6 September 2017

WANdisco plc
("WANdisco", the "Company" or the "Group")

Preliminary unaudited results for the six months ended 30 June 2017

WANdisco achieves maiden positive Adjusted EBITDA

WANdisco (LSE: WAND), the world leader in Active Data Replication™ announces interim unaudited results for the six months ended 30 June 2017.

Financial highlights

- Total bookings[1] for the first half of 2017 increased 73% to $10.2 million (H1 2016: $5.9 million)
    - Big Data and Cloud bookings[1] rose 173% to $7.0 million (H1 2016: $2.6 million)
    - Source Code Management ("SCM") bookings[1] stable at $3.2 million (H1 2016: $3.3 million)
- Revenue for the period increased 71% to $9.7 million (H1 2016: $5.6 million)
- Cash overheads[2] were reduced by $1.4 million to $11.5 million (H1 2016: $12.9 million)
- Adjusted EBITDA[3] positive at $0.3 million (H1 2016: $4.5 million loss)
- Statutory loss from operations reduced to $3.8 million (H1 2016: $17.9 million)
- Cash at 30 June 2017 of $9.9 million (31 December 2016: $7.6 million)
- Cash burn reduced to $0.6 million in H1 2017 (H1 2016: $5.3 million)
- Debt of $3.0 million (31 December 2016: $nil)

Operational and strategic highlights

- Increasing WANdisco Fusion ("Fusion") orders across multiple verticals achieved, with significant contract wins in the period including:
    - $4.1 million contract with a major financial services multinational
    - First contract in retail with a $2.0 million order from a major retailer
    - $0.65 million order from a US Healthcare corporation – Fusion's first win in healthcare
- Announced a new bank facility with Silicon Valley Bank, providing both a term debt facility and a revolving credit facility
- Launched WANdisco Fusion 2.10, extending capabilities to Network File System devices which expands the Group's addressable market by more than $1 billion per annum
- Fusion has adopted Oracle's Maximum Availability Architecture, increasing potential to add significant sales momentum to the existing channel partnership
- Strong order book and second half sales pipeline underpinning medium term growth expectations

David Richards, Chief Executive Officer and Interim Chairman of WANdisco, commented:

"The first half of 2017 has been another period of significant progress for WANdisco, in which we achieved record bookings[1], continued to reduce our cash burn and more importantly delivered a positive Adjusted EBITDA[3.] performance. This outstanding performance is down to the hard work and dedication of our team combined with increasing demand for Fusion in the Cloud and Big Data markets.

"The order book and sales pipeline continues to gather pace and our recent new business momentum demonstrates the broad appeal of Fusion across multiple verticals coupled with the excellent traction our products are receiving through our channel partners.

"Against this backdrop of positive momentum, the board has ongoing confidence for not only the second half of the year but also in our progress towards achieving profitability."

A webcast of WANdisco's results presentation will be available on the Company's website later this morning: https://www.wandisco.com/investors

WANdisco will also be holding a presentation for private and retail investors at 16.00 p.m. on Thursday 7 September 2017 at The Dome Room, No 1 Cornhill, London, EC3V 3ND.

Admittance for the event is strictly limited to those who register their attendance in advance. For further information and to register attendance, please contact Vigo Communications via email on wandisco@vigocomms.com.

[1] *Bookings as defined in this press release represent the total value of all contracts received in the period including both new and renewal bookings.*
[2] *Operating expenses, excluding amortisation and depreciation, exceptional items, equity-settled share-based payment and capitalised product development costs – see note 5.*
[3] *EBITDA profit/loss excluding exceptional items, equity-settled share-based payment, capitalised product development costs and acquisition-related items – see note 5.*

For further information, please contact:

WANdisco plc David Richards, Chief Executive Officer and Interim Chairman Erik Miller, Chief Financial Officer	**Via Vigo Communications**
Vigo Communications Jeremy Garcia / Fiona Henson / Antonia Pollock www.vigocomms.com	**+44 (0)207 830 9700**
Stifel (Joint Broker and Nomad) Fred Walsh / Neil Shah / Ben Maddison	**+44 (0)207 710 7600**
Peel Hunt (Joint Broker) Edward Knight / Euan Brown	**+44 (0)207 418 8900**

About WANdisco

WANdisco is the world leader in Active Data Replication™. Its patented WANdisco Fusion technology enables the replication of continuously changing data to the cloud and on-premises data centers with guaranteed consistency, no downtime and no business disruption. It also allows distributed development teams to collaborate as if they are all working in one location. WANdisco has an OEM with IBM as well as partnerships with Amazon Web Services, Cisco, Google Cloud, Hewlett Packard Enterprise, Microsoft Azure, and Oracle to resell its patented technology. WANdisco also works directly with Fortune 1000 companies around the world to ensure their data can give them the real insight they need.

