

Admission to Trading on AIM and Placing

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser or a person authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules and does not constitute a prospectus under the Prospectus Rules published by the FSA and has not been approved by or filed with the FSA. The definitions used in this document are at pages 6 to 9.

A copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the registrar has given, and has not withdrawn, consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Company. It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

The Company, whose registered office appears on page 5, and the Directors, whose names appear on page 5, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for all of the Ordinary Shares in issue and to be issued to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM at 8.00 a.m. on 1 June 2012.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the UKLA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the London Stock Exchange nor the UKLA has examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any other recognised investment exchange and no application has been made for the Ordinary Shares to be listed on any other recognised investment exchange. A prospective investor should read the whole of this document and consider carefully whether an investment in the Company is suitable in light of their personal circumstances and financial resources.

Your attention is drawn in particular to the risk factors set out in Part II of this document.

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## WANdisco plc

(a company incorporated in Jersey under the Companies (Jersey) Law 1991 with company number 110497)

**Placing of 9,992,915 Ordinary Shares at a price of 180 pence per Ordinary Share**

**Admission to trading on AIM**

**Nominated Adviser and Broker**

**PANMURE GORDON & CO**

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### Share capital immediately following Admission

	Authorised		Issued and fully paid	
	Number	Amount	Number	Amount
Ordinary Shares of £0.10 each	100,000,000	£10,000,000	20,552,110	£2,055,211

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The new Placing Shares will, on issue, rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission and will otherwise rank *pari passu* in all respects with the existing Ordinary Shares in issue.

Panmure Gordon, which is regulated by the FSA, is acting exclusively as nominated adviser and broker to the Company and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. Panmure Gordon has not authorised the contents of any part of this document for the purposes of the AIM Rules. The responsibilities of Panmure Gordon as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director, Shareholder or any other person in respect of a decision to acquire Ordinary Shares in the Company. Panmure Gordon is not making any representation or warranty, express or implied, as to the contents of this document. No liability whatsoever is accepted by Panmure Gordon for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is responsible.

In connection with the Placing, Panmure Gordon and any of its affiliates, acting as investors for its or their own accounts, may subscribe for and/or acquire Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Ordinary Shares, any other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares being issued, offered, sold, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or sale, subscription, acquisition, dealing or placing by Panmure Gordon and any of its affiliates acting as investors for its or their own account(s). Panmure Gordon does not intend to disclose the extent of such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such offer or solicitation is unlawful or is restricted by law and, in particular, is not for distribution in or into the United States, Canada, Japan, the Republic of Ireland, the Republic of South Africa, Australia or New Zealand. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States, Canada, Japan, the Republic of Ireland, the Republic of South Africa, Australia or New Zealand or any other state and, subject to certain exemptions, will not be offered or sold directly or indirectly to, or for the account or benefit of, any national, resident or citizen of the United States, Canada, Japan, the Republic of Ireland, the Republic of South Africa, Australia or New Zealand. This document does not constitute an offer to sell or a solicitation or an offer to buy any Ordinary Shares within the United States. The Ordinary Shares may not be offered or sold within the United States or to US Persons except in accordance with the registration requirements of the Securities Act, and under the securities laws of any applicable state or pursuant to an exemption therefrom. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Admission Document. Any representation to the contrary is a criminal offence in the United States.

In making any investment decision in respect of the Ordinary Shares, no information or representation should be relied upon other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised.

## IMPORTANT INFORMATION

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Ordinary Shares and any income from Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see further under "Part II: Risk Factors" of this document).

Potential investors contemplating an investment in Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in Ordinary Shares.

If you are in any doubt about the contents of this document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the laws and practices currently in force in England and Wales, or Jersey, as applicable, and are subject to changes therein.

This document should be read in its entirety before making any investment in the Company.

Certain statements contained herein are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group will operate, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

This document has been drawn up in accordance with the AIM Rules and it does not comprise a prospectus for the purposes of the Prospectus Regulations 2005 in the United Kingdom. It has been drawn up in accordance with the requirements of Directive 2003/71/EC (the "Prospectus Directive") only in so far as required by the AIM Rules and has not been delivered to the Registrar of Companies in England and Wales for registration.

This document has been prepared for the benefit only of a limited number of persons all of whom qualify as "qualified investors" for the purposes of the Prospectus Directive, to whom it has been addressed and delivered and may not in any circumstances be used for any other purpose or be viewed as a document for the benefit of the public. The reproduction, distribution or transmission of this document (either in whole or in part) without the prior written consent of the Company and Panmure Gordon is prohibited.

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## EXPECTED TIMETABLE FOR THE PLACING AND ADMISSION

Publication of Admission Document	28 May 2012
Admission becomes effective and dealings in the Enlarged Share Capital expected to commence on AIM	8.00 a.m. on 1 June 2012
Expected date for CREST accounts to be credited (where applicable)	EIS Placing Shares on 31 May 2012 All other Placing Shares on 1 June 2012
Despatch of definitive share certificates (where applicable)	by 12 June 2012

### Notes

1. Each of the times and dates in the above timetable is subject to change. Any such change will be notified by an announcement through a Regulatory Information Service.
2. References to all times are to London times.

## PLACING STATISTICS

Placing Price per Ordinary Share	£1.80
Number of Existing Ordinary Shares as at the date of the Admission Document	12,218,776
Number of new Ordinary Shares being issued pursuant to the Placing	8,333,334
Number of Placing Shares being sold or issued pursuant to the Placing*	9,992,915
Number of Ordinary Shares in issue at Admission*	20,552,110
Percentage of Enlarged Share Capital represented by the new Placing Shares*	40.5 per cent.
Gross proceeds of the Placing receivable by the Company*	£15.0 million
Estimated net proceeds of the Placing receivable by the Company*	£12.5 million
Market capitalisation of the Company at the Placing Price at Admission*	£37.0 million
ISIN Code	JE00B6Y3DV84

\*Assuming the Placing is fully subscribed.

## DIRECTORS, OFFICERS AND ADVISERS

<b>Directors:</b>	David James Richards, <i>Chairman and Chief Executive Officer</i> James Milton Campigli (Jim Campigli), <i>Chief Operating Officer</i> Anthony Nicholas Parker (Nick Parker), <i>Chief Financial Officer and Company Secretary</i> Paul Ashton Walker, <i>Non-executive Director</i> Ian Barnet Duncan, <i>Non-executive Director</i>	
<b>Business and contact address for the Directors and the Company Secretary:</b>	Electric Works Sheffield Digital Campus Sheffield S1 2BJ	
<b>Registered Office:</b>	47 Esplanade St. Helier Jersey JE1 0BD	
<b>Nominated Adviser and Broker:</b>	Panmure Gordon (UK) Limited Moorgate Hall 155 Moorgate London EC2M 6XB	
<b>Reporting Accountants:</b>	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW	
<b>Lawyers to the Company as to UK Law:</b>	DLA Piper UK LLP 1 St Paul's Place Sheffield S1 2JX	
<b>Lawyers to the Company as to Jersey Law:</b>	Carey Olsen 47 Esplanade St. Helier Jersey JE1 0BD	
<b>Lawyers to the Company as to US Law:</b>	Gunderson Dettmer Stough Villeneuve Franklin & Hachigian LLP 220 West 42nd Street 20th Floor New York NY 10036	DLA Piper US LLP 1251 Avenue of the Americas 27th Floor New York NY 10020-1104
<b>Lawyers to the Nominated Adviser and Broker:</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL	
<b>Transfer Agent:</b>	Neville Registrars Limited 18 Laurel Lane Halesowen West Midlands B63 3DA	
<b>Administrator:</b>	Dominion Corporate Services Limited 47 Esplanade St. Helier Jersey JE1 0BD	
<b>Company's principal bankers:</b>	HSBC Bank plc 503 Langsett Road Hillsborough Sheffield S6 2LP	

## DEFINITIONS

“2006 Act”	the Companies Act 2006 of England and Wales, as amended
“Admission”	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“Admission Document”	this document dated 28 May 2012
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as appropriate
“AIM Rules for Companies”	the rules published by the London Stock Exchange entitled “AIM Rules for Companies”
“AIM Rules for Nominated Advisers”	the rules published by the London Stock Exchange entitled “AIM Rules for Nominated Advisers”
“Articles”	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part IV of this document
“CEO”	Chief Executive Officer
“certificated form” or “in certificated form”	not in uncertificated form (that is, not in CREST)
“CFO”	Chief Financial Officer
“City Code”	the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers in the United Kingdom and, from time to time, any successor or replacement body thereof
“Company”	WANdisco plc incorporated in Jersey with company number 110497 whose registered address is 47 Esplanade, St Helier, Jersey JE1 0BD
“Corporate Governance Guidelines”	the corporate governance guidelines for AIM companies published by the QCA in September 2010
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland which facilitates the transfer of title to shares in uncertificated form
“CREST Manual”	the compendium of documents entitled CREST Manual issued by Euroclear UK & Ireland from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
“CREST Regulations”	the Companies (Uncertificated Securities) (Jersey) Order 1991, as amended
“Directors” or “Board”	the directors of the Company as at the date of this document, whose names are set out on page 5 of this document
“DTR”	the Disclosure Rules and Transparency Rules published by the FSA
“EBITDA”	earnings before interest, tax, depreciation and amortisation

“EIS”	the Enterprise Investment Scheme, as defined in Part 5 of the Income Tax Act 2007
“EIS Placing”	the conditional placing by Panmure Gordon of the EIS Placing Shares at the Placing Price in accordance with the Placing Agreement
“EIS Placing Shares”	the 570,465 new Ordinary Shares to be issued by the Company to EIS investors pursuant to the EIS Placing
“EMI Plan”	WANdisco plc’s Enterprise Management Incentive Plan
“Enlarged Share Capital”	the enlarged issued ordinary share capital of the Company following completion of the Placing
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“Existing Ordinary Shares”	the existing ordinary shares of £0.10 each in the capital of the Company
“Executive Directors”	David Richards, Jim Campigli and Nick Parker
“FSA”	the UK Financial Services Authority
“FSMA”	the UK Financial Services and Markets Act 2000, as amended
“Gartner”	Gartner Inc., a research company whose headquarters are 56 Top Gallant Road, Stamford, CT 06902, USA
“Gartner Report”	the report entitled Market Share Analysis: Application Development Software, Worldwide, 2010 published by Gartner on 21 April 2011
“Group” or “WANdisco”	the Company and its subsidiaries
“Hewlett Packard” or “HP”	Hewlett-Packard Company
“HMRC”	Her Majesty’s Revenue & Customs
“IFRS”	International Financial Reporting Standards (including International Accounting Standards)
“Jersey Companies Law”	Companies (Jersey) Law 1991 (as amended)
“Juniper Networks”	Juniper Networks, Inc.
“Librados”	Librados, Inc.
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the UKLA
“Ordinary Shares”	ordinary shares of £0.10 each in the capital of the Company
“Panel”	the UK Panel on Takeovers and Mergers
“Panmure Gordon”	Panmure Gordon (UK) Limited incorporated in England and Wales under company number 04915201 whose registered office is at 155 Moorgate, London EC2M 6XB

“Placing”	the conditional placing by Panmure Gordon of the EIS Placing Shares, the VCT Placing Shares and the Placing Shares at the Placing Price in accordance with the Placing Agreement
“Placing Agreement”	the conditional agreement dated 28 May 2012, between the Company, the Directors, WANdisco International Limited, on behalf of the Selling Shareholders, the Selling Shareholders and Panmure Gordon relating to Admission, details of which are set out in paragraph 14.1 of Part IV of this document
“Placing Price”	£1.80 per Placing Share
“Placing Shares”	the 9,992,915 Ordinary Shares to be issued by the Company or sold by the Selling Shareholders pursuant to the Placing
“PRC”	the People’s Republic of China
“Promissory Notes”	the promissory notes issued to the Selling Shareholders as described in more detail in paragraph 14.4 of Part IV of this document
“Prospectus Rules”	the Prospectus Rules published by the FSA made under Part IV of the FSMA
“QCA”	Quoted Companies Alliance
“Sale Shares”	the 1,659,581 existing Ordinary Shares to be sold by the Selling Shareholders pursuant to the Placing
“SEC”	the US Securities and Exchange Commission
“Securities Act”	the US Securities Act of 1933, as amended
“Selling Shareholders”	each of David Richards, Jim Campigli, Dr. Yeturu Aahlad, Mohammad Naeem Akhtar and Vincent Eagen, acting through WANdisco International Limited, as their trustee whose business address is Electric Works, Sheffield Digital Campus, Sheffield S1 2BJ, United Kingdom
“Shareholders”	holders of Ordinary Shares in the Company
“Share Option Plans”	the EMI Plan, the Unapproved Plans and the US Option Plan
“Sterling” or “£” or “pence”	respectively pounds and pence sterling, the lawful currency of the United Kingdom
“Transfer Agent”	Neville Registrars, the Company’s transfer agent
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the revised code on the principles of good corporate governance and best practice published in May 2010 by the Financial Reporting Council
“UKLA”	the FSA acting in its capacity as the competent authority for the purposes of Part VII of FSMA
“Unapproved Plans”	the WANdisco plc Unapproved Sub-Plans of the EMI Plan
“UK Option Plan”	the EMI Plan and the Unapproved Plans

“uncertificated form” or “in uncertificated form”	recorded in the register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US” or “USA” or “United States”	the United States of America, its territories and possessions, any state or political sub-division of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America
“US Option Plan”	the US Sub-Plan of the EMI Plan
“US Person”	has the meaning assigned to it in Regulation S under the Securities Act
“VAT”	value added tax
“VCT”	a Venture Capital Trust, as defined in Part 6 of the Income Tax Act 2007
“VCT Placing”	the conditional placing by Panmure Gordon of the VCT Placing Shares in accordance with the Placing Agreement
“VCT Placing Shares”	the 431,713 new Ordinary Shares to be issued by the Company to VCT funds pursuant to the VCT Placing

## GLOSSARY

“Application Lifecycle Management” or “ALM”	Application Lifecycle Management, being the continuous process of managing the life of an application through governance, development and maintenance
“Apache Software Foundation” or “ASF”	the association of software engineers which provides support for the Apache community of open source software products
“Application Development” or “AD”	the development of a software product
“Big Data”	a term applied to data sets whose size is beyond the ability of commonly used software tools to capture, manage and process the data within a tolerable elapsed time
“Binaries”	executable software rather than raw source code files
“CORBA”	Common Object Request Broker Architecture
“CVS”	the open source Concurrent Versions Systems, being a software version control system
“DConE”	Distributed Coordination Engine
“Enterprise Software”	software used in an organisation that is an integral part of a computer information system
“IT”	information technology
“LAN”	Local Area Network
“OEM”	original equipment manufacturer
“open source”	software provided in source code form under a free licence
“One-Copy Equivalence”	all servers have exactly the same copy of data
“Riverbed”	Riverbed Technology
“SCCM”	Software Change and Configuration Management
“SME”	small and medium sized enterprises
“Subversion”	Apache Subversion, an open source software version control system
“Subversion Project”	an open source version control system, developed as part of the Apache Software Foundation
“WAN”	Wide Area Network

# PART I

## INFORMATION ON THE GROUP

### 1. Overview

WANdisco (Wide Area Network Distributed Computing) is a leading provider of global collaboration software to the software development industry.

Organisations with globally distributed software engineering teams are facing increasing issues arising from network latency and inconstant availability, restrictions on scalability and security. WANdisco's differentiated patent-pending technology, the Distributed Coordinated Engine ("DConE"), provides a cost-effective solution to these problems by changing the way servers interact over a wide area network ("WAN"), enabling geographically distributed servers to stay continuously synchronised.

By using WANdisco's technology in conjunction with Subversion, an open source version control system, software developers at globally distributed sites are able to access the same program data, locally, at all times. Software developers can make changes locally and see each other's changes immediately, irrespective of where the changes originated, thereby speeding-up and simplifying the software development process with a consequent beneficial impact on efficiencies and returns.

To date, WANdisco has focussed on exploiting its technology within the software development industry. Going forward, the Directors believe that there is potential to apply its DConE technology to other significant markets, including the Big Data market, and thereby continue the Company's strategy of rapid organic growth through product expansion and customer acquisition.

WANdisco has exploited its technological lead and its customer base includes a number of Fortune 100 companies, including HP, Intel, Barclays and AT&T.

WANdisco's subscription licensing model gives it a high visibility of earnings, and a strong underlying renewal rate underpins the Directors' belief in the strength of its products and services offering. The Company's success to date has allowed it to grow organically without any venture capital, angel investors or private equity funding. Revenue has increased by 30.0 per cent. from \$3.0 million in 2010 to \$3.9 million in 2011 and EBITDA before share based payments and exceptional costs has increased from a loss of \$0.8 million in 2010 to a profit of \$0.2 million in 2011.

The Group currently has 49 employees and is headquartered in Sheffield, UK with an office in Silicon Valley, California, USA and a small presence through a local agent in Tokyo, Japan. The Company has conditionally raised £15.0 million (gross) through the Placing to pursue growth opportunities, principally, through sales team enhancement and the development of an offering in the Big Data market.

### 2. History and Background

David Richards, Jim Campigli and Dr. Yeturu Aahlad were part of a core team who founded WANdisco, Inc. in 2005 as a Delaware, US 'C' corporation with offices in Pleasanton, California. The Group's mission was, and continues to be, to push the limits of what can be achieved with distributed systems deployed on a WAN by applying its differentiated patent-pending technology, the DConE. The DConE, developed in 2005, is the result of the work of Dr. Yeturu Aahlad who had theorised a model for effective active-active replication, where a system of distributed servers, connected over a WAN, remains in continuous synchronisation.

WANdisco's first suite of products was based on the open source Concurrent Versions System ("CVS"), a software version control system. As Subversion grew in popularity in the software development community, the Group's product focus shifted to serve Subversion as well. The Group still offers products and services for those customers that continue to use CVS, albeit these represent a declining share of Group revenues.

WANdisco gained its first customer in October 2005 through the sale of its initial product, CVS MultiSite. At the same time, WANdisco began working on its first product in the Subversion suite: Subversion MultiSite. This was a product that many had thought was impossible to engineer and would not work. WANdisco's product portfolio was extended in May 2006 with the launch of CVS Access Control and Subversion Access Control, which provided security and audit capabilities for CVS and Subversion.

In 2007, WANdisco expanded geographically with its first sales in the UK, Japan and Australia, and in 2008 with the opening of its headquarters in Sheffield, UK. Over this period, further new products and services were launched, including WANdisco's Subversion Support Services. In June 2008, WANdisco was named in the Software Development Times 100 List, which recognises the top innovators and leaders in the software development industry.

WANdisco further developed its customer network in 2009, signing contracts with Hewlett Packard and Juniper Networks amongst others. The contract with Hewlett Packard represented the Group's first multi-million dollar sale for Subversion MultiSite. Since 2009, WANdisco has been a significant contributor to the Subversion project by employing full-time core Subversion developers. These developers have enabled WANdisco to enhance its Subversion Support Services offerings by being a significant contributor to the Subversion open source code base. This has allowed WANdisco to provide the same level of support for open source Subversion that is normally only available for commercially licensed software.

In July 2010, WANdisco moved its business away from a perpetual to an annuity based subscription model, to create a more sustainable and predictable revenue stream.

WANdisco continued to expand its product portfolio in 2011, with the release of uberSVN: a free Application Lifecycle Management ("ALM") platform built on Subversion. uberSVN provides an easily accessible platform onto which software development project management tools can be installed and used. In addition to uberSVN, WANdisco launched uberAPPS, an online store offering applications and services for enterprise ALM which are certified to work with Subversion and uberSVN. In November 2011, Nick Parker joined as Chief Financial Officer and WANdisco received the 2011 British Computing Society's Business IT Innovation of the Year award for uberSVN, as well as being named in the Red Herring North America Top 100, an award in recognition for leading private technology start-up companies in North America.

### **3. Key Strengths**

WANdisco has the following key strengths:

#### **Significant growth opportunities**

WANdisco's differentiated patent-pending technology can be applied to multiple adjacent customer markets and vertical industries.

#### **Blue chip customers**

WANdisco's products and services are used by some of the world's best known and well regarded companies across a broad range of industry sectors. Customers include Aviva, Hewlett Packard, Honda, Intel, Johnson & Johnson, Lockheed Martin, Nokia, Sun Microsystems and Wal-Mart.

#### **Differentiated product**

WANdisco's core technology has allowed the Company to develop award-winning products which offer a highly differentiated set of features and benefits which have underpinned the success of the Company to date.

#### **High visibility of earnings**

WANdisco now operates a subscription-based licensing model which, coupled with the currently high level of underlying existing customer renewals, provides the Group with a sustainable, predictable and recurring revenue stream and high visibility over future earnings.

#### **Strength and depth of management team**

WANdisco has a strong management team with significant experience of operating in the technology industry and of managing high growth companies.

## Large market opportunity

WANdisco has secured over 200 customers to date but this amounts to a small percentage of the total market opportunity. Management has a clear vision on how to exploit this opportunity, principally via sales force expansion across targeted geographies and industries.

## 4. Overview of Technology

### 4.1. WANdisco's technology

WANdisco's differentiated patent-pending technology, the DConE, allows multiple instances of the same application to operate on independent hardware without sharing any resources. All of the application servers are synchronised continuously by the DConE and operate as peers to each other, regardless of whether the servers are on the same Local Area Network ("LAN") or are globally separated and accessible only over a WAN. This is achieved by immediately replicating changes made against one server to the others ("active-active replication"). With this core technology, WANdisco's software creates the effect of a single server system performing at LAN speed, even though the servers may be thousands of miles apart. This has significant implications in terms of maximising productivity, eliminating downtime and preventing data loss in a globally distributed collaborative work environment.

WANdisco's technology represents a significant departure from the master-slave architectures employed by other data replication solutions. In master-slave architectures changes can only be written to the master server. The changes are then replicated to read only slave servers. If the master server were to experience downtime, no updates would be possible anywhere in the implementation, creating a single point of failure.

In contrast, once WANdisco's products are installed at each site, each server becomes an active node on the WAN with its own DConE. These DConEs work cooperatively as peers to perform distributed transaction management tasks, handle conflicts and ensure that the same write order is maintained across all of the servers. This means that, in effect, WANdisco provides One-Copy Equivalence (consistent data) across a system of distributed servers connected over a WAN, or LAN, and if one server were to experience downtime there would be no effect on the other servers in the implementation.

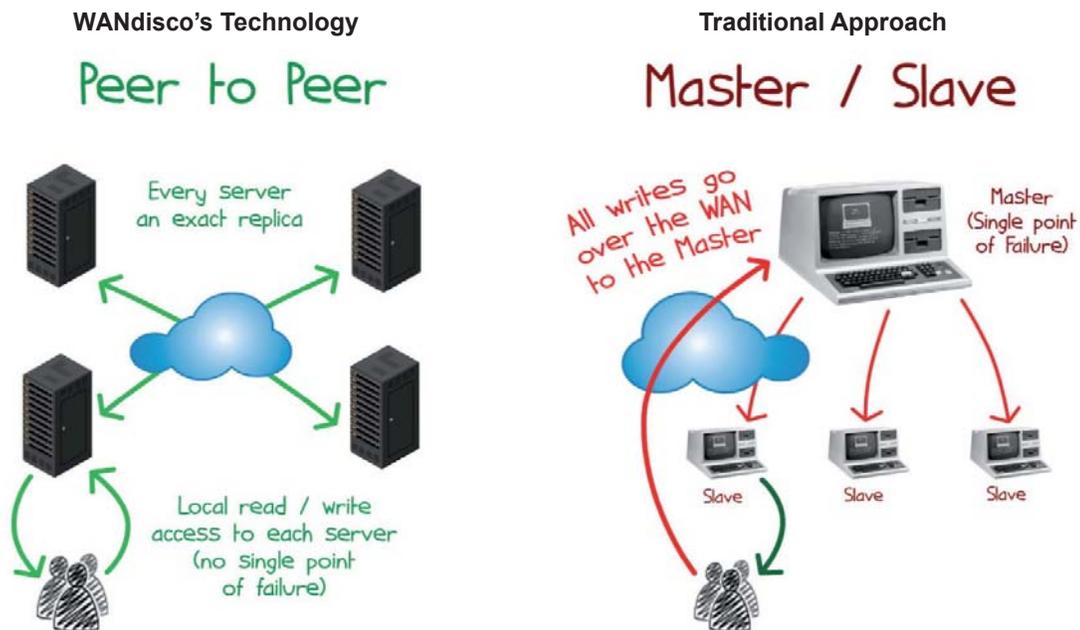


Figure 1: The differentiated approach of WANdisco's technology compared to traditional master-slave approaches to replication

### 4.2. Subversion (SVN) Open Source Version Control System

WANdisco offers paid-for enterprise software and services for the global, leading software version control system, open source Subversion.

Open source software is computer software that is provided in source code form under a free software licence, which permits users to study, change, improve and distribute the software. Open source software is predominantly developed in a public, collaborative manner, even if it is exploited primarily by commercial organisations and developed by their staff.

Subversion is an open source software versioning and revision control system distributed under a free licence. Since 2007, Subversion has been recognised as the leader in the Software Change and Configuration Management (“SCCM”) category. Subversion is used to maintain current and historical versions of files such as software code, design models, web pages, and documentation. As such, Subversion is core to the software development infrastructure of the organisations that use it.

The Subversion Project was launched in 2000 as an effort to write an open source version control system which offered major improvements over its predecessor, CVS. Subversion is now an Apache Software Foundation project being built and used by a global community of contributors with five million users worldwide, including Global 2000 companies. WANdisco plays an active role in the Apache Subversion open source project, with senior active core developers from the Subversion community being employees of WANdisco.

#### 4.3. WANdisco’s technology and Subversion

The net result of WANdisco’s active-active replication architecture is that each developer’s experience is the same as it would be if all of the developers were working together at the same location against the same server, over a LAN instead of a WAN.

The key advantages of WANdisco’s active-active replication technology when applied to Subversion are:

- **Performance:** distributed servers stay continuously synchronised, so that users at every location have the same access for both reads and writes, as if they were all working in one office. With other solutions using master-slave architectures, distributed developers often submit changes to outdated versions of the same software programs, due to the lag time in receiving the latest data, creating significant additional work. Using WANdisco’s technology, software developers at different sites can make changes to the same source code files at the same time.
- **Availability:** each server is always an exact replica of every other, providing continuous operation with no downtime or data loss, even during routine maintenance. Recovery after server or network outages is automatic, without the risk of human error. EMC Symmetrix’s synchronous disaster recovery and business continuity solution can only provide this between servers connected over a Metropolitan LAN (generally distances of up to 120 miles).
- **Scalability:** WANdisco’s technology enables distributed software development to be scaled to include additional sites, servers and users, whilst maintaining consistent levels of performance and availability.

### 5. Products

As with many open source solutions, there is a shortfall between what Subversion offers on its own and what large globally distributed organisations require. WANdisco overcomes this shortfall with products and services that enable Subversion to perform and scale to enterprise levels over a WAN, with continuous availability and security features that protect the data stored in Subversion. More recently WANdisco has introduced products and services aimed at addressing the needs of the SME market, with the release of uberSVN.

#### 5.1 Subversion open source binaries

WANdisco offers free downloads of certified Subversion binaries that provide a complete, fully tested version of Subversion based on the most recent approved release. WANdisco offers these free downloads in order to increase its presence and profile in the Subversion market, and to act as a base upon which customers can purchase WANdisco’s support services and other products.

