costs $'000**	**Computer software $'000**	**Total $'000**
Cost				
At 1 January 2015	**3,154**	**22,787**	**1,189**	**27,130**
Additions – own work capitalised	**-**	**8,369**	**-**	**8,369**
Disposals	**-**	**-**	**(1,000)**	**(1,000)**
At 31 December 2015	**3,154**	**31,156**	**189**	**34,499**
Amortisation				
At 1 January 2015	**(1,795)**	**(14,375)**	**(1,146)**	**(17,316)**
Amortisation charge for the year	**(1,009)**	**(8,548)**	**(43)**	**(9,600)**
Disposals	**-**	**-**	**1,000**	**1,000**
At 31 December 2015	**(2,804)**	**(22,923)**	**(189)**	**(25,916)**
Net book value - At 31 December 2015	**350**	**8,233**	**-**	**8,583**

9. Intangible assets (continued)

At 31 December 2014 (Audited)

Cost				
At 1 January 2014	**2,308**	**13,747**	**1,030**	17,085
Reclassification from property, plant and equipment	-	-	30	30
Acquisitions through business combinations	846	-	-	846
Additions – externally purchased	-	-	103	103
Additions – own work capitalised	-	9,040	-	9,040
Effect of movement in exchange rates	-	-	26	26
At 31 December 2014	3,154	22,787	1,189	27,130
At 1 January 2014	**(860)**	**(7,520)**	**(613)**	(8,993)
Reclassification from property, plant and equipment	-	-	(19)	(19)
Amortisation charge for the year	(935)	(6,855)	(493)	(8,283)
Effect of movement in exchange rates	-	-	(21)	(21)
At 31 December 2014	(1,795)	(14,375)	(1,146)	(17,316)
Net book value - At 31 December 2014	1,359	8,412	43	9,814

The carrying amount of the intangible assets is allocated across cash-generating units ("CGUs"). A CGU is defined as the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. The recoverable amount of the CGUs are determined using value in use ("VIU") calculations. As at 31 December 2015 the Group had one CGU, the DConE CGU, which represents the Group's patented DConE replication technology, forming the basis of products for both the ALM and Big Data markets, including the new Fusion platform that was launched in 2015.

Other intangible assets arose as part of the acquisitions of OhmData, Inc. in June 2014 and AltoStor, Inc. in November 2012. The intangibles arising as part of these acquisitions are allocated to the DConE CGU. The recoverable amount of the DConE CGU has been calculated on a VIU basis at both 31 December 2015 and 31 December 2014. These calculations use cash flow projections based on financial forecasts and appropriate long-term growth rates. To prepare VIU calculations, the cash flow forecasts are discounted back to present value using a pre-tax discount rate of 10.0% (2014: 10.0%) and a terminal value growth rate of 2% from 2020. The Directors have reviewed the recoverable amount of the CGU and do not consider there to be any indication of impairment.

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

On 20 February 2015 WANdisco International Limited sold the software to SyntevoGmbH for consideration of €1. This software became fully amortised during the year ended 31 December 2014 so there was no material profit/(loss) on disposal.

The amortisation charge on intangible assets is included in operating expenses in the Condensed consolidated statement of profit and loss and other comprehensive income.

10. Trade and other receivables

Due within a year:	**31 December 2015 (Unaudited) $'000**	Re-presented (Note 2) 31 December 2014 (Audited) $'000
Trade receivables	**3,538**	4,440
Other receivables		
- Unbilled receivables ($2,808,000 is due in more than one year (2014: $4,895,000))	**6,482**	8,005
- Other receivables	**1,061**	556
Less: Unbilled receivables deferred ($2,808,000 is due in more than one year (2014: $4,895,000))	**(6,482)**	(8,005)
Total other receivables	**1,061**	556
Corporation tax	**1,631**	1,056
Prepayments	**498**	395
Total trade and other receivables	**6,728**	6,447

11. Deferred income

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

Deferred income which falls due:	31 December 2015 (Unaudited) $'000	Re-presented (Note 2) 31 December 2014 (Audited) $'000
Within a year	**6,060**	6,076
In more than a year	**3,697**	5,188
Unbilled receivables deferred ($2,808,000 is due in more than one year (2014: $4,895,000))	**6,482**	8,005
Deferred income (including unbilled receivables)	**16,239**	19,269
Less: Unbilled receivables deferred	**(6,482)**	(8,005)
Total deferred income	**9,757**	11,264

12. Share-based payment

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

The terms and conditions of the share option grants are detailed in the Group annual financial statements for the year ended 31 December 2014.

Analysis of equity-settled share-based payment charge:	Note	Year ended 31 December 2015 (Unaudited) $'000	Year ended 31 December 2014 (Audited) $'000
Total equity-settled share-based payment charge in relation to acquisitions	**4**	**614**	1,441
Non-exceptional equity-settled share-based payment charge	**5**	**4,057**	11,907
Total equity-settled share-based payment charge		**4,671**	13,348

Exceptional equity-settled share-based payment charge in relation to acquisitions:	Year ended 31 December 2015 (Unaudited) $'000	Year ended 31 December 2014 (Audited) $'000
OhmData, Inc.	**241**	492
AltoStor, Inc.	**249**	659
TortoiseSVN.net	**124**	290
Total share-based payment charge	**614**	1,441
Number of restricted shares	**41,990**	331,483

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:	Year ended 31 December 2015 (Unaudited) Number	Year ended 31 December 2014 (Audited) Number
Balance at the start of the year	**4,301,667**	3,305,201
Granted	**1,550,927**	1,878,561
Forfeited	**(1,086,309)**	(414,100)
Exercised	**(328,290)**	(467,995)
Balance at the end of the year	**4,437,995**	4,301,667
Exercisable at the end of the year	**1,435,100**	675,631
Vested at the end of the year	**1,856,870**	1,081,844

12. Share-based payment (continued)

Weighted average exercise price for:	$	$
Shares granted	**0.69**	**3.25**
Shares forfeited	**6.75**	**11.06**
Options exercised	**0.19**	**0.99**
Exercise price in the range:		
From	**0.15**	**0.16**
To	**18.19**	**20.96**

	Years	Years
Weighted average contractual life remaining	**6.2**	6.5

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:

Fair value assumptions:	Year ended 31 December 2015 (Unaudited)	Year ended 31 December 2014 (Audited)
Dividend yield	**0.00%**	0.00%
Risk-free interest rate	**1.53%**	2.28%
Stock price volatility	**30%**	30%
Expected life (years)	**3.8**	4.9
Weighted average fair value of options granted during the year	**$2.76**	$7.61

- 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.

13. Contingent liabilities

The Group had no contingent liabilities at 31 December 2015 (31 December 2014: None).

14. Post-balance sheet events

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