

**RESILIENT &
BUSINESS-READY
DATA**

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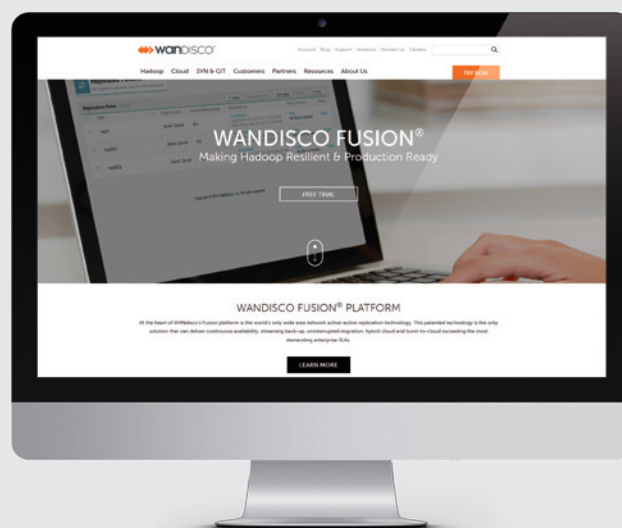
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RESILIENT & BUSINESS-READY DATA

WANdisco is the **leading provider** of data replication technology helping globally distributed organisations to **meet the challenges** of storage, scalability, performance and availability of both data and applications.

Our products make data available **consistently and reliably**, synchronised both within and between data centres.

The WANdisco *Fusion*® platform delivers continuous availability and performance with data consistency across data clusters any distance apart.

We are at heart a replication company with our own patented technology to replicate both data and software code.

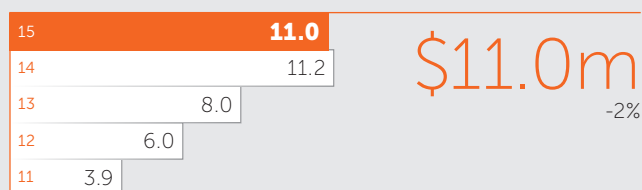
Customers use our software to ensure that the data they use in their mission-critical operations is synchronised and complete at all times.



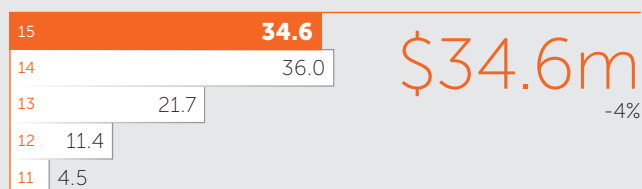
FINANCIAL PROGRESS

Financial highlights

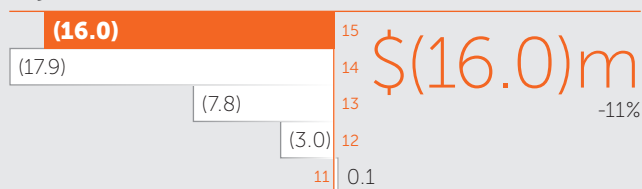
Revenue (\$m)



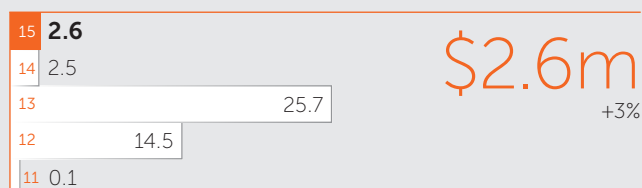
Cash overheads¹ (\$m)



Adjusted EBITDA² (\$m)



Net cash (\$m)



Operational and strategic highlights

Big Data

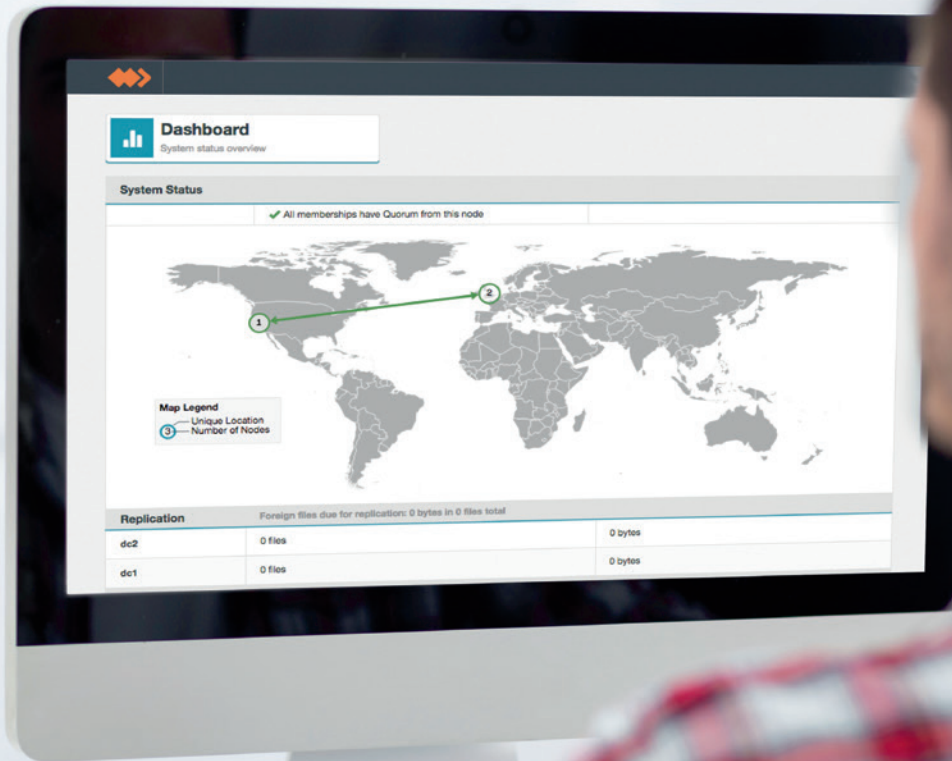
- New WANdisco Fusion ("Fusion") product launched
- Customer base expanded from 10 to 26
- Customer wins with integrations to both Hadoop distributors and non-Hadoop storage platforms including HPE and Oracle
- First six Big Data customers have gone live
- Five scale-up contract expansions

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

1 Operating costs, excluding cost of sales, plus capitalised product development costs. Annualised cash overheads reduced to approximately \$25m by March 2016 (31 December 2014: approximately \$40m).

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



ANALYTICS AT SCALE

Leading US health and life insurer

For disaster recovery, recovered data has to be synchronised with live "production" data across its cluster of servers.

In addition there is an ingest (capture) and analysis use case – data is continuously captured and continually accessed, with WANDisco's *Fusion* ensuring that neither activity impinges on the other.

Fusion has achieved results not possible with open source Hadoop.

The company sets great store by *Fusion* achieving this without adding significant workload to computing operations... and concluding the implementation in under a month.



FIND OUT MORE ABOUT OUR STRATEGY ON PAGE 14



*Fusion sits in front of our cluster, and replicates without having to do reads from inside the cluster. WANDisco's *Fusion* adds almost zero overhead to our production cluster, whereas if you use "DistCp" as part of open source Hadoop, you are going to put extra file system load on your cluster and that is going to impact you.*

*We ingest all of our raw data, then we transform it and, from there, we use *Fusion* to replicate it into our analytics cluster. As quick as we're ingesting it, it becomes available for analytics.*

*We do extensive analytics algorithms that are very invasive to our operational cluster. Without *Fusion* that would have been a very difficult problem to solve. We would have had to scale our operational cluster to an extreme amount to be able to run queries at the same time as ingests and transformations. It would have scaled to a point that was untenable.*

*We were able to implement *Fusion* from start to finish without a proof of concept, and without a whole lot of upfront planning, in less than four weeks.*



Manager, Database Platform and Engineering

<4

weeks' implementation time

100%

uninterrupted data capture

DATA SYNCHRONISED ACROSS THE WORLD

36
new customers

Non-stop replication 24/7/365

Our products are differentiated by patented, active-active data replication technology, meeting crucial continuous availability requirements for both Big Data and ALM. We eliminate the costs of data loss, downtime and recovery.

Big Data

WANDisco's patented active-active replication technology enables 100% uptime for global multi-data centre deployments of Hadoop and other data platforms. Access and analyse data anywhere, with the same data available at every location.

WANDisco *Fusion* platform



FUSION HYBRID CLOUD
Extend your data centre



FUSION ACTIVE DR
100% availability



FUSION ACTIVE MIGRATION
No disruption



FUSION ACTIVE BACKUP
No data loss



FUSION ACTIVE HBASE DR
Always-on HBASE



FUSION SDK
Replicate anything

Data replication
at the heart of our business

ALM

The only products that allow widely distributed software development teams using Subversion and Git open source code development tools to collaborate as if they were all in the same location without downtime or data loss.

Subversion and Git



GIT MULTISITE
Replicated Git services



SVN MULTISITE PLUS
Replicated Subversion services



ACCESS CONTROL PLUS
Global access control and audit across SVN and Git



GERRIT MULTISITE
Replicated Gerrit services

Why do companies choose WANDisco?

Our patented active-active replication technology provides a range of performance and consistency benefits.

1. Continuous availability

Removes the bottleneck of a single active store of essential data across data centres, and enables local speed read/write at any global location without downtime or data loss – even during upgrades and maintenance.

2. 100% utilisation

Eliminates read-only backup servers by making all servers fully readable and writeable, to take full advantage of the hardware at each location.

137

expanded or
renewed contracts

87%

ALM subscription
renewal rate

4

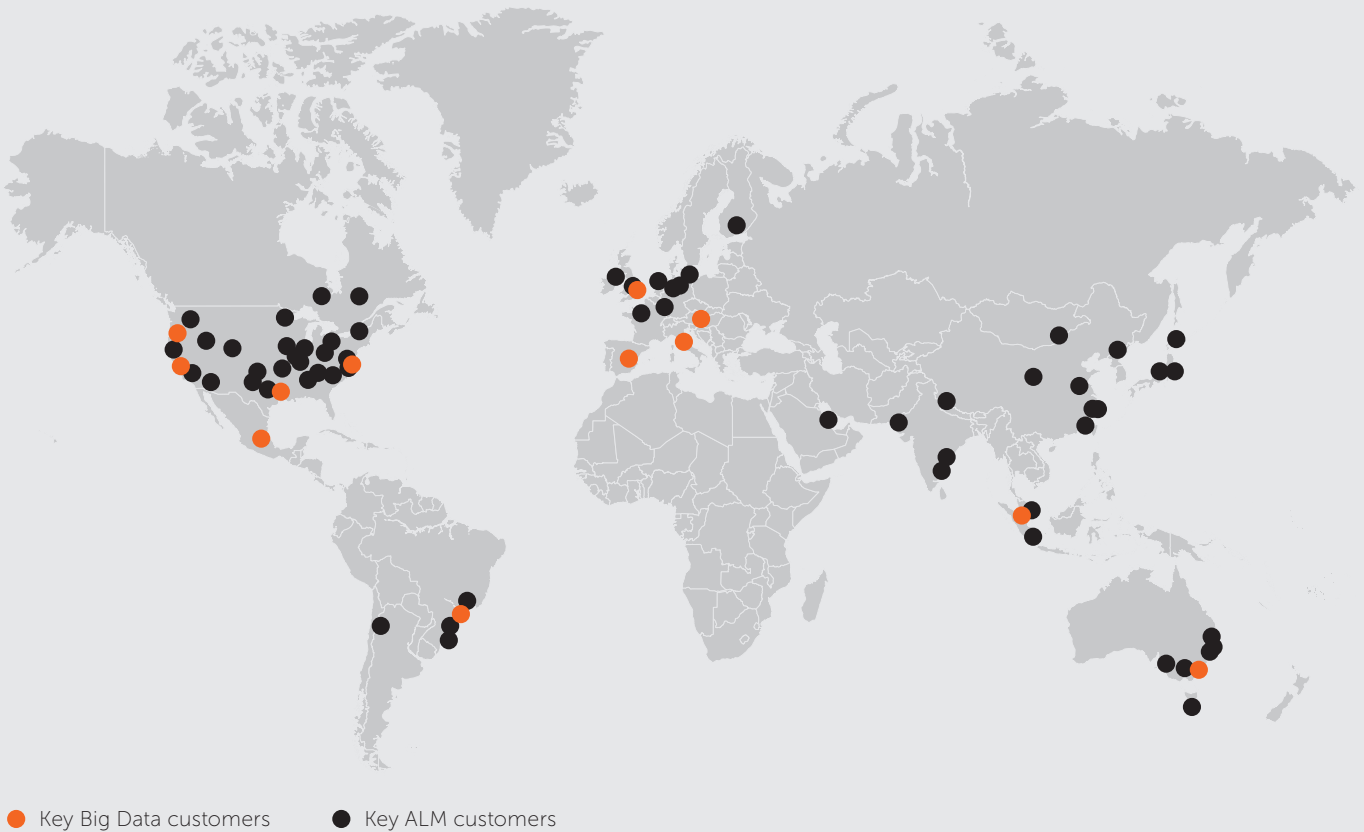
patents awarded, 3 pending

1,000

support queries solved
per year

Supporting our key customers on a global scale

Across several locations, we have architects, engineers and technologists who are among the best in the industry.



3. Cluster zoning

Delegates the most resource-intensive data load and applications to high-spec servers while running less critical batch applications on commodity servers. Eliminates the need for costly hardware.

4. Multi-data centre ingest

Ingests data at any number of locations simultaneously, automatically replicates where chosen and enables analysis from anywhere with no single point of failure.

5. Selective replication

Replicates only the specific data required or permitted by regulations.

A KEY ROLE IN OUR MARKETPLACE

WANDisco made further progress against its strategic aims, scaled up its partner activities and controlled costs well.

“

WANDisco has a high potential operating platform for 2016.”



Paul Walker, Chairman

WANDisco's replication products have become well known in the marketplace for providing unrivalled availability and resilience for both mission-critical operating data and software application code.

Our underlying replication technology remains leading edge and its reputation has been enhanced over the year by the award of further patents in addition to those secured in previous years. The products we have built on this replication technology are unique in the way they enable synchronisation and availability across globally distributed organisations. In the Big Data market, we have demonstrated this in numerous customer trials and also with our current six live customers. During the year, we progressed from a handful of pilot customers to 26 licensed customers.