## 5.2 Enterprise Subversion

WANdisco's enterprise Subversion products provide enterprise class performance, scale and availability via Subversion MultiSite; security via Subversion Access Control and support via WANdisco's Subversion Support Services.

- **Subversion MultiSite:** Subversion MultiSite is WANdisco's flagship product that currently accounts for the majority of WANdisco's revenues. Subversion MultiSite leverages the technological advantage of WANdisco's proprietary active-active technology and enables globally distributed software engineering teams using Subversion, to have local access to the same data at all times, regardless of where the data originated. Subversion MultiSite makes it possible to achieve the same level of collaboration globally that is only otherwise possible between developers at a single location. Subversion MultiSite also enables continuous operation with no downtime or data loss in the event of planned or unplanned network or server outages.

The Directors believe that Subversion MultiSite can deliver significant return on investment ("ROI"), which is in excess of 150 per cent., with payback periods of less than 12 months for certain customers. They are also of the belief that the product increases the speed of software builds by three to four times, reduces downtime due to maintenance to zero, and reduces overall development cycles by over 40 per cent. It is the Directors view that as the number of users and sites increases, the higher the ROI and shorter the payback period.

Subversion MultiSite can also be deployed in a cluster to solve the problems often encountered by large software engineering teams at a single location, working over a LAN, and is available with third party load balancing software (load balancing software optimises server performance by taking each server's load into account before routing user requests).

- **Subversion Access Control:** Subversion Access Control provides an easy-to-use, point-and-click interface that enables the implementation and maintenance of sophisticated security policies. Whilst Subversion does provide security features, Subversion Access Control significantly builds on those to offer an authorisation, authentication and audit security solution. Comprehensive audit capabilities report every access attempt down to the file level and valuable intellectual property is protected.

Subversion Access Control can be implemented standalone or in combination with Subversion MultiSite allowing security policies to be immediately replicated to enforce consistency across all servers. This capability is especially relevant in the United States, where audits under Sarbanes Oxley focus on the potential financial losses that companies might experience if proprietary software were to fall into the hands of a competitor. This is a significant issue in the current environment in which software development is frequently outsourced to regions with less robust intellectual property protection.

- **Subversion Support:** WANdisco offers enterprise-class support services for Subversion for organisations that require guaranteed response times, continuous access to web and phone based support, automated delivery of the latest fixes and upgrades and other benefits that typically come with a commercial software vendor's support contract. One of the advantages of WANdisco's Subversion Support Services is that WANdisco employs Subversion developers who are significant contributors to the open source code base. In addition, Hyrum Wright, WANdisco's director of open source, has also been the Subversion project release manager since 2008.

Subversion Support also offers indemnification cover to protect companies who have downloaded Subversion from the WANdisco website, from potential intellectual property litigation (which can be a problem with open source if unauthorised third party software is present).

In addition, WANdisco offers free community support for Subversion through its website, SVNForum.org, where a community of over 25,000 Subversion users exchange information, answer questions and offer advice on Subversion open source technology.

### 5.3 uberSVN

uberSVN is a free Application Lifecycle Management (“ALM”) platform built on Subversion, aimed at addressing the needs of the SME market. uberSVN provides an easily accessible platform onto which software development project management tools can be installed and used. uberSVN can be deployed either in-house or as a cloud application.

There have been over 19,000 installations of the free version of uberSVN in the first year following its launch in April 2011. The Directors also believe that the success of uberSVN is principally due to its ease of use. uberSVN enables developers who have not previously worked with Subversion to install it and begin using it immediately without the need for training. WANdisco has used the free version of uberSVN to ‘seed’ the market for a number of software development applications and related services provided by third party partners offered through its uberAPPS store. Currently, the uberAPPS store has nine applications available. The Directors envisage that there will be more applications and related services by the end of the 2012 calendar year.

All of the partner applications purchased through the uberAPPS store have been tested and certified to work with Subversion and uberSVN. uberAPPS offers a single website to purchase software development lifecycle applications from any number of uberAPPS partners. Given the ease of purchase and installation, uberAPPS has been designed to enable IT developers to significantly reduce or eliminate the extended product evaluations and long implementation cycles normally required before new software is deployed.

### 5.4 Enterprise CVS

The Group still offers products (CVS MultiSite and CVS Access Control) and services for those customers that continue to use CVS, albeit this represents a declining share of Group revenues.

## 6. Intellectual Property

The Group protects its intellectual property including software, website content and product documentation through a variety of methods, including by the laws of copyright. Confidential information, including details of the software algorithm contained in the DConE, along with sensitive information about customers, are protected by proprietary information and invention agreements and non-disclosure agreements entered into by WANdisco and its employees and contractors. Confidential information is also protected by non-disclosure agreements entered into by WANdisco and its partners and through the terms and conditions of software licence agreements with its customers. The Group is aware of the value of its confidential information and does not expose confidential information to any party without having appropriate non-disclosure agreements in place beforehand.

WANdisco’s differentiated technology, the DConE, is patent-pending in the US. The initial patent application, which was filed in January 2006, and a second patent application, which was filed in February 2008, are both still under review having overcome a series of prior art objections made by the US patent office. The patent applications have been written in a manner that describes what the DConE does, but not how it does it, thereby significantly reducing any reverse engineering risks. WANdisco is in the process of filing additional patent applications for inventions related to the DConE in the US and will be filing for similar patent protection for the DConE in Europe, the Middle East, Africa and Asia.

WANdisco has registered the trademark “WANdisco” in the US and has applications pending for “uberSVN”, “uberAPPS”, “We make software happen” and “We make software possible” in the US.

The WANdisco domain names of WANdisco.com, WANdisco.net and WANdisco.org are all registered in WANdisco’s name.

## 7. Customers

WANdisco currently has more than 200 customers globally, a number of which are in the US Fortune 100. In 2011, WANdisco’s top ten customers accounted for 45.1 per cent. of Group revenues. Customers include: AT&T, Barclays, Hewlett Packard, Honda, Intel, John Deere, Johnson & Johnson, Juniper Networks, NCR, NTT, Motorola and Wal-Mart. Approximately 78.1 per cent. of WANdisco’s customers, by sales, are based in the US, with the balance split between Europe 17.1 per cent. and the Rest of the World 4.8 per cent.

With the exception of two small resellers which the Company uses in Japan and the USA, the Company employs a direct sales method to reach its target customers, underpinned by marketing automation to target and access new customers.

## **8. Partnerships and Strategic Alliances**

WANdisco maintains a number of partnerships and strategic alliances as part of its go-to-market strategy. These partnerships fall into three main categories:

*Product resellers* – WANdisco has reselling agreements with GF Solutions for the sale of its products and services in Japan and A Better Solution, Inc. for the sale of its products and services in the USA.

*OEM suppliers* – WANdisco has an OEM agreement with Riverbed to package its Zeus intelligent load balancing products with Subversion MultiSite.

*uberAPPs third party partners* – WANdisco has a number of agreements with third party partners to resell their products and services through its uberAPPs online store and to integrate them into WANdisco's own products for sale to its end users. These partners include Cloud Bees, a continuous integration server provider and uTest, a software testing platform provider.

WANdisco is also a corporate sponsor of the Apache Software Foundation (“ASF”) and has employees that are both members of, and contributors to, the ASF. The ASF is a non-profit corporation that hosts a number of the world's most popular open source projects in addition to Subversion, including the Apache Web Server, Apache Hadoop, Apache OpenOffice and nearly 150 other open source projects. Other corporate sponsors of the ASF include Google, Yahoo, Microsoft and Facebook.

## **9. Revenue Model**

Akin to the likes of RedHat Inc., WANdisco uses the “Freemium” business model to offer paid-for products and services, with enhanced features and functionality around open source software. WANdisco uses an annual subscription licence model to sell its products, providing a predictable revenue stream and a foundation for further expansion. Prior to the third quarter of 2010, WANdisco sold its products under a perpetual licence model. Perpetual licence revenue only accounted for \$144,000 of total revenue in 2011.

Subscription agreements are typically one year rolling agreements paid annually in advance, although in certain circumstances multi-year licences are agreed. The cost for all product licences is determined by two primary factors: the number of named users and the number of servers, and this is enforced through the terms and conditions of the Company's software licences. The software subscription licence includes software, standard support for eight hours a day for five days a week, and upgrades for the length of the paid subscription period; additional training, implementation services and open source and premium support (24 hours a day, seven days a week) are available for an additional fee. The cost of enterprise-class Subversion Support Services annual subscription is determined by the hours of coverage per week, the guaranteed response times and the number of permitted support cases per year.

Using the subscription model, WANdisco's renewals team has clear targets forecasted from sales during the same quarter of the previous year. The renewals team also focuses on selling additional WANdisco products and services to existing customers. Excluding the impact of two exceptional non-renewal cases by two customers, renewal rates from H2 2010 to H2 2011 by booking value were 102.5 per cent. and by number of customers, 93.5 per cent. Including the two exceptional non-renewal cases, these renewal rates would be 47.9 per cent. and 87.9 per cent. respectively. The Directors believe WANdisco's high renewal rates are due to the difficulty of switching software providers and the fact that WANdisco's software forms an integral part of its customers' software development operations.

In 2011, subscription and support licensing accounted for 82.5 per cent. of Group revenue and maintenance, support and other services accounted for 17.5 per cent. of Group revenue.

## **10. Overview of the Market**

The Directors believe that an increasing number of enterprises are switching from commercially licenced SCCM products for their software development needs to open source Subversion, for cost and ease of use

and deployment reasons. As enterprises continue to adopt Subversion and undertake software development in different geographical locations, this is leading to a growing demand for additional functionality, including performance, scale, availability and security. WANdisco is well positioned to meet these growing demands, particularly as software development is undertaken offshore.

WANdisco's Subversion MultiSite forms part of the SCCM market, which in the Gartner Report, was valued at \$843.4 million in 2011 and was forecast to grow to \$919.4 million in 2015. In the same report, Gartner valued the broader ALM market (the market which uberSVN is a part of) at \$1.5 billion in 2011, forecast to grow to \$1.8 billion in 2015, and the Application Development market (including both SCCM and ALM) at \$8.6 billion in 2011, forecast to grow to \$9.4 billion in 2015.

## **11. Competition**

In a survey conducted on 1,020 application development professionals, who each spend greater than 30 per cent. of their time per week writing code, Subversion was shown to be the market leader in SCCM, used by 33.4 per cent. of those surveyed, with its predecessor CVS being used by 11.9 per cent. of those surveyed. The majority of the remainder of the version control products mentioned in the survey are non-open source; these include Microsoft Visual Source Safe (12.5 per cent.), Microsoft Team Foundation Server (8.5 per cent.), Perforce (6.1 per cent.), IBM Rational ClearCase (5.4 per cent.), Git/GitHub (2.7 per cent.), Serena Software PVCS (1.7 per cent.), Microfocus (Borland) StarTeam (1.6 per cent.). The survey was conducted in Q3, 2009 and posted on forrester.com in January 2010 as part of a blog, Forrester Datatype: SCM Tool Adoption.

Whilst the Directors believe that there is no other company with the technology that offers the functionality and benefits of active-active replication, there are other products which provide replication capability using some form of master-slave architecture. These include IBM Rational ClearCase MultiSite, Microfocus StarTeam and Perforce. The key drawback of master-slave architectures is that they have a single point of failure, with the weaknesses noted in paragraph 4.1 of this Part I. In contrast, WANdisco's architecture provides continuous synchronisation capabilities across a set of globally distributed Subversion servers in a peer-to-peer manner. There is also a master-slave replication solution for Subversion, SVNsync. However SVNsync does not provide the performance, scalability or availability required by large enterprises.

There are various suppliers of support services to enterprise Subversion users including CollabNet, Inc. and other small scale consulting firms. WANdisco has had a number of Subversion support customers switch from these other providers to WANdisco's professional Subversion support offerings.

## **12. Strategy**

The Group's strategy is to increase its share of the software development market, whilst also applying its technology to new markets, including both adjacent customer markets and vertical industries.

The Directors believe that the Group is well positioned to pursue the growth strategy as outlined below:

### **Market share growth**

The Group currently has in excess of 200 Enterprise Subversion customers, a small proportion of the total number of companies both using Subversion and developing software as estimated in the Gartner Report. The Group is targeting growth in market share through expansion of its sales force for new customer acquisition both on an industry and geographic basis.

### **Development of new products**

WANdisco intends to continue expanding into the ALM market by developing its uberSVN product suite, which is designed to be deployed by customers in-house or as a cloud application.

The Directors plan to develop uberSVN Team and uberSVN Enterprise to complete the uberSVN product suite. Whilst uberSVN is designed as an entry level product, uberSVN Team is aimed at small to mid-sized companies requiring additional products, services and training to those offered with the free product. The Directors believe there is a strong opportunity in the currently untapped small to mid-cap market and believe contract sizes could range up to \$50,000 per annual licence.

For global organisations with geographically distributed teams, WANdisco plans to offer uberSVN Enterprise, a combination of uberSVN and Subversion MultiSite to provide security, indemnification and data protection over a larger scale in a more simplified and easily accessible manner. The Directors believe contracts with uberSVN Enterprise could range up to \$800,000 per annual licence.

### **Expansion into the Big Data market**

The Directors believe that WANdisco's core DConE replication technology can be applied to other markets such as the Big Data market, which Wikibon, an open source analyst firm, has forecasted to grow to \$50 billion by 2017 in its report: Big Data Market Size and Vendor Revenues dated 8 May 2012. Enterprises using open source databases, such as Hadoop, include high volume websites such as Facebook, Amazon, Yahoo, LinkedIn, Apple and eBay. The Directors believe that WANdisco's replication technology would have a wide application in the Big Data market, for its ability to enable reliability, availability and performance without a single point of failure.

### **Geographic expansion**

WANdisco is looking to expand geographically, particularly into Asia and Continental Europe. In 2011, China's software and information technology services outsourcing industry reached revenues of \$29.2 billion, an increase of 32.4 per cent. compared to 2010. The Company intends to open an office in China for sales and support teams.

### **Accretive acquisitions**

The open source software industry includes many small companies, often with fewer than five employees. WANdisco is aware that there are a number of small companies with complementary technologies, and should the opportunity arise, the Directors would consider making an acquisition.

## **13. Current Trading and Prospects**

Trading from the period from 31 December 2011 to the date of this document has exceeded management's expectations and has continued to deliver sales growth, along with generating cash and positive EBITDA.

For the first quarter of 2012, renewal rates by value were 152.0 per cent. of those forecasted, based on subscription licence values booked in the first quarter of 2011. This was a result of customers purchasing more user licences, adding on more sites or committing for longer time periods to WANdisco's products. After adjusting for multi-year deals, the annualised renewal rate by booking value was 85.9 per cent. and by number of customers was 83.3 per cent.

In addition, the Group acquired a further ten new customers, including FINRA and Huntington National Bank and total cash bookings for the quarter were \$1.5 million, of which approximately \$0.7 million will be recognised as revenue in the current year in addition to the \$2.9 million that will be released from revenue reserves in prior years.

In the first five weeks of the second quarter of 2012, the level of cash bookings has been considerably ahead of any previous quarter for the similar initial period. Previously, the receipt of bookings has been heavily biased towards the end of the quarter.

In terms of new products, WANdisco has launched a new Subversion Access Control and Subversion MultiSite product (Version 4.1), as well as having enhanced the offering from the uberAPPS store with the addition of six new applications.

The Group is also on track for developing a prototype using its DConE technology for the Big Data market, for use in initial trials towards the end of this financial year.

Overall, the Directors continue to see further sales growth opportunities within the current and target customer base for both existing and new products and the Directors look forward to the rest of the financial year with optimism.

#### **14. Board of Directors and Senior Management**

**David James Richards**, *Chairman and Chief Executive Officer of the Company and President of WANdisco, Inc. (41)*

David founded the Company in 2005, as part of a core team including Jim Campigli and Dr. Yeturu Aahlad.

David has over 15 years of experience as an executive in the software industry as CEO, board member and advisory board member of Silicon Valley start-up ventures. From 2003 to 2004, David served as the Chairman, President and CEO of Librados, where he took the company from an early stage technology company to achieving significant customer and revenue growth. David led the company's acquisition by NetManage Inc. (Nasdaq:NETM) just over a year after joining the company. Following its acquisition he joined the executive management team of NetManage where he served as Senior Vice President and General Manager.

Prior to Librados, David was the President and CEO of Insevo, Inc. where he raised venture capital from 3i and which was later acquired. During the 1990s, David was also an early member of the team at IT Management Consulting firm Druid Group, which was acquired by FI Group for £763 million, following a successful flotation on the London Stock Exchange in November 1996.

David has also served on the boards of ObjectWeb, a leading open source application server company based in France and the EAI Industry Consortium where he also chaired the Adapter Technology Committee as well as serving on the boards and advisory boards of several technology companies, including Navitec, Soft360 and Zagile. David has also been a strategic advisor to NEC Corporation, where he advised the head of NEC software group (Japan) on how to define open source strategy. David holds a BS degree in Computer Science from the University of Huddersfield, England.

**James Milton Campigli**, *Chief Operating Officer (52)*

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 company's acquisition 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. Jim holds a B.A. from the University of California, Berkeley.

**Anthony Nicholas Parker**, *Chief Financial Officer (51)*

Nick has over 25 years of experience in finance positions, and, in particular, in London Stock Exchange listed companies. Nick is an experienced business professional and chartered accountant (Institute of Chartered Accountants in England and Wales) and today serves as WANdisco's CFO, where he oversees the Group's finance, accounting and investor relations functions. Prior to WANdisco, Nick was the Dyson Group PLC CFO for over eight years from 2000 to 2008. He was previously, from 2008 to 2011, the Chief Executive of Sheffield Wednesday Football Club, where he was involved in the sale of the English football team to private investors, and was also the Vice President of Corporate Development at Carclo PLC, where he oversaw numerous acquisitions and disposals in both the UK and overseas. Nick holds a BA in Accountancy & Economics from the University of Exeter, UK.

**Paul Ashton Walker**, *Non-Executive Director (55)*

Paul served as Chief Executive Officer of The Sage Group Plc from 1994 to 2010. Paul joined Sage Group Plc as Company Accountant in 1984 and served as its Finance Director from 1987 to 1994. Paul has been a Non-executive Director of Experian plc since June 2010 and has been a Non-executive Director of Diageo Plc since June 2002. He has also served as non-executive Chairman of Perform plc since 2011, is currently Chair of the Newcastle Science City Partnership and is a director of the Entrepreneurs' Forum. Paul previously served as a Non-executive Director of MyTravel Group Plc from December 2000 to December 2004. Paul qualified as a chartered accountant at Ernst & Young, having graduated from York University with an Economics degree.

**Ian Barnett Duncan, Non-Executive Director (51)**

Ian was Group Finance Director of Royal Mail Holdings plc from 2006 to 2010. Prior to Royal Mail Holdings plc, Ian served for eight years as Chief Financial Officer and Senior Vice President of Westinghouse Electric Company LLC in Pennsylvania, USA. 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 of Babcock International Group plc, where he chairs the Audit and Risk Committee. Ian holds an MA from St Catherine's College, Oxford.

**Dr. Yeturu Aahlad, Chief Scientist (54)**

Dr. Aahlad currently holds three patents on distributed computing. It was Dr. Aahlad's vision and persistence that led to the invention of technology that many thought was impossible – that of active-active replication (WANdisco's patent pending DConE technology). Prior to WANdisco, Dr. Aahlad served as the distributed systems architect for iPlanet (Sun Microsystems/Netscape Alliance) Application Server. At Sun Microsystems/Netscape, Dr. Aahlad joined the team in charge of creating a new server platform based on the CORBA distributed object framework. Prior to Sun Microsystems/Netscape, Dr. Aahlad worked on incorporating the CORBA security service into Fujitsu's Object Request Broker. Dr. Aahlad designed and implemented the CORBA event services while working on Sun Microsystem's first CORBA initiative. Earlier in his career, Dr. Aahlad worked on a distributed programming language at IBM's Palo Alto Scientific Center. Dr. Aahlad has a Ph.D in distributed computing from the University of Texas, Austin and a BS in Electrical Engineering from IIT Madras.

**Robert Paul Budas, Vice President of Products (49)**

Robert has over 28 years of experience within the software industry and has been focused on the Software Configuration Management sector since 1995. In 1995, Robert joined Atria Software as a Principal Engineer and worked there through its acquisition by Rational Software in both engineering and sales roles. At the beginning of 2001, Robert became a Senior Product Manager for Rational ClearCase. Rational was acquired by IBM in 2003 and Robert left IBM in 2004. Prior to joining WANdisco in 2007, Robert worked in sales at mValent, Inc. and at Katera Technologies. Robert holds a BSc in Computer and Communications Science from the University of Michigan.

**Peter John Scott, Vice President of Sales (34)**

Peter has over 10 years of software sales experience at both early stage start-up and mature public technology companies. Prior to WANdisco, Peter was a member of the sales management team at Empirix's web business unit which was later acquired by Oracle. Prior to Empirix, Peter worked in the sales management team at Vecta software. Peter began his career in technology sales with Sales Dynamics. Prior to his career in technology sales, Peter spent six years in the British Army with the Royal Engineers.

## **15. Employees**

The Company is headquartered in Sheffield, UK with 13 employees in San Ramon, California, USA responsible for sales and sales support and 36 employees in the UK responsible for product design and development, quality assurance, customer support, inside sales and marketing, existing account renewals and sales of additional products, finance, administration and internal systems support. Currently, approximately 56 per cent. of WANdisco's employees work in research and software development, approximately 32 per cent. in sales and marketing, with the remaining staff in finance, administration and internal systems support.

## **16. Corporate Governance**

There is no applicable regime of corporate governance to which the directors of a Jersey company must adhere to over and above the general fiduciary duties and duties of care, skill and diligence imposed on such directors under Jersey Law. However, the Directors recognise the importance of sound corporate governance and confirm that, following Admission, they intend to comply with the Corporate Governance Guidelines, to the extent appropriate for a company of its nature and size. The Board also proposes to follow, as far as practicable, the recommendations on corporate governance of the QCA for companies with shares traded on AIM, with the exception that David Richards will hold both Chairman and CEO roles. Paul Walker has been appointed as the senior independent director, and will annually chair a meeting of Non-executive Directors to discuss the performance of the Chairman.

The Corporate Governance Guidelines were devised by the QCA, in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. An alternative code was proposed because the QCA considers the UK Corporate Governance Code to be inappropriate to many AIM companies. The Corporate Governance Guidelines state that, “*The purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term.*”

Following Admission, the Board will meet at least six times a year to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. It has established audit, nomination and remuneration committees with formally delegated duties and responsibilities and with written terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises.

#### **Audit Committee**

The Board has established an audit committee with formally delegated duties and responsibilities. The audit committee will be chaired by Ian Duncan and its other members are Paul Walker and Jim Campigli. The audit committee will meet formally at least four times a year and otherwise as required. It will be responsible for ensuring that the financial performance of the Group is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

#### **Remuneration Committee**

The remuneration committee is chaired by Paul Walker and its other members are Ian Duncan and David Richards. It is expected to meet not less than two times a year and at such other times as required. Executive Directors may attend meetings at the committee's invitation.

The remuneration committee has responsibility for determining, within agreed terms of reference, the Group's policy on the remuneration packages of senior executives and specific remuneration packages for Executive Directors. This includes agreeing with the Board the framework for remuneration of the CEO, all other Executive Directors, the Company Secretary and such other members of the executive management of the Group as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentives, pension rights and compensation payments. It is also responsible for making recommendations for grants of options under the Share Option Plans.

The remuneration of Non-executive Directors is a matter for the Board. No Director may be involved in any discussions as to their own remuneration.

#### **Nomination Committee**

The nomination committee will be chaired by David Richards and will consist of all the directors. It is expected to meet not less than two times a year and at such other times as required. It will have responsibility for reviewing the balance of the Board including its balance of skills and experience and the state of the business and its leadership needs, and give full consideration to succession planning. It will also have responsibility for recommending new appointments to the Board.

### **17. Reasons for the Placing and use of proceeds**

The Company plans to use the proceeds from the Placing primarily to drive growth in the business. Management intend to invest approximately \$2.5 million to expand the Group's sales force and approximately \$0.8 million to open an office in China and target the Far East market opportunity. The Company will continue to invest in product development and management, using approximately \$1.0 million to develop further its uberSVN product and up to \$6.0 million to develop an offering, leveraging its core technology, in the Big Data market. The remainder of the proceeds will be used for reducing the current level of provisions and other payables, general working capital purposes and for potential complementary technology acquisitions.

In addition, the Directors believe Admission will assist the Group in its development by:

- raising its profile in the sector;
- providing investment to fund growth;
- increasing access to capital should further finance be required to expand the business of the Group; and
- incentivising existing and future employees.

## **18. Details of the Placing**

Pursuant to the Placing Agreement, Panmure Gordon has, on behalf of the Company and the Selling Shareholders, conditionally agreed to use its reasonable endeavours to procure places for the Placing Shares at the Placing Price. Further details of the terms of the Placing Agreement are set out in paragraph 14.1 of Part IV of this document.

The new Placing Shares to be issued by the Company pursuant to the Placing will represent approximately 40.5 per cent. of the Enlarged Share Capital and will raise approximately £15.0 million gross of expenses (approximately £12.5 million net of expenses) for the Company. On Admission, the Company will have a market capitalisation of approximately £37.0 million.

The new Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Issued Share Capital.

In order to protect the Company's VCT and EIS status, the Placing will be effected in three tranches. The VCT Placing Shares will be offered to those investors who may seek relief under the VCT legislation, the EIS Placing Shares will be offered to those investors seeking to invest in an EIS and the remaining Placing Shares will be offered to VCT and non VCT investors who are not seeking to invest in an EIS. The Placing (other than the EIS Placing and the VCT Placing) is conditional, *inter alia*, upon the EIS Placing and the VCT Placing each having occurred, Admission becoming effective and the Placing Agreement becoming unconditional in all other respects by 1 June 2012, or such later date (being no later than 8 June 2012) as the Company and Panmure Gordon may agree. The EIS Placing is conditional upon the Directors delivering a certificate to Panmure Gordon confirming that they expect Admission to occur at 8.00 a.m. on the following day and the Placing Agreement otherwise becoming unconditional, save for conditions relating to the VCT Placing and Admission. The VCT Placing is conditional upon the Directors delivering a certificate to Panmure Gordon confirming they expect Admission to occur at 8.00 a.m. that day and the Placing Agreement becoming unconditional in all respects, save for conditions relating to Admission.

## **19. Selling Shareholders**

Each of the Selling Shareholders have, pursuant to the terms of the Placing Agreement, agreed to sell the Sale Shares at the Placing Price, raising gross proceeds for the Selling Shareholders of £3.0 million before their expenses. The placing of the Sale Shares by each Selling Shareholder except for Vincent Eagan is being undertaken primarily to assist them to settle in full their Promissory Notes.

611,962 of the Sale Shares will be placed by David Richards; 324,020 of the Sale Shares will be placed by Jim Campigli; 560,050 of the Sale Shares will be placed by Dr. Yeturu Aahlad; 151,049 of the Sale Shares will be placed by Mohammad Naeem Akhtar who is WANdisco's chief architect and 12,500 of the Sale Shares will be placed on behalf of Vincent Eagan who is a sales engineer with WANdisco.