For additional information, please visit www.wandisco.com.

BUSINESS REVIEW

In the first half of 2017, the Group has made a strong start, continuing the trends established in the prior financial year. We achieved record sales bookings[1] in the first half, saw continued contract win momentum and reduced cash burn to $0.6 million, all contributing to our maiden positive Adjusted EBITDA[2] performance. We are now in a strong position as we continue to focus on our strategic priorities, which include:

- capitalising on the significant growth opportunity in the Cloud and Big Data markets with Fusion;
- solidifying our position as the only provider of an enterprise-level solution capable of ensuring the transfer of active data is consistent, continuously available and delivered with no down-time;
- ensuring our customers get the most value from their data by utilising Fusion and ensuring no disruption to business operations;
- supporting the Company's profitable SCM product;
- continuing to develop our key channel partnerships, both new and existing, to ensure the most effective routes to market for our technology; and
- investing in the research and development that underpins the next generation of product development to maximise Fusion's total addressable market.

Big Data and Cloud – WANdisco Fusion

Our strong performance in the first half has been driven by the success of our Big Data product, WANdisco Fusion. Fusion generated Big Data and Cloud bookings[1] of $7.0 million in the first half, up 173% (H1 2016: $2.6 million). What is particularly pleasing about our momentum in the first half is the validation of Fusion's appeal across a broad and diverse range of vertical markets.

We secured a number of major contracts for Fusion in the period: a record order from a major financial services institution, our first contract in retail for a multinational that chose us to continuously replicate data from their primary to their disaster recovery; and we received an order from a large US healthcare provider to ensure consistency of data replicated from on-premise to the cloud – our first contract in the healthcare sector.

Fusion is fast becoming a 'must have' for organisations seeking to replicate large amounts of constantly changing data both between the cloud and on-premise. Enterprises across a multitude of verticals share the common characteristic of requiring critical business data to be replicated continuously without any interruption to service, and Fusion as the only solution capable of achieving this is extremely well-placed.

Underpinning our strong bookings[1] momentum is our successful channel partner relationships. We continue to make good progress with all our channel partners, including Amazon Web Services, Cisco, Google Cloud, Hewlett Packard Enterprise, Microsoft Azure and Oracle.

Our OEM agreement with IBM continues to gather traction as we begin to capitalise on their blue-chip customer base and global sales channel network. In March 2017, with IBM, we closed the largest Fusion order in the Company's history, a $4.1 million contract from a major financial institution. As a member of Oracle's PartnerNetwork, our Fusion product was certified during the period as an enterprise-grade solution that met Oracle's Maximum Availability Architecture best practices blueprint for replication.

In addition, many of our existing Big Data customers have expressed their intent to significantly scale up their use of WANdisco solutions.

SCM

In the first half of 2017, we maintained our sales focus for our SCM products and we continue to see an opportunity in the segment of the SCM market that we focus on. This is evident as customers continue to move from legacy proprietary platforms 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, which drives the greater need for SCM products.

Our ongoing success in the SCM market confirms that we have the right products at this stage in the market's evolution. Our Subversion MultiSite and GIT MultiSite products fit with customers' needs in replicated open source version control and we believe there are further growth opportunities both in traditional industries developing internal software, as well as with newer software vendors developing gaming, media and mobile applications for consumers.

We have chosen to direct our sales 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. During the period, we received a $0.8 million renewal order for Subversion from a major communications equipment company, as well as other significant expansion orders from our existing customers.

Outlook

We are seeing increasingly strong market traction for our products as the global demand for Big Data and Cloud migration unfolds. Our Fusion product sits at the heart of this evolution and when combined with our channel partners such as IBM, Amazon and Microsoft, we continue to see accelerated demand for our services.

In addition, we continue to develop our partner network, to expand our total addressable market and ensure our go-to-market activities for Fusion are fully optimised, and our new business pipeline and orderbook continue to be strong. The board therefore remain confident in the Group's ability to deliver sustained shareholder value.

FINANCIAL REVIEW

Revenue for the period ended 30 June 2017 was $9.7 million (H1 2016: $5.6 million), driven by an increase in new sales bookings[1] to $10.2 million in the first half of 2017 (H1 2016: $5.9 million).