The Big Data market opportunity remains significant. During the year there has been an increasing involvement of the data and storage platform vendors, whose offerings originated outside Hadoop but are now integrated with Hadoop to form universal data platforms. Our product and partnerships have evolved to address this mixed-storage world including emerging cloud data platforms.

Our go-to-market activities have been stepped up in the year. With global data platform partners such as Oracle, IBM and Amazon, we have progressed with sales campaigns, technical integration and sales fulfilment processes. In addition, our direct salespeople continue to generate opportunities with global corporations.

Whilst the timing of contract wins has been variable, we have continued to attract major global corporations. Our customers yield multi-year revenue streams through long-term subscriptions, and also scale up their solutions by adding more users, replicating more data over time and adding more data. In 2015, this started to happen for the first time in Big Data, to add to the revenue from the more established ALM product.



FIND OUT MORE ABOUT OUR BUSINESS MODEL ON PAGE 10

During the year we completed some significant investments in product development, using funds secured through a successful equity fundraise at the start of the year. Now that both our Big Data and ALM products have matured, we have started to reduce costs significantly, and in so doing have shown operational agility and discipline. Our EBITDA loss for the year narrowed compared with 2014.

We have maintained and developed the skilled teams developing our products and sales channels. With our exciting partnerships, expanding customer base, and lowered cost base, WANDisco has a high potential operating platform for 2016.

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, business development, product development, customer support, administration and finance. The thanks of the Board go to all our people for their dedication to WANDisco.

Paul Walker

Chairman

24 March 2016

SIGNIFICANT BREAKTHROUGHS

2015 was a breakthrough year in our progress towards becoming the leading all-purpose data replication engine.

“

Our presence in the Big Data market has taken a big step forward.”



David Richards, Chief Executive

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.



Our product for *Subversion* fits with customers' needs in replicated version control.”

Big Data continued

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 on to 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.

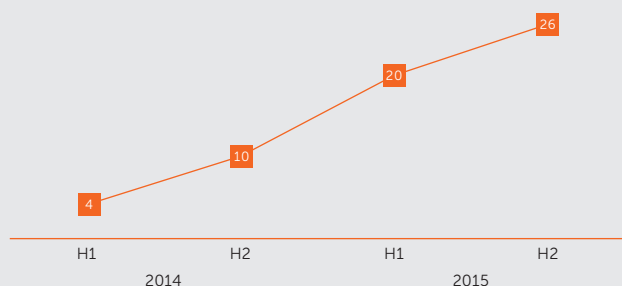
Outlook

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.

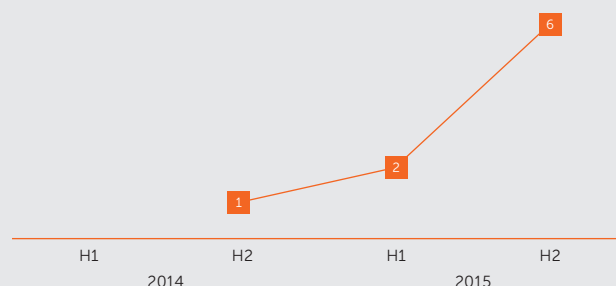
Fusion is increasingly viewed as a crucial technology enabling customers to migrate onto our partners' emerging cloud data platforms. With partners such as IBM, Amazon and Microsoft, we are working increasingly closely on data migration offerings and go-to-market activities.

Developing our Big Data customer base

Adding new customers Cumulative contract wins



Installed base sales All customers have scale-up intentions



BUILDING TRUST

Our *Fusion* product is **proven in the marketplace**.

Six global corporations have progressed in their implementations and are now in live usage – which ranges from first trial workloads to live customer-facing operations.

All are **large-scale operations with exacting service standards** promised to their stakeholders.

These and others will now be able to **scale up and renew** their contracts, which will progressively enhance the **predictability of our revenue** stream.

6

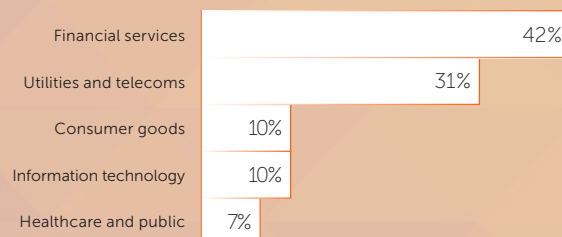
live Big Data customers

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.

David Richards
Chief Executive
24 March 2016

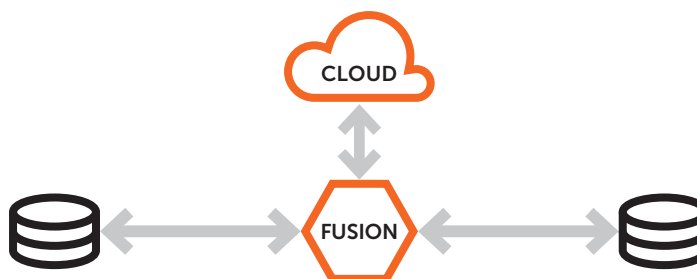
Industry spread with hotspots in regulated industries Six Big Data customers now live



BUILD, GO TO MARKET, LAND AND EXPAND

BUILD: all-purpose data replication engine

Maintain and develop our *Fusion* platform of replication products, drawing on the underlying patented DConE replication technology.



GO TO MARKET



Global corporations

Addressing large corporations with data and software development operations of massive scale.



Data platform partners

Integrating with Big Data partners, both the new Hadoop distributors and the established global IT giants.



Online marketplaces

Our channels also now include the online marketplaces where cloud storage and computing are sold self-service.

REVENUE: LAND AND EXPAND

Customer lifecycle



With new customers we capture initial levels of replication activity.



We scale up contracts as customers process more data over time.



We renew licences at the end of the subscription term, enhancing the predictability of our revenue stream.

Market adoption



Market penetration

We are able to increase revenues progressively through market penetration, maximising the initial size of the data platform and scaling up the data platform over time.



Maximising the data platform

With replication solved, customers will put more data on the platform, particularly with *Fusion* as part of a production-ready platform provided by one of our partners.



Scale-up of contracts

With *Fusion* in live production, customers tend to move quickly to bring more data under replication, in some cases doubling the value of their contracts within one year.

OUR CLOUD PARTNERS ARE INVESTING HEAVILY

Cloud infrastructure points of presence

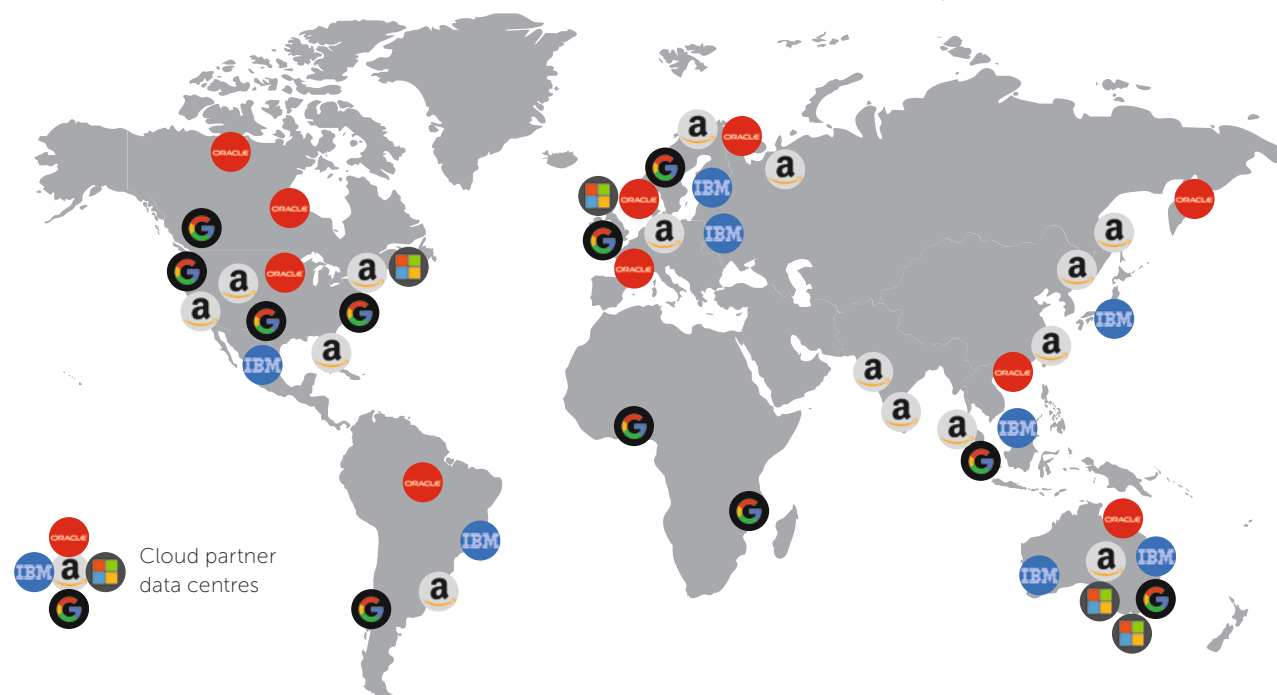
Partnerships between platforms provided by IBM, Oracle, Amazon, Google and others, and mission-critical infrastructure components such as *Fusion* will be critical in removing the friction experienced by customers in moving their data operations from "lab" environments to mission-critical "production" environments governed by service level agreements around data availability. We believe that the market is ready to make that transition, and that Big Data cannot be made enterprise ready by customers doing "self-assembly" using only Hadoop distributions with no surrounding data management.

Not only is the market mixed storage, it is also becoming mixed deployment. Self-assembly by the customer offers massive cost savings on servers and hardware, but the assembly process risks adding unnecessary costs and take time.

So a pre-configured appliance or reference architecture is increasingly preferred. However, the fastest-growing method is the third alternative of the cloud, where no hardware is required by the customer. Its share of Big Data workloads is projected to grow rapidly.

Fusion works with all three methods. The cloud is potentially very attractive because organisations are using it to process massive amounts of data at low cost, taking advantage of the ease of setting up and closing down cloud storage clusters so that they are only paying for storage and compute exactly when they need to.

WANDisco works with partners in all three types of deployment, helping them migrate customers' data onto the new platforms, replicate to backup storage, and use data synchronously between locations and servers without any interruption to continuous data access or continuous data capture.



amazon

Microsoft

ORACLE®

Google

IBM

WELL POSITIONED IN OUR MARKETPLACE

The market is moving through the “lab” phase and into the “production” phase.

Big Data

The Big Data marketplace evolved significantly during the year. 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.

Data is growing much faster than the budgets that enterprises can devote to storing it.

Efficient and cheaper Hadoop and other data and application platforms are handling burgeoning new data processing workloads.

Replication is relevant for corporations using Hadoop and related technologies to scale out their data platforms for mission-critical use cases. WANdisco offers a patented method of solving availability and speed challenges over a WAN, by replicating data so that idle investments in backup data centres are no longer needed. We enable data infrastructures to scale out at little or no extra storage cost.

We become essential when the use case moves from experimental data operations in a “lab” to live “production operations” – that is, when there is a data availability service-level agreement (“SLA”) to be met.

The market is moving through the “lab” phase and into the “production” phase – in our experience it takes individual customers one to two years. In the production phase, the global data and storage platform giants are beginning to orchestrate the market with their new Hadoop-compatible offerings. It has become a mixed-storage market. It is these partners that our go-to-market strategy is now oriented around. This has evolved from our earlier focus purely on Hadoop distributors.

60%

growth in stored data

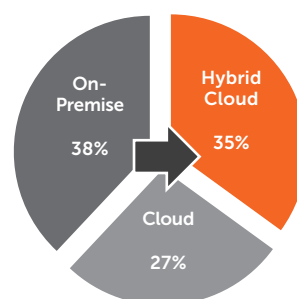
8,000+

subscribers to Hadoop data platforms

34%

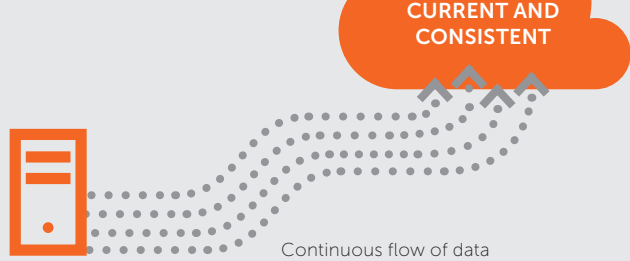
of Big Data workloads fulfilled in the cloud by 2019

Workloads moving to the cloud Share of Hadoop deployments, 2015

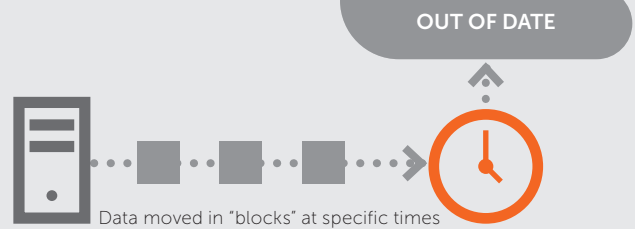


Sources: Gartner, IDC, Enterprise Strategy Group.

WANdisco's active transactional data replication moves data as it changes.



Every other solution moves data in batches risking data loss, downtime and business disruption.



ALM

WANdisco serves the "Source Code Management" segment of Application Lifecycle Management.

Software development is everywhere – even more outside software vendors than inside them. Modern working methods like "agile" are bringing efficiency, but these more fluid methods need management software in order to realise those efficiencies in a controlled manner, especially since there are not enough developers to go around.

In the version control market, customers are steadily moving off old proprietary platforms and on to modern, agile, open source platforms such as *Subversion*.

The market surrounding the *Subversion* open source version control system is the right one to focus on at this stage. It provides centralised control to offset the local freedom offered by other more distributed systems like *Git*.

We have increased our focus on *Subversion*, selling a commercial replication and enterprise management layer on top of free *Subversion* open source version control software, whilst also providing tools for *Git*.