## **20. Dividend Policy**

The Company is primarily seeking to achieve capital growth for its Shareholders and it is the Board's intention during the current phase of the Group's development to retain future distributable profits and only recommend dividends when appropriate and practicable. The Company has never paid any dividends. As a holding company, the Company will be dependent on dividends paid to it by its subsidiaries. In the long term, the Directors intend to follow a progressive dividend policy in respect of excess equity over and above that required to fund the development of the Group.

As a company incorporated in Jersey, the Company can only pay dividends if the Directors who authorise the dividend make a statement as to the solvency of the Company in accordance with Jersey Companies Law. Under current legislation any dividends paid by the Company will not be subject to any Jersey withholding tax or UK withholding tax but shall be subject to US withholding tax. For further details on taxation in the UK, US and Jersey please refer to paragraph 10 of Part IV of this document.

## **21. Share Dealing Code**

The Company will adopt, with effect from Admission, a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules for Companies) and the Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees.

## **22. Incentive Arrangements**

The Company operates the Share Option Plans to incentivise and retain key employees. Details of the key terms of the Share Option Plans are set out in paragraph 6 of Part IV of this document and details of the outstanding options granted under these plans are set out in paragraphs 4.7 and 4.8 of Part IV of this document.

## **23. Lock-ins and Orderly Market Agreement**

Under the terms of the Placing Agreement, each of the Directors who will hold shares after Admission (representing in aggregate 26.0 per cent. of the Enlarged Share Capital) has agreed not to dispose of any interest in any Ordinary Shares owned by him or any connected person prior to the date which is 12 months from the date of Admission and, for a further 12 month period, only to dispose of his Ordinary Shares through the brokers of the Company at that time in such a way as to maintain an orderly market.

Dr. Aahlad has also agreed that he will only dispose of his interests in any Ordinary Shares (representing in aggregate 16.7 per cent. of the Enlarged Share Capital) prior to the date that is 12 months from the date of Admission and, for a further 12 month period, only to dispose of his Ordinary Shares through the brokers of the Company at that time in such a way as to maintain an orderly market.

Further details of these arrangements are set out in paragraphs 14.2 and 14.3 of Part IV of this document.

## **24. Admission, Settlement and Dealings**

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in Ordinary Shares will commence on 1 June 2012. These dates and times may change.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares held in uncertificated form following Admission will take place within the CREST system.

The ISIN number of the Ordinary Shares is JE00B6Y3DV84. The TIDM is WAND.

## **25. EIS and VCT Taxation Relief**

The Company has received provisional approval from HMRC that the Placing Shares are capable of being a “qualifying holding” for the purpose of investment by a VCT or EIS. Further information is included in paragraphs 10.1.5 and 10.1.6 of Part IV of this document.

## **26. Taxation**

Information regarding UK, US and Jersey taxation with regard to certain holders of the Ordinary Shares is set out in paragraph 10 of Part IV of this document. That information is intended only as a general guide to the current tax position under UK, US and Jersey law. If you are in any doubt as to your tax position, you should contact your independent professional adviser.

## **27. Applicability of the City Code**

The City Code applies to the Company. Under the City Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

Further information on the provisions of the City Code can be found in paragraph 15.1 of Part IV of this document.

## **28. Further Information**

Your attention is drawn to Parts II to IV of this document which provide additional information on the Group and the markets in which it operates. You are advised to read the whole of this document and in particular, the attention of prospective investors is drawn to Part II of this document which contains a summary of the risk factors relating to an investment in the Company.

## **PART II RISK**

### **FACTORS**

An investment in Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the risk factors set out below in addition to all of the other information set out in this document and their own circumstances before deciding to invest in the Ordinary Shares.

The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial may also have an adverse effect on the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such cases, the market price of the Company's shares could decline and an investor may lose part or all of their investment.

#### **Risks relating to the Group and its business**

##### **Technological risks**

The Company's business is dependent upon technology which could be superseded by superior technology, more competitively priced technology or a shift in working practices which could affect both the potential profitability and saleability of the Company's product offering.

Staying abreast of technological changes may require substantial investment. The Group's existing software products need to develop continually in order to meet customer requirements. The technology used in the Group's products and used in Subversion is still evolving and is highly complex and may change rapidly. Research and development by other companies may render any of the Group's products in development or currently available obsolete.

##### **Intellectual property protection**

The Group protects its intellectual property through a variety of methods, including proprietary information and invention agreements and non-disclosure agreements entered into by WANdisco and its employees and contractors, and non-disclosure agreements with its partners and customers, which are entered into through the Group's terms and conditions of software licence agreements. The Group also has two patent applications pending in the US and a number of trade marks registered in the US.

Any failure to protect the Group's intellectual property may result in another party copying or otherwise obtaining and using its proprietary technology without authorisation. There may not be adequate protection for the intellectual property in every country in which the Group sells its products and policing unauthorised use of proprietary information is difficult and expensive. Due to the Group's size and limited cash resources, it has historically taken only limited action to protect its key intellectual property and it may not be able to detect and prevent infringement of its intellectual property. Should a third party successfully demonstrate priority over any of these rights, it could inhibit the Group from selling products in certain territories.

The steps which the Group has taken and intends to take to protect its intellectual property may be inadequate to prevent the misappropriation of its proprietary technology. Any misappropriation of the Group's intellectual property could have a negative impact on the Group's business and its operating results. Furthermore, the Group may need to take legal action to enforce its intellectual property, to protect trade secrets or to determine the validity or scope of the proprietary rights of others. Litigation relating to the Group's intellectual property, whether instigated by the Group to protect its rights or arising out of alleged infringement of third party rights, may result in substantial costs and the diversion of resources and management attention and there can be no guarantees as to the outcome of any such litigation, or that it can be effectively used to enforce the Group's rights.

### **Dependence on key executives and personnel**

The Group's future success is dependent on its senior management and key technical personnel. Whilst much of the Group's proprietary know-how is documented, members of the technical team each contribute valuable skills and know-how to the business and, despite contractual confidentiality agreements in favour of the Company, there can be no guarantee that those individuals will not join the Group's competitors or establish themselves in competition with the Group in the future. Failure to retain the services of any of these people may adversely affect the Group's business and growth prospects. Additionally, the future success of the Group is dependent on the ability to continue to attract, retain, and motivate qualified personnel and failure to do so could materially affect the Group's business.

### **Competition risk**

There can be no guarantee that the Group's competitors (including those who licence software which competes with Subversion or CVS) have not already developed and/or will not develop products and services which are competitive to those supplied by the Group or which reduce the appeal of Subversion and there can be no assurances that the availability of any such products and services will not adversely affect future demand for the Group's own products and services. The Group's competitors may have or develop greater financial, marketing and technological resources than the Group enabling them to develop products and services which are competitive to those of the Group and to promote them more successfully than the Group.

### **Failure to renew subscription agreements**

The Group's customers may not renew, or reduce the scope of, their subscriptions for the Group's services and products. Renewal rates may decline or fluctuate as a result of a number of factors, including customers' level of satisfaction with the Group's products and services and their ability to continue their operations and spending levels. If the Group experiences a decline in the renewal rates for customers or they opt for fewer components of the Group's offerings or fewer subscriptions, the Group's revenue and operating results may be adversely impacted.

### **Open source software**

WANdisco's products are currently designed for use with Subversion and CVS, both of which are open source software products. As open source products are developed by a wider community, the Group does not solely control their development, and changes to the structure of the products may significantly impair the effectiveness of the Group's products.

As the core open source software on which the Group's products and services currently depend are licensed for free, the Group's ability to sell its products and services may be curtailed by potential customers not understanding the incremental benefits of the Group's offering, or seeking to rely purely on the open source software available.

WANdisco's products contain products licensed under free and open source software code ("FOSS"). As with any type of software licence, WANdisco must abide by the terms of the relevant licences. The FOSS products used by WANdisco are a mix of "permissive" and "copyleft" licences, with the vast majority being permissive. There is an inherent risk for any business that uses FOSS with a "copyleft" effect that it may be obliged to release the source code to its proprietary software. This is sometimes referred to as "contamination". This risk cannot be entirely eliminated, but WANdisco has implemented a FOSS policy which includes the following provisions to significantly reduce and mitigate the risk of contamination:

- WANdisco favours the use of permissive (non-copyleft) FOSS licences, which do not pose a contamination risk (specifically, the form of copyleft licence that poses the highest risk (the GPL) is not used by WANdisco);
- if there is any question about how appropriate a FOSS licence is (for example it is unknown permissive or copyleft licence), then it will seek to agree a suitable method for re-licensing with the licensor or it will seek specific legal advice;
- when packaging any FOSS, the terms of licence will always be placed in a licences file or folder contained in the product,
- WANdisco will use 'dynamic' rather than 'static' linking to FOSS code wherever this is possible (and WANdisco confirms that dynamic linking is currently exclusively used in practice), the use of which is

generally accepted in the market to reduce the risk of contamination by the FOSS products WANdisco currently uses.

If WANdisco does not comply with its FOSS policy then the risk of contamination by FOSS with a copyleft effect is increased. No instances of such non-compliance have been identified by WANdisco.

### **Continued investment**

The Group needs to continue to invest significant resources in research and development in order to enhance the Group's existing products and services and introduce new high quality products and services. If the Group is unable to ensure that its customers have a high quality experience with the Group's products and services (or with Subversion and CVS themselves), then they may become dissatisfied and move to competitors' products and services. In addition, if the Group is unable to predict user preferences or industry changes, or if the Group is unable to modify its products and services on a timely basis, the Group may lose customers.

The Group's future success will depend on its ability to adapt to rapidly changing technologies, to adapt its products and services to evolving industry standards and to improve the performance and reliability of the Group's services. Failure to adapt to such changes would harm the Group's business.

In addition, the widespread adoption of other technological changes could require expenditure to modify or adapt the Group's software products or Subversion. Moreover, the Group believes that its continued success depends on investing in new business strategies or initiatives that complement the Group's strategic direction and product road map. Such endeavours may involve significant risks and uncertainties, including distraction of management's attention away from other business operations and insufficient revenue generation to offset liabilities and expenses undertaken with such strategies and initiatives. Because these endeavours may be inherently risky, no assurance can be given that such endeavours will not materially adversely affect the Group's business, operating results or financial condition.

### **Tax penalties risk**

Wandisco, Inc. has historically not always paid across US payroll taxes or made relevant payroll returns to the US Internal Revenue Service when due. All returns to the US Internal Revenue Service are now up to date but there is an outstanding payment of \$773,374 tax due. The accounts include a provision of \$1,092,627 in respect of this liability which includes interest and penalties of \$319,253, which is the Company's estimate of the likely amount due. The Directors consider the likelihood of additional fines and penalties being levied by the US Internal Revenue Service, which are over and above the amounts provided for by the Company, and the issuing of criminal charges, to be low. All overdue amounts are to be discharged from the proceeds of the Placing.

### **Exchange rate risk**

Exchange rate fluctuations could have a material adverse effect on the Group's profitability or the price competitiveness of its products and services. There can be no guarantee that the Group would be able to compensate or hedge against such adverse effects and therefore negative exchange rate effects could have a material adverse effect on the Group's business and prospects, and its financial performance.

### **Product risks**

The Group's products and the software on which they are based are complex and may contain undetected defects when first introduced and problems may be discovered from time to time in existing, new or enhanced products. Undetected defects could damage the Group's reputation, ultimately leading to an increase in the Group's costs or reduction in its revenues.

### **Security and privacy breaches**

The Group's security and testing measures may not prevent security breaches that could harm the Group's or its customers businesses. For example, a number of the Group's users provide the Group with credit card and other confidential information and authorise the Group to bill their credit card accounts directly for the Group's products and services. Typically, the Group relies on encryption and authentication technology licensed from third parties to enhance the transmission and storage security of confidential information. Advances in computer capabilities, new discoveries in the field of cryptography, inadequate facility security

or other developments may result in a compromise or breach of the technology used by the Group to protect customer and proprietary data. Any compromise of the Group's security could harm its reputation or financial condition and, therefore, the business. In addition, a party who is able to circumvent the Group's security measures could, among other effects, misappropriate proprietary information, cause interruptions in the Group's operations or expose customers to computer viruses or other disruptions. Actual or perceived vulnerabilities may lead to claims against the Group. While the Group's customer agreements typically contain provisions that seek to limit the Group's liability, there is no assurance that these provisions will be enforceable and effective under applicable law.

### **Reliance on key systems**

The Group's dependency upon technology exposes the Group to significant risk in the event that such technology or systems experience any form of damage, interruption or failure. Any malfunctioning of the Group's technology and systems, even for a short period of time, could result in a lack of confidence in the Group's services and a possible loss of existing customers to its competitors, with a consequential material adverse effect on the Group's operations and results.

The Group's systems are vulnerable to damage or interruption from natural disasters, power loss, telecommunication failures, terrorist attacks, computer viruses, computer denial of service attacks and other events. The Group's systems are also subject to break ins, sabotage and international acts of vandalism by internal employees and contractors as well as third parties. Any interruption in the availability of the Group website, support site or telephone systems would create a business interruption and large volume of customer complaints.

### **Growth management and acquisitions**

The Directors believe that further expansion, either organic or via acquisition, will be required in the future to capitalise on the anticipated increase in demand for the Group's services and products. The Group's future success will depend, in part, on its ability to manage this anticipated expansion. Such expansion is expected to place demands on management, support functions, accounting, sales and marketing and other resources. If the Group is unable to manage its expansion effectively, its business and financial results could suffer.

The process of integrating an acquisition into its business may produce unforeseen operating difficulties and expenditures and may absorb significant attention of the Group's management that would otherwise be available for the on-going development of its business, which may materially harm the Group's business, financial condition or operating results. There can be no guarantee that the Group will be able to source and execute suitable acquisitions in the future.

### **Potential requirement for further investment**

Any future acquisitions, expansion, activity and/or business development may require additional capital, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, dilution to the then existing shareholdings may result. Debt funding may require assets of the Group to be secured in favour of the lender, which security may be exercised if the Group were to be unable to comply with the terms of the relevant debt facility agreement. The level and timing of future expenditure will depend on a number of factors, many of which are outside the Group's control. If the Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned acquisition opportunities, expansion, activity and/or business development. The above could have a material adverse effect on the Group.

### **Dividends**

The Company's current policy is to retain future distributable profits and only recommend dividends when appropriate and practicable. There can be no assurance as to the level of future dividends (if any) that may be paid by the Company. Any determination to pay dividends in the future will be a decision for the Board (and will be subject to applicable laws and generally accepted accounting principles from time to time, and other factors the Board deems relevant).

The Company can only pay dividends if the Directors who authorise the dividend make a statement as to the solvency of the Company in accordance with Jersey Companies Law, and will depend on (amongst other things) the underlying profitability of the Group.

### **Directors**

The Directors have, and may have in the future, additional professional responsibilities and as such, may experience conflicts of interest and demands on their time to the possible detriment of the Group.

### **Use of the net proceeds receivable by the Company from the Placing**

The use of net proceeds from the Placing set out in Part I of this document is based on management's current expectations. There are no restrictions on the Company's use of net proceeds. Investors will not have the opportunity to evaluate the economic, financial or other information on which the Company bases its decisions on how to use the net proceeds. The failure of the Company's management to apply these funds effectively could harm investor confidence and cause the price of the Ordinary Shares to decline.

### **Revenue recognition from subscriptions**

The Group generally recognises subscription revenue from customers ratably over the term of their subscription agreements, which are typically for 12 to 36 months. As a result, much of the revenue reported in each quarter is deferred revenue from subscription agreements entered into during previous quarters. Consequently, a decline in subscriptions in any one quarter will not necessarily be fully reflected in the revenue in that quarter and will negatively affect the Group's revenue in future quarters. In addition, the Group may be unable to adjust its cost structure to reflect these reduced revenues. Accordingly, the effect of significant downturns in sales and market acceptance of the Group's services may not be fully reflected in the Group's results of operations until future periods. The Group's subscription model also makes it difficult to rapidly increase revenue through additional sales in any period, as revenue from new customers must be recognised over the applicable subscription term.

### **Current operating results as an indication of future results**

The Company's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Accordingly, investors should not rely on comparisons with the Company's results to date as an indication of future performance. Factors that may affect the Company's operating results include increased competition, an increased level of expenses, technological change necessitating additional capital expenditure, slower than expected sales and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Company's operating results may fall below the expectations of market analysts or investors. If this occurs, the trading price of the Company's Ordinary Shares may decline significantly.

### **Transfer pricing**

There is a risk that amounts paid or received under intra-group arrangements in the past and/or the future could be deemed for tax purposes to be lower or higher, as the case may be, or be disregarded for the purposes of calculating tax which may increase the Group's taxable income or decrease the amount of relief available to the Group with a consequential negative effect on its financial and operating results.

### **EIS and VCT status**

The Company received provisional approval from HM Revenue & Customs on 27 April 2012 that the Company should be a "qualifying holding" for the purposes of the EIS and for investment by a VCT under Part 5 (EIS) and Part 6 (VCT) of Chapter 4 of the Income Taxes Act 2007 respectively, and that the Ordinary Shares will be eligible shares for the purposes of section 173 and section 285(3A) of the Income Taxes Act 2007.

The provisional approval relates only to the qualifying status of the Company and its shares and does not guarantee that any particular VCT will qualify for relief in respect of an acquisition of Ordinary Shares. The continuing availability of EIS relief and the status of the relevant Placing Shares as a qualifying holding for VCT purposes will be conditional *inter alia*, on the Company continuing to satisfy the requirements for a qualifying company throughout the period of three years from the date of the investor making their investment (under EIS) and, for VCT purposes, throughout the period the Ordinary Shares are held as a "qualifying

holding". Neither the Company nor the Company's advisers are giving any warranties or undertakings that any relief under the EIS or that VCT qualifying status will be available in respect of this Placing, or that in due course such relief or status will not be withdrawn.

Circumstances may arise where the Board believes that the interests of the Company are not best served by acting in a way that preserves the EIS or VCT qualifying status (if granted). In such circumstances, the Company cannot undertake to conduct its activities in a way designed to preserve any such relief or status.

Should the law regarding the EIS or VCTs change then any relief or qualifying status previously obtained may be lost.

Any person who is in any doubt as to their taxation position should consult their professional taxation adviser in order that they may fully understand how the rules apply in their individual circumstances.

### **Key customer dependency**

The Group currently generates a significant proportion of its revenue from certain customers. In 2011, the Group's top 20 customers accounted for 56.0 per cent. of total revenue. The loss of all or a substantial proportion of the business provided by one or more of the Group's top customers could have a material adverse effect on the Group's business.

### **Regulation risk**

Regulation of the internet and e-commerce is rapidly evolving and there are an increasing number of directly applicable laws and regulations. It is possible that additional laws and regulations may be enacted with respect to the internet, covering issues such as user privacy, law enforcement, pricing, taxation, content liability, data encryption, copyright protection, and quality of products and services. The requirement to comply with and the adoption of such new or revised regulations, or new or changed interpretations or enforcement of existing regulations, may have a material adverse effect on the Group's business and on the results of its operations.

### **China risk**

The Company's prospect of success in China is subject to economic, political and social developments in the PRC.

The PRC has been undergoing a series of political reforms, particularly since 1978. The Directors expect that such reforms will continue. Such reforms have in the past resulted in significant economic growth and social progress. However, there can be no assurance that any future reform policy of the Chinese Government will be effective and therefore the Company's business may be adversely affected by such future reforms.

The PRC legal system, in general, is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedent value. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, trade and IT security. Despite significant improvement in its developing legal system, the PRC does not yet have a comprehensive system of laws and the recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC and those laws and regulations governing economic matters in general may also change frequently. In particular, because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. The effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof or the pre-emption of local regulations by national laws cannot be predicted. Similarly other governmental response to Chinese state actions cannot be predicted. These uncertainties could limit the legal protections available to the Group, force the Group to adopt a different route to market in the PRC, or restrict how, when and to whom the Group sells its products and services and may have a material adverse effect on the business operations of the Group in the PRC.

In addition, PRC tax laws and regulations are under constant development and often subject to change as a result of changing government policy in the PRC. Such changes may occur without sufficient warning.

Implementation of various taxes may affect consumption in certain product sectors. There is a risk that changes in tax policy and regulations may adversely affect the demand for the Group's products or services.

### **Dependence on partners**

The Group has partnered with other software and service providers to enhance its offering. There is a risk that these partnerships may end, which may result in the loss of customers and an adverse effect on the Group's performance or business prospects.

### **General risks**

#### **Economic conditions and current economic weakness**

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's products. A more prolonged economic downturn may lead to an overall decline in the volume of the Group's sales, restricting the Group's ability to realise a profit.

The markets in which the Group offers its services are directly affected by many national and international factors that are beyond the Group's control.

#### **Market risks**

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.

#### **Taxation**

Any change in the Company's or its subsidiaries tax status or in tax legislation could affect the Company's ability to provide returns to shareholders. Statements in this document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties in a number of jurisdictions and is subject to changes to the tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under these treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

#### **Investment risk**

An investment in a share which is traded on AIM, such as the Ordinary Shares, may be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Investors may therefore realise less than, or lose all of, their investment.

Investors should be aware that, following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment and could even lose their entire investment. This volatility could be attributable to various facts and events, including the availability of information for determining the market value of an investment in the Company, any regulatory or economic changes affecting the Group's operations, variations in the Group's operating results, developments in the Group's business or its competitors, or changes in market sentiment towards the Ordinary Shares. In addition, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors.

Market conditions may affect the Ordinary Shares regardless of the Group's operating performance or the overall performance of the sector in which the Group operates. Share market conditions are affected by many factors, including general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply for capital. Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets, and the price at which investors may dispose of

their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Group while others of which may be outside the Group's control.

If the Company's revenues do not grow, or grow more slowly than anticipated, or if its operating or capital expenditures exceed expectations and cannot be adjusted sufficiently, the market price of its Ordinary Shares may decline. In addition, if the market for securities of companies in the same sector or the stock market in general experiences a loss in investor confidence or otherwise falls, the market price of the Ordinary Shares may fall for reasons unrelated to the Group's business, results of operations or financial condition. Therefore, investors might be unable to resell their Ordinary Shares at or above the Placing Price.

### **Illiquidity**

There will have been no public trading market for the Ordinary Shares prior to Admission. The Ordinary Shares may therefore be illiquid in the short to medium term and, accordingly, an investor may find it difficult to sell Ordinary Shares, either at all or at an acceptable price. Further, the Group can give no assurance that an active trading market for the Ordinary Shares will develop, or if such a market develops, that it will be sustained. If an active trading market does not develop or is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected and investors may have difficulty selling their Ordinary Shares. The market price of the Ordinary Shares may drop below the Placing Price. Any investment in the Ordinary Shares should be viewed as a long term investment.

### **Litigation risks**

Whilst the Group has taken, and the Company intends the Group to continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Group, including in the United States. Any litigation brought in the future involving the Group's products or services, for example, pursuant to end user licence and service agreements that provide indemnification for infringement of third party intellectual property, could have a material adverse effect on the Group's business.

There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

The Group also faces potential liability for claims of negligence, breach of data protection laws, violation of securities laws and claims based upon the content that the Group distributes online. For example, computer failures may result in the Group publishing and distributing incorrect data. The Group's insurance may not necessarily cover any of the claims that customers or others may bring against the Group or may not be adequate to protect it against all liability that may be imposed. Any such litigation brought in the future could have a material adverse effect on the Group's business, financial condition and operating results.

### **Significant shareholders**

Following Admission, the Directors will, in aggregate, hold approximately 26.0 per cent. of the Enlarged Share Capital and may be able to exert significant influence over the Company in respect of its corporate affairs requiring shareholder approval.

### **Risk management**

The Group's policies, procedures and practices used to identify, monitor and control a variety of risks may not be effective. The Group's risk management methods rely on a combination of internally developed technical controls, industry standard practices, observation of historical market behaviour and human supervision. These methods may not adequately prevent future losses, particularly to the extent they relate to extreme market movements, which may be significantly greater than the historical measures indicate.

The Group's risk management procedures and practices are also subject to human error, technological failure and fraud. There can be no assurance that the Group will continue to set risk management parameters accurately, that its testing and quality control practices will be effective in preventing technical software or hardware failure or that its employees will accurately and appropriately apply the Group's risk management procedures. Any failures in this regard could materially adversely affect the Group's financial performance and operations.

## **Data privacy**

The Group's operations in the United Kingdom are subject to a number of laws relating to data privacy, including the UK Data Protection Act 1998 and the Privacy and Electronic Communications (EC Directive) Regulations 2003. The requirements of this legislation may affect the Group's ability to collect and use personal data in a way that is of commercial use to the Group, if the Group does not continue to ensure its adherence to appropriate compliance procedures. Furthermore, the legislation may make it hard for the Group to market its business, particularly by e-mail. Breach of data privacy legislation could result in the Group being subjected to claims from its users that it has infringed their privacy rights, and it could face administrative proceedings initiated against it by the UK data protection regulator, the Office of the Information Commissioner ("OIC"). In addition, any enquiries made, or proceedings initiated by individuals or the OIC may lead to negative publicity for the Group, which could materially adversely affect its business.

The Group's operations in the United States are subject to federal and state laws relating to data privacy, including, without limitation, the Controlling the Assault of Non-Solicited Pornography and Marketing (CAN-SPAM) Act of 2003, which establishes requirements for those who send commercial e-mails, spells out penalties for entities that transmit non-compliant commercial e-mail and/or whose products are advertised in non-compliant commercial e-mail and gives consumers the right to opt-out of receiving commercial e-mails; federal and state telemarketing laws including the Telephone Consumer Protection Act, the Telemarketing Sales Rule, the Telemarketing Consumer Fraud and Abuse Prevention Act and the rules and regulations promulgated thereunder and corresponding state laws; and the Electronic Communications Privacy Act, which prevents private entities from disclosing Internet subscriber records and the contents of electronic communications, subject to certain exceptions. In addition, the United States has adopted myriad rules to protect the privacy and security of data, including, without limitation, laws pertaining to the use of third party service providers and laws regarding data breaches.

The requirements of these laws may affect the Group's ability to collect and use personal data for legitimate commercial purposes, if the Group does not continue to ensure its adherence to appropriate compliance procedures, they may affect its operations in the event of a data incident. Furthermore, these laws may make it hard for the Group to market its business, particularly by e-mail. Data breach laws could result in the Group being subjected to claims from its users that it has infringed upon their privacy rights, and it could also face administrative proceedings, fines and penalties from federal and state regulatory authorities. In addition, any inquiries or claims from individuals or proceedings, fines and penalties from federal and state regulatory authorities may lead to negative publicity for the Group, which could materially adversely affect its business.

## **Application of UK and Jersey legislation**

The Company is incorporated under the laws of Jersey. Accordingly, a significant amount of legislation in England and Wales regulating the operations of companies does not apply to the Company. In addition, the laws of Jersey will apply with respect to the Company and these laws may provide for mechanisms and procedures that would not otherwise apply to companies incorporated in England and Wales. The rights of shareholders are governed by Jersey Law and the Articles, which may differ from the typical rights of shareholders in the UK and other jurisdictions.

## **Forward looking statements**

Certain statements contained in this document may constitute forward-looking statements. Such statements include, amongst other things, statements regarding the Group's or management's beliefs, expectations, estimations, plans, anticipations and similar statements. Any such forward-looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and there can be no assurance that the results and events contemplated by such forward-looking statements will, in fact occur. The Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, or to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, save as required to comply with any legal or regulatory obligations (including the AIM Rules).