Deferred revenue from sales booked during the first half of 2017 and in previous years, and not yet recognised as revenue, was $14.5 million at 30 June 2017 (31 December 2016: $12.5 million). Our deferred revenue represents future revenue from new and renewed contracts, many of them spanning multiple years.

For the first time in the Company's history, Adjusted EBITDA[2] was positive at $0.3 million (H1 2016: $4.5 million loss), due partially to the royalties received from IBM. We also delivered significant improvements in cost control over the period, with cash overheads significantly below the prior year.

Big Data and Cloud – WANdisco Fusion

Big Data revenue was $5.1 million (H1 2016: $1.4 million), showing strong growth on the prior year and a consistent revenue stream from our new and existing contracts.

Average deal size continues to increase, and we received two bookings[1] in excess of $1.0 million in the period.

Contract wins continue to exhibit variability in the timing of their completion, but as demand for WANdisco Fusion continues to grow, we are seeing an increasing number of contract wins, with new sales bookings[1] from initial and expanded contracts in the first half of $7.0 million (H1 2016: $2.6 million).

SCM

SCM revenue for the period was $4.6 million (H1 2016: $4.2 million). The revenue growth arose due to higher deferred revenue on prior year new sales bookings[1] being recognised in the period. Sales bookings[1] remained relatively flat, with bookings[1] in the first half of 2017 of $3.2 million (H1 2016: $3.3 million).

Renewals have continued to contribute a substantial proportion of sales, including a significant renewal from a communication technology business.

The SCM product line continued to generate positive margin contribution due to its product maturity, growing revenue base and the inherent operating leverage in the business.

Royalties received from IBM

In February 2017, the Group received $1.1 million from IBM, representing their Q4 2016 sales of WANdisco Fusion branded as 'IBM Big Replicate'. These flowed through to revenue in H1 2017.

Operating costs

We maintained operating costs near last year's exit rate, realising significant operating leverage through our channel partner strategy and driving more bookings[1] with less cost. Our strong cost discipline across all areas of the business has resulted in an efficient cost structure that can scale-up into future periods with minimal incremental increases in operating costs.

Product development expenditure was $3.0 million in the period (H1 2016: $3.2 million). All of this expenditure was associated with new product features and was capitalised.

Total cash overheads[2] for the half year (excluding cost of sales and including capitalised product development) of $11.5 million were significantly below the prior period (H1 2016: $12.9 million). These lower total cash overheads are expected to continue into the remainder of 2017, with the current annualised run rate of cash overheads at approximately $25 million.

Our headcount was 115 as at 30 June 2017 (December 2016: 118). Headcount reductions in the period resulted from efficiencies in finance and administration, and the leverage gained by our channel partners' strengths in sales and marketing.

Profit and loss

Adjusted EBITDA[3] for the period was positive at $0.3 million (H1 2016: $4.5 million loss).

The loss after tax for the period increased to $6.3 million (H1 2016: $5.4 million), as a result of the exceptional finance loss of $2.3 million (H1 2016: gain $4.4m) partially offset by the reduced loss from operations. The exceptional finance loss of $2.3 million arose from the retranslation of intercompany balances at 30 June 2017, reflecting the appreciation of Sterling against the US dollar. The impact of FX rates changes on the financial statements should be restricted to the retranslation of USD denominated intercompany loans, as opposed to the operating activities of the business. An equal and opposite translation gain on the net assets of overseas net assets in reserves result in no impact on the Group net assets.

Balance sheet and cash flow

Trade and other receivables at 30 June 2017 were $6.2 million (31 December 2016: $6.1 million). This includes $4.8 million of trade receivables (31 December 2016: $3.9 million) and $1.4 million related to non-trade receivables (31 December 2016: $2.2 million). In addition to this, not included on the balance sheet are receivables not billed by the period-end of $4.9 million (31 December 2016: $6.6 million) largely from multi-year contracts.

Principally as a result of improved bookings[1] performance and the reductions in cash overheads, our net use of cash was significantly reduced during the course of the half-year, resulting in a net cash balance of $9.9 million at the close of the period (31 December 2016: $7.6 million). In addition, we announced a new revolving credit facility with Silicon Valley Bank on 26 June 2017 of up to $3.0 million, and term loan facility also with Silicon Valley Bank, with $3.0 million drawn from a maximum of $5.0 million available, leaving up to an additional $2.0 million available to be drawn.

With strong cash collection, a significant increase in bookings[1] and billings in advance of revenue recognition and cost reductions throughout the period, we have moved significantly closer to our goal of becoming cash flow break-even.