19m

software developers

57%

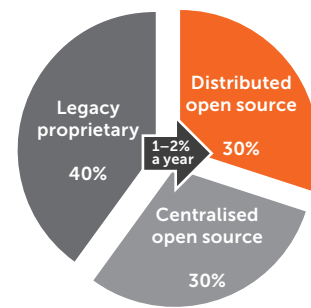
of software developers are in businesses that do not sell software

60%

of developers use open source version control

Collaboration software enables more efficient "agile" methods of team software development.

Share of developers, 2015



Sources: Gartner, Evans Data Corporation, US Bureau of Labor Statistics.

WANdisco solves the problem of...

MORE DATA =
MORE COSTS

INCREASING CUSTOMER AND PARTNER ADOPTION

We aim to be the leading provider of enterprise-scale data replication.

BUILD



Build our products

Our progress in 2015

- Evolved *Non-Stop Hadoop* into *Fusion* to address the mixed-storage data platform market
- Built new features into *Fusion*, responding to customers' demand for migration, backup and active real-time ingest and analytics
- Two new patents for our DConE replication engine
- Started to bring together all our ALM and Big Data products on the single *Fusion* platform
- Simplicity and openness of *Fusion* facilitated cost efficiencies

Our priorities for 2016

- Complete single *Fusion* platform
- Build out further storage and file system choices
- Build out mixed deployment and purchasing options including cloud

GO TO MARKET



Attract new customers, evolve our partnerships

Our progress in 2015

- Attracted a further 16 global corporations to our *Fusion* platform
- Refocused on *Subversion* open source version control within the ALM market
- Established and deepened our partnerships with IBM, Oracle, Amazon and Microsoft

Our priorities for 2016

- Further deepen our partnerships
- Attract further global corporations
- Become a referenceable part of standard data platform architecture

REVENUE



Realise customer potential to scale up solutions

Our progress in 2015

- Expanded Big Data customer base
- First contract scale-ups by Big Data customers
- ALM new sales bookings back to growth by the end of the year

Our priorities for 2016

- Further grow the Big Data customer base
- Further and significant Big Data contract scale-ups
- Continued recovery of ALM sales to new and renewing customers

“

Our product and partnerships have evolved to address the mixed-storage world including emerging cloud data platforms and we have continued to attract and retain major global corporations.

”

KEY PERFORMANCE INDICATORS

MEASURING SUCCESS

Key Performance Indicators ("KPIs")

Our KPIs reflect the business' financial performance in 2015.

Commentary on the actual performance of the Group against each of these KPIs is set out in the Chairman's statement, the Chief Executive's report and the Financial review.

Indicator and description

Performance in 2015

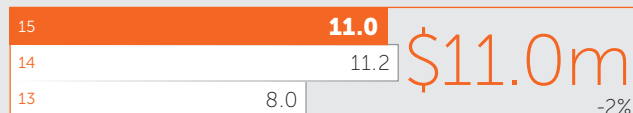
New sales bookings (\$m)



Links to strategy:



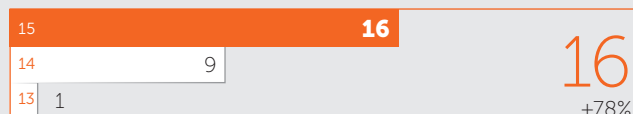
Revenue (\$m)



Links to strategy:



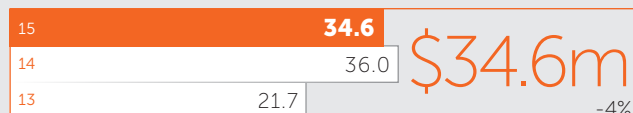
Big Data customer wins



Links to strategy:



Cash overheads (\$m)



Links to strategy:



New sales bookings declined compared to prior year. This was primarily due to the ALM bookings reducing to \$6.5m (2014: \$14.6m). ALM bookings in the prior year included a number of multi-year arrangements which were not due for renewal in 2015 and which were not offset by bookings from new customers. 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 towards the end of the year.

Revenue for the year ended 31 December 2015 was \$11.0m (2014: \$11.2m). Despite new sales bookings continuing to show variability, revenue benefited from deferred revenue released from prior period bookings, many of them multi-year contracts.

During the year we launched our new *Fusion* product. Our customer base expanded from 10 to 26. In addition, our first six Big Data customers have gone live and five customers have expanded their contracts during the year.

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.

KEY RISKS AND RISK MANAGEMENT

The Group's operations expose it to a variety of risks.

Effective risk management aids decision making, underpins the delivery of the Group's strategy and objectives and helps to ensure that the risks the Group takes are adequately assessed and actively managed.

The Group regularly monitors its key risks and reviews its management processes and systems

to ensure that they are effective and consistent with good practice. The Board is ultimately responsible for the Group's risk management.

The risk management process involves the identification and prioritisation of key risks, together with appropriate controls and plans for mitigation, which are then reported to the Board.

As with all businesses, the Group is affected by a number of risks and uncertainties, some of which are beyond our control.

The table below shows the principal risks and uncertainties which could have a material adverse impact on the Group. This is not an exhaustive list and there may be risks and uncertainties of which the Board is not aware, or which are believed to be immaterial, which could have an adverse effect on the Group.

RISK DESCRIPTION	RISK MITIGATION	RISK CHANGE
People Our future success depends on retention of senior management and key technical personnel. Whilst much of our proprietary knowledge is documented, our technical experts contribute valuable skills and knowledge and, despite contractual confidentiality agreements, there can be no guarantee that those individuals will not in future join competitors or establish themselves in competition. During the year the headcount reduced from 182 to 143 heads. These reductions resulted mainly from the simplification of our product portfolio and channel strategy. It is essential that we retain and motivate our remaining workforce and attract the right talent in the case of any replacement hires in the future.	Our People Services function oversees employee communications to ensure, given our rapidly developing markets, employees' understanding of our strategic direction enables them to make meaningful contributions to the achievement of our goals. Stock-based compensation has proved to be an important component of retaining, motivating and attracting key talent and so we will continue to deploy stock selectively.	Increase ↑
Financing risk Our product, <i>Fusion</i>, addresses a still emerging market in which contract wins continue to exhibit variability and therefore we have limited forward visibility. We are a loss making business with a consequent dependency on a variety of existing and potential sources of finance.	Following the release of <i>Fusion</i> our sales pipeline is promising. Operating costs were progressively reduced throughout the year, resulting in an annualised cash overheads base of approximately \$25m. We 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 these financial statements. As well as modelling the realisation of the sales pipeline, these forecasts also cover a number of scenarios. We maintain close relationships with our principal and potential providers of finance and continue to review the need for additional or alternative funding. See also Note 2.	New
Competition There can be no guarantee that competitors will not develop superior products. Competitors may have or develop greater financial, marketing or technical resources, enabling them successfully to develop and market competing products. As the open source software on which we depend is licensed for free, our ability to sell value-added products may be limited by potential customers opting to rely purely on the underlying open source software, together with any free extensions that might be developed to address the same challenges as our software.	We protect our intellectual property by securing patents whenever possible. Four key patents for our underlying replication technology have already been allowed or issued, and a further three patent applications are in process. We continue to dedicate significant resource to the constant enhancement of our core intellectual property. Senior management devotes significant time and resource to monitoring product releases by potential competitors in the data replication software market both for replication of ALM and Big Data.	No change ↔



The Group regularly monitors its key risks and reviews its management processes and systems to ensure that they are effective and consistent with good practice.”

RISK DESCRIPTION	RISK MITIGATION	RISK CHANGE
Channel partner engagement Our replication products serve both the ALM and Big Data markets. In the Big Data market we are in partnership with an array of vendors that distribute Hadoop, support Hadoop and provide data storage that is compatible and integrates with Hadoop. Some of these partnerships are relatively new business relationships. There is a risk that we mismanage these relationships or that partners decide not to devote significant sales or product integration resource to our products.	We have devoted experienced leadership resource, recruited from within the business, focused on proactively developing our new partner relationships and creating new commercial propositions that derive long-term value from these relationships.	Increase ↑
Resource allocation and operational execution We address a significant and rapidly growing market, but as a small company, we have limited people and capital resources. Over time it will be essential to keep adding to and refreshing this resource, but at all times it will remain essential that we ensure that resource is effectively directed to addressing and delivering on our strategic goals.	We have a business planning process which aims to ensure the investments we make and the allocation of existing resource are aligned with our strategic goals, which in turn are responsive to the evolution of our marketplace. We have significantly improved internal financial reporting and cost control processes. These financial reports are regularly monitored by senior management and the Board.	No change ↔
Products The software on which our products are based is complex and the products may contain undetected defects which may be discovered after first introduction. Such defects could damage the Group's reputation, and reduce revenue from subscription renewals and extensions. Many of our products are designed for use with open source software, whose development, by the open source community, we do not solely control. Changes to its structure and development path may impair the effectiveness of our products. Regulation of data transfer is rapidly evolving and additional compliance on user privacy, content liability, data encryption and copyright protection may reduce the value added by our products.	We have invested in quality control processes and training within our engineering team. We have a dedicated team committing code to relevant open source tools, to ensure our products interact well with open source components, and to monitor evolving open source projects to which we could potentially add commercial value. Our product roadmap is based on requirements expressed by customers with whom we are pursuing sales opportunities. Features such as "selective replication" deal with regulatory constraints on data transfer. Our product managers are mandated to propose roadmap alterations if regulations render our intended features either more or less relevant.	No change ↔
Sales cycles, capability and customers' budget constraints Any economic downturn may have an adverse effect on the funds available for customers to invest in our products. Increasing budget scrutiny may periodically extend sales cycles, from customers' evaluations through to commencement of subscription contracts. Variability of sales cycles across different sizes and types and customer may bring volatility to our quarterly results. Any new sales executives joining the business, in a rapidly changing marketplace, may take longer than expected to reach full productivity in concluding sales transactions.	Our products enable significant savings on data storage and processing and therefore, demand should be relatively insensitive to economic conditions. Our strategy is oriented to generating a broad-based set of sales opportunities, across regions, industries, sizes of customer and technology use cases. We have invested in senior management and systems to manage the completion of sales engagement in an efficient and commercially beneficial manner.	No change ↔

RESILIENT REVENUE, EFFECTIVE COST CONTROL, REDUCED LOSSES

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 benefited from deferred revenue released from prior year bookings, many of them multi-year contracts.

“We reduced operating costs progressively throughout the year.”



Paul Harrison, Chief Financial Officer

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 16. 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), benefiting 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 totalled \$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 benefited 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

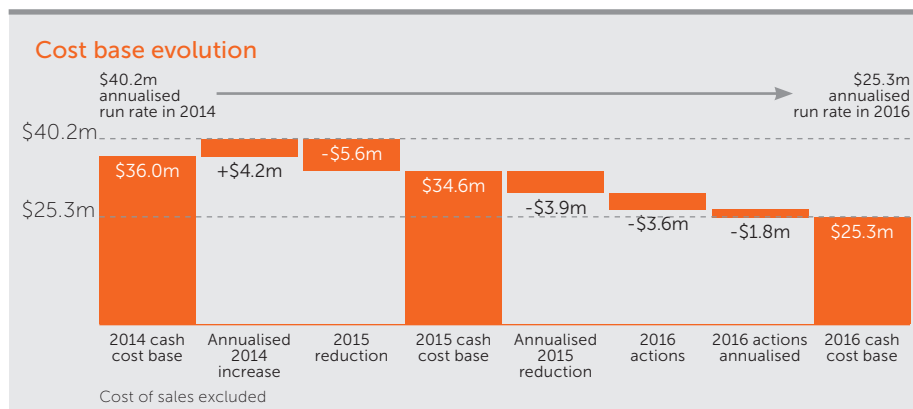
We reduced operating costs progressively throughout the year, with cash overheads, as expected, lower in the second half than in the first half. These reductions have resulted both from the simplicity and openness of the *Fusion* product's architecture and from generalised cost disciplines across all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



With strong cash collection and further cost reductions so far in 2016, we have moved significantly closer to cash flow break-even.”



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 \$10m revolving credit facility with HSBC Bank plc. The first drawings on this facility were made during the first quarter of 2016.

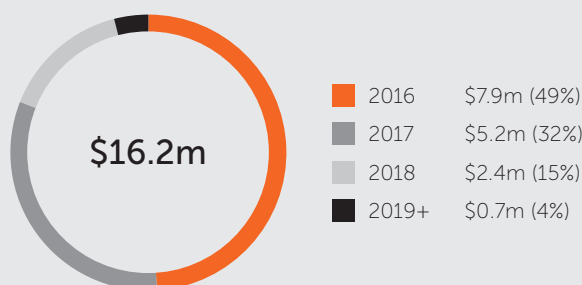
With strong cash collection, benefiting from subscription payments in advance of revenue recognition, and further cost reductions so far in 2016, we have moved significantly closer to cash flow break-even.

Paul Harrison

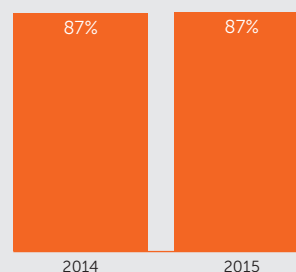
Chief Financial Officer
24 March 2016

Measuring progress

Deferred revenue release



ALM subscription renewal rate



OUR MOST VALUABLE ASSETS

We pride ourselves on our people and their intellectual expertise. Across our global offices, we have a team of 143 people comprised of the best and brightest architects, engineers and technologists in the industry, including several PhDs and a management team of thought leaders.

Employee recognition

We seek to identify those employees who are making contributions to the Group. Our Bravo award programme is designed to recognise and celebrate those exceptional achievements.



There are four nomination categories:

Customer First

Recognises outstanding individual contribution to improving overall internal and external customer satisfaction.

Making a Difference

Recognising someone who has performed an extraordinary act in order to contribute to our success or culture.

Scientific or Technical

Where someone has pushed the boundaries of what it is possible to do with our products and solutions or has significantly contributed to the innovation and quality of our products.

Excellence

This award is reserved for an individual who is deemed to have contributed significantly outside the scope of his or her position.

Our programme is run twice a year and the winners are announced at the Company all-hands meetings. The winners receive either a cash award or an experience day of their choice.