## PART III (a)

### ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

The Directors  
WANdisco plc  
47 Esplanade  
St. Helier  
Jersey JE1 0BD

28 May 2012

Dear Sirs,

#### WANdisco plc

We report on the financial information set out on pages 37 to 38 for the period 16 April 2012 to 30 April 2012. This financial information has been prepared for inclusion in the AIM Admission Document ("Admission Document") dated 28 May 2012 of WANdisco plc (the "Company") on the basis of the accounting policies set out in Note 2 below. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

#### Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

#### Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of WANdisco plc as at the date stated and of its profits, cash flows and recognised gains and losses for the period 16 April 2012 to 30 April 2012 in accordance with the basis of preparation set out in note 2 and in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

**KPMG LLP**

Chartered Accountants

## Statement of comprehensive income for the period 16 April 2012 to 30 April 2012

During the period from incorporation on 16 April 2012 to 30 April 2012 the Company did not trade and as such no statement of comprehensive income is presented. There has also been no other recognised income or expense during the period.

## Statement of financial position

As at 30 April:	Note	2012 \$000
Trade and other receivables	3	–
Total current assets		–
Net assets		–
<b>Equity</b>		
Share capital	4	–
Total equity (all attributable to equity holders of the Company)		

## Notes to the historical financial information

### 1. Reporting entity

The Company is a company registered in Jersey. The address of the Company's registered office is 47 Esplanade, St. Helier, Jersey JE1 0BD. The Company was incorporated on 16 April 2012.

The financial information to 30 April 2012 has been prepared by the Directors from the Company's financial records. No audited financial statements have been prepared for the period.

### 2. Basis of preparation

#### (a) Statement of compliance

The financial information has been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union.

#### (b) Basis of measurement

The financial information has been prepared on the historical cost basis. There are no assets or liabilities stated at their fair value.

#### (c) Functional and presentation currency

The financial information is presented in US dollars, which is the Company's functional currency. All financial information presented in US dollars is rounded to the nearest thousand.

#### (d) 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.

### 3. Trade and other receivables

As at 30 April:	2012 \$000
Other receivables	–

#### **4. Share capital**

As at 30 April 2012:

Authorised: 100,000,000 Ordinary Shares of £0.10 each.

Allotted: 1,000 Ordinary Shares of £0.10 each

On incorporation 2 Ordinary Shares of £0.10 each were allotted against an undertaking to pay £0.20 in cash.

On 25 April 2012, one Ordinary Share was transferred to David Richards and one Ordinary Share was transferred to Jim Campigli.

On 25 April 2012, 998 Ordinary Shares were issued for cash at a subscription price of £0.10 each. The new total issued share capital of the Company at that time was 1,000 Ordinary Shares, all of which were fully paid-up.

#### **5. Events after the balance sheet date**

On 16 May 2012 WANdisco, Inc. was merged into Glitter Acquisition Corp., a company incorporated in Delaware, USA, on 20 April 2012 pursuant to a reverse triangular merger agreement.

On 18 May 2012 the Company entered into an agreement with WANdisco, Inc. whereby the whole of the share capital of WANdisco International Limited was transferred to the Company with the consideration left outstanding on an inter-company loan.

## PART III (b)

### ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

The Directors  
WANdisco plc  
47 Esplanade  
St. Helier  
Jersey JE1 0BD

28 May 2012

Dear Sirs

#### **WANdisco, Inc. ("WANdisco")**

We report on the financial information set out on pages 41 to 68 for the three years to 31 December 2011. This financial information has been prepared for inclusion in the AIM Admission Document ("Admission Document") dated 28 May 2012 of WANdisco plc on the basis of the accounting policies set out in Note 3. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

The Directors of WANdisco are responsible for preparing the financial information on the basis of preparation set out in Note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of WANdisco as at the dates stated and of its profits, cash flows and recognised gains and losses for the three years ended 31 December 2011 in accordance with the basis of preparation set out in Note 2, and in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

KPMG LLP  
*Chartered Accountants*

## Consolidated statements of comprehensive income

For the year ended 31 December

	Note	2009 \$'000	2010 \$'000	2011 \$'000										
Revenue	7	2,476	2,984	3,878										
Cost of sales		(643)	(588)	(303)										
<b>Gross profit</b>		<u>1,833</u>	<u>2,396</u>	<u>3,575</u>										
Wages and salaries		(1,874)	(2,262)	(2,317)										
Other operating expenses		(1,799)	(1,144)	(1,181)										
Depreciation and amortisation	13, 14	(326)	(646)	(1,026)										
Exceptional costs	8	(6)	(204)	(205)										
<b>Loss from operating activities</b>	9	<u>(2,172)</u>	<u>(1,860)</u>	<u>(1,154)</u>										
<table> <tbody> <tr> <td><i>Exceptional costs</i></td> <td></td> <td>6</td> <td>204</td> <td>205</td> </tr> <tr> <td><i>Loss from operating activities before exceptional costs</i></td> <td></td> <td><u>(2,166)</u></td> <td><u>(1,656)</u></td> <td><u>(949)</u></td> </tr> </tbody> </table>					<i>Exceptional costs</i>		6	204	205	<i>Loss from operating activities before exceptional costs</i>		<u>(2,166)</u>	<u>(1,656)</u>	<u>(949)</u>
<i>Exceptional costs</i>		6	204	205										
<i>Loss from operating activities before exceptional costs</i>		<u>(2,166)</u>	<u>(1,656)</u>	<u>(949)</u>										
Finance expense	11	(74)	(97)	(75)										
<b>Loss before tax</b>		<u>(2,246)</u>	<u>(1,957)</u>	<u>(1,229)</u>										
Income tax credit	12	23	44	25										
<b>Loss for the year</b>		<u>(2,223)</u>	<u>(1,913)</u>	<u>(1,204)</u>										
		\$	\$	\$										
<b>Earnings per share</b>														
Basic loss per share	24	0.49	0.42	0.26										
Fully diluted loss per share	24	0.49	0.42	0.26										

**Consolidated statements of financial position***As at 31 December*

	<i>Note</i>	<i>2009</i> <i>\$'000</i>	<i>2010</i> <i>\$'000</i>	<i>2011</i> <i>\$'000</i>
<b>Assets</b>				
Intangible assets	13	610	1,116	1,343
Property, plant and equipment	14	106	82	43
<b>Total non-current assets</b>		<u>716</u>	<u>1,198</u>	<u>1,386</u>
Trade and other receivables	15	497	205	1,188
Cash and cash equivalents	16	540	79	74
<b>Total current assets</b>		<u>1,037</u>	<u>284</u>	<u>1,262</u>
<b>Total assets</b>		<u>1,753</u>	<u>1,482</u>	<u>2,648</u>
<b>Liabilities</b>				
Loans and borrowings	17	(703)	(633)	(705)
Trade and other payables	18	(491)	(1,559)	(2,566)
Deferred income	19	(3,437)	(3,726)	(4,466)
Provisions	20	–	(168)	(414)
<b>Total current liabilities</b>		<u>(4,631)</u>	<u>(6,086)</u>	<u>(8,151)</u>
Loans and borrowings	17	–	–	(65)
Deferred tax liabilities	21	–	(5)	(5)
<b>Total non-current liabilities</b>		<u>–</u>	<u>(5)</u>	<u>(70)</u>
<b>Total liabilities</b>		<u>(4,631)</u>	<u>(6,091)</u>	<u>(8,221)</u>
<b>Net liabilities</b>		<u>(2,878)</u>	<u>(4,609)</u>	<u>(5,573)</u>
<b>Equity</b>				
Share capital	22	448	448	448
Translation reserve		(3)	(3)	(10)
Retained earnings		(3,323)	(5,054)	(6,011)
<b>Total equity (all attributable to equity holders of WANDisco, Inc.)</b>		<u>(2,878)</u>	<u>(4,609)</u>	<u>(5,573)</u>

## Consolidated statements of changes in equity

	<i>Share capital \$'000</i>	<i>Translation reserve \$'000</i>	<i>Retained earnings \$'000</i>	<i>Total equity \$'000</i>
Balance at 1 January 2009	448	–	(1,425)	(977)
<b>Total comprehensive income for the year ended 31 December 2009:</b>				
Loss for the year	–	–	(2,223)	(2,223)
Foreign currency translation differences	–	(3)	–	(3)
<b>Contributions by and distributions to owners during year ended 31 December 2009:</b>				
Share-based payments	–	–	325	325
<b>Balance at 31 December 2009</b>	<u>448</u>	<u>(3)</u>	<u>(3,323)</u>	<u>(2,878)</u>
<b>Total comprehensive income for the year ended 31 December 2010:</b>				
Loss for the year	–	–	(1,913)	(1,913)
<b>Contributions by and distributions to owners during year ended 31 December 2010:</b>				
Share-based payments	–	–	182	182
<b>Balance at 31 December 2010</b>	<u>448</u>	<u>(3)</u>	<u>(5,054)</u>	<u>(4,609)</u>
<b>Total comprehensive income for the year ended 31 December 2011:</b>				
Loss for the year	–	–	(1,204)	(1,204)
Foreign currency translation differences	–	(7)	–	(7)
<b>Contributions by and distributions to owners during year ended 31 December 2011:</b>				
Share-based payments	–	–	73	73
Waiver of loan from shareholders	–	–	174	174
<b>Balance at 31 December 2011</b>	<u>448</u>	<u>(10)</u>	<u>(6,011)</u>	<u>(5,573)</u>

**Consolidated statement of cash flows***For the year ended 31 December*

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Cash flows from operating activities:</b>			
Loss before tax for the period	(2,246)	(1,957)	(1,229)
Adjustments for:			
Depreciation	18	49	46
Amortisation of intangible assets	308	597	980
Loss on disposal of property, plant & equipment	–	6	–
Net interest expense	74	97	75
Foreign exchange	(2)	(1)	(6)
Change in trade and other receivables	(387)	342	(959)
Change in trade and other payables	259	1,068	1,007
Change in deferred income	3,114	289	740
Change in provisions	–	168	246
Share-based payments charge	325	182	73
Interest paid	(74)	(97)	(75)
<b>Net cash generated by operating activities</b>	<u>1,389</u>	<u>743</u>	<u>898</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(114)	(31)	(7)
Development expenditure in respect of intangible asset	(602)	(1,103)	(1,207)
<b>Net cash used in investing activities</b>	<u>(716)</u>	<u>(1,134)</u>	<u>(1,214)</u>
<b>Cash flows from financing activities:</b>			
Loans received	202	–	362
Repayment of borrowings	(380)	(70)	(51)
<b>Net cash from financing activities</b>	<u>(178)</u>	<u>(70)</u>	<u>311</u>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>	495	(461)	(5)
Cash and cash equivalents at 1 January	45	540	79
<b>Cash and cash equivalents at 31 December</b>	<u>540</u>	<u>79</u>	<u>74</u>

## Notes to the historical financial information

### 1. Reporting entity

The consolidated financial information appearing in this report for the years ended 31 December 2009, 2010 and 2011 comprises WANdisco, Inc. (the "Company") and its subsidiary during that period, WANdisco International Limited, (together referred to as the "Group" and individually as "Group Entities") being the Group and Group Entities in existence at 31 December 2011 and throughout the reporting period.

On 14 May 2012 the Group was merged into WANdisco plc – see note 30 for further details. WANdisco plc became the new ultimate parent company of the Group from this date.

The Group primarily is involved in the development and sale of licences of distributed software solutions.

### 2. Basis of preparation

#### (a) Statement of compliance

The consolidated financial information has been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") including International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the EU ("Adopted IFRSs"). No previous consolidated financial statements have been prepared by the Group.

#### (b) Basis of measurement

The consolidated financial information has been prepared on the historical cost basis except for share-based payments.

#### (c) Going concern

Note 5 to the financial information includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

As at 31 December 2011 the Group had net liabilities of \$5,573,000 (2010: \$4,609,000; 2009: \$2,878,000) as set out in the Consolidated Statement of Financial Position above. Due to the restructuring events mentioned in Note 28, the Group Entities became subsidiaries of a new parent company, WANdisco plc, in May 2012. Following Admission, WANdisco plc is expected to have considerable financial resources. As a consequence, the Directors believe that WANdisco plc and the Group are well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries and taking into account the net proceeds receivable by WANdisco plc from the Placing, the Directors have a reasonable expectation that WANdisco plc and the Group have sufficient working capital available for its present requirements, that is for the next 12 months from the date of Admission. Accordingly, they continue to adopt the going concern basis in preparing the historical financial information.

#### (d) Functional and presentation currency

This consolidated financial information is presented in US dollars which is the functional currency of the parent company. Billings to the Group's customers during the period were all in US dollars by WANdisco, Inc. with certain costs being incurred by WANdisco International Limited in Sterling. All financial information presented has been rounded to the nearest thousand US dollars unless otherwise stated.

#### (e) Use of estimates and judgements

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

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

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 information is included in the following Notes:

- Note 14 – valuation of intangible assets
- Note 20 – provisions
- Note 23 – valuation of share-based payments

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

Further information on critical judgements made in applying accounting policies, including details of significant methods and assumptions used, is included in Notes 4 and 5. The areas where the Group has estimated the fair value of assets and liabilities are outlined in Note 4 and the financial risk management policies are detailed in Note 5.

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

### **3. Significant accounting policies**

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

#### **(a) Basis of consolidation**

The historical financial information consolidates the financial information of WANdisco, Inc. and entities controlled by WANdisco, Inc., all of which are made up to 31 December each year. Control exists when WANdisco, Inc. has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial information of subsidiaries is included from the date that control commences until the date that control ceases.

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

#### **(b) Foreign currency**

##### *(i) Foreign currency transactions*

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

##### *(ii) Foreign operations*

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

Foreign currency differences are recognised directly in equity. Since 1 January 2009, the Group's date of transition to IFRSs, such differences have been recognised in other comprehensive income.

**(c) Financial instruments**

*(i) Non-derivative financial instruments*

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

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

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

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

*(ii) Share capital*

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

**(d) Property, plant and equipment**

*(i) Recognition and measurement*

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

*(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 25 per cent. per annum on a reducing balance basis
- fixtures and fittings 25 per cent. per annum on a reducing balance basis

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

**(e) Intangible assets**

*(i) Research and development*

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

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

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

*(ii) Amortisation*

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

**(f) Impairment (excluding deferred tax assets)**

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

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

*(i) Calculation of recoverable amount*

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

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

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

*(ii) Reversals of impairment*

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

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

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

**(g) Employee benefits**

*(i) Pension plans*

There are no Group pension schemes to which the Group Entities contribute or have any liabilities. The Company is not obliged to make any contributions to the UK stakeholder scheme and it currently has no members.

*(ii) Termination benefits*

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

*(iii) Short-term benefits*

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or commission plans where the Group has a present legal or constructive obligation to pay this

amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*(iv) Share-based payment transactions*

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

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

**(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 expenses**

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

**(k) Income tax**

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

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

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

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

**(l) Earnings per share**

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

**(m) Segment reporting**

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

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

**(n) Provisions**

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

**(o) Cost of sales**

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

**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 their fair values at the end of each reporting period. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of products developed.

**(b) Trade and other receivables**

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

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

**(c) Non-derivative financial liabilities**

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

## 5. Financial risk management

### Overview

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

- credit risk
- liquidity risk
- market risk

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout the historical financial information.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The executive directors report regularly to the Board of Directors on group risk management.

### Credit risk

All trade receivable exposures are overseen by the Chief Operating Officer who is based in the US. Credit limits are set as deemed appropriate for the customer. Sales to distributors/resellers are made based on recommended credit limits.

The Group utilises debt factoring facilities for certain receivables which give an assured cash inflow within a known time period, although usually the credit risk remains with the Group.

### Liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Debt factoring facilities are used for certain receivables which give an assured cash inflow within a known time period.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Currency risk

Since all sales are invoiced in US dollars the Group is only exposed to currency risk on purchases that are denominated in any currency other than US dollars, primarily pounds Sterling.

If the exchange rate between US dollars and pounds Sterling had moved by  $\pm 5$  per cent. as at each 31 December financial year end, the impact on the Group net assets and earnings would have been as follows:

2009 \$'000	2010 \$'000	2011 \$'000
4	11	21

### Interest rate risk

In respect of its bank loans, the Group adopts a policy of agreeing contractual terms with the loan provider prior to drawdown. If the interest rate as at each 31 December financial year end had moved by  $\pm 5$  per cent. the impact on Group results would not have been significant.

## Capital management

The Board considers capital to be share capital and borrowings, both short-term and long term. The Board seeks to build a strong capital base so as to maintain investor, customer and creditor confidence and to sustain future development of the business. In the three years to 31 December 2011 the business has experienced sustained growth, which has enabled the business to support its level of gearing.

As outlined in Note 30 the new ultimate parent company of the Group has established the Share Option Plans to further align executive managements interests with those of the Ordinary Shareholders.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## 6. Operating segments

### Information about products and services

The Group reports the revenues from external customers for each group of products and services. The amounts reported for revenues are based on the financial information used to produce the entity's financial statements.

### Information about geographical areas

The Group reports geographical information on the basis of revenues from external customers attributed to the customers' country of use of product or service. The amounts reported shall be based on the financial information that is used to produce the entity's financial statements.

#### *Geographical segments*

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

	2009 \$'000	2010 \$'000	2011 \$'000
North America	1,594	1,859	3,028
Europe	732	973	662
Rest of the world	150	152	188
Total	<u>2,476</u>	<u>2,984</u>	<u>3,878</u>

Management makes no allocation of costs, assets or liabilities between these segments since all trading activities are operated as a single business unit.

#### *Major customers*

The following table outlines the number of customers in each year who individually represent in excess of 10 per cent. of Group revenues for that year:

	2009	2010	2011
Number of customers exceeding 10 per cent. of Group sales	<u>2</u>	<u>2</u>	<u>1</u>
	\$'000	\$'000	\$'000
Aggregate revenue for customers exceeding 10 per cent. of Group sales	<u>875</u>	<u>1,072</u>	<u>650</u>

## 7. Revenue

	Continuing operations		
	2009	2010	2011
	\$'000	\$'000	\$'000
Sales of subscription licences for software and support	2,115	2,428	3,200
Maintenance, training and other services	361	556	678
Total revenue	<u>2,476</u>	<u>2,984</u>	<u>3,878</u>

## 8. Exceptional costs

Exceptional costs comprise the following:

	2009	2010	2011
	\$'000	\$'000	\$'000
Penalties levied by US state and federal tax authorities	–	168	151
Provision for claims by former employees	–	–	95
Redundancy costs	6	36	24
Amounts waived by supplier	–	–	(65)
Total exceptional costs	<u>6</u>	<u>204</u>	<u>205</u>

Penalties levied by US state and federal tax authorities relate to charges for late payment of payroll taxes, as referred to in note 20.

See note 20 for further details in respect of the employee claims.

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

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

Exceptional costs relate to the following income statement captions:

	2009	2010	2011
	\$'000	\$'000	\$'000
Wages and salaries	6	36	24
Other operating expenses	–	168	181
Total exceptional costs	<u>6</u>	<u>204</u>	<u>205</u>

## 9. Operating loss

Included in operating loss are the following:

	2009	2010	2011
	\$'000	\$'000	\$'000
Development costs	845	246	(20)
Amortisation of capitalised development costs	308	597	980
Depreciation	18	49	46
Operating lease charge	114	265	155
Foreign exchange expense/(credit)	14	(1)	1
Auditors' remuneration:			
Audit of WANdisco, Inc.	–	–	–
Audit of financial statements of subsidiary	–	–	–

In accordance with the relevant prevailing legislation none of the Group Entities was required to have an audit of its financial statements for the three years ended 31 December 2011.

*Reconciliation of operating loss to Earnings before Interest, Depreciation and Amortisation (“EBITDA”)*

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Operating loss	(2,172)	(1,860)	(1,154)
Adjust for:			
Amortisation of capitalised development costs	308	597	980
Depreciation	18	49	46
Exceptional costs	6	204	205
EBITDA before exceptional costs	(1,840)	(1,010)	77
Adjust for share-based payment charges	325	182	73
Adjusted EBITDA before exceptional costs	(1,515)	(828)	150

**10. Wages and salaries**

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Wages and salaries	1,849	2,691	2,913
Social security contributions	151	265	298
Benefits	109	119	100
Share-based payment charges	325	182	73
Less: capitalised costs	(560)	(995)	(1,067)
Total wages and salaries	1,874	2,262	2,317

Wages and salaries exclude exceptional redundancy costs as detailed in note 8.

The average number of persons employed by the Group during the period was:

	<i>2009</i>	<i>2010</i>	<i>2011</i>
Software development	12	23	24
Selling and distribution	5	12	12
Administration	3	3	4
Total number of employees	20	38	40

The remuneration of the Directors was as follows:

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Directors' emoluments	464	320	474
Benefits	21	19	19
Directors' remuneration	485	339	493

The emoluments of the highest paid Director were:

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Highest paid Director – aggregate emoluments	396	183	229

The total emoluments of key management are provided in Note 27.

**11. Finance expense**

	2009 \$'000	2010 \$'000	2011 \$'000
Charges on debt factoring facilities and interest expense on bank loans	74	97	75
Finance expense	<u>74</u>	<u>97</u>	<u>75</u>

**12. Income tax**

	2009 \$'000	2010 \$'000	2011 \$'000
Current tax credit – current period	<u>(23)</u>	<u>(44)</u>	<u>(25)</u>

*Reconciliation of effective tax rate*

	2009 Rate %	2009 \$000	2010 Rate %	2010 \$000	2011 Rate %	2011 \$000
Loss before tax for the period		2,246		1,957		1,229
Income tax expense/(credit) using the Company's domestic tax rate	40.0	898	40.0	783	40.0	492
Non-deductible expenses	(11.6)	(260)	(24.5)	(479)	(30.3)	(372)
Tax at different rates	0.3	6	0.7	14	1.8	22
R&D tax credits	0.9	22	2.7	52	2.0	24
Tax losses not recognised	(28.6)	(643)	(16.7)	(326)	(11.5)	(141)
<b>Total income tax credit</b>	<u>1.0%</u>	<u>23</u>	<u>2.2%</u>	<u>44</u>	<u>2.0%</u>	<u>25</u>

### 13. Intangible assets

Intangible assets comprise capitalised development costs less amounts amortised.

	\$'000
<b>Cost:</b>	
Balance at 1 January 2009	480
Additions	602
	<hr/>
Balance at 31 December 2009	1,082
Additions	1,103
	<hr/>
Balance at 31 December 2010	2,185
Additions	1,207
	<hr/>
Balance at 31 December 2011	3,392
	<hr/>
<b>Amortisation:</b>	
Balance at 1 January 2009	(164)
Amortisation	(308)
	<hr/>
Balance at 31 December 2009	(472)
Amortisation	(597)
	<hr/>
Balance at 31 December 2010	(1,069)
Amortisation	(980)
	<hr/>
Balance at 31 December 2011	(2,049)
	<hr/>
<b>Carrying amounts:</b>	
At 1 January 2009	316
At 31 December 2009	610
At 31 December 2010	1,116
<b>At 31 December 2011</b>	<b>1,343</b>
	<hr/>

#### Recoverability of development costs

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

#### 14. Plant and equipment

	<i>Fixtures and fittings \$'000</i>	<i>Computer equipment \$'000</i>	<i>Total \$'000</i>
<b>Cost:</b>			
Balance at 1 January 2009	2	21	23
Additions	82	32	114
Balance at 31 December 2009	84	53	137
Additions	3	28	31
Disposals	(1)	(5)	(6)
Balance at 31 December 2010	86	76	162
Additions	–	7	7
Balance at 31 December 2011	86	83	169
<b>Depreciation:</b>			
Balance at 1 January 2009	–	(13)	(13)
Depreciation for the year	(5)	(13)	(18)
Balance at 31 December 2009	(5)	(26)	(31)
Depreciation for the year	(19)	(30)	(49)
Balance at 31 December 2010	(24)	(56)	(80)
Depreciation for the year	(26)	(20)	(46)
Balance at 31 December 2011	(50)	(76)	(126)
<b>Carrying amounts:</b>			
At 1 January 2009	2	8	10
At 31 December 2009	79	27	106
At 31 December 2010	62	20	82
<b>At 31 December 2011</b>	<b>36</b>	<b>7</b>	<b>43</b>

#### 15. Trade and other receivables

	<i>2009 \$'000</i>	<i>2010 \$'000</i>	<i>2011 \$'000</i>
Trade receivables	312	33	992
Other receivables and prepayments	163	100	100
Corporation tax credit receivable	22	72	96
Total trade and other receivables	497	205	1,188

None of the Group's receivables fall due after the ensuing year.

Trade receivables are stated net of specific bad debt provisions as follows:

	2009 \$'000	2010 \$'000	2011 \$'000
Total receivables	312	35	992
Bad debt provisions	–	(2)	–
Net trade receivables	<u>312</u>	<u>33</u>	<u>992</u>

The ageing of trade receivables is as follows:

	2009 \$'000	2010 \$'000	2011 \$'000
Due for current month	219	21	954
Due from previous month	90	12	24
Due from earlier months	3	–	14
Total trade receivables	<u>312</u>	<u>33</u>	<u>992</u>

#### 16. Cash and cash equivalents

	2009 \$'000	2010 \$'000	2011 \$'000
Bank balances	116	79	74
Call deposits	424	–	–
Total cash and cash equivalents	<u>540</u>	<u>79</u>	<u>74</u>

#### 17. Loans and borrowings

	2009 \$'000	2010 \$'000	2011 \$'000
Non-current liabilities			
Secured bank loans	–	–	65
Total	<u>–</u>	<u>–</u>	<u>65</u>
Current liabilities			
Current portion of secured bank loans	–	–	170
Current portion of other loans	703	633	535
Total	<u>703</u>	<u>633</u>	<u>705</u>
Total loans and borrowings	<u>703</u>	<u>633</u>	<u>770</u>

Other loans comprise loans from certain shareholders, who are also Directors, as set out in note 27.

## Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	<i>Nominal interest rate</i>	<i>Year of maturity</i>	<i>31 Dec 2009</i>		<i>31 Dec 2010</i>		<i>31 Dec 2011</i>	
			<i>Face value \$'000</i>	<i>Carrying amount \$'000</i>	<i>Face value \$'000</i>	<i>Carrying amount \$'000</i>	<i>Face value \$'000</i>	<i>Carrying amount \$'000</i>
Secured bank loans:								
Citibank Business Credit Account*	5.0%	2012	–	–	–	–	150	150
Citibank Instalment Loan Account*†	5.5%	2016	–	–	–	–	85	85
Other loans:								
Loans from shareholders	0.51%	2012	–	–	–	–	112	112
Loans from related party	no written arrangements on terms or interest		703	703	633	633	423	423

\*The bank loans provided by Citibank are secured by personal guarantees given by David Richards, James Campigli and Dr. Yeturu Aahlad.

†Repayable in equal monthly installments over the period to February 2016.

## Analysis of net debt

	<i>At 1 Jan 2009 \$'000</i>	<i>Cash flow \$'000</i>	<i>Non-cash movement \$'000</i>	<i>At 31 Dec 2009 \$'000</i>
Cash and cash equivalents	45	495	–	540
Other loans	(881)	178	–	(703)
Net cash/(debt)	(836)	673	–	(163)
	<i>At 1 Jan 2010 \$'000</i>	<i>Cash flow \$'000</i>	<i>Non-cash movement \$'000</i>	<i>At 31 Dec 2010 \$'000</i>
Cash and cash equivalents	540	(461)	–	79
Other loans	(703)	70	–	(633)
Net cash/(debt)	(163)	(391)	–	(554)
	<i>At 1 Jan 2011 \$'000</i>	<i>Cash flow \$'000</i>	<i>Non-cash movement \$'000</i>	<i>At 31 Dec 2011 \$'000</i>
Cash and cash equivalents	79	(5)	–	74
Bank loans	–	(235)	–	(235)
Other loans	(633)	(76)	174	(535)
Net cash/(debt)	(554)	(316)	174	(696)

The non-cash movement on other loans relates to the waiver by certain shareholders of amounts owed to them by the Group – see note 27.