Condensed consolidated statement of profit and loss and other comprehensive income

For the six months ended 30 June 2017

		Six months ended 30 June 2017 (Unaudited)			Six months ended 30 June 2016 (Unaudited)			Year ended 31 December 2016 (Audited)		
		Pre-exceptional	**Exceptional items[4]**	**Total**	Pre-exceptional	Exceptional items[4]	Total	Pre-exceptional	Exceptional items[4]	Total
Continuing operations	**Notes**	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	3	**9,660**	**-**	**9,660**	5,637	-	5,637	11,379	-	11,379
Cost of sales		**(934)**	**-**	**(934)**	(411)	-	(411)	(1,349)	-	(1,349)
Gross profit		**8,726**	**-**	**8,726**	5,226	-	5,226	10,030	-	10,030
Operating expenses	5	**(12,482)**	**-**	**(12,482)**	(14,919)	(32)	(14,951)	(27,921)	(32)	(27,953)
Loss from operations	5	**(3,756)**	**-**	**(3,756)**	(9,693)	(32)	(9,725)	(17,891)	(32)	(17,923)
Finance income	6	**2**	**-**	**2**	1	4,412	4,413	1	8,169	8,170
Finance costs	6	**(237)**	**(2,297)**	**(2,534)**	(104)	-	(104)	(269)	(25)	(294)
Net finance (costs)/income	6	**(235)**	**(2,297)**	**(2,532)**	(103)	4,412	4,309	(268)	8,144	7,876
(Loss)/profit before tax		**(3,991)**	**(2,297)**	**(6,288)**	(9,796)	4,380	(5,416)	(18,159)	8,112	(10,047)
Income tax	7	**(41)**	**-**	**(41)**	(33)	-	(33)	772	-	772
(Loss)/profit for the period		**(4,032)**	**(2,297)**	**(6,329)**	(9,829)	4,380	(5,449)	(17,387)	8,112	(9,275)

Other comprehensive income

Items that are or may be reclassified to profit or loss:

Foreign operations – foreign currency translation differences		**(52)**	**2,297**	**2,245**	223	(4,412)	(4,189)	107	(8,144)	(8,037)
Other comprehensive income for the period, net of tax		**(52)**	**2,297**	**2,245**	223	(4,412)	(4,189)	107	(8,144)	(8,037)
Total comprehensive income for the period		**(4,084)**	**-**	**(4,084)**	(9,606)	(32)	(9,638)	(17,280)	(32)	(17,312)

Loss per share

Basic and diluted	8			**$0.17**			$0.18			$0.28

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

Condensed consolidated balance sheet

As at 30 June 2017

	Notes	30 June 2017 (Unaudited) $'000	30 June 2016 (Unaudited) $'000	31 December 2016 (Audited) $'000
Assets				
Intangible assets	9	**6,056**	7,445	5,977
Property, plant and equipment		**497**	176	492
Non-current assets		**6,553**	7,621	6,469
Trade and other receivables	10	**6,213**	4,312	6,145
Cash and cash equivalents		**9,925**	1,054	7,558
Current assets		**16,138**	5,366	13,703
Total assets		**22,691**	12,987	20,172
Liabilities				
Borrowings – finance lease liabilities		**(92)**	-	(89)
Borrowings – 3rd party loan	11	**-**	(3,827)	-
Trade and other payables		**(4,342)**	(3,241)	(3,488)
Deferred income	12	**(7,154)**	(4,336)	(5,809)
Deferred government grant		**(6)**	(25)	(12)
Current tax liabilities		**(12)**	-	(11)
Current liabilities		**(11,606)**	(11,429)	(9,409)
Deferred income	12	**(7,320)**	(4,690)	(6,683)
Borrowings – finance lease liabilities		**(247)**	-	(294)
Borrowings – 3rd party loan	11	**(3,000)**	-	-
Deferred tax liabilities		**(4)**	(4)	(3)
Non-current liabilities		**(10,571)**	(4,694)	(6,980)
Total liabilities		**(22,177)**	(16,123)	(16,389)
Net assets/(liabilities)		**514**	(3,136)	3,783
Equity				
Share capital		**5,715**	4,723	5,638
Share premium		**94,800**	81,823	94,526
Translation reserve		**(6,039)**	(4,436)	(8,284)
Merger reserve		**1,247**	1,247	1,247
Retained earnings		**(95,209)**	(86,493)	(89,344)
Total equity		**514**	(3,136)	3,783