Employee benefits

We offer discounted gym membership, employee discounts on retail, entertainment and recreation activities as well as IT equipment and a range of other benefits. We also offer flexible working hours.

In the UK this year we introduced private medical coverage in addition to life assurance at 4x an employee's salary. Further benefits include a cycle to work programme and childcare vouchers for employees with childcare costs. We also offer unlimited paid vacation.

Pension

With effect from 1 October 2015, all eligible WANDISCO employees within the UK were automatically enrolled into our pension scheme. The contribution rates offered are higher than the minimum requirements, and employees have the opportunity to increase their contributions from entry into the scheme. The Company will automatically increase minimum contribution rates each year to ensure all legislative requirements are met. A communications programme and pensions portal were also rolled out.

Social time

We recognise that our employees value some time to socialise with other employees. We stop working for an hour each week to gather for a social hour where employees take some time away from their work to meet and greet other employees.

Ethical business practices

Our policies detail the standards expected throughout the organisation, including free and fair competition, the prohibition of bribery, honest and fair dealing with suppliers, and ensuring that the welfare of workers and employment conditions within the organisation meet or exceed internationally recognised standards. We have a statement of ethics to ensure ethical business practice across the organisation.

Donations

We encourage our employees to get involved with local and national charities. These are some of the activities that we undertook during the year:

Neurocare bake-off in Sheffield

As part of our community involvement, our Sheffield team raised funds for Neurocare, an organisation which raises money to buy lifesaving equipment for use in the neuro wards of Sheffield's NHS hospitals. The team was involved in a bake-off.

Supporting Cancer Research at the Annual Sales Kickoff

Attendees at the 2015 Annual Sales Kickoff donated money to support Cancer Research. They raised over \$350 and the Company matched that donation.

Toys for Tots toy drive

Employees donated to the Toys for Tots programme during the holiday season by donating toys for children of all ages. The toys were then delivered to the local fire department for onwards distribution.

Annual food drive

Each year employees have continued to provide food donations that are delivered to the local foodbanks in their area.



CONTINUOUS AVAILABILITY FOR **PREDICTIVE ANALYTICS**

Global financial
and investment
information provider

24/7

availability and automated
disaster recover

real-time decisions

A leading 24/7 provider of financial data, breaking news and expert business analysis adopted *Fusion* to deliver continuous availability and performance for predictive customer analytics applications built on the Hadoop Big Data software platform provided by Hortonworks, Inc. These applications enable real-time decisions on which information services to offer subscribers, based on their profile and past buying behaviour.

Many financial services firms choose Hadoop for consolidating subscriber data and mapping it to portfolios of financial information offerings. Critical requirements include real-time simultaneous ingest and sharing of data across multiple locations with continuous availability, to meet the round-the-clock needs of customers.

Implementing predictive customer analytics applications on Hadoop is a big step forward in offering the timeliest and most relevant financial information to subscribers. Other challenges included

24/7 availability and automated disaster recovery. Every other solution evaluated only partially met these requirements, with downtime during upgrades, something no financial services firm can afford. With *Fusion*, there was no need to compromise.

Fusion's flexible architecture eliminates vendor lock-in and supports staggered upgrades of Hadoop across locations without any interruption in operations. *Fusion* can be implemented across different versions of the same data platform, as well as mixed-storage environments, including Oracle, Cloudera, Hortonworks and MapR.

Real-time financial news and information is mission critical for financial services providers. The highest availability and performance requirements are essential for success. Our customer achieved, with *Fusion*, an adaptable, future-proof solution that avoids proprietary lock-in.



**FIND OUT MORE ABOUT OUR STRATEGY
ON PAGE 14**

OUR BOARD



Paul Walker

Chairman and Non-executive Director

Age 58

Appointed 1 May 2012 (Chairman from 20 March 2014)

Skills and experience

Paul served as Chief Executive Officer of The Sage Group plc from 1994 to 2010. Paul joined Sage as Company Accountant in 1984 and served as its Finance Director from 1987 until 1994.

Paul serves as Non-executive Chairman of Halma plc. He is also a Non-executive Director of Experian plc, a Non-executive Director of Sophos plc, Chair of Governors at Newcastle Royal Grammar School and a Member of Council at Newcastle University.

Paul previously served as a Non-executive Director of MyTravel Group plc from December 2000 to December 2004 and as a Non-executive Director of Diageo plc from 2002 to 2011.

Committee membership

Audit, Nomination (Chair)
and Remuneration (Chair).



David Richards

President, CEO and Co-founder

Age 45

Appointed 11 May 2012

Skills and experience

Since co-founding the business in Silicon Valley in 2005, David has led the Group on a course for rapid international expansion, opening offices in the UK, Japan and China. David spearheaded the acquisition of AltoStor, which accelerated the development of the Group's first products for the Big Data market.

With over 15 years' executive experience in the software industry, David sits on a number of advisory and executive boards of Silicon Valley start-up ventures. A passionate advocate of entrepreneurship, he has established many successful start-up companies in enterprise software and is recognised as an industry leader in enterprise application integration and its standards. David is also a Non-executive Director and interim Non-executive Chairman of 1Spatial plc.

David is a frequent commentator on a range of business and technology issues, appearing regularly on Bloomberg and CNBC.



Paul Harrison

Chief Financial Officer

Age 51

Appointed 2 September 2013

Skills and experience

Prior to joining the Group in September 2013, Paul spent over 16 years with The Sage Group plc. Paul joined Sage in 1997, becoming its Chief Financial Officer in 2000.

Paul is also a Non-executive Director of Hays plc, one of the world's largest specialist recruiters. He joined Hays in 2007, becoming its Senior Independent Director in 2011 and chairs Hays' remuneration committee. In January 2016, Paul became a Non-executive Director of Ascential plc, an international business-to-business media company. He chairs Ascential's audit committee.

A chartered accountant, Paul's earlier career was spent in professional practice, latterly with PwC.



James Campigli

Chief Product Officer and Co-founder

Age 56

Appointed 11 May 2012

Skills and experience

James, known as Jim, has over 25 years of software industry experience at both early-stage and public companies. In his previous role as a founder and Chief Technology Officer ("CTO") of Librados from 2003 to 2004, Jim was responsible for overall product strategy and product messaging and served as an evangelist for Librados' standards-based approach to enterprise application integration. Jim was also a member of the management team that led the acquisition of Librados by NetManage, Inc. Following its acquisition, Jim joined NetManage as CTO for the Librados products group.

Prior to Librados, Jim was the Vice President of Product Management for Insevo, Inc. from 2001 to 2003. Jim also held senior product management and consulting management positions at BEA Systems and SAP AG.

Ian Duncan

Non-executive Director

Age 55

Appointed 16 April 2012

Skills and experience

Ian was Group Finance Director of Royal Mail Holdings plc from 2006 to 2010. Prior to this, Ian served for eight years as Chief Financial Officer and Senior Vice President of Westinghouse Electric Company LLC in Pennsylvania, US. Between 1993 and 1998 Ian was at British Nuclear Fuels plc, latterly as Corporate Finance Director. Prior to this, Ian was an Associate Director at Lloyds Merchant Bank Limited and a manager at Dresdner Kleinwort Wasserstein Limited. Ian qualified as a chartered accountant at Deloitte and Touche in 1985.

Ian is currently a Non-executive Director and Chairman of the audit committee at Babcock International Group plc and Bodycote plc.

Committee membership

Audit (Chair), Nomination and Remuneration.

HIGH STANDARDS OF CORPORATE GOVERNANCE

I am delighted to address you on the topic of governance. Whilst, as an AIM company, WANDisco plc is not required to comply with the UK Corporate Governance Code 2014 ("the Code"), the Board recognises the importance of the principles set out in the Code and remains committed to the maintenance of high standards of corporate governance.

“

The Board remains committed to the maintenance of high standards of corporate governance.”



Paul Walker, Chairman

Dear shareholder

After due consideration, the Board seeks to apply those aspects of the Code as far as it considers appropriate for a business of the Group's size and nature. Further details can be found in the Corporate governance report on pages 25 to 27 inclusive and a copy of the Code can be found at www.frc.org.uk.

We have continued to review the composition of our Board and, as a result, this year has been a stable year with no changes to the Board or its Committees. In future appointments to and succession planning for the Board (and already within the business), we will take into account the need for diversity generally and support the principle of encouraging women in the Group. The Board has not set express diversity quotas or measurable objectives for implementing its policy as such, but it is the Board and management's intention that female talent, as one element of diversity, is encouraged.

The Board holds all its strategic decision making meetings at the Group's US offices and, as a result, takes the opportunity to meet with members of the Executive Team and to build on knowledge of the business. There are regular interactive presentations from, and discussions with, the Executive Team and in 2015, these have included the topics of product strategy, global business development progress and progress against the business plan.

Lastly, if you are able to find the time to attend our AGM on 25 May 2016, my fellow Directors and I look forward to seeing you. It is an excellent opportunity to meet the Board and to raise questions on the matters in hand at the meeting.

Paul Walker
Chairman

24 March 2016

Board composition



**Non-executive Director
(including the Chairman) (2)**
Executive Director (3)
Company Secretary (1)

Board composition

The Board comprises three Executive and two Non-executive Directors (including the Chairman). This ensures compliance with the UK Corporate Governance Code 2014, which states that a smaller company should have at least two independent directors.

Board responsibilities

The Board is responsible for the long-term success of the Group. It sets strategic aims and oversees implementation within a framework of prudent and effective controls, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

The Board has agreed the schedule of matters reserved for its decision, which includes ensuring that the necessary financial and human resources

are in place to meet its obligations to its shareholders and others. It also approves acquisitions and disposals of businesses, major capital expenditure and annual financial budgets and sets dividend policy.

Comprehensive Board papers are circulated before Board meetings in sufficient time to enable their review and consideration in advance of meetings.

Board meetings and attendance

There were five scheduled Board meetings in 2015 with an additional four informal update meetings and three short notice Board meetings held as necessary, resulting in a total of twelve Board meetings during the course of the year. The table below shows the number of Board meetings and Audit, Remuneration and Nomination Committee meetings held during the year and the attendance of each Director.

	Board meetings*		Committee meetings					
			Audit		Remuneration		Nomination	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
Executive Directors								
David Richards	5	5	—	—	—	—	—	—
James Campigli	5	5	—	—	—	—	—	—
Paul Harrison	5	5	—	—	—	—	—	—
Non-executive Directors								
Paul Walker	5	5	3	3	4	4	1	1
Ian Duncan	5	5	3	3	4	4	1	1

* There were an additional four informal update meetings attended by all, and another three meetings called at short notice with full attendance by all Directors with the exception of one meeting which, for practical reasons, could not be attended by Messrs Campigli, Walker and Duncan.

Sector experience



Technology (80%)
Other (20%)

Tenure



0–3 years (100%)

“

The Board is responsible for the long-term success of the Group. It sets strategic aims and oversees implementation within a framework of prudent and effective controls.”

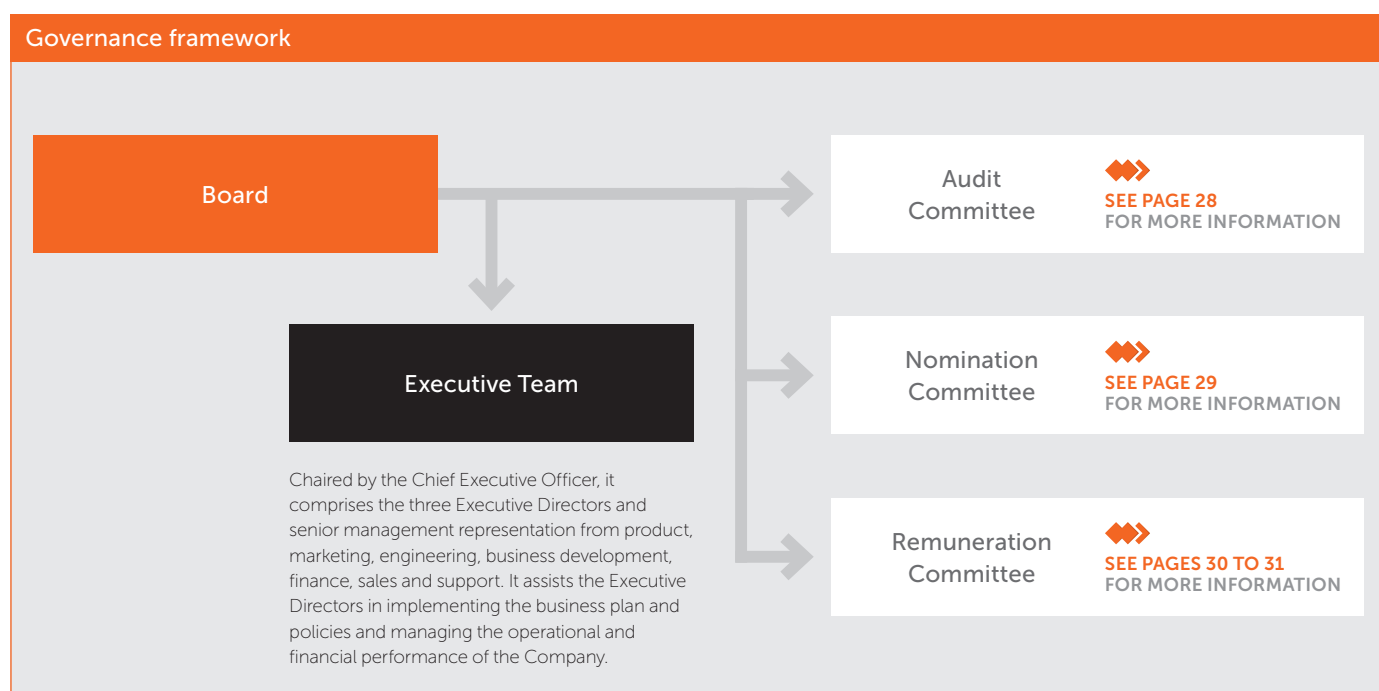
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Board activities throughout the year:		At each scheduled meeting:
January (three short notice meetings) Consideration and approval of non-pre-emptive conditional placing of shares	June - Review of product strategy - Review of performance against the 2015 Business Plan	Discuss: - Strategic and operational matters - Trading results - Management accounts and financial commentary - Treasury matters - Legal, company secretarial and regulatory matters - Investor relations - Corporate affairs Review: - Minutes of previous meetings - The implementation of actions agreed at previous meetings - The rolling annual agenda items
February Informal, update meeting	July Review of performance generally	
March - Review and approval of preliminary announcement of FY14 results - Review and approval of Annual Report and Accounts 2014 - Consideration and approval of appointment of external auditor - Review of Non-executive Director fees - Review of product strategy - Review of global business development progress - Review of the level of voluntary compliance with the UK Corporate Governance Code	September (two meetings) - Review and approval of the 2016 Business Plan - Review and approval of the 2015 interim results announcement - In addition, an informal update meeting	
April Review and approval of certain tax matters	October - Informal update meeting December - Informal update meeting Review and approval of the 2016 budget was deferred from early December 2015 to early January 2016.	