## 18. Trade and other payables

	2009 \$'000	2010 \$'000	2011 \$'000
Trade payables	226	470	306
Commissions payable	35	269	581
Payroll taxes	83	545	901
Accruals	147	275	336
Other payables	—	—	442
Total current payables	<u>491</u>	<u>1,559</u>	<u>2,566</u>

Other payables relate to financial liabilities in respect of debt factoring arrangements.

## 19. Deferred income

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

The movement in deferred income is as follows:

	2009 \$'000	2010 \$'000	2011 \$'000
At 1 January	323	3,437	3,726
Additional deferred income	3,384	1,628	2,921
Released to sales	(270)	(1,339)	(2,181)
At 31 December	<u>3,437</u>	<u>3,726</u>	<u>4,466</u>

Included in the year end balance at 31 December 2011 above are amounts falling due after one year of \$1,548,000 (2010: \$1,506,000, 2009: \$2,058,000).

## 20. Provisions

Provisions relate to the following:

	2009 \$'000	2010 \$'000	2011 \$'000
At 1 January	—	—	168
Charged in year:			
Penalties levied by US state and federal tax authorities	—	168	151
Claims by former employees	—	—	95
Total charged	<u>—</u>	<u>168</u>	<u>246</u>
At 31 December	<u>—</u>	<u>168</u>	<u>414</u>

Penalties levied by US state and federal tax authorities relate to charges for late payment of payroll taxes. An estimate has been made of the likely liability based on the current legislation in place which the Directors believe is a realistic assessment. The timing of the cashflow associated with these penalties is not certain and is dependent upon the progress of discussions with the relevant authorities.

The total for employee claims represents the aggregate of the Directors' best estimate of the cash outflow based on current legal advice.

## 21. Deferred tax liabilities

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

	2009 \$'000	2010 \$'000	2011 \$'000
Net tax liabilities at 1 January	–	–	(5)
Recognised in profit or loss	–	(5)	–
Deferred tax liabilities at 31 December	–	(5)	(5)

The Group has unrecognised deferred tax assets of \$681,000 (2010: \$920,000; 2009: \$672,000) 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.

## 22. Share capital

	2009 number	2010 number	2011 number
<i>Number of ordinary shares</i>			
In issue at 1 January	4,536,442	4,541,442	4,541,442
Shares issued	10,000	–	7,812
Shares cancelled	(5,000)	–	–
In issue at 31 December	4,541,442	4,541,442	4,549,254

### *Nominal value of ordinary shares*

	2009 \$'000	2010 \$'000	2011 \$'000
In issue at 1 January	448	448	448
Shares issued	–	–	–
Shares cancelled	–	–	–
In issue at 31 December	448	448	448

## Dividends

The Company has not declared or paid any dividends on its ordinary shares in the three year period to 31 December 2011.

## 23. Share option payments

The Company operated share option plans for qualifying employees of WANdisco, Inc. and WANdisco International Limited. The WANdisco, Inc. 2006 Stock Plan (the "Stock Plan") was compliant with relevant US tax laws. For qualifying employees of WANdisco International Limited in the UK the Stock Plan had a sub-plan which allowed the Company to grant options as Enterprise Management Incentive options to qualifying UK resident individuals.

Options in the plans were settled in equity in the Company and were normally subject to a vesting schedule but not conditional on any performance criteria being achieved. If options were exercised in advance of their vesting, the shares issued are subject to clawback if the optionholder ceases their employment within a specified time.

The terms and conditions of the grants were as follows:

<i>Date of grant</i>	<i>Expected term</i>	<i>Exercisable between</i>	<i>Exercise price</i>	<i>Vesting schedule – see below*</i>	<i>Outstanding at 31 December 2011</i>
9 November 2007	10 years	9 November 2008 & 8 November 2017	\$0.40	1	5,434,412
26 September 2008	10 years	26 September 2009 & 25 September 2018	\$0.40	1	23,500
5 January 2009	10 years	5 January 2009 & 4 January 2019	\$0.40	2 1	607,000 200,000
3 August 2009	10 years	3 August 2010 & 2 August 2019	\$0.40	1	25,000
15 September 2009	10 years	15 September 2010 & 14 September 2019	\$0.72	1	60,000
7 October 2010	10 years	7 October 2011 & 6 October 2010	\$0.72	1	304,500
14 September 2011	10 years	14 September 2012 & 13 September 2021	\$0.72	1	97,000
20 September 2011	10 years	20 September 2012 & 19 September 2021	\$0.72	1	158,500

\*The following vesting schedules applied:

1. 25 per cent. of granted option shares vested on first anniversary of grant followed by 1/48 of granted option shares for each of the subsequent 36 months.
2. 100 per cent. of granted option shares were vested at the date of grant.

The number and weighted average exercise price of share options were as follows:

	<i>2009 Number of option shares</i>	<i>2010 Number of option shares</i>	<i>2011 Number of option shares</i>
Outstanding at 1 January	5,595,412	6,429,912	6,679,412
Forfeited	5,000	(124,500)	(17,188)
Lapsed	–	–	–
Exercised	(10,000)	–	(7,812)
Granted	839,500	374,000	255,500
Outstanding at 31 December	<u>6,429,912</u>	<u>6,679,412</u>	<u>6,909,912</u>
Weighted average share price for:			
– Shares forfeited	n/a	\$0.40	\$0.45
– Shares exercised	\$0.40	n/a	\$0.40
– Shares granted	\$0.40	\$0.72	\$0.72
Vested at 31 December	3,510,288	4,927,474	6,332,547
Exercisable at 31 December	6,429,912	6,679,412	6,909,912
Exercise price in the range	\$0.40	\$0.40 to \$0.72	\$0.72
Weighted average contractual life remaining	8.0 years	7.2 years	6.3 years

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:

	2009	2010	2011
Dividend yield	0.0%	0.0%	0.0%
Risk-free interest rate	3.5%	3.5%	3.5%
Stock price volatility	40%	40%	40%
Expected life (years)	5	5	5
Weighted average fair value of options granted during the year	\$0.16	\$0.26	\$0.29

The dividend yield is based on the Company's forecast dividend rate and the current market price of the underlying common stock at the date of grant.

Expected life in years is determined from the average of the time between the date of grant and the date of which the option lapse.

Expected volatility is based on the historical volatility of shares of listed companies with a similar profile to the Company.

The risk-free interest rate is based on the Treasury bond rates for the expected life of the option.

## 24. Earnings per share

### Basic earnings per share:

The calculation of basic earnings per share at 31 December 2011 was based on the profit attributable to ordinary shareholders as disclosed below and a weighted average number of Ordinary Shares outstanding, calculated as follows:

	2009 \$'000	2010 \$'000	2011 \$'000
Loss for the period attributable to Ordinary Shareholders	2,223	1,913	1,204

### Weighted average number of Ordinary Shares

	2009 000s of shares	2010 000s of shares	2011 000s of shares
At 1 January	4,537	4,541	4,541
Effect of shares cancelled in year	(4)	–	–
Effect of shares issued in the year	8	–	8
Weighted average number of ordinary shares during the year	4,541	4,541	4,549

### Basic earnings per share

	2009 \$	2010 \$	2011 \$
Basic loss per share	0.49	0.42	0.26

*Adjusted earnings per share*

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Loss for the period attributable to ordinary shareholders	2,223	1,913	1,204
Add back:			
– exceptional costs	(6)	(204)	(205)
– share-based payments	(325)	(182)	(73)
Adjusted loss	<u>1,892</u>	<u>1,527</u>	<u>926</u>
	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Adjusted basic loss per share	<u>0.42</u>	<u>0.34</u>	<u>0.20</u>

**Diluted earnings per share:**

Due to the Group having losses in each of the three years ended 31 December 2011 the fully diluted loss per share for disclosure purposes, as shown in the consolidated statements of comprehensive income, is the same as for basic earnings per share, as follows:

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Diluted loss per share	<u>0.49</u>	<u>0.42</u>	<u>0.26</u>
	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Adjusted diluted loss per share	<u>0.42</u>	<u>0.34</u>	<u>0.20</u>

**25. Foreign currency translation reserve**

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

**26. Capital commitments**

At 31 December 2011 the Group had no capital commitments (2010: \$nil, 2009: \$nil).

## 27. Related parties

### Key management personnel compensation

Key management personnel include the directors and other members of the Group's senior management team. In 2011 there were 6 key management personnel (2010: 5; 2009: 5).

In addition to their salaries, the Group also provides certain benefits to directors and certain executive officers. The costs for key management personnel compensation comprised:

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Emoluments	978	846	1,106
Benefits	51	46	35
	<u>1,029</u>	<u>892</u>	<u>1,141</u>

### Key management personnel and director transactions

During the three year period to 31 December 2011 certain directors held positions in another private entity that resulted in them having control or significant influence over the financial or operating policies of that entity. The entity transacted with the Group in the reporting period.

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

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Creditor at 1 January	881	703	633
Loan advances	202	-	112
Loan repayments	(380)	(70)	(36)
Loan waived	-	-	(174)
Creditor at 31 December	<u>703</u>	<u>633</u>	<u>535</u>

### Key management personnel interests in shares

The key management personnel and their immediate family had the following interests in the ordinary share capital of WANdisco, Inc. as at 31 December:

	<i>Number of Ordinary Shares</i>	<i>Number of Share Options</i>
<i>2009</i>		
David Richards	1,195,211	2,299,904
James Campigli	371,312	1,346,851
Dr. Yeturu Aahlad	1,806,094	1,679,047
Other key management personnel	—	17,500
	<hr/>	<hr/>
<i>2010</i>		
David Richards	1,195,211	2,299,904
James Campigli	371,312	1,346,851
Dr. Yeturu Aahlad	1,806,094	1,679,047
Other key management personnel	—	267,500
	<hr/>	<hr/>
<i>2011</i>		
David Richards	1,195,211	2,299,904
James Campigli	371,312	1,346,851
Dr. Yeturu Aahlad	1,806,094	1,679,047
Other key management personnel	—	352,500
	<hr/>	<hr/>

### 28. Operating lease commitments

Group entities have entered into the following operating lease commitments.

WANdisco, Inc. entered into an agreement with the landlord for its office premises in San Ramon, California, USA on 1 February 2011. The term of the lease expires on 31 July 2017. Monthly rental charges are \$10,780.25 per month from 1 August 2011 until 31 July 2013 and \$7,434.00 per month from 1 August 2013 until 31 July 2017.

WANdisco International Limited entered into an agreement with the landlord for its office premises in Sheffield, UK on 1 March 2011. The term of the lease expires on 28 February 2014. Rental charges totalling £44,301.72 were payable in the year ended 29 February 2012, £45,301.72 is payable in the year ending 28 February 2013 and £68,301.72 is payable in the year ending 28 February 2014.

### 29. Contingent liabilities

Given the nature of the business there are potentially claims which could arise against the Group. The Directors have made provision for any known claims (see Note 20) based on their assessment of the likely outcome.

### 30. Events after the balance sheet date

#### (a) Group restructuring

WANdisco plc ("PLC") is a company registered in Jersey. PLC was incorporated as a public company on 16 April 2012. PLC's registered office is 47 Esplanade, St. Helier, Jersey JE1 0BD.

On 20 April 2012 a private corporation, Glitter Acquisition Corp. was incorporated in Delaware USA. On 3 May 2012 PLC paid \$0.10 per share for 1,000 shares in Glitter Acquisition Corp., being the whole of its issued share capital.

On 18 May 2012 WANdisco plc entered into a sale agreement with WANdisco, Inc. whereby the whole of the issued share capital of WANdisco International Limited was transferred to WANdisco plc with the consideration left outstanding on an inter-company loan.

**(b) Share options**

Since 31 December 2011 the following share option transactions have taken place:

(i) Directors of the Company:

	<i>Number of share options</i>
David Richards*	
At 1 January 2012	2,299,904
Granted 12 January	500,000
Exercised 17 January	(500,000)
Exercised 16 February	<u>(2,299,904)</u>
At 28 May 2012	<u>–</u>
James Campigli*	
At 1 January 2012	1,346,851
Granted 12 January	450,000
Exercised 17 January	(450,000)
Exercised 16 February	<u>(1,346,851)</u>
At 28 May 2012	<u>–</u>
Dr. Yeturu Aahlad	
At 1 January 2012	1,679,047
Granted 12 January	500,000
Exercised 17 January	(500,000)
Exercised 16 February	<u>(1,679,047)</u>
At 28 May 2012	<u>–</u>

\* also director of WANdisco plc

David Richards, together with James Campigli, Mohammad Akhtar and Dr. Yeturu Aahlad exercised a number of stock options that they held in WANdisco, Inc. on 17 January 2012 and 16 February 2012. The exercise of 500,000 shares for David Richards and 450,000 shares for James Campigli was paid for in cash totalling \$342,000. All the remaining stock options exercised above were funded by the issue of certain Promissory Notes to each of these individuals by WANdisco, Inc., pursuant to which their debts are recorded.

The terms and details of the Promissory Notes are summarised in the table below:

	<i>Date/term</i>	<i>Principal</i>	<i>Interest per annum</i>	<i>Number of shares pledged</i>
David Richards	16/02/2012 – 3 years	\$827,965.44	0.21 per cent.	2,299,904
Jim Campigli	16/02/2012 – 3 years	\$484,866.36	0.21 per cent.	1,346,851
Mohammad				
Naeem Akhtar	21/02/2012 – 3 years	\$265,414.32	0.21 per cent.	737,262
Dr. Yeturu Aahlad	16/02/2012 – 3 years	\$784,456.92	0.21 per cent.	2,179,047

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

Each of the individuals named above has agreed that as part of the Placing they will sell sufficient Ordinary Shares to placees procured by Panmure Gordon pursuant to the terms of the Placing Agreement principally in order to facilitate the repayment of those Promissory Notes following Admission.

(ii) Directors of WANdisco International Limited:

	<i>Number of share options</i>
Nick Parker*	
At 1 January 2012	–
Granted 30 January	400,000
	<hr/>
At 28 May 2012	400,000
	<hr/>

\* also director of WANdisco plc

(iii) Other key management personnel:

12 January 2012	555,000 options granted
17 January 2012	100,000 options exercised

(iv) Employees of the Group:

12 January 2012	143,000 options granted
30 January 2012	526,000 options granted
3 February 2012	10,000 options granted
21 February 2012	100,000 options exercised

(v) For share options where the exercise price was more than \$0.36 for US participants, options were re-priced to \$0.36. Under IFRS 2 this will be accounted for as a modification.

**(c) Related parties**

On 18 January 2012 a sum of \$422,500 owed to the related party creditor referred to in notes 17 and 27 was repaid by the Group.

## PART IV ADDITIONAL INFORMATION

### 1. Responsibility

- 1.1 The Company and its Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and its Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. The Company

- 2.1 The Company was incorporated and registered in Jersey with registration number 110497 on 16 April 2012 as a public company limited by shares under the name WANdisco plc.
- 2.2 The principal legislation under which the Company operates is the Jersey Companies Law and regulations made under the Jersey Companies Law. The liability of the Company's members is limited.
- 2.3 The Company is domiciled in Jersey. The registered office is at 47 Esplanade, St. Helier, Jersey JE1 0BD and the principal place of business of the Company is at Electric Works, Sheffield Digital Campus, Sheffield S1 2BJ (telephone number +44 (0) 114 3039985).
- 2.4 The following are the important events in the development of the Company's business:
- 2.4.1 incorporation of the Company on 16 April 2012;
- 2.4.2 on 20 April 2012, as part of a Group reorganisation, the Company incorporated a wholly owned US subsidiary company, Glitter Acquisition Corp.;
- 2.4.3 on 16 May 2012, also as part of the Group reorganisation, the Company undertook a reverse triangular merger, which involved the acquisition of the whole of the share capital of WANdisco, Inc. in consideration for the issue of Ordinary Shares by the Company to the existing shareholders of WANdisco, Inc. in the same proportion as their shareholdings in WANdisco, Inc. (the "Merger"). As part of this reverse triangular merger Glitter Acquisition Corp. was merged into WANdisco, Inc. with WANdisco, Inc. being the surviving entity, having assumed all of the assets and liabilities of Glitter Acquisition Corp.;
- 2.4.4 on 16 May 2012, all of the holders of options over stock in WANdisco, Inc. who are based in the US surrendered their options and were granted new options under the US Option Plan by the Company in the same proportions as they had previously held options over stock in WANdisco, Inc.;
- 2.4.5 on 16 May 2012, a certificate of merger of Glitter Acquisition Corp. into WANdisco, Inc. was registered with the Delaware authorities in the US;
- 2.4.6 on 16 May 2012, all of the holders of options over stock in WANdisco, Inc. who are based in the UK surrendered their options and were granted new options under the UK Option Plan by the Company in the same proportions as they had previously held options over stock in WANdisco, Inc.;
- 2.4.7 on 18 May 2012, the Company entered into a sale agreement with WANdisco, Inc. whereby the whole of the issued share capital of WANdisco International Limited was transferred to the Company with the consideration left outstanding on an inter-company loan, the terms of which are more fully set out in paragraph 14.5 of Part IV of this document.

### 3. Subsidiaries

The Company is the holding company of the Group. The following table contains details of the Company's subsidiaries as at Admission:

<i>Company name</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Percentage ownership</i>
WANdisco, Inc.	Software development and sales	United States	100 per cent. by the Company
WANdisco International Limited	Software development and sales and support	United Kingdom	100 per cent. by the Company

### 4. Share Capital

4.1 Set out below are details of the issued share capital of the Company (i) as at the date of this document and (ii) as it will be immediately following the Placing and Admission (on the assumption that the Placing is fully subscribed):

	<i>Present</i>		<i>Immediately following Admission</i>	
	<i>Number</i>	<i>Nominal value (£)</i>	<i>Number</i>	<i>Nominal value (£)</i>
Issued Ordinary Shares	12,218,776	0.10	20,552,110	0.10

4.2 On incorporation, the authorised share capital of the Company was £10,000,000 divided into 100,000,000 Ordinary Shares of which two subscriber shares were issued.

4.3 Of these, one share was issued to Carey Olsen Nominees Jersey Limited and one share was issued to Carey Olsen Corporate Services Jersey Limited, being the subscribers to the memorandum of association of the Company (the "Subscriber Shares"). The Subscriber Shares were issued nil-paid.

4.4 The following is a summary of the changes in the authorised and issued share capital of the Company since incorporation:

4.4.1 on 25 April 2012, one of the Subscriber Shares was transferred to David Richards and the other was transferred to Jim Campigli ("Founders");

4.4.2 on 25 April 2012, 998 Ordinary Shares were issued for cash at a subscription price of £0.10 each to the Founders ("Founder Shares") and the Subscriber Shares were paid up as to £0.10 each. The new total issued share capital of the Company at that time was 1,000 Ordinary Shares, all of which were fully paid-up;

4.4.3 on 16 May 2012, the Company, as part of the Group reorganisation referred to in paragraph 2.4.3 of Part IV of this document, issued 12,218,776 Ordinary Shares to the existing shareholders of WANdisco, Inc. in the same proportion as their shareholdings in WANdisco, Inc., all of which were issued as fully paid-up. The new total issued share capital of the Company at that time was 12,218,776 Ordinary Shares (excluding the Founder Shares and Subscriber Shares), all of which were full paid-up;

4.4.4 on 11 May 2012, the Founders passed written ordinary and special resolutions:

4.4.4.1 adopting new articles of association (which remain the current Articles) and converting the Subscriber Shares and Founder Shares into redeemable shares, redeemable at the option of the Company at their par value;

4.4.4.2 authorising the Directors of the Company to exercise all or any of the powers of the Company pursuant to the Articles to allot, grant options over or otherwise dispose of relevant securities (as that term is defined in the Articles) in respect of any par value Ordinary Shares to be allotted pursuant to the Merger, the Placing Agreement or otherwise in connection with Admission and up to an additional amount of 33.3 per cent. (one third) of the issued share capital of the Company immediately

following Admission for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of 18 months from the passing of the resolution and the conclusion of the first 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 of the Company may allot equity securities pursuant to such offer or agreement as if the authority conferred on them hereby had not expired;

4.4.4.3 conditional on Admission, authorising the Directors to allot, grant options over or otherwise dispose of equity securities (as defined in the Articles) wholly for cash pursuant to the authority conferred pursuant to the resolution described in paragraph 4.4.4.2 above as if the pre-emption provisions of the Articles did not apply to the allotment, provided that this power:

(a) shall expire on the earlier of 18 months from the passing of the resolution and the conclusion of the first 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 of the Company may allot equity securities pursuant to such offer or agreement as if the authority conferred on them by the resolution had not expired; and

(b) shall be limited to any of the following circumstances:

(i) to the allotment of equity securities in connection with a rights issue, open offer (which shall not, for these purposes, include the Placing) or pre-emptive offer to holders on the register of the Ordinary Shares of the Company 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 the respective numbers of Ordinary Shares held by them on that date but the Directors may make such exclusions or other arrangements as they consider expedient in relation to fractional entitlements, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange;

(ii) to the allotment of equity securities in connection with the Placing or otherwise in connection with Admission; and

(iii) to the allotment (other than under paragraphs (b)(i) and (ii) above) wholly for cash or otherwise wholly for cash or otherwise up to an aggregate amount of 10 per cent. of the issued share capital immediately following Admission;

4.4.4.4 authorising the Directors:

(a) pursuant to Article 57 of the Companies Law to make market purchases of Ordinary Shares, provided that:

(i) the maximum number of Ordinary Shares authorised to be purchased is up to 15 per cent. of the Company's issued share capital immediately following Admission;

(ii) the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is £0.001;

(iii) the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share shall be the higher of

(a) an amount equal to 105 per cent. of the average middle market quotation for Ordinary Shares taken from the London Stock Exchange Daily Official List for five business days immediately preceding the day on which such shares are to be contracted to be purchased; and

- (b) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Daily Official List at the time the purchase is carried out; and
- (iv) the authority so conferred shall expire on the earlier of 18 months from the passing of the resolution and the conclusion of the first annual general meeting of the Company; and
- (b) pursuant to Article 58A of the Companies Law, to hold as treasury shares any Ordinary Shares purchased pursuant to the authority conferred by the resolution described in paragraph 4.4.4(a) above; and

4.4.5 on 28 May 2012, the Subscriber Shares and Founder Shares were redeemed by the Company at their par value.

- 4.5 Jersey law does not include statutory pre-emption rights. The Company has therefore voluntarily adopted pre-emption provisions in the Articles. Please see the summary of these provisions which is set out in paragraph 5.4 of Part IV of this document.
- 4.6 By a resolution of the Board passed on 11 May 2012, it was resolved conditionally upon (but effective immediately prior to) Admission taking place prior to 8 June 2012, to allot the new Placing Shares for cash at the Placing Price.
- 4.7 The following table shows the number of Ordinary Shares under option pursuant to terms of the Share Option Plans as at 25 May 2012 (being the last practicable date before publication of this document):

<i>Share Option Plan</i>	<i>Exercise Price</i>	<i>Number of Ordinary Shares under Option</i>	<i>Number of options exercisable on Admission</i>	<i>Date by which all shares are exercisable</i>
UK Option Plan – EMI	\$0.40	7,500	7,343	16/06/2012
UK Option Plan – EMI	\$0.40	12,500	10,937	01/11/2012
UK Option Plan – EMI	\$0.72	7,500	5,937	16/03/2013
UK Option Plan – EMI	\$0.40	5,000	3,854	14/04/2013
UK Option Plan – EMI	\$0.72	2,000	1,458	01/06/2013
UK Option Plan – EMI	\$0.72	12,500	9,114	06/06/2013
UK Option Plan – EMI	\$0.72	3,000	2,125	29/06/2013
UK Option Plan – EMI	\$0.72	7,500	5,156	20/07/2013
UK Option Plan – EMI	\$0.72	2,500	1,666	17/08/2013
UK Option Plan – EMI	\$0.72	250,000	166,666	01/09/2013
UK Option Plan – EMI	\$0.72	2,500	1,614	21/09/2013
UK Option Plan – EMI	\$0.72	4,000	2,500	19/10/2013
UK Option Plan – EMI	\$0.72	4,000	2,500	26/10/2013
UK Option Plan – EMI	\$0.72	2,500	1,562	02/11/2013
UK Option Plan – EMI	\$0.72	2,000	1,208	23/11/2013
UK Option Plan – EMI	\$0.72	4,000	2,083	22/03/2014
UK Option Plan – EMI	\$0.72	2,500	1,302	01/04/2014
UK Option Plan – EMI	\$0.72	3,000	1,437	09/06/2014
UK Option Plan – EMI	\$0.72	4,000	1,833	01/07/2014
UK Option Plan – EMI	\$0.72	3,000	1,125	15/11/2014
UK Option Plan – EMI	\$0.72	3,000	875	08/03/2015
UK Option Plan – EMI	\$0.72	2,000	541	11/04/2015
UK Option Plan – EMI	\$0.72	1,000	0	06/06/2015
UK Option Plan – EMI	\$0.72	2,000	0	11/07/2015
UK Option Plan – EMI	\$0.72	129,500	0	22/07/2015
UK Option Plan – EMI	\$0.72	2,000	0	01/08/2015
UK Option Plan – EMI	\$0.36	565,850	0	13/01/2016
UK Option Plan – Unapproved	\$0.36	354,650	0	13/01/2016
US Option Plan – ISO	\$0.36	200,000	166,666	05/01/2013
US Option Plan – ISO	\$0.36	7,500	5,312	01/07/2013
US Option Plan – ISO	\$0.36	50,000	34,375	01/08/2013

<i>Share Option Plan</i>	<i>Exercise Price</i>	<i>Number of Ordinary Shares under Option</i>	<i>Number of options exercisable on Admission</i>	<i>Date by which all shares are exercisable</i>
US Option Plan – ISO	\$0.36	1,042	0	04/01/2014
US Option Plan – ISO	\$0.36	2,000	541	11/04/2015
US Option Plan – ISO	\$0.36	95,000	0	22/07/2015
US Option Plan – ISO	\$0.36	478,000	0	13/01/2016
US Option Plan – ISO	\$0.36	73,348	73,348	–
US Option Plan – Non ISO	\$0.36	3,500	3,500	–

- 4.8 There are currently 2,311,890 options (which have been granted under the Share Option Plans) held by employees and Directors of the Company and its subsidiaries, of which 516,578 are vested and can be exercised at any time and 1,795,312 are subject to further vesting conditions and potential forfeiture on cessation of employment. Following Admission, the Company intends to grant options over up to a maximum of 10 per cent. of the Ordinary Shares in issue at any given date (excluding any options in existence at Admission) under the terms described in paragraph 6 of Part IV of this document.
- 4.9 On their issue, the new Placing Shares will form one class with the existing Ordinary Shares and shall, rank *pari passu* in respect of payment of dividends, voting rights, entitlement to liquidation proceeds and otherwise.
- 4.10 There are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.11 The Ordinary Shares in issue on Admission will be in registered form and, following Admission, will be capable of being held in uncertificated form. In the case of Ordinary Shares held in uncertificated form, the Articles permit the holding and transfer of Ordinary Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST. The records in respect of Ordinary Shares held in uncertificated form will be maintained by Euroclear UK & Ireland Limited and the Company's Transfer Agent, Neville Registrars (details of whom are set out on page 5 of this document).
- 4.12 It is anticipated that, where appropriate, share certificates will be despatched by first class post within 5 working days of Admission. Temporary documents of title will not be issued. Prior to the despatch of definitive share certificates, transfers will be certified against the register.
- 4.13 Except pursuant to the Placing Agreement, details of which are set out in paragraph 14.1 of Part IV of this document, no commission, discount, brokerages or other special terms have been granted by the Company or any other member of the Group in connection with the issue or sale of any share or loan capital of the Company or any other member of the Group.
- 4.14 The legislation under which the Placing Shares are or will be issued is Jersey Companies Law and regulations made under Jersey Companies Law.
- 4.15 The Ordinary Shares are denominated in Sterling.
- 4.16 Following the Placing and Admission (assuming all the Placing Shares are allotted pursuant to the Placing), the Existing Ordinary Shares will represent 59.5 per cent. of the Enlarged Share Capital.
- 4.17 Save as disclosed in this paragraph 4, as at the date of this document:
- 4.17.1 the Company did not hold any treasury shares and no Ordinary Shares were held by, or on behalf of, any member of the Group;
- 4.17.2 other than the Subscriber Shares, no shares have been issued otherwise than as fully paid;

- 4.17.3 the Company had no outstanding convertible securities, exchangeable securities or securities with warrants;
- 4.17.4 the Company has given no undertaking to increase its share capital; and
- 4.17.5 no capital of any member of the Group is under option or is agreed, conditionally or unconditionally, to be put under option.

