

**12 December 2014**

**Arria NLG plc**

**(“Arria”, the “Company” or the “Group”)  
Final Results for the year ended 30 September 2014**

Arria NLG plc (AIM: NLG), a leader in the development and deployment of natural language generation (“NLG”) technologies, announces its final results for the year ended 30 September 2014.

**Financial Highlights:**

- Revenue £0.787million (2013: £0.816million)
- EBITDA loss of £6.45million (2013: loss of £9.81million)
- Loss before tax of £10.9million (2013: loss of £13.01million)
- Cash at 30 September 2014 £1.7million (as at 30 September 2013: £3.9million)
- Secured agreement on 30 September 2014 for £3.08million (US\$5million) of future funding by way of convertible debt

**Operational Highlights:**

- Concluded the acquisition of the remaining 80% of Arria Data2Text Limited (formerly Data2Text Limited) not already owned on 25 October 2013
- Successfully completed admission to trading on AIM, a market of the London Stock Exchange on 5 December 2013
- Significantly extended and expanded contracts with oil and gas client
- Strengthened the Board and the sales team
- Signed preliminary collaboration project agreement with a global banking and financial services client
- Awarded two foundational US patents
- UK Met Office adding NLG authorised narratives to its 5 day forecast on its Met Invent website
- Subsequent to year end signed proof of concept agreement with a leading control systems provider to the aviation industry

**Stuart Rogers, Chairman and Chief Executive of Arria NLG plc, commented:** “It has been a satisfying year with significant progress in most areas of performance for Arria NLG, and we are pleased with these results. With our focus on information delivery, we have worked tirelessly throughout the year to extend our reach into a focused set of global industries, specifically Oil & Gas, Financial services, Aviation and Meteorology. Our software allows our clients to take time, cost and effort out of their mission critical business processes, and capture, retain and leverage critical internal knowledge and expertise. We continue to invest in the science of NLG through R&D, patenting and enhancing the functionality of our core NLG Engine. We have built a great team of scientists, developers and sales people, and we are on track to support future growth in all aspects of our business.”

## The Arria NLG Engine:

The Arria NLG Engine is the software at the frontier of Artificial Intelligence, Data Analytics and Computational Linguistics. Key features of the Arria NLG Engine include:

- allowing Arria clients to capture, in software, the human expertise used in both analysing data and in communicating the information that data contains;
- making it possible to automatically write reports that are virtually indistinguishable from those that a human expert would write to convey actionable conclusions; and
- because the knowledge is embodied in software, the Arria NLG Engine produces results in seconds rather than hours and can be replicated, scaled up, and made available globally, 24 hours a day, 7 days a week and 365 days a year.

For further information, please visit [www.arria.com](http://www.arria.com) or contact:

<b>Arria NLG plc</b> Stuart Rogers, Chairman and Chief Executive	Tel +44 (0) 20 710 454 0 0
<b>Allenby Capital, Nominated Adviser and Joint Broker</b> Nick Naylor Jeremy Porter James Reeve	Tel: +44 (0)20 332 565 8 6
<b>Westhouse Securities, Joint Broker</b> Antonio Bossi Robert Finlay	Tel: +44 (0) 760 610 20 1 0
<b>Walbrook, Financial PR and PR</b> Bob Huxford Guy McDougall	Tel: 44 (0)20 7933 8792 <a href="mailto:arria@walbrookpr.com">arria@walbrookpr.com</a>

## **CHAIRMAN'S STATEMENT**

Arria has been a public company for just over one year, and I would like to begin by thanking the many people who contributed to making this last year such a period of great commercial progress. I would like to thank our shareholders, all of our staff that make up our incredibly talented Arria team, our clients whom we serve, the partners who add so much strength to our efforts, and our Board. Arria has made excellent progress as a business this past year: we have strengthened our relationships with existing clients, gained new clients and strengthened both the Arria team and our highly supportive Board. We have made significant investments in developing the Science of Natural Language Generation (“NLG”), delivering on NLG’s significant potential in a commercial setting, and in the protection of our core Intellectual Property.