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

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2017

Six months ended 30 June 2017 (Unaudited)	Share capital $'000	Share premium $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2017	**5,638**	**94,526**	**(8,284)**	**1,247**	**(89,344)**	**3,783**
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(6,329)	(6,329)
Other comprehensive income	-	-	2,245	-	-	2,245
Total comprehensive income for the period	-	-	2,245	-	(6,329)	(4,084)
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	-	-	-	-	464	464
Share options exercised	77	274	-	-	-	351
Total transactions with owners of the Company	77	274	-	-	464	815
Balance at 30 June 2017	**5,715**	**94,800**	**(6,039)**	**1,247**	**(95,209)**	**514**

Six months ended 30 June 2016 (Unaudited)	Share capital $'000	Share premium $'000	Translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2016	4,667	81,974	(247)	1,247	(82,049)	5,592
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(5,449)	(5,449)
Other comprehensive income	-	-	(4,189)	-	-	(4,189)
Total comprehensive income for the period	-	-	(4,189)	-	(5,449)	(9,638)
Transactions with owners of the Company						
Contributions and distributions						
Equity-settled share-based payment	-	-	-	-	844	844
Share options exercised	56	(151)	-	-	161	66
Total transactions with owners of the Company	56	(151)	-	-	1,005	910
Balance at 30 June 2016	4,723	81,823	(4,436)	1,247	(86,493)	(3,136)

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

Condensed consolidated statement of cash flows

For the six months ended 30 June 2017

	Notes	**Six months ended 30 June 2017 (Unaudited) $'000**	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Cash flows from operating activities				
Loss for the period		**(6,329)**	(5,449)	(9,275)
Adjustments for:				
- Depreciation of property, plant and equipment		**105**	96	174
- Amortisation of intangible assets	9	**3,440**	4,291	8,466
- Loss on disposal of property, plant and equipment		**-**	-	4
- Net finance costs		**235**	102	268
- Income tax	7	**41**	33	(772)
- Foreign exchange		**2,288**	(4,040)	(7,507)
- Equity-settled share-based payment	13	**464**	844	1,819
		244	(4,123)	(6,823)
Changes in:				
- Trade and other receivables		**(933)**	1,594	328
- Trade and other payables		**785**	557	827
- Deferred income		**1,982**	(731)	2,735
- Deferred government grant		**(6)**	(1)	(11)
Net working capital change		**1,828**	1,419	3,879
Cash used in operating activities		**2,072**	(2,704)	(2,944)
Interest paid		**(211)**	(46)	(162)
Income tax received		**810**	719	690
Net cash used in operating activities		**2,671**	(2,031)	(2,416)
Cash flows from investing activities				
Purchase of property, plant and equipment		**(110)**	(42)	(64)
Proceeds from sale of property, plant and equipment		**-**	-	2
Purchase of 3rd party software	9	**(500)**	-	-
Development expenditure	9	**(3,019)**	(3,153)	(5,860)
Interest received	6	**2**	1	1
Net cash used in investing activities		**(3,627)**	(3,194)	(5,921)
Cash flows from financing activities				
Net proceeds from share issues		**351**	(95)	13,523
Draw-down of 3rd party debt		**3,000**	3,827	-
Payment of finance lease liabilities		**(44)**	-	(8)
Net cash from financing activities		**3,307**	3,732	13,515
Net increase/(decrease) in cash and cash equivalents		**2,351**	(1,493)	5,178
Cash and cash equivalents at the start of the period		**7,558**	2,555	2,555
Effect of movements in exchange rates on cash and cash equivalents		**16**	(8)	(175)
Cash and cash equivalents at the end of the period		**9,925**	1,054	7,558

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

Notes to the condensed consolidated half yearly financial statements

For the six months ended 30 June 2017

1. Reporting entity

WANdisco plc (the "Company") is a public limited company incorporated and domiciled in Jersey. The Company's ordinary shares are traded on AIM. These condensed consolidated half yearly financial statements ("Half yearly financial statements") as at and for the six months ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the development and provision of global collaboration software.

2. Basis of preparation

Basis of accounting

These half yearly financial statements have been prepared in accordance with AIM rules for Companies and IAS 34 "Half yearly Financial Reporting" as adopted by the European Union ("EU"). They do not include all the information required for a complete set of International Financial Reporting Standards ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2016.

These half yearly financial statements were authorised for issue by the Company's Board of Directors on 5 September 2017.

The annual financial statements of the Group are prepared in accordance with IFRSs as endorsed by the EU, IFRIC ("IFRS Interpretations Committee) interpretations, under the historical cost accounting convention, and with those parts of Jersey Law (1991) applicable to companies under IFRS. The half yearly financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published Consolidated financial statements for the year ended 31 December 2016. Accordingly, these half yearly financial statements should be used in conjunction with the Group's published annual financial statements for the year ended 31 December 2016.