## 5. Memorandum and Articles of Association

The Memorandum of Association of the Company does not restrict the activities of the Company and thus the Company has unlimited corporate activity:

For the purpose of this paragraph 5 the following definitions shall apply:

“**DTR**” means the United Kingdom Disclosure and Transparency Rules as amended from time to time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made, as published by the Financial Services Authority of the United Kingdom;

“**Exempt Transfer**” in relation to any share is a transfer pursuant to:

- (a) a sale of the share on AIM or a regulated market in the United Kingdom on which shares of that class are listed or normally traded; and/or
- (b) a sale of the whole beneficial interest in the share to a person whom the Board is satisfied is unconnected with the existing holder or with any other person appearing to be interested in the share; or
- (c) acceptance of a takeover offer;

“**Operator**” has the same meaning as “authorised operator” as provided for in the CREST Regulations;

“**participating class**” a class of shares title to which is permitted by an Operator to be transferred by a relevant system;

“**relevant securities**” means:

- (a) shares in the Company other than shares allotted pursuant to:
  - (i) an employee share scheme;
  - (ii) a right to subscribe for shares in the Company where the grant of the right itself constituted a relevant security; or
  - (iii) a right to convert securities into shares in the Company where the grant of the right itself constituted a relevant security; and
- (b) any right to subscribe for, or to convert any security into, shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme, and a reference to the allotment of relevant securities includes the grant of such right; and

“**special resolution**” means a resolution of the Company passed as a special resolution in accordance with Jersey Companies Law by a majority of three-fourths of the votes cast on that resolution.

The Articles were adopted by the Company by a special resolution passed on 11 May 2012 and include, *inter alia*, the provisions described below. Persons seeking a detailed explanation of any provisions of Jersey law or the difference between it and the laws of England and Wales, or any other jurisdiction with which they may be more familiar, should seek specific legal advice.

The Articles include a number of provisions which are intended to provide shareholders with certain rights which they would not otherwise enjoy under Jersey law. These include the provision of pre-emption rights in favour of shareholders in relation to certain issues of shares; a right in certain cases to require the circulation of a notice of a resolution to be proposed at an annual general meeting; a right in certain cases to require the circulation to shareholders of an explanatory statement with respect to a resolution proposed to be dealt

with at a general meeting; a power in certain cases to require website publication of audit concerns; restrictions imposed on the directors on compensation for loss of office which are intended to reflect applicable English law; and preventing indemnification of directors to the extent this would be unlawful under the relevant provisions of English company law were the company an English incorporated company. Further details of the relevant provisions of the Articles are included in the following summary of the Articles.

#### **5.1 Alteration of share capital**

The Company may by special resolution alter its share capital in any manner permitted by Article 38 of Jersey Companies Law. In accordance with (and subject to the provisions of Article 61 of Jersey Companies Law), the Company may by special resolution reduce its share capital account, capital redemption reserve and share premium account in any way.

#### **5.2 Purchase of own shares**

Subject to and in accordance with Jersey Companies Law and without prejudice to any special rights attached to any class of shares, the Company may purchase any of its own shares of any class (including without limitation redeemable shares) in any way and at any price and may hold such shares as treasury shares.

#### **5.3 Share rights**

Subject to Jersey Companies Law and without prejudice to any rights attached to any existing shares, any share in the Company may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide. Subject to Jersey Companies Law and to any rights attached to any existing shares, the Company may issue shares which are to be redeemed, or at the option of the Company or the holder are liable to be redeemed.

Provided that, at the time of redemption, there are in issue shares in the capital of the Company that are not redeemable, the Subscriber Shares and the Founder Shares may be redeemed by the Company at any time, for their nominal amount, at the option of the Board.

#### **5.4 Allotment of securities and pre-emption rights**

Subject to the provisions of Jersey Companies Law, the Articles and any ordinary resolution of the Company passed by the shareholders of the Company conferring authority on the Directors to allot shares, as referred to below and without prejudice to any rights attached to existing shares, all unissued shares are at the disposal of the Board which may reclassify, allot, grant options over or otherwise dispose of them to persons at such times and on such terms and conditions as the Board may decide.

The Board has the power to allot relevant securities subject to authority granted by the Company by ordinary resolution which shall provide for (i) the number of relevant securities which may be issued by the Board generally and unconditionally; and (ii) may specify the issue price of such relevant securities.

Although Jersey Companies Law does not provide any statutory pre-emption rights, the Articles provide that equity securities allotted by the Company must first be offered to existing Shareholders in proportion to their respective holdings of Ordinary Shares except that such pre-emption rights shall not apply where they are dis-applied by way of special resolution of the holders of shares of the class who (being entitled to do so) vote in person or by proxy at a separate general meeting of such holders in relation to (i) bonus shares; (ii) equity securities wholly or partly paid up otherwise than in cash; or (iii) equity securities issued in connection with an employee share scheme.

Although there is no requirement under Jersey Companies Law for shares of a public company to be issued paid-up as to any minimum amount, the Articles provide that the Company shall not allot or issue any share except as paid up at least as to one-quarter of its nominal value and the whole of any premium on it, except that this shall not apply to (i) shares allotted in pursuance of an employee share scheme; (ii) the Subscriber Shares; and (iii) the allotment and issue of bonus shares.

## 5.5 Share certificates

Every member on becoming the holder of any certificated share (except a recognised person in respect of whom the Company is not by law required to issue a certificate) whose name is entered on the Company's register of members as a holder of any certificated shares is entitled, without payment, to one certificate in respect of all shares of any class held by him. In the case of joint holders, delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

The Board may permit title to some or all of the shares of any class to be evidenced otherwise than by a certificate and title to such shares to be transferred in accordance with the rules of a relevant system pursuant to which title to units of a security can be evidenced and transferred in accordance with the CREST Regulations, without a written instrument. The Articles are consistent with CREST membership.

## 5.6 Call, forfeiture and lien

The Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares. Each member shall (subject to being given at least 14 clear days' notice specifying where and when payment is to be made) pay to the Company the specified amount called on his shares. If any call or instalment of a call remains unpaid on or after the due date for payment, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid. Interest shall be paid at a fixed rate, fixed by the terms of the allotment of the share or in the notice of call or if no rate is fixed, the rate determined by the Board not exceeding 5 per cent. per annum, or, if higher, the appropriate rate (as determined by the UK Secretary of State and defined in the 2006 Act).

The Board may also (on giving not less than 14 clear days' notice requiring payment of the amount unpaid together with interest and costs incurred) forfeit the shares by resolution of the Board. The forfeiture shall include all dividends or monies payable in respect of the forfeited share. The forfeited shares may be sold, re-allotted or otherwise disposed of by the Board in such manner as it determines.

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies payable to the Company (whether presently or not) in respect of that share. The Board may at any time (generally or in a particular case) waive any lien or declare any share to be wholly or in part exempt from the relevant provisions of the Articles. The Company's lien on a share shall extend to any amount (including without limitation dividends) payable in respect of it.

## 5.7 Variation of rights

Subject to the provisions of Jersey Companies Law and to any rights attached to existing shares (and except in the case where there is only one holder of the issued shares in which case all rights attached to an existing class of shares may be varied only with the consent in writing of that holder), all or any of the rights attached to any class of shares may be varied either with the written consent of the holders of not less than three-fourths in number of the issued shares of the class or the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held.

## 5.8 Untraced Shareholders

The Articles provide that the Company shall be entitled to sell any share of a shareholder, or any share to which a person is entitled by Jersey Companies Law, at the best price reasonably obtainable, provided that:

- (i) for a period of not less than 12 years no cheque, warrant or money order sent by the Company to the Shareholder has been cashed or all funds paid to the Shareholder have been returned to the Company;
- (ii) at the expiration of such period of 12 years, the Company has given notice of its intention to sell any such shares by advertisement in both a United Kingdom national newspaper; and
- (iii) the Company has not, during such period of 12 years or the further period of three months following the last of such advertisements, received any communication in respect of such share from the Shareholder or person entitled by Jersey Companies Law.

## 5.9 Transfer of shares

Without prejudice to any power of the Company to register as a Shareholder a person to whom the right to any share has been transmitted by operation of law, the instrument of transfer of a certificated share may be in the usual form or in any other form approved by the Board and shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

Any member may transfer all or any of his shares which are in uncertificated form, subject to the CREST Regulations, by means of a relevant system provided that legal title to such shares shall not pass until the transfer is entered in the register.

The Board may refuse to register the transfer of a share in certificated form unless the instrument of transfer:

- (i) is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (ii) is in respect of only one class of shares; and
- (iii) is in favour of not more than four transferees.

If the Board refuses to register a transfer of a share in certificated form it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share, or for making any other entry in the register.

Any member may transfer all or any of his shares which are in uncertificated form, subject to the rules and regulations of the relevant system, provided that legal title to such shares shall not pass until the transfer is entered in the Company's register of members. Subject to Jersey Companies Law, the AIM Rules for Companies and any applicable laws, rules and regulations relating to a relevant system, no provision of the Articles shall apply or have effect to the extent that it is inconsistent in any respect with:

- (i) the holding of shares of that class in uncertificated form;
- (ii) the transfer of title to shares of that class by means of a relevant system;
- (iii) the exercise of any powers or functions by the Company or the effecting by the Company of any actions by means of a relevant system; and
- (iv) any provision of the CREST Regulations.

The Directors may lay down regulations not included in the Articles which (in addition to, or in substitution for, any provisions in the Articles):

- (i) apply to the issue, holding or transfer of shares in uncertificated form;
- (ii) set out (where appropriate) the procedures for conversion and/or redemption of shares in uncertificated form; and/or
- (iii) the Directors consider necessary or appropriate to ensure that these Articles are consistent with the CREST Regulations and/or the Operator's rules and practices.

The Articles provide that the Board may suspend the registration of transfers of shares or of transfers of any class of shares at such times and for such periods (not exceeding 30 days in any year) as the Board may determine, except that the Board may not suspend the registration of transfers of any participating class without the consent of the Operator of the relevant system.

The Articles also contain a provision allowing the Company to refuse to register the transfer of a share in certificated form if, in the sole discretion of the Company, such transfer should be in violation of any applicable transfer restriction or in violation of any applicable securities law or regulation.

#### 5.10 Disclosure of interests in shares

The provisions of DTR 5 shall be deemed to apply to the Company, so that members are required under the Articles to notify the Company of the percentage of their voting rights if the percentage of voting rights which they hold as a Shareholder or through their direct or indirect holding of financial instruments falling within paragraph 5.1.38 of DTR 5 (or a combination of such holdings) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent., and each 1 per cent. threshold thereafter up to 100 per cent., or reaches or exceeds or falls below any of these thresholds as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with paragraph 5.6.1R of DTR 5. Paragraph 5.8 of DTR 5 notes that a Shareholder must make the notification required under paragraph 5.1 of DTR 5 as soon as possible and in any event not later than two trading days after the date on which the person:

- (i) learns of the acquisition or disposal or of the possibility of exercising voting rights or having regard to the circumstances should have learned of it regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect; or
- (ii) is informed on the basis of information disclosed by the Company of events changing the breakdown of voting rights which results in the person reaching, exceeding or falling below a relevant threshold.

If any member fails to comply with these requirements, the Directors may, by notice to the holder of the shares, suspend their rights as to voting, dividends and transfer (except pursuant to an Exempt Transfer). Such suspension shall have effect from the date on which the default notice is delivered to the Shareholder until a date that is not more than seven days after the Board has determined that the holder of the shares has cured the non-compliance. During the period of such suspension any dividend or other amount payable in respect of the shares shall be retained by the Company without any obligation to pay interest thereon.

The Directors have the power, by giving notice, to require any member to disclose to the Company the identity of any person other than the member who is interested in the shares held by the member or who has been at any time during the preceding three years been so interested, in both cases together with details of the nature of such interest. If any member has been duly served with such a notice and is in default of the prescribed period in supplying the information required then certain restrictions shall apply. A disclosure notice may direct that the member shall not be entitled to vote at a general meeting or meeting of the holders of any class of shares of the Company or exercise any other right conferred by membership in relation to the meetings of the Company or holders of any class of shares. Where the default shares represent at least 0.25 per cent. of the issued shares of that class, any dividend or other money which would otherwise be payable may also be retained by the Company and transfers of default shares will be restricted until the restrictions cease to apply.

#### 5.11 General meetings

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with Jersey Companies Law. The Board may convene general meetings whenever it thinks fit. At least twenty one clear days' notice shall be given of every annual general meeting and every general meeting called for the passing of a special resolution; and at least 14 clear days' notice shall be given of all other general meetings. The Company may determine that the members entitled to receive a notice of a general meeting of the Company are the members on the register at the close of business on a day determined by the Company, which day may not be more than 21 days before the day that notices of the meeting are sent.

The notice shall specify the place, day and time of the meeting and the general nature of the business to be transacted at the meeting. In the case of an annual general meeting, the notice shall specify the meeting as such. In the case of a meeting to pass a special resolution the notice shall specify the intention to propose the resolution as a special resolution.

For the purpose of determining whether a person is entitled as a member to attend or vote at a meeting and how many votes such person may cast, the Company may specify in the notice of the meeting a time not more than 48 hours before the time fixed for the meeting, by which a person who

holds shares in registered form must be entered on the register in order to have the right to attend or vote at the meeting or to appoint a proxy to do so.

The Board may resolve to enable persons entitled to attend a general meeting to do so by simultaneous attendance and participation at a satellite meeting place anywhere in the world and any members in attendance in person or by proxy at any such meeting place shall be counted in the quorum and entitled to vote at the general meeting.

Members representing at least 10 per cent. of the paid up share capital of the Company and who are entitled to vote on the resolution at the annual general meeting to which the request relates (excluding any voting rights attached to any shares in the Company held as treasury shares), may require the Company to circulate notice of a resolution which may be, and is intended to be, moved at that annual general meeting to members and if so required the Company shall, unless the resolution would if passed be ineffective, is defamatory of any person or is frivolous or vexatious, give such notice in the same manner as notice of the meeting and at the same time as, or as soon as reasonably practicable after it gives notice of the meeting.

Members representing at least 10 per cent. of the paid up share capital of the Company and who, in relation to a proposed resolution, are entitled to vote on that resolution at the meeting to which the request relates, or in relation to any other matter, are entitled to vote at the meeting to which the request relates (a “relevant right to vote”) (excluding any voting rights attached to any shares in the Company held as treasury shares) may require the Company to circulate to members an explanatory statement of not more than 1,000 words with respect to a matter referred to in the proposed resolution to be dealt with at the meeting to which the request relates, or to any other business to be dealt with at that meeting. However, the Company has the right to apply to the Royal Court of Jersey to seek a ruling that it is not required to circulate a members’ statement on the basis that the rights in the Articles are being abused.

Members representing at least 10 per cent. of the paid up share capital of the Company and who are entitled to vote on the matter to which a poll relates (excluding any voting rights attributed to any shares in the Company held as treasury shares) may require the Directors to obtain an independent report on any poll taken or to be taken at a general meeting of the Company.

A member of the Company may nominate a person, on whose behalf he holds shares, to enjoy rights to receive a copy of all communications that the Company sends to its members.

All resolutions put to the vote of a general meeting shall be decided upon by a show of hands unless a poll is validly demanded. Subject to any rights and restrictions attached to any shares, members and their duly appointed proxies shall have the right to attend and speak at general meetings and to vote, and to demand, or join in demanding, a poll.

On a show of hands every member who is present in person shall have one vote and every proxy present who has been duly appointed by a member entitled to vote on the resolution has one vote. On a poll every member present or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares unless all monies presently payable by him or in respect of his shares have been paid.

A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Company.

The chairman may with the consent of a meeting at which a quorum is present, adjourn the meeting.

#### **5.12 Power to require website publication of audit concerns**

Where so requested by members representing at least 10 per cent. of the paid up share capital of the Company and who have a right to vote at the general meeting at which the accounts of the

Company are laid, the Company shall publish on its website a statement setting out any matter relating to the audit of the Company's accounts or any circumstances connected with an auditor of the Company ceasing to hold office except where the Board believes in good faith that the rights so conferred are being abused.

### 5.13 **Voting rights**

Subject to any special terms as to voting attached to any shares and to the Articles, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A member may appoint more than one proxy.

No member shall be entitled to vote at any general meeting unless all monies presently payable by him in respect of shares in the Company have been paid.

In the case of joint shareholders only the vote of the senior joint holder shall be accepted. In the case of an equality of votes, the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.

### 5.14 **Directors**

#### 5.14.1 *Appointment of Directors*

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than two or more than 10. Directors may be appointed by ordinary resolution or by the Board. At every annual general meeting one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to and exceeding one-third shall retire from office but if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or re-appointment, he shall retire at that annual general meeting. No person who is a director as at the date of Admission shall be required to retire at the Company's annual general meeting first following Admission.

Any Director may appoint any other Director or other person approved by resolution of the Board and willing to act, to be an alternate Director.

Subject to the provisions of Jersey Companies Law, the Board may appoint one or more of its body to be the holder of any executive office (except that of auditor) in the Company and may enter into an agreement or arrangement with any Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, agreement or arrangement may be made on such terms, including without limitation terms as to remuneration, as the Board determines. The Board may revoke or vary any such appointment but without prejudice to any rights or claims which the person whose appointment is revoked or varied may have against the Company because of the revocation or variation.

#### 5.14.2 *No share qualification*

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

#### 5.14.3 *Retirement of Directors by rotation*

The Directors to retire by rotation shall be first, those who wish to retire and not be re-appointed to office, and second, those who have been in office longest since their last appointment or reappointment. As between persons who became or were last re-appointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. No Director shall be required to retire or be relieved from retiring or to be retired by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting.

#### 5.14.4 *Remuneration of Directors*

The emoluments of any executive Director shall be determined by the Board. The ordinary remuneration of the Directors who do not hold executive office for their services (excluding

amounts payable under any other provision of the Articles) shall not exceed in aggregate such amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such Director shall be paid a fee for his services (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board.

Any Director who does not hold executive office and who performs special services which, in the opinion of the Board, go beyond the ordinary duties of a Director, may be paid such extra remuneration as the Board may determine. The Directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may (by establishment of, or maintenance of, schemes or otherwise) provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his family (including a spouse, a civil partner, a former spouse and a former civil partner) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

5.14.5 *Compensation for loss of office*

The provisions contained in sections 215 to 221 of the 2006 Act in relation to payments made to Directors (or a person connected to such Directors) for loss of office and the circumstances in which such payments would require the approval of members apply to the Company such that the Company may not make payment for loss of office to a director unless approved by a resolution of the members of the Company. Such resolution must not be passed unless a memorandum setting out the particulars of the proposed payment (including its amount) is made available to the members of the Company.

5.14.6 *Permitted interests of Directors*

Subject to the provisions of Jersey Companies Law and provided that where a Director, to his knowledge, is in any way directly or indirectly interested in a contract, transaction or arrangement with the Company and such interest conflicts or may conflict to a material extent with the interests of the Company, has disclosed to the Board (at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case as soon as practical after that meeting, by notice in writing delivered to the secretary, at the first meeting of the Board after he knows that he is or has become so interested) the nature and extent of his interest, a Director, notwithstanding his office:

- (a) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company (including in relation to any insurance proposal which the Company proposes to maintain or purchase for the benefit of the Directors) or in which the Company is otherwise interested;
- (b) may hold any other office or place of profit under the Company (except that of auditor or of auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as the Board may arrange, either in addition to or in lieu of any remuneration provided for by any other provision of the Articles;
- (c) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction

or proposal, and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

#### 5.14.7 *Powers of Directors*

Subject to the provisions of Jersey Companies Law and the Articles and any direction given by special resolution, the business of the Company shall be managed by the Board which may exercise all powers of the Company. The Board may delegate any of its powers to any committee consisting of one or more Directors. The Board may also delegate any of its powers to any Director holding any executive office.

Subject to the provisions of Jersey Companies Law and to any directions given by special resolution, the Articles provide that the Board may exercise all the powers of the Company:

- (i) to borrow money;
- (ii) to mortgage or charge all or any part of the undertaking, property and assets (present or future) and uncalled share capital of the Company;
- (iii) to issue debentures and other securities; and
- (iv) to give security, either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

There is no prohibition under the Jersey Companies Law (other than compliance with the director's duties to the Company) on the making of loans by a company to its directors. However, the provisions of section 197, section 199, section 200, section 201 and section 202 of the 2006 Act shall apply to the Company, and the powers of the Company to make a loan or quasi-loan to a director or enter into a credit transaction for the benefit of a director, or give a guarantee or provide security in connection with such loan or quasi-loan or credit transaction shall be limited accordingly, save that nothing shall prohibit or restrict the powers of the Company to make a loan to a director in support of any indemnity given to such director contemplated by the Articles.

#### 5.14.8 *Proceedings of Directors*

A Director may, and the secretary at the request of a Director shall, call a meeting of the Board by giving notice of the meeting to each Director.

No meeting of the Directors shall be held outside the United Kingdom, and any decision reached or resolution passed by the Directors at any meeting which is held outside the United Kingdom shall be invalid and of no effect.

Questions arising at a meeting shall be decided by a majority of votes provided that, where one or more directors is in attendance at the meeting from outside of the United Kingdom in accordance with Articles, the majority of directors voting in favour of such resolution must be physically located in the United Kingdom. In the case of an equality of votes, the chairman shall have a second or casting vote, provided that the chairman may not exercise any such second or casting vote at any meeting at which only two of the Directors who are present are entitled to vote or where he is not physically located in the United Kingdom at the time of exercise of such casting vote. Any Director may waive notice of a meeting and any such waiver may be retrospective.

The quorum for the transaction of the business of the Board may be fixed by the Board and unless so fixed at any other number shall be two. A person who holds office only as an alternate Director may, if his appointor is not present, be counted in the quorum.

A resolution in writing agreed by all the Directors or by a majority of Directors who are not resident in the United Kingdom, in each case, entitled to receive notice of and vote at a meeting of the Board or of a committee of the Board (not being less than the number of Directors required to form a quorum of the Board), shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board

duly convened and held provided that no resolution in writing shall be valid unless a majority of those directors signing such resolution in writing sign it within the United Kingdom.

A person entitled to be present at a meeting of the Board or of a committee of the Board shall be deemed to be present for all purposes if he is able (directly or by electronic communication) to speak to and be heard by all those present or deemed to be present simultaneously. A Director so deemed to be present shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where it is convened to be held or (if no director is present in that place) where the majority/largest group of those participating is assembled, or, if there is no such group, where the Chairman of the meeting is physically located.

No meeting at which one or more directors participates shall be quorate unless a majority/the largest group of the directors participating in that meeting (whether in person or in any manner permitted by the Articles) are physically located within the United Kingdom at the time such meeting is held.

#### 5.14.9 *Restrictions on voting*

Except as otherwise provided in the Articles, a Director shall not vote on (but shall still be counted in the quorum in relation to) any resolution of the Board or a committee of the Board concerning a contract, transaction or arrangement in which he has an interest which (taken together with any interests of any person connected with him) is, to his knowledge, a material interest, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company, unless the resolution concerns any of the following matters:

- (a) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) other than a rights issue offered to all of the shareholders of the Company, any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) any proposal concerning any other body corporate in which he (together with persons connected with him within the meaning of sections 252, 253 and 254 of the 2006 Act) does not to his knowledge have an interest in 1 per cent. or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of such body corporate;
- (e) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (f) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors.

Subject to Jersey Companies Law, the Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

A Director shall not vote (but shall be counted in the quorum) on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the

terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any body corporate in which the Company is interested. Where proposals are under consideration concerning the appointment of two or more Directors to offices or places of profit with the Company or any body corporate in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote in respect of each resolution except that concerning his own appointment and for the avoidance of doubt shall be still be counted in the quorum for any resolution concerning his own appointment. An interest of a person who is for the purposes of the 2006 Act connected with a Director shall be treated as an interest of the Director, provided that the Director is aware of such interest.

#### **5.15 Indemnity of officers**

Jersey Companies Law restricts indemnities or exemptions from liability given by Jersey companies to their directors and officers. In general, directors and officers of a Jersey company cannot be exempted from or receive an indemnity in respect of any liability which would otherwise attach to that director or officer under law by reason of the fact that they are or were a director or officer of the company. There are exemptions to this restriction, in particular in respect of proceedings where the director or officer is not held liable or the matter is discontinued, where the director or officer acted in good faith in the best interests of the company and in respect of any liability for which the company normally maintains insurance. The Articles provide that a Director, alternate Director, secretary or other officer may be indemnified out of the assets of the Company to the extent this is legally permissible under Jersey Companies Law and subject to the rules made by London Stock Exchange plc in connection with AIM (or by the competent authority of any other regulated market or other stock exchange on which the shares of the Company may be listed) provided that the Company shall not indemnify any such person insofar as the provisions of such indemnity would be void under sections 232 or 234 of the UK Companies Act 2006.

#### **5.16 Dividends and other distributions**

Subject to the provisions of Jersey Companies Law, the Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Board. Subject to the provisions of Jersey Companies Law, the Board may pay interim dividends if it appears to the Board to be justified by the cash flow position of the Company. A general meeting declaring a dividend may, on the recommendation of the Board, by ordinary resolution direct that it shall be satisfied wholly or partly by the distribution of assets, including without limitation paid up shares or debentures of another body corporate. The Board may make any arrangements it thinks fit to settle any difficulty arising in connection with the distribution, including without limitation (a) the fixing of the value for distribution of any assets; (b) the payment of cash to any member on the basis of that value in order to adjust the rights of members; and (c) the vesting of any asset in a trustee.

The Board may, if authorised by an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend specified by such ordinary resolution.

Except as otherwise provided by the rights attaching to or terms of issue of any shares, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

No dividend or other monies payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.