Natural Language Generation is all about taking data and turning it into written or spoken language. We believe that this is indisputably the best way to provide actionable analytics. It’s how we as a species have communicated information and calls-to-action for tens of thousands of years. It’s a finely honed device that evolves as we evolve, and it marks us out from other species. It’s the best means by which we answer the requests ‘Tell me what I need to know’ and ‘Tell me what I should do’. Bringing this valuable and innovative capability to other businesses is at the heart of Arria’s primary mission to become the global leader in the development and deployment of mission critical, core industrial, enterprise level natural language generation software technologies.

The essence of this unique capability has now been distilled down into our software. Based on decades of research into language and linguistics, Arria’s NLG Engine is able to take data, analyse it for the insights it contains, and present those insights in language that you would believe had been written by a human expert in their field.

Arria’s NLG technology is valuable to businesses and to our clients because it allows them to take valuable time and costs out of their processes and operations, to capture and more effectively utilize their scarce internal expert knowledge, and to communicate actionable insights throughout the firm and around the globe via language rather than through charts and graphs that require further interpretation.

### **Business Model**

Arria is focused on a select number of core industry verticals, including oil and gas and financial services. Arria’s clients pay to develop its technology through industry-specific commercial applications, to license its NLG Engine, and to license the specific applications on an annual on-going basis.

Over the course of the past year, our primary commercial relationship in oil and gas was expanded in scope, duration and financial value, and our commercial success now expands beyond oil and gas to encompass financial services, agriculture and aviation. Albeit from a low base, our client roster has more than doubled in the last 12 months and we expect this rate of progress to increase further in the coming year. Accelerating commercial progress, a more diverse client base; it all adds up to a growing success.

## **The Wider Opportunity for NLG**

NLG is a powerful analytical communication tool which is applicable to a vast number and variety of commercial, industrial and consumer applications. With the growth of Big Data and the increasing lack of human resources to make sense of data in a timely fashion, our vision is that Arria's NLG software becomes a ubiquitous part of the overall fabric of technology and of the internet of things. In order to achieve this vision and become ubiquitous, Arria's software needs to be embedded in the systems that control and report on the operation of our technology, it would ship with other packaged software to enrich their communication facilities, and it would ship with industrial hardware. Arria's NLG software would be pre-installed as a narrative layer in personal, household and industrial devices (Smartphones, televisions, Smart-meters). And packaged Arria NLG software appliances would be developed that perform specific narrative tasks in industrial and commercial settings. These would be written by Arria or by other software firms having licensed our development toolkit.

## **Commercial Progress**

### ***Oil & Gas***

Late in 2013 Arria announced that it had agreed with Shell Exploration and Production Company ("Shell") to extend its current one year agreement on a month by month basis until a new, longer-term, more expansive agreement was put in place.

A new, three year agreement was signed with Shell in May 2014. This provides Arria with annual fees for non-exclusive use of the Arria NLG Engine to expand NLG decision support technologies to Shell's offshore platforms across parts of the Americas, plus the adoption of our services expanding from existing Facilities NLG narratives to further service categories in upstream operations across parts of the Americas. A large proportion of these fees are annual and ongoing base license and use-per-platform fees for Facilities NLG narratives to offshore platforms in parts of the Americas. One-time configuration and deployment fees payable upon agreed milestones are also included in the agreement, and the fee structure makes provision for deployment and usage beyond the Americas.

This was an important milestone for the Company because it provided a clear validation of the software's viability and ability to operate in a highly complex, mission critical operating environment in a large global corporation.

As the new Shell agreement was being put in place, Arria was invited to present at the Saudi Arabia section of the Society of Petroleum Engineers ("SPE") reception in Al Khobar, Saudi Arabia on 25 March 2014. Arria was the sole presenter at SPE's special event entitled "Making Machines Articulate", revealing more about Natural Language Generation technologies to a Middle East audience. Arria's Chief Strategy Scientist and Chief Technology Officer, Dr. Robert Dale explained how engineers can use Arria's NLG Engine to enhance decision support in operational environments.