Board Committees

To assist the Board in carrying out its functions and to ensure that there is independent oversight of internal controls and risk management, the Board delegates certain responsibilities to its three principal Committees as shown in the governance framework diagram below.

More detail on each of the Committees can be found on pages 28 to 31.



Board effectiveness

The performance of the Board was evaluated informally on an ongoing basis with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings were conducted and administered (including the content of those meetings); the effectiveness of the various Committees; whether corporate governance issues were handled in a satisfactory manner; and whether there was a clear strategy and objectives. The conclusion was that the Board was performing as expected.

Each Director's performance is appraised through the normal appraisal process. Save for the Chief Executive, who was appraised by the Chairman, the Executive Board members were appraised by the Chief Executive. The Chairman was appraised by the other Non-executive Director and that Non-executive Director was appraised by the Chairman.

Directors' independence

The Non-executive Directors are considered by the Board to be independent of management and are free to exercise independence of judgement. They have never been employees of the Group nor do they participate in the Group's bonus arrangements. They receive no other remuneration from the Group other than Directors' fees.

Board appointments

Whilst there were no new appointments in the year, a new Director, on appointment, is briefed on the activities of the Group. Professional induction training is also given as appropriate. The Chairman briefs Non-executive Directors on issues arising at Board meetings if required and Non-executive Directors have access to the Chairman at any time. Ongoing training is provided as needed. Directors were updated on a frequent and regular basis on the Group's business.

Directors are subject to re-election at the Annual General Meeting following their appointment. In addition, at each Annual General Meeting one-third (or the whole number nearest to one-third) of the Directors retire by rotation.

Access to independent advice and support

In the furtherance of his duties or in relation to acts carried out by the Board or the Group, each Director has been informed that he is entitled to seek independent professional advice at the expense of the Company. The Company maintains appropriate cover under a directors' and officers' insurance policy in the event of legal action being taken against any Director. Each Director has access to the advice and services of the Company Secretary if required, who is responsible to the Board as a whole for ensuring that Board procedures are properly followed and that applicable rules and regulations are complied with.

Internal controls and risk management

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. Such a system is designed to mitigate against and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Executive management considered the potential financial and non-financial risks which may impact on the business as part of the quarterly management reporting procedures. The Board received the principal risk outputs of these quarterly management reports and monitored the position at Board meetings. The principal risks are set out on pages 16 and 17.

The Board confirms that there are ongoing processes for identifying, evaluating and mitigating the significant risks faced by the Group. The processes, which have been in place throughout the year and up to the date of approval of the Annual Report and Accounts, are consistent, so far as is appropriate for the nature and size of the Group's business, with the guidance issued by the Financial Reporting Council.

The Group's internal financial control and monitoring procedures include:

- clear responsibility on the part of line and financial management for the maintenance of good financial controls and the production of accurate and timely financial management information;

- the control of key financial risks through appropriate authorisation levels and segregation of accounting duties;
- detailed monthly budgeting and reporting of trading results, balance sheets and cash flows, with regular review by management of variances from budget;
- reporting on any non-compliance with internal financial controls and procedures; and
- review of reports issued by the external auditor.

The Audit Committee on behalf of the Board reviewed reports from the external auditor together with management's response regarding proposed actions. In this manner, it has reviewed the effectiveness of the system of internal controls for the year under review.

Shareholder communications

The Chief Executive Officer and the Chief Financial Officer regularly meet with institutional shareholders to foster a mutual understanding of objectives. In particular, an extensive programme of meetings with analysts and institutional shareholders is held following the interim and preliminary results announcements. Feedback from these meetings and market updates prepared by the Company's Nomad are presented to the Board to ensure they have an understanding of shareholders' views. The Chairman and the other Non-executive Director are available to shareholders to discuss strategy and governance issues.

The Directors encourage the participation of all shareholders, including private investors, at the Annual General Meeting and as a matter of policy the level of proxy votes (for, against and vote withheld) lodged on each resolution is declared shortly after the meeting by means of an announcement on the London Stock Exchange and via the Company's website.

The Annual Report and Accounts is published on the Company's website, www.wandisco.com, and can be accessed by shareholders.



Ian Duncan, Committee Chairman

Committee composition

Ian Duncan is the Chairman of the Committee and the other member of the Committee is Paul Walker. The Board considers Ian Duncan to have relevant and recent financial experience given his biography set out on page 23.

Committee responsibilities

The Audit Committee ("the Committee") is established by and is responsible to the Board. It has written terms of reference, which are available for review at www.wandisco.com. Its main responsibilities are:

- to monitor and be satisfied with the truth and fairness of the Group's financial statements before submission to the Board for approval, ensuring their compliance with the appropriate accounting standards, the law and the AIM Rules;
- to monitor and review the effectiveness of the Group's system of internal control;
- to make recommendations to the Board in relation to the appointment of the external auditor and its remuneration, following appointment by the shareholders in general meeting, and to review and be satisfied with the auditor's independence, objectivity and effectiveness on an ongoing basis; and
- to implement the policy relating to any non-audit services performed by the external auditor.

The Committee is authorised by the Board to seek and obtain any information it requires from any officer or employee of the Group and to obtain external legal or other independent professional advice as is deemed necessary by it.

Committee meetings

There were three meetings of the Committee during the year scheduled to coincide with the review of the scope of the external audit and observations arising from its work in relation to internal control and to review the financial statements. A fourth meeting, which was originally scheduled for December 2015, was held in January 2016. The external auditor attended all three of these meetings. Since the end of the financial year, the Committee has met twice (in January and March 2016) to consider, amongst other matters, this Annual Report, with the external auditor being present at both of these meetings. The Committee also met with the external auditor, without the Executive Directors being present, once during the year.

The Audit Committee carried out a full review of the year-end financial statements and of the audit, using as a basis the reports to the Committee prepared by the CFO and external auditor and taking into account any significant accounting policies, any changes to them and any significant estimates or judgements. Questions were asked of management of any significant or unusual transactions where the accounting treatment could be open to different interpretations.

The Committee received reports from management on the effectiveness of the system of internal controls. It also received from the external auditor a report of matters arising during the course of the audit, which the auditor deemed to be of significance for the Committee's attention. The statement on internal controls and the management of risk, which is included in the Annual Report, is approved by the Committee.

Significant matters considered by the Committee in relation to the financial statements and areas of judgement routinely considered and challenged were as follows:

- revenue recognition;
- commission costs;
- capitalised development costs and other intangible assets;
- share-based payments; and
- going concern.

The Committee is satisfied that the judgements made by management are reasonable and that appropriate disclosures in relation to key judgements and estimates have been included in the financial statements.

In reaching this conclusion the Committee has considered reports and analysis prepared by management and has also constructively challenged assumptions. The Committee has also considered detailed reporting from and discussions with the external auditor.

Committee performance

The Committee carried out an annual assessment of its own performance during the year and the conclusion was that the Committee was performing as expected.

External auditor

KPMG has been the external auditor since 2012, when the Company's shares were admitted to trading on AIM. As such, an audit partner rotation process commenced in 2015, with shadowing of the existing audit partner anticipated in 2016 in time for the 2017 rotation.

As required, the external auditor provided the Committee with information for review about policies and processes for maintaining its independence and compliance regarding the rotation of audit partners and staff. The Committee considered all relationships between the external auditor and the Group and was satisfied that they did not compromise the auditor's judgement or independence particularly with the provision of non-audit services.

An internal review of the effectiveness of the external audit process was carried out during the year and no deficiencies were found. Management was satisfied with the external audit team's knowledge of the business and that the scope of the audit was appropriate, all significant accounting judgements had been challenged robustly and the audit had been effective.

All of the above was taken into account before a recommendation was made by the Committee to the Board to propose KPMG for re-election at the AGM.

Internal audit function

Given the Group's size and development, the Board did not consider it necessary to have an internal audit function during the year. The Board will continue to monitor this requirement annually.



Paul Walker, Committee Chairman

Committee composition

The Nomination Committee is chaired by Paul Walker and the other member of the Committee is Ian Duncan.

Committee responsibilities

The primary purpose of the Committee is to lead the process for Board appointments and to make recommendations to the Board to achieve the optimal composition of the Board having regard to:

- its size and composition;
- the extent to which required skills, experience or attributes are represented;
- the need to maintain the highest standard of corporate governance; and
- ensuring that it consists of individuals who are best able to discharge the responsibilities of Directors.

It has written terms of reference, which are available for review at www.wandisco.com.

Committee meetings

The Nomination Committee met once in the year, with the Chief Executive Officer in attendance. The Nomination Committee considered the composition of the Board and determined that it was not yet an appropriate time to recommend the addition of a further Non-executive Director to the Board.

The Board has considered diversity in broader terms than just gender and believes it is also important to reach the correct balance of skills, experience, independence and knowledge on the Board. All Board appointments will be made on merit and with the aim of achieving a correct balance. The Group has formal policies in place to promote equality of opportunity across the whole organisation and training is provided to assist this.

The Board currently does not have any women on the Board, although the Company Secretary is female. As opportunities arise the Board will seek to increase the presence of women on the Board consistent with the above policy and the terms of reference of the Nomination Committee.



Paul Walker, Committee Chairman

The Remuneration Committee

Committee composition

The Remuneration Committee is chaired by Paul Walker and the other member of the Committee is Ian Duncan.

Committee responsibilities

The Remuneration Committee's primary purpose is to assist the Board in determining the Company's remuneration policies and, in so doing, agree the framework for Executive Directors' remuneration with the Board. It has written terms of reference, which are available for review at www.wandisco.com.

Committee meetings

The Remuneration Committee met four times in the year, with the other Board members in attendance as appropriate.

Remuneration Committee report

As an AIM listed company, WANDisco plc is not required to comply with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The content of this report is unaudited unless stated.

Membership of the Remuneration Committee

During the year, the Remuneration Committee comprised the Non-executive Chairman (Paul Walker) and the Non-executive Director (Ian Duncan).

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to remuneration, terms of service, granting of share options and other equity incentives.

Remuneration policy

The objectives of the remuneration policy are to ensure that the overall remuneration of Executive Directors is aligned with the performance of the Group and preserves an appropriate balance of income and shareholder value.

Non-executive Directors

Remuneration of the Non-executive Directors is determined by the Executive Directors. Non-executive Directors are not entitled to pensions, annual bonuses or employee benefits. They are entitled to participate in share option arrangements relating to the Company's shares but neither of them does at

this time. Each of the Non-executive Directors has a letter of appointment stating his annual fee and that his appointment is initially for a term of three years renewable for further periods of three years. Their appointment may be terminated with three months' written notice at any time.

Directors' remuneration

The normal remuneration arrangements for Executive Directors consist of basic salary and annual performance-related bonuses. In addition, they receive private health care.

The Committee intends to make further awards under the Long-Term Incentive Plan ("LTIP") during 2016. Details of any awards will be disclosed in next year's Remuneration Committee report.

2015 annual bonus

The 2015 Bonus Plan comprised a target bonus of 75% of salary and a maximum bonus opportunity of 100% of salary. The Company operates a scorecard which reflects its financial and strategic KPIs. Executive Directors will be rewarded for their contribution to these goals as well as the achievement of personal objectives.

Based on the 2015 KPIs, the Company met the following targets: a) cost control, b) launch of WANDisco *Fusion*, c) ALM targets and d) DConE 1.3 release, but did not meet the bookings target. Having regard to the performance of the business, the Remuneration Committee resolved to pay bonuses as set out on page 31.

Based on the criteria established by the Remuneration Committee for 2015, the Executive Directors could have received annual bonuses totalling 68% of salary which equated to 91% of target. However, despite the achievement of certain financial KPIs that related to cost management, the underperformance on bookings resulted in the Committee exercising its discretion to reduce bonus outcomes. As a result, a bonus of 37.5% of salary (equating to 50% of target) has been accrued and shall be paid at such time as the Committee considers is appropriate, taking into account the delivery of certain business performance targets.

Similar bonus principles will be adopted for 2016. Performance targets and weightings were set by the Remuneration Committee at the start of the year.

Directors' interests

Details of the Directors' shareholdings are included in the Directors' report on page 32.

Directors' share options

Aggregate emoluments disclosed below do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of options for Directors who served during the year are as follows:

	Number of options at 31 December 2015	Exercise price
Executive		
David Richards	97,441	\$0.16
James Campigli	62,931	\$0.16
Paul Harrison	558,183	\$0.16
Non-executive		
Paul Walker (Chairman)	—	—
Ian Duncan	—	—

This table is audited.

	Payment currency	Salary/fees '000	Bonus '000	Benefits ¹ '000	31 December 2015 Total '000	31 December 2014 Total '000
Executive						
David Richards	\$	487	184	26	697	645
James Campigli	\$	315	119	17	451	436
Paul Harrison	\$	487	184	160	831	665
Non-executive						
Paul Walker (Chairman)	£	130	—	—	130	110
Ian Duncan	£	70	—	—	70	40

Notes:

- 1 Benefits include the provision of private health insurance for Executive Directors and their immediate families. In addition, on 31 August 2015, Paul Harrison was awarded a tax equalisation claim of \$142,000 (gross) as part of his employment agreement.

The total Directors' remuneration for the period ended 31 December 2015, in US dollars, was \$2,284,000 (2014: \$1,992,000).