The Board may deduct from any dividend or other monies payable to any member in respect of a share any monies presently payable by him to the Company in respect of that share.

Where a person is entitled by transmission to a share, the Board may retain any dividend payable in respect of that share until that person (or that person's transferee) becomes the holder of that share.

Any dividend or other monies payable in respect of a share may be paid by, any direct debit, bank or other funds transfer system to the holder or person entitled to payment or, if practicable, to a person

designated by notice to the Company by the holder or person entitled to payment; or by any other method approved by the Board and agreed by the holder or person entitled to payment including without limitation in respect of an uncertificated share by means of the relevant system (subject to the facilities and requirements of the relevant system).

Subject to applicable laws, any dividend or other monies unclaimed after a period of 12 years from the date on which it became payable shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

#### 5.17 **Capitalisation of profits and reserves**

The Board may with the authority of an ordinary resolution of the Company (or a special resolution if required under Jersey Companies Law) resolve to capitalise any undistributed profits of the Company not required for paying any preferential dividend or any sum standing to the credit of any reserve or other fund of the Company.

#### 5.18 **Winding-up**

Under Jersey Companies Law, except as provided by the rights and restrictions attached to any class of shares, the holders of Ordinary Shares will be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. Pursuant to the Articles, the Company may, with the sanction of a special resolution and any other sanction required by Jersey Companies Law, divide among the members in kind the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

#### 5.19 **Disclosure of beneficial ownership**

Although Jersey Companies Law does not contain equivalent provisions to section 793 of the 2006 Act, the Articles provide that, if at any time any holder of shares, or any other person (as appropriate) has been served with a disclosure notice from the Company and has not complied with such notice or supplied the information required to the Company within the relevant period, then certain restrictions will apply as follows:

- (i) if the default shares in which any one person is interested or appears to the Company to be interested represent less than 0.25 per cent. of the issued shares of the class, the holders of the default shares shall not be entitled, in respect of those shares, to attend or to vote, either personally or by proxy, at any general meeting or at any separate general meeting of the holders of any class of shares in the Company, or to exercise any other right conferred by membership in relation to meetings of the Company; or
- (ii) if the default shares in which any one person is interested or appears to the Company to be interested represent at least 0.25 per cent. of the issued shares of the class, the holders of the default shares shall not be entitled unless otherwise determined by the Board from time to time, in respect of those shares:
  - (a) to attend or to vote, either personally or by proxy, at any general meeting or at any separate general meeting of the holders of any class of shares in the Company, or to exercise any other right conferred by membership in relation to meetings of the Company; or
  - (b) to receive any payment by way of dividend and no share shall be allotted in lieu of payment of a dividend; or
  - (c) to transfer or agree to transfer any of those shares or any rights in them.

#### 5.20 **Distribution of assets in a liquidation**

Pursuant to Jersey Companies Law, subject to any enactment as to the order of payment of debts, the Company's property on a winding up will be applied in satisfaction of the Company's liabilities *pari passu* and any remaining property of the Company will be distributed among the members according to their rights and interests in the Company.

If the Company is wound up, the Directors or the liquidator (as the case may be) may, with the sanction of a special resolution of the Company and any other sanction required by Jersey Companies Law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members, but if any division is resolved otherwise than in accordance with such rights, the members shall have the right to dissent in writing within seven days of the passing of the resolution, requiring the liquidator either to abstain from carrying the resolution into effect or to purchase his interest at a price to be determined by agreement or arbitration.

The Directors or the liquidator may, with the like sanction, vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as they/he with the like sanction shall determine, but no member shall be compelled to accept any assets on which there is a liability.

#### 5.21 **Takeover Code provisions**

The Articles provide that for as long as the Takeover Code does not apply to the Company and transactions in securities of the Company, a person must not acquire interests in securities of the Company (which has the meaning given in the Takeover Code) unless the acquisition is an acquisition:

- (i) to which the Board has given its written consent; or
- (ii) which is made in accordance with the applicable provisions of the Takeover Code as if it applied to the Company (including, for the avoidance of doubt, (i) an acquisition made in circumstances in which the Takeover Code, if it applied to the Company, would not require an offer or offers to be made as a consequence; and (ii) an acquisition made in the circumstances in which the Takeover Code, if it applied to the Company, would require an offer or offers to be made as a consequence and such offer(s) is (are) made in accordance with Rules 6, 9, 10, 11, 14 and 15 of the Takeover Code (to the extent applicable)).

Without limiting this requirement, when any person or persons acting in concert acquire interests in securities of the Company which, when taken together with any other share held or acquired by that person or persons acting in concert with him, carry 30 per cent. or more of the voting rights of the Company, or when a person or persons acting in concert holding between 30 per cent. and 50 per cent. of the voting rights of the Company acquire additional shares which increases his percentage of the voting rights, that person (and, depending on the circumstances, other members of his concert party) may be required (unless the Board gives its written consent to the acquisition) to make a general offer to the other Shareholders of the Company in accordance with the Takeover Code, including the provisions requiring a cash offer or cash alternative to be offered as consideration.

The Board has been vested with equivalent powers and discretions as those afforded to the Panel on Takeovers and Mergers under the Takeover Code, and has powers to disenfranchise Shareholders and enforce the sale of some or all of the shares held by a Shareholder in certain circumstances.

If at any time the Takeover Code does not apply to the Company and/or transactions in securities of the Company the Board recommends to Shareholders any offer made for any securities of the Company from time to time, the Board shall obtain the undertaking of the offeror(s) to comply *mutatis mutandis* with the provisions of the Takeover Code in the conduct and the execution of such offer.

### 6. **Share Schemes**

- 6.1 The Share Option Plans are employee share option plans which facilitate the grant of options to UK and US resident employees of the Group. Where appropriate, the Share Option Plans allows options to be granted as Enterprise Management Incentive options to UK eligible employees and Incentive Stock Options ("ISOs") to US eligible employees, both of which offer certain tax advantages to participants and their employing company.

The principal terms of the Share Option Plans are as follows:

#### 6.2 **Administration**

The Share Option Plans will be administered, and the grant of options to selected employees and directors supervised by, the Remuneration Committee or the Board.

### 6.3 Eligibility

The Remuneration Committee or the Board may, at its discretion, select employees, directors and/or consultants of the Group to whom options may be granted over Ordinary Shares who meet certain conditions as to working time and shareholdings in the Company.

EMI options may only be granted within the limits set out in Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003, as amended from time to time, to qualifying UK resident employees and directors. EMI options granted in breach of Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003, will automatically be treated as options granted under the Unapproved Plans.

Options granted to US participants may be granted as Qualifying Incentive Stock Options with regards to the first \$100,000 of ISO options which become exercisable in any calendar year. Any ISO options granted to US participants in excess of this limit, or where the qualifying conditions are not met, will automatically be non-ISO options. Options granted to US participants will only be ISO options where the holding conditions are met by the participant.

### 6.4 Exercise price

The Remuneration Committee or the Board will, at its discretion, determine the exercise price per Ordinary Share in relation to options granted under the Share Option Plans.

For grants under the UK Option Plan, unless the Remuneration Committee or the Board determines otherwise, the exercise price per Ordinary Share will generally not be less than the average closing prices for the three dealing days immediately preceding the date of grant, as derived from the AIM section of the Official List of the London Stock Exchange.

For grants under the US Option Plan, unless the Remuneration Committee or the Board determines otherwise, the exercise price per Ordinary Share will be at least equal to the fair market value per Ordinary Share at the time the option was granted, as derived from the AIM section of the Official List of the London Stock Exchange.

### 6.5 Plan limits

The Remuneration Committee or the Board will not grant options over more than 10 per cent. of the Ordinary Share capital of the Company in issue from time to time. This excludes any options granted under the Share Option Plans prior to Admission.

EMI options may only be granted so that the aggregate market value of Ordinary Shares under such EMI options does not exceed £3,000,000, and £120,000 per individual (or other such limit as implied by legislation).

Options granted pursuant to the Unapproved Plans do not need to comply with the EMI limits set out in the paragraph immediately above.

### 6.6 Exercise of options

In normal circumstances, an option may only be exercised by an individual to the extent that it has vested, once an event giving a right to exercise occurs. These events may include, but are not limited to, the expiry of a minimum period(s), a change of control of the Company, the death of an option holder or the cessation of employment as a good leaver.

A vesting schedule applying to options will be determined on each date of grant and may be determined separately for each grant. For options granted after Admission, it is not anticipated that any options would normally be exercisable sooner than 3 years from the date of grant. Performance conditions can also be applied where the Remuneration Committee or the Board consider it appropriate to do so.

On the occurrence of an exercise event, the Remuneration Committee or the Board in its discretion may determine that unvested options may vest and become capable of exercise. Unvested options will vest in full on a change of control of the Company.

### 6.7 Leavers

Unless an employee ceases employment as a good leaver then his or her option will cease to be exercisable from the date of cessation of employment and will lapse 40 days from that date.

In the event of the cessation of employment as a good leaver (as defined in the rules of the Share Option Plans) or on the death of an option holder, any vested options held by the option holder will become exercisable. Unexercised options will lapse 40 days after the date of cessation as a good leaver or one year following the date of death of an option holder to the extent they have not been exercised. Options which vest in accordance with the vesting schedule between the date of cessation and the exercise date will be determined to be vested options.

#### 6.8 Terms of options and issue of Ordinary Shares

Options are not transferable. Within 30 days following the exercise of an option, the appropriate number of Ordinary Shares will be allotted and issued to the option holder. The Ordinary Shares allotted will rank *pari passu* with all other issued Ordinary Shares of the Company, save that they will not rank for any dividend or other rights attaching to such shares by reference to a record date prior to their issue.

#### 6.9 Share transfer restriction

Participants shall not be able to transfer Ordinary Shares acquired on exercise of any options under the Share Option Plans for a period of 180 days following Admission.

#### 6.9 Variation of capital

In the event of a variation of share capital of the Company, including any capitalisation, rights issue, open offer, consolidation, sub-division or reduction of capital, or any capital distribution, special dividend, distribution *in specie* or demerger which has a material impact on the value of the shares under option, the number and exercise price of the Ordinary Shares subject to the options may be adjusted in such manner as the Remuneration Committee or the Board considers appropriate and permitted by law.

#### 6.10 Amendment and termination

The Remuneration Committee or the Board may make amendments to the Share Option Plans from time to time. However, no amendment may be made which may have a materially adverse effect on option holders without the consent of the option holders. Furthermore, no amendment can be made to the advantage of an option holder (other than for certain permitted amendments) without the approval of the Shareholders in general meeting.

### 7. Directors', Senior Management's and other interests

7.1 As at the date of this document and immediately following Admission, the interests (all of which are beneficial unless otherwise stated), whether direct or indirect, of the Directors, Senior Management and their families (within the meaning set out in the AIM Rules) in the issued share capital of the Company and the existence of which is known to or could, with reasonable diligence, be ascertained by that Director, or Senior Manager, are and are expected to be as follows:

<i>Director</i>	<i>On the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
David Richards	3,995,115 <sup>(1)</sup>	32.70	3,383,153	16.46
Jim Campigli	2,168,163 <sup>(2)</sup>	17.74	1,844,143	8.97
Paul Walker	–	–	111,111	0.54
<i>Senior Manager</i>				
Rob Budas	10,000 <sup>(3)</sup>	0.08	10,000	0.05
Peter Scott	100,000	0.82	100,000	0.49

- (1) Of the 3,995,115 Ordinary Shares of David Richards, 520,000 Ordinary Shares are beneficially held by the parents of David Richards and the children of David Richards and 2,853,433 Ordinary Shares are held beneficially by David Richards and his wife, Jane Richards jointly. David Richards' shareholding is divided as follows as at 28 May 2012:

<i>Name</i>	<i>No. of Ordinary Shares</i>
Trustees of the David James Richards 2012 Grantor Retained Annuity Trust	10,000
Trustees of the Jane Richards (David's wife) 2012 Grantor Retained Annuity Trust	10,000
Trustees of the PRJR Irrevocable GST Trust	50,000
Trustees of the HPMR Irrevocable GST Trust	50,000
Trustees of the HPMR Irrevocable Children's Trust	200,000
Trustees of the PRJR Irrevocable Children's Trust	200,000
Trustees of the David and Jane Richards Revocable Trust	2,853,433
David Richards	621,682

- (2) Of the 2,168,163 Ordinary Shares of Jim Campigli, 400,000 Ordinary Shares are beneficially held by the children of Jim Campigli and 1,443,163 Ordinary Shares are held beneficially by Jim Campigli and his wife, Jacqueline S. Lerandeau jointly. Jim Campigli's shareholding is divided as follows as at 28 May 2012:

<i>Name</i>	<i>No. of Ordinary Shares</i>
Trustees of the Campigli-Lerandeau irrevocable children's trust, FBO Nicholas James Campigli	200,000
Trustees of the Campigli-Lerandeau irrevocable children's trust, FBO Alexander HSI Campigli	200,000
Trustees of the J. and J. Campigli Family Trust	1,443,163
Jim Campigli	325,000

- (3) Rob Budas' Ordinary Shares are held jointly with Rhonda Budas, his wife.

- 7.2 As at the date of this document, the following options over Ordinary Shares had been granted pursuant to the Share Option Plans to the following Directors and Senior Management for nil consideration:

<i>Director</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price</i>	<i>Exercise period</i>
Nick Parker	400,000	\$0.36	13/1/2015 – 16/5/2022
<i>Senior Manager</i>			
Rob Budas	390,000	\$0.36	16/5/2012 – 16/5/2022
Peter Scott	407,500	\$0.36	16/5/2012 – 16/5/2022

- 7.3 Save as disclosed in paragraphs 7.1 and 2 above, none of the Directors has any interest in the share capital of the Company or of any of its subsidiaries nor does any member of his or her family (within the meaning set out in the AIM Rules) have any such interest, whether beneficial or non-beneficial, direct or indirect.

- 7.4 Although Shareholders are not required to disclose their interests in Ordinary Shares pursuant to Jersey Companies Law and DTR5 does not apply to the Company directly, the Articles provide that the provisions of DTR5, whilst the Company has a class of shares admitted to trading on AIM, shall be deemed to be incorporated by reference into the Articles as if the Company were an "issuer" as such term is defined in DTR5. As at 28 May 2012 and so far as the Directors are aware, the only person (other than any Director) who is or will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company prior to and immediately following Admission are as follows:

<i>Shareholder</i>	<i>On the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Dr. Yeturu Aahlad <sup>(1)</sup>	3,985,141	32.61	3,425,091	16.67
Mohammad Naeem Akhtar	843,503	6.90	692,454	3.37
Rahul Bhargava	556,094	4.55	556,094	2.71

(1) Of the 3,985,141 Ordinary Shares held by Dr. Yeturu Aahlad, 3,405,100 are held beneficially by Dr. Yeturu Aahlad and his wife Subha Aahlad jointly. Dr. Yeturu Aahlad's shareholding is divided as follows as at 28 May 2012:

<i>Name</i>	<i>No. of Ordinary Shares</i>
Trustees of the Aahlad Family 2012 Trust	3,405,100
Dr. Yeturu Aahlad	580,041

- 7.5 Save as disclosed in paragraphs 7.1 and 7.4 above, the Company and the Directors are not aware of (i) any persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor (ii) any arrangements the operation of which may at a subsequent date result in a change of control of the Company.
- 7.6 The voting rights of the person listed in paragraph 7.4 above do not differ from the voting rights of any other holder of Ordinary Shares.
- 7.7 Save as disclosed in paragraph 14.4 of Part IV of this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company or the Group and which were effected during the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.
- 7.8 Save as disclosed in paragraph 14.4 of Part IV of this document, there are no outstanding loans granted by any member of the Group to any Director nor are there any guarantees provided by any member of the Group for the benefit of any Director.
- 7.9 David Richards, Jim Campigli and Dr. Yeturu Aahlad are all personal guarantors for a loan facility of up to a maximum amount of \$250,000, entered into between WANdisco, Inc. and Citibank in February 2011. They have also each granted security to Citibank over all of the assets which they hold at Citibank which does not include any Ordinary Shares held by them.
- 7.10 The Directors hold the following directorships and are partners in the following partnerships and have held the following directorships and been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current directorships/ partnerships</i>	<i>Previous directorships/ partnerships</i>
David Richards	WANdisco International Limited, WANdisco, Inc.	Glitter Acquisition Corp. Heffalump Limited Three Star Inc., Three Star Acquisition Corp.
Jim Campigli	WANdisco International Limited, WANdisco, Inc.	Glitter Acquisition Corp. Three Star Inc.
Nick Parker	WANdisco International Limited, Sheffield Silversmith Company Limited	Dyson Group plc, IMCO (62000) Limited, Saffil Automotive Limited, Beepart Limited, Builders Centre (Sheffield) Limited, D. Duddell Limited, Dyson TPM Limited, Hi-Por Ceramics Limited, Hot H 2002 Limited, Hot I 2002 Limited, Hot PP 2002 Limited, Intelprop Limited, J&J Dyson Limited, John Knowles & Co (Wooden Box) Limited,

<i>Director</i>	<i>Current directorships/ partnerships</i>	<i>Previous directorships/ partnerships</i>
Nick Parker (continued)		Pickford Holland & Co Limited, Sheffield Wednesday Football Club Limited, Acme Marls Limited, Watermeet Limited, Sheffield Wednesday plc
Ian Duncan	Babcock International Group plc	Royal Mail Group Limited, Royal Mail Holdings plc, Royal Mail Enterprises Limited, Royal Mail Finance (No.2) Limited, Royal Mail Finance Limited, Royal Mail Estates Limited
Paul Walker	Experian plc, Epicor Inc. The Perform Group plc, Newcastle Science Company Limited, The Entrepreneurs Forum Limited, The Newcastle Upon Tyne Royal Grammar School, Newcastle Science Trading Company Limited, RGS Trading Limited	The Sage Group plc Diageo plc, Sky Software Limited, Sage Overseas Limited, Sage Finance Limited, Sage (UK) Limited, Sage Holdings Limited, Sagesoft Sage Quayside Limited, The Puffin Appeal Trust, Interact UK Holdings Limited, Sage Great Park Limited, Sage Benton Limited, Sage Spain Investment Company Limited, Sage Australian Investment, Sage South African Investment, Pastel Software (UK) Limited, Sage US Investments Limited, Accpac UK Limited, Sage Far East Investments Limited, Sage Whitley Limited, Sinobiz Technology Limited, Sage Jesmond Limited, Sage Overseas Holdings Limited, Sage St. Mary's Limited

- 7.11 Nick Parker was a director of Harris Miller & Co. (Cutlers) Limited within the 12 months preceding the administration of that Company, which was wound up and dissolved on 24 November 1992.
- 7.12 Save as disclosed in paragraph 7.11 of this Part IV, as at the date of this document no Director:
- 7.12.1 has any unspent convictions in relation to any indictable offences; or
  - 7.12.2 has been bankrupt or entered into an individual voluntary arrangement; or
  - 7.12.3 was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or
  - 7.12.4 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
  - 7.12.5 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or
  - 7.12.6 has been subject to any public criticism by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

## **8. Directors' Service Agreements**

### **8.1 Executive Directors**

#### **David Richards:**

David Richards is employed by WANdisco, Inc. as Chief Executive Officer pursuant to a service agreement dated 24 April 2012. His period of continuous employment began on 1 January 2007. Under the agreement, David Richards is entitled to a salary of \$350,000 per annum, reviewed annually (although WANdisco is under no obligation to increase the salary upon such a review). He is also entitled to participate in a share option scheme on terms to be agreed and a bonus scheme (refer to paragraph 8.2 of this Part IV below). He is also provided with medical insurance for himself and his dependents and life insurance. Either party may terminate the service agreement without notice at any time and for any reason. There are provisions which, in the event of termination, restrict David Richards from causing the Group's customers (or potential customers) or suppliers to cease or detrimentally alter their relationship with WANdisco for a period of 12 months following the termination of his employment. David Richards is also restricted from poaching key employees during his employment and for a period of 12 months following the termination of his employment. He is also prohibited from engaging with a competitor during his employment with WANdisco, but this restriction does not apply following the termination of his employment. The service agreement also contains provisions which, *inter alia*, restrict the disclosure of confidential information and protect WANdisco's intellectual property rights.

The agreement is governed by the laws of the state of California.

David has also entered into an appointment letter with the Company dated 18 May 2012, pursuant to which he has agreed to serve as a director, Chairman and Chief Executive of the Company. Either party may terminate the appointment letter on 12 months' written notice. The letter is governed by the laws of England and Wales.

#### **Jim Campigli:**

Jim Campigli is employed by WANdisco, Inc. as Chief Operating Officer pursuant to a service agreement dated 24 April 2012. His period of continuous employment began on 1 January 2007. Under the agreement, Jim Campigli is entitled to a salary of \$300,000 per annum, reviewed annually (although WANdisco is under no obligation to increase the salary upon such a review). He is also entitled to participate in a share option scheme on terms to be agreed and a bonus scheme (refer to

paragraph 8.2 of this Part IV below). He is also provided with medical insurance for himself and his dependents and life insurance. Either party may terminate the service agreement without notice at any time and for any reason. There are provisions which, in the event of termination, restrict Jim Campigli from causing the Group's customers (or potential customers) or suppliers to cease or detrimentally alter their relationship with WANdisco for a period of 12 months following the termination of his employment. Jim Campigli is also restricted from poaching key employees during his employment and for a period of 12 months following the termination of his employment. He is also prohibited from engaging with a competitor during his employment with WANdisco, but this restriction does not apply following the termination of his employment. The service agreement also contains provisions which, *inter alia*, restrict the disclosure of confidential information and protect WANdisco's intellectual property rights.

The agreement is governed by the laws of the state of California.

Jim has also entered in an appointment letter with the Company dated 18 May 2012, pursuant to which he has agreed to serve as a director and Chief Operating Officer of the Company. Either party may terminate the appointment letter on 12 months' written notice. The letter is governed by the laws of England and Wales.

**Nick Parker:**

Nick Parker is employed by the Company as Chief Financial Officer pursuant to a service agreement dated 1 November 2011. His period of continuous employment began on 1 November 2011. Under the service agreement, Nick Parker is entitled to a salary of £175,000 per annum, reviewed annually (although the Company is under no obligation to increase the salary upon such a review). He is also entitled to participate in a share option scheme on terms to be agreed and a bonus scheme (refer to paragraph 8.2 of this Part IV below). He is also entitled to pension contributions up to the value of £25,000 per annum. He is also provided with medical insurance for himself and his immediate family, together with life insurance up to the value of £230 per month. Either party may terminate the service agreement on 12 months' written notice. The service agreement gives the Company the right to put Nick Parker on garden leave after notice to terminate has been served by either party. There are provisions which, in the event of termination of employment, restrict Nick Parker from engaging in or having an interest in a competitor, or from soliciting or dealing with the Group's customers (and prospective customers) and from poaching key employees. Each of these restrictions apply for a period of 12 months following the termination of employment. The service agreement also contains provisions which, *inter alia*, restrict the disclosure of confidential information and protect the Group's intellectual property rights.

Pursuant to an addendum to Nick Parker's service agreement dated 15 March 2012 and signed by Nick Parker on 15 March 2012, Nick Parker is also entitled to receive a one off payment of £70,000 following the Company's securities being successfully admitted to trading on AIM.

- 8.2 The Directors are entitled to participate in a bonus scheme in the Company's financial years for 2012, 2013 and 2014 as follows:
- 8.2.1 Financial Year 2012 bonus – for every 1 per cent. of growth in cash bookings between 2011 and 2012 a bonus of 2 per cent. of the Director's salary (which includes pension contributions in Nick Parker's case) is payable, which shall be capped at a maximum of 150 per cent. of the Director's salary;
  - 8.2.2 Financial Year 2013 bonus – for every 1 per cent. of growth in revenue between 2012 and 2013 a bonus of 2 per cent. of the Director's salary (which includes pension contributions in Nick Parker's case) is payable, which shall be capped at a maximum of 150 per cent. of the Director's salary; and
  - 8.2.3 Financial Year 2014 bonus – for every 1 per cent. of growth in underlying earnings per share before amortisation of development costs and charges for share based payments between 2013 and 2014 a bonus of 2 per cent. of the Director's salary (which includes pension contributions in Nick Parker's case) is payable, which shall be capped at a maximum of 150 per cent. of the Director's salary.

- 8.3 Ian Duncan and Paul Walker were appointed as Non-executive Directors of the Company on 1 May 2012, by letters of appointment dated 25 April 2012. The appointments are for a period of 12 months from 1 May 2012 (subject to re-election at the next annual general meeting) and thereafter are terminable on three months' notice by either the Company or the Non-executive Director. The fee payable for Ian Duncan's services as a Non-executive Director is £40,000 gross per annum and is subject to annual review, whilst the fee payable for Paul Walker's services as a Non-executive Director is £40,000 gross per annum and is subject to annual review. The letters of appointment are governed by the laws of England and Wales.
- 8.4 Save as disclosed in paragraphs 8.1 and 8.2 above, there are no existing or proposed service agreements or consultancy agreements between any of the Directors and the Company which cannot be terminated by the Company without payment of compensation within 12 months.
- 8.5 The aggregate of the remuneration paid and benefits in kind (including bonus payments) granted to the Directors by any member of the Group in respect of the financial year ended 31 December 2011 was approximately \$493,000.
- 8.6 There are no arrangements under which any Director has waived or agreed to waive future emoluments nor have there been any such waivers of emoluments during the financial year immediately preceding the date of this document.
- 8.7 Save as set out in this paragraph 8, there are no service agreements or appointment letters, existing or proposed, between any Director and the Company or any other member of the Group providing for benefits on termination of employment.

**8.8 Director's Indemnity**

The Company has undertaken pursuant to a director's indemnity agreement between the Company and each of the Directors (the "Director's Indemnity") to indemnify each of the Directors in respect of his position as a director or officer of the Company, and also in respect of his position as a director or officer of subsidiaries of the Company or any holding company of the Company, in relation to any claims, damages and liabilities whether arising under the laws or regulations of Jersey or any other jurisdiction in connection with the failure to exercise any of his powers, duties or responsibilities as a director or officer of the Company. The Company has further agreed to continue to maintain appropriate directors' and officers' liability insurance for the benefit of each of the Directors. The Company shall only be liable to indemnify a Director under the Directors' Indemnity to the extent that compensation is not available or obtained pursuant to the terms of any directors' and officers' liability insurance which is in force at that time. The Director's Indemnities are governed by Jersey law, but scope of each Director's Indemnity is limited to that which would be lawful under the laws of England and Wales.

**9. Related Party Disclosures**

- 9.1 Save as set out in paragraphs 9.2 and 9.3 below, no Director has any interest, direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, any member of the Group since 31 December 2011 or which are proposed to be acquired by, disposed of by, or leased to, any member of the Group.
- 9.2 David Richards, together with Jim Campigli, Mohammed Naeem Akhtar and Dr. Yeturu Aahlad exercised a number of stock options that they held in WANdisco, Inc. on 16 February 2012. The exercise price in relation to such stock options was funded by the issue of the Promissory Notes to each of these individuals by WANdisco, Inc., pursuant to which their debts are recorded. Further details of the Promissory Notes are set out in paragraph 14.4 of Part IV of this document.
- 9.3 On 14 May 2012, the Company undertook a reverse triangular merger which involved the acquisition of the whole of the share capital of WANdisco, Inc. in consideration for the issue of Ordinary Shares by the Company to the existing shareholders of WANdisco, Inc. in the same proportion as their shareholdings in WANdisco, Inc. which included David Richards, Jim Campigli, Mohammed Naeem Akhtar and Dr. Yeturu Aahlad.