At the SPE conference in Utrecht, Professor Ehud Reiter, Arria's Chief Scientist, gave a very well received presentation in a panel session called "Learning From Others: Are We Unique?". He and Arria Executive Director Simon Small participated along with senior representatives from IBM, Accenture, Chevron and Total.

The platform afforded to Arria at these conferences has accelerated our business development opportunities significantly for both Natural Language Generation as a concept and Arria NLG as a leader in this field.

To further strengthen our sales reach in the oil and gas industry, we hired John Bell as Senior Vice President – Business Development, based in Arria's London Office. His primary focus is growing sales of Arria's NLG software solutions in the oil and gas industry. John has more than 15 years' experience working in selling oil and gas infrastructure software solutions, and with Oracle, he spent five years in Dubai as Middle East Regional Director.

## **Financial Services**

In February, Arria strengthened its sales team in the financial services sector with the appointment of Christopher Messina as Senior Vice President, Business Development. Mr. Messina has strong, international experience in capital markets, private equity and financial technology. He comes to Arria after being CEO and Co-Founder of RPA Capital, LLC, a New York and Bermuda-based alternative asset management firm focused on private credit and physical commodity trading. He has worked in the USA, Africa, Europe, Australia, and the Middle East. Arria's first global contract in the financial services industry was signed in August 2014, a preliminary collaboration project agreement with a major global banking and financial services company. Successful completion and acceptance of the pilot NLG application could lead to further development, deployment and licensing agreements and new revenue streams for Arria.

## **Meteorology**

During 2014 we further expanded our relationship with the UK Met Office which is now offering Arria's NLG-generated weather forecast narratives on its Met Invent website. The forecasts, currently available for any of 5,000 geographic points in the United Kingdom, can be viewed at:

<http://www.metoffice.gov.uk/public/weather/forecast-data2text>

Arria has been working closely with the Met Office since 2009 to utilize the power of Arria's NLG technologies to write on-demand, site-specific weather forecasts for use by the public. In a recent release on its Met Invent website, the Met Office added NLG-authored narratives to its 5-day forecasts, combining them with the familiar graphic presentation of weather data with NLG-authored narratives for the first time. Further expansion to provide NLG-authored forecasts for thousands or millions more specific sites in the UK and worldwide is possible. This greatly increased level of text forecasting granularity would be virtually impossible using human-authored forecasts. The Arria and Met Office science teams continue to collaborate on the automation of weather reporting.

## **Sales Success**

Post the period end, we have announced two further contracts, one in aviation and the other in US agriculture.

The first contract was a new collaborative proof of concept agreement with a leading provider of power systems controls intelligence to the aviation industry. The agreement provides for a pilot application to use Arria's NLG technology for narrative summaries on the data generated by on-wing turbine engines. These data driven summaries will enable airline operations teams to further optimise their maintenance or refurbishment of jet engines. The project should result in the more efficient handling of the vast amounts of inflight engine performance data, enabling the maintenance programs to be conducted with greater efficiency and at a lower cost for both the service provider and the airline operators. Successful completion and acceptance of the pilot NLG application could lead to further development, deployment and licensing agreements and new revenue streams for Arria.

The second contract was a new framework development agreement with FarmLink, LLC. This provides for a new application to use NLG technology for narrative summaries on FarmLink's TrueHarvest data. These narrative reports will help FarmLink's farmer clients and their agronomic advisors identify, analyse and optimise field potential. FarmLink data scientists use more than 800 million micro-fields, or 150-square-foot areas, made up of many variables across weather, soil, topography and more. This establishes a data set of more than 600 billion data elements from millions of acres, which is used to benchmark the performance range for every corn, soybean and wheat field in the United States. Arria's reporting application will take this information and deliver agronomic insights in natural language reporting. FarmLink will pay Arria for application scoping, implementation and deployment. Fees for annual licensing and other business terms have yet to be finalised.