There are no new standards or amendments to standards that are effective for the first time for the financial year beginning 1 January 2017, that have had a material impact on the half yearly financial statements.

Going concern

As at 30 June 2017 the Group had net assets of $0.5m (30 June 2016: net liabilities $3.1m; 31 December 2016: net assets $3.8m) as set out in the Condensed consolidated balance sheet above. On 26 June 2017, the Group announced that it had secured new debt funding from Silicon Valley Bank. The facility replaced the previous HSBC facility that was due to expire on 30 June 2017. The new facility is due to mature on 1 April 2021 and comprises up to $5.0m available as term debt, with an interest only period to 31 May 2018, followed by a 3-year maturity at a floating interest rate of prime + 1.5%. There is an additional $3.0m available through a revolving credit facility secured by qualifying accounts receivable. At 30 June 2017, the Group had drawn-down $3.0m of term debt under this new facility.

The Directors have prepared detailed forecasts of the Group's performance. As a consequence, the Directors believe that WANdisco plc and the Group are well placed to manage their business risks successfully despite the current uncertain economic outlook. After making enquiries the Directors have a reasonable expectation that WANdisco plc and the Group have sufficient working capital available for its present requirements that is for the next twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the half yearly financial statements.

Functional and presentational currency

The half yearly financial statements are presented in US dollars, which is also the presentational currency of the Group. Billings to the Group's customers during the period by WANdisco, Inc, were all in US dollars. 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.

Use of judgements and estimates

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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements as at and for the year ended 31 December 2016.

3. Segmental analysis

Operating segments

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

Geographical segments

The Group recognises revenue in three geographical regions based on the location of customers, as set out in the following table:

Revenue	**Six months ended 30 June 2017 (Unaudited) $'000**	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
North America	**8,338**	3,720	8,192
Europe	**1,049**	1,529	2,476
Rest of the world	**273**	388	711
	9,660	5,637	11,379

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 (2016: Nil).

The Group's core patented technology, Distributed Coordinated 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 markets:

Revenue	**Six months ended 30 June 2017 (Unaudited) $'000**	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Source Code Management	**4,577**	4,231	8,182
Big Data	**5,083**	1,406	3,197
	9,660	5,637	11,379

4. Exceptional items

Exceptional items comprise the following:	Notes	**Six months ended 30 June 2017 (Unaudited) $'000**	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Exchange (loss)/gain on intercompany balances	**6**	**(2,297)**	4,412	8,144
Equity-settled share-based payment charge in relation to acquisitions - TortoiseSVN.net	**13**	**-**	(32)	(32)
		-	(32)	(32)
Total exceptional items		**(2,297)**	4,380	8,112

The exceptional (loss)/gain arose on Sterling denominated intercompany balances. These balances were retranslated at the closing exchange rate at 30 June 2017 which was 1.30 (compared to 1.23 at the end of 31 December 2016). In the prior half year, rates had reduced to 1.34, a 10% reduction compared to the rate of 1.48 at 31 December 2015. Sterling to US$ exchange rates declined following the Brexit vote on 23 June 2016, but have since increased from this position. Due to the size and nature of the exchange loss in 2017 and gain in 2016, they have been included as exceptional items.

The exceptional (loss)/gain on intercompany balances in the Consolidated statement of profit and loss, is offset by an equivalent exceptional exchange gain/(loss) on the retranslation of the intercompany balances, which is included in the retranslation of net assets of foreign operations, included in the other comprehensive income.

The equity-settled share-based payment charge recognised in the period in relation to the acquisition of the intellectual property of TortoiseSVN.net has been classified as exceptional. See Note 13 for further details.

5. Non-GAAP profit measures – Cash overheads and Adjusted EBITDA

Reconciliation of operating expenses to "Cash overheads":	Notes	Six months ended 30 June 2017 (Unaudited) $'000	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Operating expenses		**(12,482)**	(14,951)	(27,953)
Remove:				
Amortisation and depreciation		**3,545**	4,387	8,640
Exceptional items within operating expenses	**4**	**-**	32	32
Equity-settled share-based payment (excluding exceptional item)	**13**	**464**	812	1,787
Development expenditure capitalised	**9**	**(3,019)**	(3,153)	(5,860)
Cash overheads		**(11,492)**	(12,873)	(23,354)