## 10. Taxation

### 10.1 UK Taxation

*The comments in this section are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and ordinarily resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatments of non-UK residents) who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them.*

*Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers.*

*The position of Shareholders who are officers or employees of the Company is not considered in this section; such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.*

*The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section. Any shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.*

#### 10.1.1 Taxation of chargeable gains

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant shareholder give rise to a liability to UK taxation on chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are neither resident nor, in the case of individuals, ordinarily resident in the UK.

##### *Individuals*

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£10,600, for 2012/13) and after taking account of any capital losses available to the individual.

For individuals, capital gains tax will be charged at 18 per cent. where the individual's income and gains are less than the upper limit of the income tax basic rate band (currently £34,370, after the personal allowance of £8,105, subject to any gift aid payments made). To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 28 per cent.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount (for 2012/13, £10,600 for personal representatives of deceased persons and trustees for disabled persons and £5,300 for other trustees) will be charged at a flat rate of 28 per cent. (being the current rate at the date of this document).

Where a Shareholder disposes of the Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains. In

certain circumstances the loss may be available to offset against taxable income in the current year (depending upon, *inter alia*, the circumstances of the Company and the Shareholder).

#### *Companies*

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company (up to 24 per cent. for the financial year 1 April 2012 to 31 March 2013, reducing to up to 23 per cent. for the financial year 1 April 2013 to 31 March 2014). Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

#### 10.1.2 *Taxation of dividends*

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company.

#### *Individuals*

Shareholders (other than a company) receiving a dividend from the Company also receive a notional tax credit in respect of the dividend of an amount equal to one-ninth of the amount of the net dividend (which is 10 per cent. of the sum of the dividend and the tax credit). The liability to United Kingdom income tax is calculated on the gross dividend income (i.e. the net dividend received plus the notional 10 per cent. tax credit).

Individual Shareholders whose income is within the basic rate tax band (currently £34,370 after the personal allowance, subject to any gift aid payments made) will be subject to dividend income tax at the rate of 10 per cent., so that (after taking into account the notional 10 per cent. credit) such Shareholders will have no further liability to income tax on that dividend income.

Individual Shareholders who are subject to the higher rate of income tax (broadly, where income exceeds £34,370, after the personal allowance) will be subject to dividend income tax at 32.5 per cent. subject to any gift aid payments made (the rate as at the date of this document). After allowing for the 10 per cent. notional tax credit, a higher rate taxpayer suffers an effective rate of 25 per cent. on the net dividend received.

Individual Shareholders who are subject to the additional rate of income tax (broadly, where income exceeds £150,000, after the personal allowance) will be subject to dividend income tax at 42.5 per cent. (reducing to 37.5 per cent. from 6 April 2013). After allowing for the 10 per cent. notional tax credit, an additional rate taxpayer suffers an effective rate of 36.11 per cent. (reducing to an effective rate of 30.56 per cent. from 6 April 2013) on the net dividend received.

Dividends payable to trustees and personal representatives of deceased persons will be subject to dividend income tax at 42.5 per cent. (reducing to 37.5 per cent. from 6 April 2013)

Shareholders who are not liable to income tax on the dividend income (or any part of it) may not claim repayment of the tax credit (or any part of it).

#### *Companies*

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the

payer (or any class of that share capital) are examples of dividends that fall within an exempt class. UK resident shareholders (including authorised unit trusts and open ended investment companies) and pension funds are not entitled to claim payment of the tax credit (or any part of it).

#### *US withholding tax*

If any dividend has been subject to United States withholding tax, discussed in paragraph 10.2.2 below (“US Withholding Tax”), the amount received plus the US Withholding Tax will be included in the assessable income of UK resident individual Shareholders. In these circumstances, such Shareholders may be entitled to a credit for the foreign tax paid up to the amount of UK tax chargeable on the dividend. UK resident corporate Shareholders who are exempt from corporation tax on such dividends will not typically be able to obtain a credit or repayment for US Withholding Tax.

#### *Withholding Obligation*

The Company shall make any withholdings required for tax purposes from any dividends paid.

#### 10.1.3 *Stamp duty and Stamp Duty Reserve Tax (“SDRT”)*

No UK stamp duty should be payable on the issue of Ordinary Shares.

Since the Company is incorporated outside of the UK, no SDRT should be payable in respect of agreements to transfer the Ordinary Shares provided that the Ordinary Shares are not registered on any register kept in the UK and are not paired with shares issued by a body corporate incorporated in the UK. Instruments effecting or evidencing the transfer of Ordinary Shares should not be within the scope of UK stamp duty provided that such instruments are executed outside the UK and do not relate to any matter or thing done or to be done in the UK.

The above comments are intended as a guide to the general UK stamp duty and SDRT position and may not relate to person such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

#### 10.1.4 *Inheritance tax*

Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax (“IHT”) on the value of any Ordinary Shares held by them. IHT may also apply to individual shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position.

Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

However, a relief from IHT known as business property relief (“BPR”) may apply to Ordinary Shares in trading companies once these have been held for two years. This relief applies notwithstanding that the Company’s shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes.

#### 10.1.5 *Venture capital schemes*

The Company has applied for and obtained provisional confirmation from HMRC that the Ordinary Shares will be eligible shares for the purposes of the VCT legislation. The status of the Ordinary Shares as a qualifying holding for VCT purposes will be conditional, *inter alia*, upon the Company continuing to satisfy the relevant requirements.

It is the Directors’ intention that the Company will continue to meet the relevant VCT legislative provisions so that it continues to be a qualifying company for these purposes. However, the

Directors cannot give any warranty or undertaking that the Company will continue to meet the conditions, including in the event that the Directors believe that the interests of the Company are not best served by preserving the VCT status, or as a result of changes in legislation.

#### 10.1.6 EIS

The Company has applied for and obtained provisional assurance from HMRC that the Ordinary Shares will be eligible for EIS purposes, subject to the submission of the relevant claim form in due course. The obtaining of such provisional assurance and submission of such a claim by the Company does not guarantee EIS qualification for an individual, whose claim for relief will be conditional upon his or her own circumstances and is subject to holding the shares throughout the relevant three year period.

In addition, for EIS relief not to be withdrawn, the Company must comply with a number of conditions throughout the qualifying period relating to those shares.

The following provides an outline of the EIS tax reliefs available to individuals and trustee investors. Any potential investor should obtain independent advice from a professional advisor in relation to their own particular set of personal circumstances.

In summary, EIS relief may be available where a qualifying company issues new shares, the purpose of which is to raise money for a qualifying business activity. The EIS shares must be subscribed for in cash and be fully paid up at the date of issue and must be held, broadly, for three years after they were issued.

EIS income tax relief is available to individuals only – the current relief is 30 per cent. of the amount subscribed for EIS shares to be set against the individual's income tax liability for the tax year in which the EIS investment is made, and is available up to a maximum of £1,000,000 in EIS subscriptions per tax year. This relief can be 'carried back' one tax year but may be subject to a limit based on the maximum relief available in the previous year. This relief is only available to individuals who are not connected with the Company in the period of two years prior to and three years after the subscription.

Very broadly, an individual is connected with the issuing company if, *inter alia*, he is an employee or director or has an interest in more than 30 per cent. of the Company's ordinary share capital.

Where EIS income tax relief has been given and has not been withdrawn, any gain on the subsequent disposal of the shares in qualifying circumstances is generally free from capital gains tax. If the shares are disposed of at a loss, capital gains tax relief will generally be available for that loss net of any income tax relief previously given. Alternatively, an election can be made to set that loss (less any income tax relief already given) against income of that year.

Individuals and trustees who have realised gains on other assets within one year before or up to three years after the EIS shares are issued, are able to defer a capital gains tax liability arising on those gains by making a claim to reinvest an amount of those gains against the cost of the EIS share subscription. Deferred gains will become chargeable on a disposal or deemed disposal of the EIS shares. The investor can be connected with the Company (as outlined above) and obtain such capital gains tax deferral relief.

#### 10.2 US Taxation, Material United States Federal Income Tax Consequences to Non-US Shareholders of Ordinary Shares

The following is a summary of the material United States federal income tax consequences to non-US holders (as described below) of the acquisition, ownership and disposition of the Ordinary Shares issued pursuant to the Placing. This discussion is not a complete analysis of all potential US federal income tax consequences relating thereto, nor does it address any estate and gift tax consequences or any tax consequences arising under any state, local or foreign tax laws, or any other United States federal tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service, or IRS, all as in effect as of the date of this document. These authorities may change, possibly retroactively, resulting in US federal income

tax consequences different from those discussed below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the acquisition, ownership or disposition of the Ordinary Shares, or that any such contrary position would not be sustained by a court.

This discussion is limited to non-US holders who are allotted or purchase the Ordinary Shares pursuant to the Placing and who hold the Ordinary Shares as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all of the US federal income tax consequences that may be relevant to a particular holder in light of such holder’s particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to holders subject to special rules under the US federal income tax laws, including, without limitation, certain former citizens or long-term residents of the United States, partnerships or other pass-through entities, real estate investment trusts, regulated investment companies, “controlled foreign corporations,” “passive foreign investment companies,” corporations that accumulate earnings to avoid US federal income tax, banks, financial institutions, investment funds, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-exempt organisations, tax-qualified retirement plans, persons subject to the alternative minimum tax, persons that own, or have owned, actually or constructively, more than 5 per cent. of the Ordinary Shares and persons holding the Ordinary Shares as part of a hedging or conversion transaction or straddle, or a constructive sale, or other risk reduction strategy.

*PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR US FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF ORDINARY SHARES, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS AND ANY OTHER US FEDERAL TAX LAWS.*

#### 10.2.1 *Definition of non-US holder*

For purposes of this discussion, a non-US holder is any beneficial owner of the Ordinary Shares that is not a “US person” or a partnership (including any entity or arrangement treated as a partnership) for US federal income tax purposes. For purposes of this discussion, a US person is any of the following:

- an individual citizen or resident of the United States;
- a corporation or other entity treated as a corporation for US federal income tax purposes created or organised in or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to US federal income tax regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a US court and which has one or more US persons who have the authority to control all substantial decisions of the trust, or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a US person.

#### 10.2.2 *Distributions on Ordinary Shares*

If the Company makes cash or other property distributions on the Ordinary Shares, such distributions will constitute dividends for US federal income tax purposes to the extent paid from current or accumulated earnings and profits if the Company, as determined under US federal income tax principles. Amounts not treated as dividends for US federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder’s tax basis in the Ordinary Shares, but not below zero. Any excess will be treated as a gain realised on the sale or other disposition of the Ordinary Shares and will be treated as described under “Gain on Disposition of Ordinary Shares” below.

Dividends paid to a non-US holder of the Ordinary Shares generally will be subject to US federal withholding tax at a rate of 30 per cent. of the gross amount of the dividends, or such lower rate specified by an applicable income tax treaty (currently 15 per cent. for UK resident individual and corporate Shareholders). To receive the benefit of a reduced treaty rate, a non-

US holder must furnish to the Company or the Company's paying agent a valid IRS Form W-8BEN (or applicable successor form) including a US taxpayer identification number and certifying such holder's qualification for the reduced rate. Treasury Regulations or the applicable treaty will provide rates to determine whether dividends paid to an entity should be treated as paid to the entity or the entity's owners. This certification must be provided to the Company or the Company's paying agent prior to the payment of dividends and must be updated periodically. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-US holder's behalf, the non-US holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to the Company or the Company's paying agent, either directly or through other intermediaries. Non-US holders that do not timely provide the Company or the Company's paying agent with the required certification, but that are eligible for a reduced rate of withholding pursuant to a tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

If a non-US holder holds Ordinary Shares of the Company in connection with the conduct of a trade or business in the United States, and dividends paid on the Ordinary Shares are effectively connected with such holder's US trade or business, the non-US holder will be exempt from US federal withholding tax. To claim the exemption, the non-US holder must generally furnish to the Company or the Company's paying agent a properly executed IRS Form W-8EC 1 (or applicable successor form). Any dividends paid on Ordinary Shares that are effectively connected with a non-US holder's United States trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-US holder in the United States) generally will be subject to United States federal income tax on a net income basis at the regular graduated US federal income tax rates in much the same manner as if such holder were a resident of the United States. A non-US holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30 per cent. (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Non-US holders should consult any applicable income tax treaties that may provide for different rules.

#### 10.2.3 *Gain on disposition of Ordinary Shares*

Subject to the discussion below regarding backup withholding and certain recently enacted legislation, a non-US holder generally will not be subject to US federal income tax on any gain realised upon the sale or other disposition of the Ordinary Shares, unless:

- the gain is effectively connected with the non-US holder's conduct of a trade or business in the United States, and if an income tax treaty applies, is attributable to a permanent establishment maintained by the non-US holder in the United States;
- the non-US holder is a non-resident alien individual present in the United States for 183 days or more during the taxable year of the disposition, and certain other requirements are met; or
- the Ordinary Shares constitutes a "United States real property interest" in the event the Company is a United States real property holding corporation, or USRPHC, for United States federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the non-US holder's holding period for the Ordinary Shares and the Ordinary Shares has ceased to be regularly traded on an established securities market prior to the beginning of the calendar year in which the sale or other disposition occurs. The determination of whether the Company is a USRPHC depends on the fair market value of the United States real property interests of the Company relative to the fair market value of other trade or business assets of the Company and foreign real property interests of the Company.

Gain described in the first bullet point above will be subject to US federal income tax on a net income basis at the regular graduated US federal income tax rates in the same manner as if such holder were a resident of the United States. A non-US holder that is a foreign corporation also may be subject to an additional branch profits tax equal to 30 per cent. (or such lower rate specified by an applicable income tax treaty) of its effectively connected earnings and

profits for the taxable year, as adjusted for certain items. Non-US holders should consult any applicable income tax treaties that may provide for different rules.

Gain described in the second bullet point above will be subject to US federal income tax at a flat 30 per cent. rate (or such lower rate specified by an applicable income tax treaty), but may be offset by US source capital losses (even though the individual is not considered a resident of the United States), provided that the non-US holder has timely filed US federal income tax returns with respect to such losses.

#### 10.2.4 *Information reporting and backup withholding*

The Company must report annually to the IRS and to each non-US holder the amount of dividends on the Ordinary Shares paid to such holder and the amount of any tax withheld with respect to those dividends. These information reporting requirements apply even if no withholding was required because the dividends were effectively connected with the holder's conduct of a US trade or business, or withholding was reduced or eliminated by an applicable income tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-US holder resides or is established.

Backup withholding, currently at a 28 per cent. rate, generally will not apply to payments to a non-US holder of dividends on or the gross proceeds or a disposition of the Ordinary Shares if the non-US holder has furnished to the Company or the Company's paying agent the required certification as to its non-US status, such as by providing a valid IRS Form W-8BEN or IRS Form W-8ECI. However, backup withholding may apply if either the Company or the Company's paying agent has actual knowledge, or reason to know, that the holder is a US person that is not an exempt recipient. Backup withholding is not an additional tax. If any amount is withheld under the backup withholding rules, the non-US holder should consult with a US tax advisor regarding the possibility of and procedure for obtaining a refund or a credit against the non-US holder's US federal income tax liability, if any.

#### 10.2.5 *Recently enacted legislation affecting taxation of the Ordinary Shares held by or through foreign entities*

Recently enacted legislation generally imposes withholding at a rate of 30 per cent. on payments to certain foreign entities (including financial intermediaries), after 31 December 2012 (subject to certain transition rules), of dividends on and the gross proceeds of dispositions of US Ordinary Shares, unless various US information reporting and due diligence requirements (generally relating to ownership by US persons of interests in or accounts with those entities) have been satisfied. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in the Ordinary Shares.

#### 10.2.6 *Circular 230 disclaimer*

Under IRS standards of professional practice, certain tax advice that may be used to support the promotion or marketing of transactions or arrangements must meet requirements as to form and substance. To assure compliance with these standards, the Company and Panmure Gordon inform you that:

- this communication is not intended or written to be used and cannot be used, for the purpose of avoiding penalties that may be imposed under the US internal revenue code;
- this advice was written to support the promotion or marketing of the transactions and matters addressed herein; and,
- you should seek advice based on your particular circumstances from an independent tax advisor.

### 10.3 **Jersey Taxation**

*The following is a summary of the anticipated treatment of the Company and holders of Ordinary Shares (other than residents of Jersey) which is based on Jersey taxation law and practice as they*

*are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice. Prospective investors in the Ordinary Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Ordinary Shares in the Company under the laws of any jurisdiction in which they may be liable to taxation.*

#### 10.3.1 *Taxation of the Company*

The Company is not regarded as resident for tax purposes in Jersey. Therefore, the Company will not be liable to Jersey income tax other than on Jersey source income (except where such income is exempted from income tax pursuant to the Income Tax (Jersey) Law 1961, as amended) and dividends on Ordinary Shares may be paid by the Company without withholding or deduction for or on account of Jersey income tax. The holders of Ordinary Shares (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Ordinary Shares.

#### 10.3.2 *Stamp duty*

In Jersey, no stamp duty is levied on the issue or transfer of the Ordinary Shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer Ordinary Shares on the death of a holder of such Ordinary Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of Ordinary Shares domiciled in Jersey, or situated in Jersey in respect of a holder of Ordinary Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75 per cent. of such estate. Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

#### 10.4 **Summary**

*The above is a summary of certain aspects of current law and practice in the UK, the US and Jersey. A Shareholder who is in any doubt as to his or her tax position and/or who is subject to tax in any jurisdiction, should consult his or her professional adviser.*

#### 11. **Working Capital**

The Directors are of the opinion, having made due and careful enquiry, that after taking into account the net proceeds of the Placing receivable by the Company that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

#### 12. **Significant Change**

There has been no significant change in the financial or trading position of WANdisco Inc. and its subsidiary since 31 December 2011, nor those of the Company since 30 April 2012.

#### 13. **Litigation**

13.1 BVS, Inc. ("BVS"), a former consultant who provided a single software developer to WANdisco, Inc. is claiming compensation for unpaid invoices in the sum of \$134,075. An accrual to the sum of \$137,000 has been made in the 2010 accounts in respect of this liability and remains unsettled in 2011. WANdisco, Inc. has filed a cross-complaint against BVS alleging causes of action related to substandard services furnished by BVS, as well as unfair billing practices in the sum of \$400,000. The matter is at the discovery stage and no trial date has been set.

13.2 Save as disclosed in paragraph 13.1 above, no member of the Group is involved in any legal or arbitration proceedings which are having or may have had in the twelve months preceding the date of this document a significant effect on the Group's financial position nor, so far as the Company is aware, are any such proceedings pending or threatened by or against any member of the Group.

## **14. Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into in the two years preceding the date of this document by any member of the Group and are, or may be, material to the Group or have been entered into by any member of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document. Save where otherwise specified, the contracts are governed by the laws of England and Wales:

### **14.1 Placing Agreement**

Pursuant to the Placing Agreement dated 28 May 2012 between Panmure Gordon, the Directors, the Company, WANdisco International Limited, on behalf of the Selling Shareholders and the Selling Shareholders, Panmure Gordon has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers and purchasers for the Placing Shares. All such subscriptions and transfers will be at the Placing Price.

The Placing Agreement is conditional, amongst other things, upon Admission becoming effective by 8.00 a.m. on 1 June 2012 (or such later date as the Company and Panmure Gordon may agree, being not later than 8.00 a.m. on 8 June 2012). The EIS Placing is conditional upon the Directors delivering a certificate to Panmure Gordon confirming that they expect Admission to occur at 8.00 a.m. on the following day and the Placing Agreement otherwise becoming unconditional, save for conditions relating to the VCT Placing and Admission. The VCT Placing is conditional upon the Directors delivering a certificate to Panmure Gordon confirming they expect Admission to occur at 8.00 a.m. that day and the Placing Agreement becoming unconditional in all respects, save for conditions relating to Admission.

Subject to the terms and conditions of the Placing Agreement, the Company will pay to Panmure Gordon a corporate finance fee of £250,000 and a commission of 4.5 per cent. of the aggregate proceeds from the issue of the new Placing Shares, whilst a commission of 4.0 per cent. of the aggregate proceeds from the sale of the Sale Shares will be payable on behalf of the Selling Shareholders. The Placing Agreement provides for the Company to pay all expenses of and incidental to the Placing and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Placing, including printing and distribution charges and the fees payable to the London Stock Exchange.

The Placing Agreement contains certain customary warranties given by the Company and the Directors in favour of Panmure Gordon as to, *inter alia*, the accuracy of information contained in this document and a customary indemnity from the Company in favour of Panmure Gordon.

Panmure Gordon may terminate the Placing Agreement in specified circumstances prior to Admission, principally in the event of a material breach of the Placing Agreement or of any of the warranties contained in it, where any event or omission relating to the Company is, or will be in the opinion of Panmure Gordon, materially prejudicial to the successful outcome of the Placing, or where any change in financial, monetary, economic, political or market conditions is, or will be in the opinion of Panmure Gordon, materially prejudicial to the successful outcome of the Placing.

### **14.2 Lock-in arrangements**

Each of the Directors and Dr. Aahlad has undertaken pursuant to the Placing Agreement not to dispose of his shareholding, amounting in aggregate, to 42.6 per cent. of the issued ordinary share capital of the Company immediately following Admission for a period of twelve months from the date of Admission without the prior written consent of Panmure Gordon as the Company's Nominated Advisor (except in limited circumstances such as pursuant to a takeover, death, bankruptcy or court order).

### **14.3 Orderly marketing arrangements**

Each of the Directors and Dr. Aahlad has undertaken pursuant to the Placing Agreement that they will not, during the period of 24 months immediately following Admission directly or indirectly transfer his shareholding (except in the limited circumstances described above) except through Panmure Gordon as broker (provided that the price and settlement terms offered by Panmure as broker are

not less than the price and settlement terms offered by another stockbroker in respect of the same disposal) and in accordance with the reasonable requirements of Panmure as broker from time to time to ensure an orderly market for the issued share capital of the Company.

#### 14.4 Promissory notes

On 16 February 2012, the directors of WANdisco, Inc., resolved that in order for David Richards, Jim Campigli, Mohammad Naeem Akhtar and Dr. Yeturu Aahlad to be able to exercise a number of stock options that they held in WANdisco, Inc., which had become fully vested, WANdisco, Inc. would issue Promissory Notes to each of the individuals pursuant to which their debts to WANdisco, Inc. would be recorded. The debts were secured by pledges of the purchased stock purchased upon exercise of their options.

The terms and details of the Promissory Notes are summarised in the table below:

<i>Name</i>	<i>Date/term</i>	<i>Principal</i>	<i>Interest per annum</i>	<i>Number of shares pledged</i>
David Richards	16/02/2012 – 3 years	\$827,965.44	0.21 per cent.	2,299,904
Jim Campigli	16/02/2012 – 3 years	\$484,866.36	0.21 per cent.	1,346,851
Mohammad Naeem Akhtar	21/02/2012 – 3 years	\$265,414.32	0.21 per cent.	737,262
Dr. Yeturu Aahlad	16/02/2012 – 3 years	\$784,456.92	0.21 per cent.	2,179,047

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

Each of the individuals named above have agreed that as part of the Placing they will sell in aggregate 1,647,081 Ordinary Shares to placees procured by Panmure Gordon pursuant to the terms of the Placing Agreement primarily in order to facilitate the repayment of those Promissory Notes following Admission.

#### 14.5 Stock Purchase Agreement

On 18 May 2012, the Company acquired WANdisco International Limited from WANdisco, Inc. for £200,000, such consideration monies being left outstanding on inter-company loan account and such sum being repayable on demand by WANdisco, Inc. No warranties, indemnities or covenants were given by either party in relation to this transaction. This transaction was governed by the laws of the State of Delaware.

### 15. Mandatory Bids, Squeeze Out and Sell Out Rules relating to the Ordinary Shares

#### 15.1 Mandatory bid

The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel, to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

#### 15.2 Squeeze-out

Under Jersey Companies Law, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making an offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its

favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under Jersey Companies Law must, in general, be the same as the consideration that was available under the takeover offer.

### 15.3 **Sell-out**

Jersey Companies Law also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates, who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of the right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## 16. **General**

- 16.1 The total costs, charges and expenses of, or incidental to, the Placing and Admission, all of which are payable by the Company (save in respect of any commission payable by the Selling Shareholders pursuant to the Placing Agreement), are estimated to be approximately £2.5 million (exclusive of value added tax). This amount includes the commissions referred to in paragraph 14.1 of this Part IV but excludes any commission payable by the Selling Shareholders. The expected net proceeds of the Placing, after deduction of such costs and expenses, is £12.5 million. No expenses of the Placing are being specifically charged to subscribers or purchasers under the Placing.
- 16.2 Save as disclosed in this document, no person (other than the Group's professional advisers) has at any time within the 12 months preceding the date of this document received, directly or indirectly, from the Company or any other member of the Group or entered into any contractual arrangements to receive, directly or indirectly, from the Company or any other member of the Group on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.
- 16.3 The Placing Price of 180 pence represents a premium of 170 pence above the nominal value of 10 pence per Ordinary Share. The Placing Price is payable in full on application.
- 16.4 Save as disclosed in Part III of this document, the Company currently has no significant investments in progress and the Company has made no firm commitments concerning future investments.
- 16.5 Save as disclosed in Part I of this document, the Directors are not aware of any patents or other intellectual property rights, licences or particular contracts on which the Group is dependent.
- 16.6 Panmure Gordon is registered in England and Wales under company number 4915201 and its registered office is at 155 Moorgate, London, EC2M 6XB. Panmure Gordon is regulated by the FSA and is acting in the capacity of nominated adviser and broker to the Company.
- 16.7 KPMG LLP, chartered accountants and registered auditors, has given and has not withdrawn its written consent to the inclusion in this document of its reports set out in Part III of this document in the form and context in which they appear and has authorised the contents of those reports for the purposes of Schedule Two of the AIM Rules.
- 16.8 Panmure Gordon has given and has not withdrawn its written consent to the issue of this document with inclusion of its name and references to it in the form and context in which they appear.
- 16.9 Save in connection with the application for Admission, none of the Ordinary Shares have been admitted to dealings on any recognised investment exchange and no application for such admission has been made and it is not intended to make any other arrangements for dealings in the Ordinary Shares on any such exchange.

16.10 The Selling Shareholders are David Richards (director), 2415 San Ramon Valley, BL 4222, San Ramon, CA 94583, USA, Jim Campigli (director) of 2415 San Ramon Valley, BL 4-117, CA 94583, USA, Dr. Yeturu Aahlad (director) of 1040 Edgewater Blvd., Foster City CA 94404 USA, Mohammad Naeem Akhtar (chief architect) of 7774 Woodren Court, Dublin, CA 94568 USA and Vincent Eagen (sales engineer) of 773 Springfield Drive, Campbell, CA 95008 USA.

**17. Third Party Information**

17.1 Where information contained in this document has been sourced from a third party, the information has been accurately reproduced and, as far as the Company and the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

17.2 Where reference is made in this document to data and research published by Gartner in the Gartner Report, such data and research are the opinions or viewpoints of Gartner, a Delaware, USA corporation whose office is at 56 Top Gallant Road, Stamford, Connecticut, 06902-7700 USA and not representations of fact and are as of the original publication date of the published data and research of Gartner in the Gartner Report and Gartner has no interests in the Company.

Dated 28 May 2012