## **Technology**

### **Arria NLG Engine**

The Arria NLG Engine provides a powerful and flexible software architecture, one that has been refined through the many decades of collective experience that our scientists and engineers have acquired in building rich NLG applications in a variety of domains. Today, data is everywhere. Every computer system and every piece of technology is capable of producing vast amounts of data, from the humblest personal fitness device that counts your steps to the massive engines on modern passenger airliners that send constant streams of performance data from multiple sensors back to base for real time monitoring. Major

corporations in every information-based industry, from finance through telecom providers to search engine giants, rely on endless streams of transactional data to serve as their lifeblood.

This ever growing avalanche of data is a good thing for Arria. It opens up massive potential for diagnosis, performance improvement, or any of a wide range of other purposes that have a direct impact on the bottom line. The data can help us solve problems. But here's the paradox: the data itself has become a problem because there is so much of it. As is now so often acknowledged in the technical press, we are drowning in data, buried so deep that we can't make sense of the data that is being fed to us.

In fact, the problem is not really the data itself. The real problem is a shortage of the expertise required to make sense of the data and to communicate the meaning of that data to those who need to act.

This problem is widespread: numerous studies across a variety of industries have bemoaned the acute shortfall in human resources with the relevant expertise that prevents us carrying out analysis of data and delivering the actionable intelligence that it contains.

To make use of the raw data being provided to us by these myriad sources, there are two things we have to do. First, we have to analyse the data to extract useful information and insights from it. Second, we have to communicate that information and insights to those who need to act upon it, in terms that they can understand. Put simply, we have to tell the data's story.

This is what a human analyst does, and – up until now – it has only been human analysts who have been able to do this. But now the same skills can be embodied in software. This is what the Arria NLG Engine does. It is extraordinarily well suited to extracting value from Big Data and to reducing time and cost from business processes.

In January 2014 we successfully deployed version 3.0 of the Arria NLG Engine. This latest version includes annotated graphs which have the ability to integrate graphical information derived from big data sources with the existing NLG reporting capabilities to provide even more effective decision-support. Annotated graphs provide NLG narrative text boxes that open up at critical/interesting points on a graph to offer deeper insights, via language, to the graph's interpretation and meaning.

### ***NLG Studio***

The first stage completion of the NLG Studio after two years work represents another significant technical milestone for the Company. The NLG Studio provides even novice developers with the ability to build highly effective NLG systems swiftly using standard XML tools. The speed with which Arria can now develop solutions in response to use case requests from clients has shifted from months to days. Projects that would have taken six months to complete can now be finished in one or two. The potential in terms of billing cycles and sales pipeline management is clear. Our sales teams can now speak to many more leads simultaneously, and even offer quickly deployed proof of concept projects to speed up our sales cycles. The NLG Studio will continue to be developed and will constitute the core tool set in all our development going forward. In addition to the positive impact potential on our production cycles in the short term, there is also a recognised potential for revenue from licensing use of the NLG Studio in the longer term.

### ***Intellectual Property***

Arria is, in part, an IP-driven business, where shareholder value is created by patenting and protecting our unique IP and future value may be realized through the management of our growing IP portfolio.

As we work to extend Arria's installed base of solutions for the management of large data sets, we continue to build the Group's patent portfolio through prosecution of existing patent applications and the filing of new ones covering a range of innovations in Big Data management through Natural Language Generation. We received two patents with the issuance on 24 June 2014 of: Method And Apparatus For Alert Validation (US Patent No. 8,762,133) and Method And Apparatus For Situational Analysis Text Generation (US Patent No. 8,762,134). These patents extend Arria's intellectual property portfolio to cover recent work of Arria Chief Scientist Ehud Reiter and his colleagues at Arria Data2Text Limited, Arria's wholly owned subsidiary.