Reconciliation of loss from operations to "Adjusted EBITDA":	Notes	Six months ended 30 June 2017 (Unaudited) $'000	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Loss from operations		**(3,756)**	(9,725)	(17,923)
Adjusted for:				
Amortisation and depreciation		**3,545**	4,387	8,640
Exceptional items within operating expenses	**4**	**-**	32	32
EBITDA before exceptional items		**(211)**	(5,306)	(9,251)
Equity-settled share-based payment (excluding exceptional item)	**13**	**464**	812	1,787
Adjusted EBITDA before exceptional items		**253**	(4,494)	(7,464)
Development expenditure capitalised	**9**	**(3,019)**	(3,153)	(5,860)
Adjusted EBITDA before exceptional items including development expenditure		**(2,766)**	(7,647)	(13,324)

6. Net finance (costs)/income

	Notes	Six months ended 30 June 2017 (Unaudited) $'000	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Interest receivable – bank		**2**	1	1
Exchange gain	**4**	**-**	4,412	8,169
Finance income		**2**	4,413	8,170
Exchange loss	**4**	**(2,297)**	(1)	(25)
Interest payable on bank borrowings		**(39)**	(46)	(79)
Finance charges		**(172)**	-	(83)
Amortisation of loan costs		**(26)**	(57)	(107)
Finance costs		**(2,534)**	(104)	(294)
Net finance (costs)/income		**(2,532)**	4,309	7,876

7. Income tax

	Six months ended 30 June 2017 (Unaudited) $'000	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Current tax expense			
Current period	**-**	-	542
Adjustment for prior years	**(41)**	(33)	230
Income tax	**(41)**	(33)	772

8. Loss per share

Basic loss per share

Basic loss per share is calculated based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:

	Six months ended 30 June 2017 (Unaudited) $'000	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Loss for the period attributable to ordinary shareholders	**6,329**	5,449	9,275
Weighted average number of ordinary shares	**Number of shares '000**	Number of shares '000	Number of shares '000
At the start of the period	**37,068**	29,564	29,564
Effect of shares issued in the period	**251**	215	3,727
Weighted average number of ordinary shares during the period	**37,319**	29,779	33,291
Basic loss per share	**$0.17**	$0.18	$0.28

Adjusted loss per share

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

Adjusted loss for the period:	**Notes**	Six months ended 30 June 2017 (Unaudited) $'000	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Loss for the period attributable to ordinary shareholders		**6,329**	5,449	9,275
Add back:				
Exceptional items	**4**	**(2,297)**	4,380	8,112
Equity-settled share-based payment (excluding exceptional item)	**13**	**(464)**	(812)	(1,787)
Adjusted basic loss for the period		**3,568**	9,017	15,600
Adjusted loss per share		**$0.10**	$0.30	$0.47

Diluted loss per share

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

9. Intangible assets

At 30 June 2017 (Unaudited)	Other intangible assets $'000	Development costs $'000	Computer software $'000	Total $'000
Cost				
At 1 January 2017	3,154	37,016	189	40,359
Additions – 3rd party	-	-	500	500
Additions – own work capitalised	-	3,019	-	3,019
At 30 June 2017	**3,154**	**40,035**	**689**	**43,878**
Amortisation				
At 1 January 2017	(3,154)	(31,039)	(189)	(34,382)
Amortisation charge for the period	-	(3,315)	(125)	(3,440)
At 30 June 2017	**(3,154)**	**(34,354)**	**(314)**	**(37,822)**
Net book value - At 30 June 2017	**-**	**5,681**	**375**	**6,056**

At 30 June 2016 (Unaudited)				
Cost				
At 1 January 2016	3,154	31,156	189	34,499
Additions – own work capitalised	-	3,153	-	3,153
At 30 June 2016	3,154	34,309	189	37,652
Amortisation				
At 1 January 2016	(2,804)	(22,923)	(189)	(25,916)
Amortisation charge for the period	(169)	(4,122)	-	(4,291)
At 30 June 2016	(2,973)	(27,045)	(189)	(30,207)
Net book value - At 30 June 2016	181	7,264	-	7,445

The carrying amount of the intangible assets is allocated across cash-generating units ("CGUs"). A CGU is defined as the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. The recoverable amount of the CGUs are determined using value in use ("VIU") calculations. As at 30 June 2017 and 2016 and December 2016 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 Source Code Management 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 30 June 2017 and 2016 and 31 December 2016. 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 a 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 10.0% (2016: 10.0%) and a terminal value growth rate of 2% from 2022. 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.