Paul Walker

Chairman of the Remuneration Committee

24 March 2016

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of the Group is the development and provision of global collaboration software.

Business review and future developments

A review of the Group's operations and future developments is covered in the Strategic report section of the Annual Report and Accounts on pages 6 to 21. This report includes sections on strategy and markets and considers key risks and key performance indicators.

Financial results

Details of the Group's financial results are set out in the Consolidated statement of profit and loss and other comprehensive income and other components on pages 36 to 60.

Dividends

The Directors do not recommend the payment of a dividend.

Going concern

After making enquiries, the Directors have confidence the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Annual Report and Accounts. This is described in more detail in Note 2.

Annual General Meeting

On pages 62 to 64 is the notice of the Company's fourth Annual General Meeting to be held at 10am on 25 May 2016 at the offices of WANDisco plc in Sheffield.

Directors

The Directors who served on the Board and on Board Committees during the year are set out on pages 22 and 23. One-third of the Directors are required to retire at the Annual General Meeting and can offer themselves for re-election.

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Information on Directors' remuneration and share option rights is given in the Remuneration Committee report on pages 30 and 31.

Significant shareholders

The Company is informed that, at 24 March 2016, individual registered shareholdings of more than 3% of the Company's issued share capital were as follows:

	Number of shares	% of issued ordinary share capital
Oppenheimer	5,276,000	17.66%
Schroder Investment Management	3,464,870	11.60%
Dr Yeturu Aahlad	2,825,021	9.45%
David Richards	2,783,153	9.31%
T Rowe Price	2,138,676	7.16%
James Campigli	1,544,143	5.17%
Global Asset Management	1,454,623	4.87%

Directors' shareholdings

The beneficial interests of the Directors in the share capital of the Company at 31 December 2015 and at 24 March 2016 were as follows:

	31 December 2015		24 March 2016	
	Number of shares	% of issued ordinary share capital	Number of shares	% of issued ordinary share capital
Executive				
David Richards	2,783,153	9.41%	2,783,153	9.31%
James Campigli	1,544,143	5.22%	1,544,143	5.17%
Paul Harrison	70,285	0.24%	191,455	0.64%
Non-executive				
Paul Walker (Chairman)	111,111	0.38%	111,111	0.37%
Ian Duncan	—	—	—	—

None of the Directors had any interest in the share capital of any subsidiary company. Further details of options held by the Directors are set out in the Remuneration Committee report on pages 30 and 31.

The middle market price of the Company's ordinary shares on 31 December 2015 was 86.00 pence and the range during the year was 77.50 pence to 540.00 pence with an average price of 236.21 pence.

Research and development

The Group expended \$8,369,000 during the year (2014: \$9,040,000) on research and development, of which \$8,369,000 (2014: \$9,040,000) was capitalised within intangible assets and \$nil (2014: \$nil) was charged to the income statement. In addition, an amortisation charge of \$8,548,000 (2014: \$6,855,000) has been recognised against previously capitalised costs.

Derivatives and financial instruments

The Group's policy and exposure to derivatives and financial instruments is set out in Note 19.

Employee involvement

It is the Group's policy to involve employees in its progress, development and performance. Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. The Group is a committed equal opportunities employer and has engaged employees with broad backgrounds and skills.

It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not have a disability. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues.

Political and charitable donations

During the year ended 31 December 2015 the Group made political donations of \$nil (2014: \$nil) and charitable donations of \$9,960 (2014: \$168).

Supplier payment policy and practice

The Group does not operate a standard code in respect of payments to suppliers. The Group agrees terms of payment with suppliers at the start of business and then makes payments in accordance with contractual and other legal obligations.

The number of creditor days outstanding at 31 December 2015 was 28 days (2014: 45 days).

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Paul Harrison

Chief Financial Officer

24 March 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS").

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the financial statements in accordance with IFRS as adopted by the European Union ("EU") and applicable law. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WANDISCO PLC

We have audited the Group financial statements of WANDISCO plc for the year ended 31 December 2015 which comprise the Consolidated statement of profit and loss and other comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 34, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRS as adopted by the EU of the state of the Group's affairs as at 31 December 2015 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Johnathan Pass

for and on behalf of KPMG LLP

Chartered Accountants

24 March 2016

Notes

The maintenance and integrity of the WANDISCO.com website is the responsibility of the Directors; the work carried out by auditors does not involve consideration of these matters and accordingly, KPMG LLP accepts no responsibility for any changes that may have occurred to the financial statements or our audit report since 24 March 2016. KPMG LLP has carried out no procedures of any nature subsequent to 24 March 2016 which in any way extends this date.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the financial statements are complete and unaltered in any way.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		Year ended 31 December 2015			Year ended 31 December 2014		
		Pre- exceptional \$'000	Exceptional items \$'000	Total \$'000	Pre- exceptional \$'000	Exceptional items \$'000	Total \$'000
Continuing operations	Notes						
Revenue	5	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	6	(40,160)	(614)	(40,774)	(47,529)	(1,441)	(48,970)
Loss from operations		(29,915)	(614)	(30,529)	(38,476)	(1,441)	(39,917)
Finance income	9	59	—	59	584	—	584
Finance costs	9	(565)	—	(565)	(27)	—	(27)
Net finance (costs)/income	9	(506)	—	(506)	557	—	557
Loss before tax	8	(30,421)	(614)	(31,035)	(37,919)	(1,441)	(39,360)
Income tax	11	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	12			\$1.04			\$1.59

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	2015 \$'000	Re-presented (Note 2) 2014 \$'000
Assets			
Intangible assets	13	8,583	9,814
Property, plant and equipment	14	230	410
Non-current assets		8,813	10,224
Trade and other receivables	16	6,728	6,447
Cash and cash equivalents	17	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	18	(2,714)	(3,195)
Deferred income	18	(6,060)	(6,076)
Deferred government grant		(28)	(81)
Current tax liabilities		—	(2)
Current liabilities		(8,802)	(9,362)
Deferred income	18	(3,697)	(5,188)
Deferred tax liabilities	11	(5)	(5)
Non-current liabilities		(3,702)	(5,193)
Total liabilities		(12,504)	(14,555)
Net assets		5,592	4,597
Equity			
Share capital	20	4,667	3,879
Share premium	20	81,974	56,587
Translation reserve	20	(247)	(302)
Merger reserve	20	1,247	1,247
Retained earnings	20	(82,049)	(56,814)
Total equity		5,592	4,597

The financial statements on pages 36 to 60 were approved by the Board of Directors on 24 March 2016 and signed on its behalf by:

David Richards
Chief Executive Officer

Paul Harrison
Chief Financial Officer

Company registered number: 110497

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital \$'000	Share premium \$'000	Translation reserve \$'000	Merger reserve \$'000	Retained earnings \$'000	Total equity \$'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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Loss for the year		(29,906)	(38,307)
Adjustments for:			
– Depreciation of property, plant and equipment	14	270	267
– Amortisation of intangible assets	13	9,600	8,283
– Net finance costs/(income)		133	(31)
– Income tax	11	(1,129)	(1,053)
– Foreign exchange		42	156
– Equity-settled share-based payment	21	4,671	13,348
		(16,319)	(17,337)
Changes 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	14	(95)	(475)
Development expenditure	13	(8,369)	(9,040)
Interest received	9	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	17	2,555	2,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Reporting entity

WANDisco plc is a public limited company incorporated and domiciled in Jersey. The Company's ordinary shares are traded on AIM. The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as "the Group").

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the EU, IFRIC Interpretations, and under the historical cost accounting convention, and those parts of Companies (Jersey) Law 1991 applicable to companies under IFRS.

Under Article 105(11) of the Companies (Jersey) Law 1991, a parent company preparing consolidated financial statements need not present solus (parent company only) financial information, unless required to do so by an ordinary resolution of the company's members.

(b) 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 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 benefited 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 these financial statements. 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 itself 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 twelve 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 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 its liabilities in the normal course of business for a period not less than twelve months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

(c) Functional and presentational currency

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

(d) Use of estimates and judgements

The preparation of financial information in conformity with adopted IFRS 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.

2. Basis of preparation continued

(d) Use of estimates and judgements continued

Estimates

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 13 – valuation of intangible assets; and
- Note 21 – valuation of share-based payment.

Judgements

The accounting policy descriptions set out the areas where judgement needs to be exercised, the most significant of which are:

- Research and development – Development costs are capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone.
- Intangible assets – The judgements in relation to intangible impairment testing relate to the assumptions applied in calculating the value in use of the cash-generating unit being tested for impairment. The key assumptions applied in the calculation relate to the future performance expectations of the business. The carrying value of intangible assets and the key assumptions used in performing the annual impairment assessment are disclosed in Note 13.

(e) 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 16.

3. Significant accounting policies

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

(a) Basis of consolidation

As a result of IFRS 10 (2011) "Consolidated Financial Statements", the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees at 1 January 2014. No modifications of previous conclusions about control regarding the Group's investees were required. 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 intra-group transactions, are eliminated in preparing the consolidated financial statements.

Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2009

For acquisitions on or after 1 January 2009, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, the negative goodwill is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

3. Significant accounting policies continued

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, US dollars, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year, where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be.

(c) Financial instruments

(i) Non-derivative financial instruments

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

(ii) Classification of financial instruments issued by the Group

Following the adoption of IAS 32 "Financial Instruments: Presentation", financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium exclude amounts in relation to those shares.

(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.

3. Significant accounting policies continued

(d) Property, plant and equipment 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
- Leasehold improvements – 3 years

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

(e) Intangible assets

(i) Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new 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.

(iii) Amortisation

Amortisation of capitalised research and development costs is recognised in profit or loss on a straight-line basis over the estimated useful life of two years.

Intangibles in relation to computer software are amortised over an estimated useful life of two years.

Amortisation of the intangible assets recognised on the acquisitions of AltoStor, Inc. and OhmData, Inc. is recognised in profit or loss on a straight-line basis over their estimated useful lives of three years.

(f) Impairment (excluding deferred tax assets)

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Significant accounting policies continued

(f) Impairment (excluding deferred tax assets) continued

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into 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 of assets ("the cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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

In the UK there is a company personal pension scheme, which is a defined contribution scheme, for employees. Contributions are recognised in the income statement as they become payable in accordance with the rules of the scheme.

(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

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.

No cash-settled share-based payment awards have been granted to employees.

3. 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.

(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 costs

Finance costs comprise interest expense on borrowings and exchange differences on intra-group balances.

(k) Taxation

Income tax comprises current and deferred tax. Income tax 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 temporary differences 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) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the asset.

(m) Segmental 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 requires the Group to determine and present its operating segments based on information which is provided internally to the chief operating decision maker ("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 that merit separate disclosure in order to provide an understanding of the Group's underlying financial performance.

3. Significant accounting policies continued

(q) New accounting standards and amendments

(i) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning on 1 January 2015:

- 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.

These standards and amendments to standards have not had a material impact on the consolidated financial statements.

(ii) New and amended standards and interpretations issued but not effective for the financial year beginning 1 January 2015 and not early adopted

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments (effective date 1 January 2018).
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018).
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (effective date 1 January 2016).
- Annual Improvements to IFRSs – 2012–2014 Cycle (effective date 1 January 2016).
- Disclosure Initiative – Amendments to IAS 1 (effective date 1 January 2016).

4. 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.

(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.

5. 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	2015 \$'000	2014 \$'000
North America	7,255	9,414
Europe	2,983	1,376
Rest of the world	756	428
	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).

5. Segmental analysis continued

Geographical segments continued

The Group's core patented technology, Distributed Co-ordinated Engine "DConE", enables the replication of data. The Group has developed software based on this technology which is applied into two key markets being the Big Data and Source Code Management (ALM) markets:

Revenue	2015 \$'000	2014 \$'000
ALM	9,158	10,446
Big Data	1,836	772
	10,994	11,218

6. Operating expenses

Loss from operations has been arrived at after charging:	Notes	2015 \$'000	2014 \$'000
Staff costs	10	18,493	25,886
Research and development – amortisation charge	13	8,548	6,855
Amortisation of intangible assets	13	1,052	1,428
Depreciation of property, plant and equipment	14	270	267
Auditor's remuneration	7	80	89

Reconciliation of loss from operations to adjusted earnings before interest, taxation, depreciation and amortisation ("Adjusted EBITDA")

	Notes	2015 \$'000	2014 \$'000
Operating loss		(30,529)	(39,917)
Adjusted for:			
Amortisation and depreciation		9,870	8,550
Acquisition-related items		—	145
Exceptional items within operating expenses	8	614	1,441
EBITDA before exceptional items		(20,045)	(29,781)
Equity-settled share-based payment (excluding exceptional item)	21	4,057	11,907
Adjusted EBITDA before exceptional items		(15,988)	(17,874)
Development expenditure capitalised	13	(8,369)	(9,040)
Adjusted EBITDA before exceptional items including development expenditure		(24,357)	(26,914)

Acquisition-related items include legal and professional costs of \$nil (2014: \$145,000), which were incurred on the acquisition of OhmData, Inc. in the prior year.

7. Auditor's remuneration

	2015 \$'000	2014 \$'000
Audit of these financial statements	67	70
Amounts receivable by auditor in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	13	14
Other services pursuant to legislation	—	5
	80	89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

8. Exceptional items

Exceptional items comprise the following:	Notes	2015 \$'000	2014 \$'000
Equity-settled share-based payment charge in relation to acquisitions:			
– AltoStor, Inc.	21	249	659
– TortoiseSVN.net	21	124	290
– OhmData, Inc.	21	241	492
	21	614	1,441

The equity-settled share-based payment charge recognised in the year in relation to the acquisitions of OhmData, Inc. and AltoStor, Inc. and the purchase of the intellectual property of TortoiseSVN.net has been classified as exceptional. See Note 21 for further details.

9. Net finance (costs)/income

	2015 \$'000	2014 \$'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)
Loan amortisation costs	(128)	—
Finance costs	(565)	(27)
Net finance (costs)/income	(506)	557

10. Staff numbers and costs

	Notes	2015 \$'000	2014 \$'000
Wages and salaries		19,734	20,258
Social security costs		1,818	1,621
Other pension costs		88	—
Equity-settled share-based payment	21	4,057	11,907
Development expenditure capitalised		(7,204)	(7,900)
Total staff costs		18,493	25,886

Average number of persons employed

The average number of persons employed by the Group (including Directors), analysed by category, was as follows:

	2015 Number	2014 Number
Software development	92	103
Selling and distribution	49	48
Administration	18	14
Total number of employees	159	165

10. Staff numbers and costs continued

Remuneration of key management personnel

	2015 \$'000	2014 \$'000
Short-term employee benefits of key management personnel	4,531	4,192

There were no other long-term benefits or post-employment benefits in the year ended 31 December 2015 (2014: \$nil).

In addition to the above, an equity-settled share-based payment charge of \$3,609,000 in relation to share options granted to key management personnel, was incurred in the year ended 31 December 2015 (2014: \$8,231,000).

Further details on the remuneration, share options and pension entitlement of the Directors are included in the Remuneration Committee report on pages 30 and 31.

11. Income tax

	2015 \$'000	2014 \$'000
Current tax expense		
Current year	739	478
Adjustment for prior years	390	575
Total tax credit	1,129	1,053

Reconciliation of effective tax rate

	2015 %	2015 \$'000	2014 %	2014 \$'000
Loss before taxation		31,035		39,360
Expected tax credit based on the Group's domestic tax rate of 40%	40%	12,414	40%	15,744
Effects of:				
Non-deductible expenses	(9%)	(2,683)	(14%)	(5,523)
Tax rates in foreign jurisdictions	(7%)	(2,215)	(5%)	(2,101)
R&D tax credits	4%	1,129	3%	1,053
Losses not recognised for current or deferred tax	(24%)	(7,516)	(21%)	(8,120)
Taxation credit for the year	4%	1,129	3%	1,053

Factors affecting the current and future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Group's future current tax charge accordingly. The deferred taxation liability for UK tax resident members of the Group at 31 December 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Deferred tax assets and liabilities

Deferred tax liabilities are attributable to the following temporary differences in respect of property, plant and equipment:

	2015 \$'000	2014 \$'000
Deferred tax liability	(5)	(5)

The Group has unrecognised deferred tax assets of \$19,205,000 (2014: \$11,689,000) in respect of tax losses arising in the Group.

The Directors consider that there is not sufficient certainty over the availability of future taxable profits against which these losses may be offset and no asset has therefore been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

12. 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:

	2015 \$'000	2014 \$'000
Loss for the year attributable to ordinary shareholders	29,906	38,307

Weighted average number of ordinary shares

	2015 Shares '000s	2014 Shares '000s
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

	2015 \$	2014 \$
Basic loss per share	1.04	1.59

Adjusted loss per share

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

	2015 \$'000	2014 \$'000
Adjusted loss per share:		
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 items)	(4,057)	(11,907)
Adjusted basic loss for the year	25,219	24,798

	2015 \$	2014 \$
Adjusted loss per share	0.88	1.03

Diluted loss per share

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

13. Intangible assets

	Other intangible assets \$'000	Development costs \$'000	Computer software \$'000	Total \$'000
At 31 December 2015				
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
	Other intangible assets \$'000	Development costs \$'000	Computer software \$'000	Total \$'000
At 31 December 2014				
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 movements in exchange rates	—	—	26	26
At 31 December 2014	3,154	22,787	1,189	27,130
Amortisation				
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 movements 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

13. Intangible assets continued

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, which anticipate growth in the Group's installed base along with new customer growth along with stable cost base, 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% (2014: 10%) 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 software to Syntevo GmbH 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 Consolidated statement of profit and loss and other comprehensive income.

14. Property, plant and equipment

	Leasehold improvements \$'000	Fixtures and fittings \$'000	Computers \$'000	Total \$'000
At 31 December 2015				
Cost				
At 1 January 2015	130	370	451	951
Reclassification	—	(22)	22	—
Additions	—	—	95	95
Effect of movements in exchange rates	(2)	(7)	(10)	(19)
Disposals	—	—	(2)	(2)
At 31 December 2015	128	341	556	1,025
Depreciation				
At 1 January 2015	(74)	(222)	(245)	(541)
Depreciation charge for the year	(43)	(84)	(143)	(270)
Effect of movements in exchange rates	1	6	8	15
Disposals	—	—	1	1
At 31 December 2015	(116)	(300)	(379)	(795)
Net book value				
At 31 December 2015	12	41	177	230

14. Property, plant and equipment continued

At 31 December 2014	Leasehold improvements \$'000	Fixtures and fittings \$'000	Computers \$'000	Total \$'000
Cost				
At 1 January 2014	96	289	224	609
Reclassification to intangible assets	—	—	(30)	(30)
Additions	34	81	257	372
At 31 December 2014	130	370	451	951
Depreciation				
At 1 January 2014	(31)	(136)	(131)	(298)
Reclassification to intangible assets	—	—	19	19
Depreciation charge for the year	(44)	(89)	(134)	(267)
Effect of movements in exchange rates	1	3	1	5
At 31 December 2014	(74)	(222)	(245)	(541)
Net book value				
At 31 December 2014	56	148	206	410

15. Investments in subsidiaries

The Group has the following investments in subsidiaries:

Company name	Country of incorporation	Holding	Proportion of shares held	Nature of business
WANDisco International Limited	UK	Ordinary shares	100%	Development and provision of global collaboration software
WANDisco, Inc.	US	Ordinary shares	100%	Development and provision of global collaboration software
OhmData, Inc.	US	Ordinary shares	100%	Development and provision of global collaboration software
AltoStor, Inc.	US	Ordinary shares	100%	Development and provision of global collaboration software
WANDisco, Pty Ltd	Australia	Ordinary shares	100%	Development and provision of global collaboration software
WANDisco Software (Chengdu) Ltd	China	Ordinary shares	100%	Development and provision of global collaboration software

All of the above entities are included in the consolidated financial statements.

16. Trade and other receivables

Due within a year:	Notes	2015 \$'000	Re-presented (Note 2) 2014 \$'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))	18	(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

16. Trade and other receivables continued

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Ageing of trade receivables

	2015 \$'000	2014 \$'000
Due from current month	2,788	4,278
Due from previous month	329	121
Due from earlier months	421	41
Total trade receivables	3,538	4,440

All trade receivables are denominated in US dollars.

17. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash at bank and in hand	2,555	2,481

18. Current liabilities

Trade and other payables

	2015 \$'000	2014 \$'000
Trade payables	597	722
Accruals	2,117	2,473
	2,714	3,195

Deferred income

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

	Notes	2015 \$'000	Re-presented (Note 2) 2014 \$'000
Deferred income which falls due:			
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	16	(6,482)	(8,005)
Total deferred income		9,757	11,264

19. Financial instruments and risk management

The Group's principal financial instruments are cash and trade receivables.

The Group has exposure to the following risks from its use of financial instruments:

Market risk

The Group may be affected by general market trends, which are unrelated to the performance of the Group itself. The Group's success will depend on market acceptance of the Group's products and there can be no guarantee that this acceptance will be forthcoming. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

The Group is currently not exposed to interest rate risk as it has not drawn down on its \$10.0m (31 December 2014: \$10.0m) revolving credit facility.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposure to the Group's customers.

Credit ratings of institutions which hold the Group's financial assets are regularly monitored to ensure they meet the minimum credit criteria set by the Board through the Group treasury policy.

The credit quality of customers is assessed by taking into account their financial position, past experience and other factors.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due and does so by monitoring cash flow forecasts and budgets. The Board has considered the cash flow forecasts for the next twelve months which show that the Group expects to operate within its working capital facilities throughout the year. Details of the going concern review are included in Note 2.

Any excess cash balances are held in short-term, interest-bearing deposit accounts.

All financial liabilities (trade and other payables) mature within one year of the balance sheet date.

Capital management

The Group defines the capital that it manages as its total equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and support the growth of the business.

Foreign currency risk

The Group's operations are split between the US, the UK, mainland Europe, Australia and China, and as a result the Group incurs costs in currencies other than its presentational currency of US dollars. The Group also holds cash and cash equivalents in non-US dollar denominated bank accounts.

The following table shows the denomination of the year-end cash and cash equivalents balance:

	Sterling \$'000	Australian dollar \$'000	US dollar \$'000	Total \$'000
2015 cash and cash equivalents	374	35	2,146	2,555
2014 cash and cash equivalents	359	105	2,017	2,481

Had the foreign exchange rate between US dollar and sterling changed by 5%, this would affect the loss for the year and net assets of the Group by \$659,000 (2014: \$694,000).

Fair values of financial assets and financial liabilities

There are no material differences between the fair value and the book value of the Group's financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

20. Share capital and reserves

	2015 Number	2015 \$'000	2014 Number	2014 \$'000
Share capital				
Allotted and fully paid	29,564,059	4,667	24,435,035	3,879

The ordinary share capital of WANDisco plc is designated in sterling.

	Share capital \$'000	Share premium \$'000	Translation reserve \$'000	Merger reserve \$'000	Retained earnings \$'000
At 1 January 2015	3,879	56,587	(302)	1,247	(56,814)
Loss for the year	—	—	—	—	(29,906)
Foreign currency translation differences	—	—	55	—	—
Proceeds from share placing	737	25,341	—	—	—
Equity-settled share-based payment	—	—	—	—	4,671
Shares options exercised	51	46	—	—	—
At 31 December 2015	4,667	81,974	(247)	1,247	(82,049)

	Share capital \$'000	Share premium \$'000	Translation reserve \$'000	Merger reserve \$'000	Retained earnings \$'000
At 1 January 2014	3,755	53,882	142	1,247	(30,353)
Loss for the year	—	—	—	—	(38,307)
Foreign currency translation differences	—	—	(444)	—	—
Shares issued as part of OhmData, Inc. acquisition	47	2,317	—	—	(1,502)
Equity-settled share-based payment	—	—	—	—	13,348
Shares options exercised	77	388	—	—	—
At 31 December 2014	3,879	56,587	(302)	1,247	(56,814)

Share capital and share premium

During the year, 330,165 ordinary shares were issued as a result of employees exercising share options.

On 23 January 2015, the Company issued an additional 4,798,859 ordinary shares at a price of £3.75 each, raising funds of \$26.1m net of transaction costs.

Costs relating directly to the new issue of shares have been deducted from the share premium account.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Merger reserve

The acquisition by WANDisco plc of the entire share capital of WANDisco, Inc. in 2012 was accounted for as a reverse acquisition.

Consequently the previously recognised book values and assets and liabilities were 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 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 merger reserve.

21. 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.

Analysis of equity-settled share-based payment charge

	Notes	2015 \$'000	2014 \$'000
Exceptional equity-settled share-based payment charge in relation to acquisitions:			
– AltoStor, Inc.		249	659
– TortoiseSVN.net		124	290
– OhmData, Inc.		241	492
Total equity-settled share-based payment charge in relation to acquisitions	8	614	1,441
Non-exceptional equity-settled share-based payment charge	10	4,057	11,907
Total equity-settled share-based payment charge		4,671	13,348

Terms and conditions of share option grants

The terms and conditions of the share option grants between 16 May 2012 (the date WANDisco plc acquired WANDisco, Inc.) and 31 December 2015 are as follows:

Date of grant	Expected term (years)	Exercisable between		Exercise price	Vesting schedule (see page 58)	Outstanding at 31 December 2015
		Commencement	Lapse			
16 May 2012	7	16 May 2012	3 August 2019	£0.24	2	1,146
16 May 2012	8	16 May 2012	15 September 2020	\$0.36	2	35,000
16 May 2012	8	16 May 2012	7 October 2020	£0.45	2	13,886
16 May 2012	9	16 May 2012	20 September 2021	£0.46	2	9,680
16 May 2012	9	22 July 2012	14 September 2021	\$0.36	3	85,000
16 May 2012	9	22 July 2012	20 September 2021	£0.46	3	80,033
16 May 2012	9	1 August 2012	20 September 2021	£0.46	3	2,000
16 May 2012	9	13 January 2013	12 January 2022	\$0.36	3	455,000
16 May 2012	9	13 January 2013	30 January 2022	£0.23	3	714,185
21 June 2012	10	21 June 2012	20 June 2022	£2.00	4	55,400
7 December 2012	10	7 December 2012	6 December 2022	£4.55	5	218,525
21 January 2013	10	21 January 2013	20 January 2023	£5.68	5	25,000
1 February 2013	10	1 February 2013	31 January 2023	£6.40	5	23,750
25 February 2013	10	25 February 2013	24 February 2023	£8.20	5	15,000
18 March 2013	10	18 March 2013	17 March 2023	£7.47	5	25,000
1 April 2013	10	1 April 2013	31 March 2023	£8.03	5	25,000
13 May 2013	10	13 May 2013	12 May 2023	£9.80	5	20,000
15 July 2013	10	15 July 2013	14 July 2023	£9.55	5	65,000
29 July 2013	10	29 July 2013	28 July 2023	£9.25	5	20,000
16 September 2013	10	16 September 2013	15 September 2023	£11.68	5	5,000
27 September 2013	2.5	27 September 2013	17 March 2016	£0.10	6	100,000
27 September 2013	2.5	27 September 2013	17 March 2016	£0.10	7	58,122
27 September 2013	2.5	27 September 2013	17 March 2016	£0.10	6	70,030
27 September 2013	2.5	27 September 2013	17 March 2016	£0.10	7	70,031
11 November 2013	10	11 November 2013	10 November 2023	£12.71	5	10,000
27 November 2013	10	27 November 2013	26 November 2023	£14.30	5	40,000
27 December 2013	10	27 December 2013	26 December 2023	£11.93	5	140,000
14 March 2014	4	14 March 2014	15 March 2018	£0.10	8	50,000
9 April 2014	3	9 April 2014	8 April 2024	£0.10	9	65,968
14 May 2014	10	14 May 2014	13 May 2024	£5.79	5	15,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