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

10. Trade and other receivables

Due within a year:	**30 June 2017 (Unaudited) $'000**	30 June 2016 (Unaudited) $'000	31 December 2016 (Audited) $'000
Trade receivables	**4,814**	2,392	3,926
Other receivables	**287**	565	485
Corporation tax	**571**	879	1,446
Prepayments	**541**	476	288
Total trade and other receivables	**6,213**	4,312	6,145

11. Borrowings

Unsecured bank loans	**30 June 2017 (Unaudited) $'000**	30 June 2016 (Unaudited) $'000	31 December 2016 (Audited) $'000
Within a year	**-**	3,827	-
In more than a year	**3,000**	-	-
Total borrowings	**3,000**	**3,827**	**-**

At 30 June 2017, the $3.0m of borrowing represents term debt drawn down under a new debt facility with Silicon Valley Bank that was announced on 26 June 2017. The facility replaced the previous HSBC facility that was due to expire on 30 June 2017. The new facility is due to mature on 1 April 2021 and comprises up to $5.0m available as term debt, with an interest only period to 31 May 2018, followed by a 3-year maturity at a floating interest rate of prime + 1.5%. There is an additional $3.0m available through a revolving credit facility secured by qualifying accounts receivable.

At 30 June 2016, the bank loans were drawings under the previous multi-currency revolving credit facility of $10m from HSBC which was due to expire on 30 June 2017, which consists both of $750,000 and $3,077,000 (£2,300,000) tranches.

12. Deferred income

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

Deferred income which falls due:	**30 June 2017 (Unaudited) $'000**	30 June 2016 (Unaudited) $'000	31 December 2016 (Audited) $'000
Within a year	**7,154**	4,336	5,809
In more than a year	**7,320**	4,690	6,683
Total deferred income	**14,474**	9,026	12,492

13. Share-based payment

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

The terms and conditions of the share option grants are detailed in the Group annual financial statements for the year ended 31 December 2016.

Analysis of equity-settled share-based payment charge:	Notes	**Six months ended 30 June 2017 (Unaudited) $'000**	Six months ended 30 June 2016 (Unaudited) $'000	Year ended 31 December 2016 (Audited) $'000
Equity-settled share-based payment charge in relation to acquisition - TortoiseSVN.net		**-**	32	32
Non-exceptional equity-settled share-based payment charge	4	**464**	812	1,787
Total equity-settled share-based payment charge		**464**	844	1,819

As part of the acquisition of the TortoiseSVN.net community website in June 2013, restricted shares were issued to 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”.

13. Share-based payment (continued)

Summary of share options outstanding

Number of share options outstanding:	Six months ended 30 June 2017 (Unaudited) Number	Six months ended 30 June 2016 (Unaudited) Number	Year ended 31 December 2016 (Audited) Number
Balance at the start of the period	**4,318,899**	4,437,995	4,437,995
Granted	**927,807**	460,000	1,592,924
Forfeited	**(493,691)**	(362,782)	(1,052,031)
Exercised	**(593,521)**	(408,139)	(659,989)
Balance at the end of the period	**4,159,494**	4,127,074	4,318,899
Exercisable at the end of the period	**2,291,115**	2,182,796	2,733,488
Vested at the end of the period	**2,291,115**	2,182,796	2,733,488

Weighted average exercise price for:	$	$	$
Shares granted	**4.88**	0.65	2.15
Shares forfeited	**9.87**	5.30	3.40
Options exercised	**0.58**	0.16	0.18
Exercise price in the range:			
From	**0.13**	0.14	0.15
To	**5.81**	20.39	21.20

	Years	Years	Years
Weighted average contractual life remaining	**8.6**	6.2	7.8

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

Fair value assumptions:	Six months ended 30 June 2017 (Unaudited)	Six months ended 30 June 2016 (Unaudited)	Year ended 31 December 2016 (Audited)
Dividend yield	**0.00%**	0.00%	0.00%
Risk-free interest rate	**0.85%**	1.16%	1.05%
Stock price volatility	**30%**	30%	30%
Expected life (years)	**7.0**	3.5	7.0
Weighted average fair value of options granted during the period	**$2.23**	$1.88	$3.09

- The dividend yield is based on the Company's forecast dividend rate and the current market price of the underlying common stock at the date of grant.
- Expected life in years is determined from the average of the time between the date of grant and the date on which the options lapse.
- Expected volatility is based on the historical volatility of shares of listed companies with a similar profile to the Company.
- The risk-free interest rate is based on the treasury bond rates for the expected life of the option.

14. Contingent liabilities

The Group had no contingent liabilities at 30 June 2017 (30 June 2016: None, 31 December 2016: None).

15. Post-balance sheet events

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