21. Share-based payment continued

Terms and conditions of share option grants continued

Date of grant	Expected term (years)	Exercisable between		Exercise price	Vesting schedule (see below)	Outstanding at 31 December 2015
		Commencement	Lapse			
16 June 2014	10	16 June 2014	15 June 2024	£4.30	5	25,000
26 June 2014	3	26 June 2014	25 June 2024	£0.10	9	158,312
18 August 2014	3	18 August 2014	17 August 2024	£0.10	9	80,000
15 September 2014	10	15 September 2014	14 September 2024	£4.00	5	126,000
3 November 2014	10	3 November 2014	2 November 2024	£4.00	5	45,000
5 December 2014	3	5 December 2014	4 December 2024	£0.10	9	15,000
22 December 2014	3	22 December 2014	21 December 2024	£0.10	9	40,000
10 April 2015	10	10 April 2015	9 April 2025	£2.25	10	35,000
11 May 2015	1	11 May 2015	10 May 2025	£0.10	11	75,000
2 June 2015	10	2 June 2015	1 June 2025	£2.55	10	110,000
12 June 2015	3	12 June 2015	11 June 2025	£0.10	10	115,751
19 June 2015	3	19 June 2015	18 June 2025	£0.10	10	140,000
23 June 2015	3	23 June 2015	22 June 2025	£0.10	10	10,000
24 June 2015	3	24 June 2015	23 June 2025	£0.10	10	25,000
25 June 2015	3	25 June 2015	24 June 2025	£0.10	10	39,804
26 June 2015	3	26 June 2015	25 June 2025	£0.10	10	15,000
29 June 2015	3	29 June 2015	28 June 2025	£0.10	10	10,000
30 June 2015	3	30 June 2015	29 June 2025	£0.10	10	25,000
6 July 2015	3	6 July 2015	5 July 2025	£0.10	10	10,000
16 July 2015	3	16 July 2015	15 July 2025	£0.10	10	457,931
17 July 2015	3	17 July 2015	16 July 2025	£0.10	10	112,441
24 July 2015	3	24 July 2015	23 July 2025	£0.10	10	25,000
28 July 2015	3	28 July 2015	27 July 2025	£0.10	10	15,000
28 August 2015	3	28 August 2015	27 August 2025	£0.10	10	10,000
23 September 2015	10	23 September 2015	22 September 2025	£1.27	10	120,000
23 October 2015	3	23 October 2015	22 October 2025	£0.10	10	40,000
29 October 2015	3	29 October 2015	28 October 2025	£0.10	10	20,000
2 November 2015	3	2 November 2015	1 November 2025	£0.10	10	15,000
10 November 2015	3	10 November 2015	9 November 2025	£0.10	10	10,000
						4,437,995

The following vesting schedule applies:

1. Fully vested at grant date.
2. Partially vested at grant date; 1/48 of granted option shares vest monthly thereafter.
3. 25% of option vests on exercisable commencement date; 1/48 of granted option shares vest monthly thereafter.
4. Option vests on third anniversary of the grant date.
5. Option vests 25% on first anniversary of the vesting commencement date, with the balance vesting monthly thereafter until final vesting date.
6. Option vests 50% on 1 September 2014 and 50% on 1 September 2015.
7. Option vests 40% on 1 January 2014 and 60% on 1 January 2015.
8. Option vests one-third on 31 January 2015 and then one-sixth every six months until final vesting date.
9. Option vests one-third on first anniversary of vesting commencement date, with the balance vesting monthly thereafter until final vesting date.
10. Option vests in three instalments. One-third on first anniversary of vesting commencement date, one-third on second anniversary and one-third on third anniversary.
11. Option vests 100% on first anniversary of vesting commencement date.

21. Share-based payment continued

Share-based payment charges related to acquisitions

As part of the acquisitions of OhmData, Inc. in June 2014, AltoStor, Inc. in November 2012 and TortoiseSVN.net community website in June 2013, restricted shares were issued to the former owners of the business for OhmData, Inc. and AltoStor, Inc. and the lead developer of the website for TortoiseSVN.net community website. These shares were treated as contingent payments and have been accounted for under IFRS 2 "Share-based Payment" rather than as part of the acquisition consideration under IFRS 3 "Business Combinations".

Acquisition	Restricted shares \$'000	Equity-settled share-based payment charge \$'000
OhmData, Inc.	25,990	241
AltoStor, Inc.	—	249
TortoiseSVN.net	16,000	124
	41,990	614

Number and weighted average exercise price of shares

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

	2015 Number	2014 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
Weighted average exercise price for:		
	2015 \$	2014 \$
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
	2015 Years	2014 Years
Weighted average contractual life remaining	6.2	6.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 31 DECEMBER 2015

21. Share-based payment continued

Number and weighted average exercise price of shares continued

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:

	2015	2014
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.

22. Disposal

On 20 February 2015 WANDISCO International Limited disposed of software to Syntevo GmbH for a consideration of €1. This software was fully written down at the point of disposal so there was no material profit/(loss) on disposal.

23. Commitments and contingent liabilities

Operating lease commitments

The total amounts payable under non-cancellable operating leases are as follows:

	2015 \$'000	2014 \$'000
Land and buildings		
Within one year	507	290
Between two and five years	576	477
	1,083	767

Capital commitments and contingent liabilities

At 31 December 2015 the Group had no capital commitments (2014: \$nil).

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

24. Related parties and related party transactions

Identity of related parties

The Group has a related party relationship with its subsidiaries and with its Directors.

25. Post-balance sheet events

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

FIVE YEAR RECORD

31 December	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000
New sales bookings	4,618	7,916	14,768	17,360	9,012
New sales bookings growth	50%	71%	87%	18%	-48%
Revenue	3,878	6,031	8,012	11,218	10,994
Revenue growth	30%	56%	33%	40%	-2%
Deferred revenue (including unbilled revenue)	4,466	6,368	13,124	19,269	16,239
Deferred revenue growth	20%	43%	106%	47%	-16%
Net cash	74	14,545	25,673	2,481	2,555
Operating loss	(1,154)	(8,541)	(19,268)	(39,917)	(30,529)
Development costs and software amortised	980	2,018	4,918	8,283	9,600
Depreciation	46	52	138	267	270
Acquisition-related items	—	—	—	145	—
Exceptional items	205	2,656	2,276	1,441	614
EBITDA before exceptional items	77	(3,815)	(11,936)	(29,781)	(20,045)
Add back equity-settled share-based payment charge	73	813	4,104	11,907	4,057
Adjusted EBITDA before exceptional items	150	(3,002)	(7,832)	(17,874)	(15,988)
Development expenditure capitalised	(1,207)	(2,912)	(7,443)	(9,040)	(8,369)
Adjusted EBITDA before exceptional items including development expenditure	(1,057)	(5,914)	(15,275)	(26,914)	(24,357)

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the fourth Annual General Meeting of WANDisco plc ("the Company") will be held at the Company's offices, Electric Works, 3 Concourse Way, Sheffield Digital Campus, Sheffield S1 2BJ on 25 May 2016 at 10am for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. That the Company's financial statements for the year ended 31 December 2015, the Strategic report and the reports of the Directors and auditor thereon be received and considered.
2. That Paul Harrison, who retires by rotation as a Director of the Company, be re-appointed as a Director of the Company.
3. That Ian Duncan, who retires by rotation as a Director of the Company, be re-appointed as a Director of the Company.
4. That KPMG LLP be re-appointed as auditor of the Company.
5. That the Directors be authorised to determine the remuneration of the auditor.
6. That in substitution for all existing authorities but without prejudice to any allotment, offer or agreement already made pursuant thereto, the Directors be and are hereby generally and unconditionally authorised pursuant to Article 2.3 of the Company's Articles of Association ("Articles") to exercise all powers of the Company to allot, grant options over or otherwise dispose of relevant securities (as that term is defined in the Articles) in respect of up to an aggregate nominal amount of £995,996, provided that (unless previously revoked, varied or renewed) this authority shall expire on the earlier of the date which is 15 months after the date the resolution was passed and the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

To consider and, if thought fit, to pass the following resolutions as special resolutions:

7. That, subject to the passing of resolution 6 and pursuant to Article 2.10 of the Articles, the Directors be and are hereby generally empowered to allot, grant options over or otherwise dispose of equity securities (within the meaning of the Articles) wholly for cash, pursuant to the general authority described in resolution 6 above, as if pre-emption rights did not apply to any such allotment, such power being limited to:
 - 7.1 the allotment of equity securities in connection with a rights issue, open offer or pre-emptive offer to holders on the register of the ordinary shares in the capital of the Company ("ordinary shares") on a date fixed by the Directors where the equity securities respectively attributable to the interests of all those shareholders are proportionate (as nearly as practicable) to their respective holdings on that date subject to any exclusions or other arrangements as the Directors may consider necessary or expedient in relation to fractional entitlements, legal or practical problems under the law of any territory or the regulations or requirements of any relevant regulatory authority or stock exchange in any territory; and
 - 7.2 the allotment (other than pursuant to resolution 7.1 above) wholly for cash of ordinary shares up to an aggregate nominal amount of £298,799,provided that (unless previously revoked, varied or renewed), such authorities shall expire on the earlier of the date which is 15 months after the date the resolution was passed and the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.
8. That the Directors be and are hereby authorised pursuant to Article 13 of the Articles and Article 57 of the Companies (Jersey) Law 1991, as amended ("the Law") to make market purchases of ordinary shares, subject to the following conditions:
 - 8.1 the maximum number of ordinary shares authorised to be purchased may not be more than 15% of the issued share capital of the Company as at the date of this notice;
 - 8.2 the minimum price (exclusive of expenses) which may be paid for an ordinary share is £0.001; and
 - 8.3 the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not exceed:
 - 8.3.1 an amount equal to 105% of the average middle market quotation for ordinary shares taken from the London Stock Exchange plc Daily Official List for the five business days immediately preceding the date on which such shares are to be contracted to be purchased; and
 - 8.3.2 the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange plc Daily Official List at the time,such authority to expire on the earlier of the date which is 15 months after the date the resolution was passed and the conclusion of the next Annual General Meeting of the Company, unless such authority is varied, revoked or renewed prior to such date.

9. That, pursuant to Article 58A(1)(b) of the Law and Article 13 of the Articles, an ordinary share purchased pursuant to resolution 8 above may be held by the Company as treasury shares in accordance with Articles 58A and 58B of the Law.

By order of the Board

Louise Hall
Company Secretary
 24 March 2016

Registered office
 47 Esplanade
 St. Helier
 Jersey
 JE1 0BD

Registered in Jersey under the Companies (Jersey) Law 1991 with company number 110497.

Notes

Entitlement to attend and vote

1. In accordance with Article 40(1) of the Companies (Uncertificated Securities) (Jersey) Order 1999, the right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 10am on 23 May 2016 (or, if the meeting is adjourned, 48 hours before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes in entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

Proxies

2. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting and, on a poll, vote instead of him or her. A proxy need not be a shareholder of the Company.

A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

A special resolution means a resolution passed by a majority of three-quarters of the holders who (being entitled to do so) vote in person, or by proxy, at a general meeting of the Company or at a separate meeting of a class of members of the Company.

3. A proxy may only be appointed in accordance with the procedures set out in Note 4 and the notes to the proxy form.

The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

CREST members who wish to appoint a proxy or proxies or to give an instruction to a proxy (whether previously appointed or otherwise) by utilising the capital and CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) thereof, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted via the CREST system so as to be received by Neville Registrars Limited (whose CREST ID is 7RA11) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Companies (Uncertificated Securities) (Jersey) Order 1999.

A proxy does not need to be a member of the Company but must attend the Annual General Meeting to represent you. Details of how to appoint the Chairman of the Annual General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. You may appoint more than one proxy to attend on the same occasion.

Notes continued

Proxies continued

4. A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by the proxy form being photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given in the proxy form, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's transfer agent, Neville Registrars Limited, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, no later than 10am on 23 May 2016 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).

To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Any amended proxy appointment received after the time specified above will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited prior to the commencement of the Annual General Meeting or adjourned meeting at which the vote is given or, in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting, before the time appointed for taking the poll.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid.

Corporate representatives

5. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares. A Director, the Secretary or other person authorised for the purpose by the Secretary may require all or any such persons to produce a copy of the resolution of authorisation certified by an officer of the corporation before permitting him to exercise his powers.

Method of voting

6. Voting on all resolutions will be decided on a show of hands unless, before or on declaration of the result of, a vote on the show of hands, or on the withdrawal of any other demand for a poll, a poll is duly demanded.

Documents available for inspection

7. The following documents will be available for inspection during normal business hours at the registered office of the Company and at the Company's business address, Electric Works, Sheffield Digital Campus, Sheffield S1 2BJ, from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends:
 - 7.1 copies of the service contracts of the Executive Directors; and
 - 7.2 copies of the letters of appointment of the Non-executive Directors.

Biographical details of Directors

8. Biographical details of all those Directors who are offering themselves for appointment or re-appointment at the meeting are set out on pages 22 and 23 of the enclosed Annual Report and Accounts.

Secretary

Louise Hall

Offices

UK office

Electric Works
Sheffield Digital Campus
Sheffield S1 2BJ

US office

5000 Executive Parkway
Suite 270
San Ramon, CA 94583
USA

Registered office

47 Esplanade
St. Helier
Jersey JE1 0BD

Company registered number

110497

Nominated adviser and joint broker

Investec Bank plc

2 Gresham Street
London EC2V 7QP

Joint broker

UBS Investment Bank

1 Finsbury Avenue
London EC2M 2PP

Auditor

KPMG LLP

1 Sovereign Square
Sovereign Street
Leeds LS1 4DA

Legal advisers

DLA Piper UK LLP

1 St. Paul's Place
Sheffield S1 2JX

Carey Olsen

47 Esplanade
St. Helier
Jersey JE1 0BD

Bankers

HSBC Bank plc

Yorkshire and North East Corporate Banking Centre
4th Floor
City Point
29 King Street
Leeds LS1 2HL

Barclays Bank plc

St. Paul's Place
121 Norfolk Street
Sheffield S1 2JW

Registrars

Neville Registrars Limited

18 Laurel Lane
Halesowen
West Midlands B63 3DA

Share capital

The ordinary share capital of WANDisco plc is listed on AIM, a market operated by London Stock Exchange Group plc. The shares are listed under the trading ticker WAND. The ISIN number is JE00B6Y3DV84.

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WANDisco plc
47 Esplanade
St. Helier
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