## **Corporate Governance**

### ***Strengthening the Board***

Two Non-Executive Directors joined the Board in late 2013, Michael Higgins and Paul Kidney. Given their backgrounds and experience, both are strong additions to the Board. Michael Higgins chairs the Audit Committee and Paul Kidney chairs the Remuneration Committee.

### ***Admission to AIM***

On 5 December 2013, Arria's Ordinary shares and Warrants began to trade on the London Stock Exchange AIM market under the symbol NLG.

### ***Commercial Outlook***

The NLG Engine has a very wide set of potential use cases, and we continue to maintain a tight focus on our market potential. As a team, we have refined and tested the definitions of our market potential, and determined where we are most likely to best generate revenues for the lowest cost.

There are a number of critical characteristics that we use to determine where, in the short term, to allocate resources in pursuit of revenue for our product:

1. We seek industries that have an acknowledged Big Data problem. We surveyed a variety of industry sources, including contemporary reports by such institutions as Gartner, Forrester and McKinsey, to rank which industries generate the most data and hold the most potential in the idle structured datasets that result.
2. We seek industries that have the potential to pay for developmental work. Our NLG product has a wide range of uses, without yet being a plug-and-play device. As with many early-stage technologies, we seek to incubate our development within large, well-funded project streams who can invest beyond 'off-the-shelf'.
3. We seek industries that have, at their core, a demand for return on technology investment. If an industry already relies on the application of new technology to improve its returns to shareholders, they will have systems to evaluate and then engage with new technologies such as ours.

Our qualification work has led us to assign resource to developing the following verticals: oil and gas – with an extension into mining and extraction; and financial services – with a focus on institutions such as global banks, clearing houses and exchanges. This does not mean that we will not be offering solutions in other areas, but that our most immediate focus is on these in particular.

As the year progressed and looking forward into the coming year we started meeting with prospects in the following verticals: information technology and telecommunications (IT&T); power generation; and mineral extraction.

### ***Expanding the Product and Our Offering***

Over the coming years, we will be responding to our clients' needs in these sectors with ever improving products. Given the power of the Company's NLG Studio toolset to rapidly develop applications, we are exploring the development of specific packaged stand-alone solutions to address specific industry needs. Such packaged solutions would require minimal configuration, and would plug into widely used third party database, data analytics and operational software platforms. Indeed, the prospect of working with and distributing NLG solutions through large third party software and business process vendors is a highly promising addition to Arria's sales strategy.

### ***Information Delivery***

Our technology helps people and enterprises understand data. The Directors believe there is currently no market category that corresponds directly to this function. Business intelligence comes close, but our



potential impact is broader; so we have an opportunity to define a new market category, which we will call 'information delivery', although other names are possible.

If the amount of data being produced is constantly increasing, it seems unlikely that the demand for tools that help explain that data will diminish.

We believe that there are few industry verticals that will not be impacted in one way or another by the internet of things and the consequent availability of large quantities of data that need explanation.

Taken as a whole, these factors are highly favorable and supportive of Arria's continued progress. These factors support our revenue growth, by expanding within current key industry verticals, expanding beyond these verticals, through partnerships with other third-party solutions providers, and via packaged solutions that expand Arria's reach to a broader spectrum of clients.

### **Core Values**

To ensure long-term success and to create a sustainable business, Arria continues to operate under a set of core principles that have been established over the course of the last few years:

- we will serve the needs of our clients by developing and deploying software solutions based on listening to their ideas, needs and aspirations;
- we will attract and retain the best possible team of staff over time;
- we will invest in our science and in the best practices of developing and testing innovative software solutions;
- we will treat people ethically and with respect;
- we will establish NLG as a mainstream solution in our core industries and strive to establish its ubiquity.

In a recent McKinsey report, "Game Changers: Five Opportunities for US Growth and Renewal" (July 2013), McKinsey puts forth five areas that represent significant growth potential in the US: Energy, Trade, Big Data, Infrastructure and Talent. It is significant that Arria has substantial potential to grow by applying our technology, not just in the realm of Big Data, but in all five of these key industry segments around the globe.

### **Financials**

Turnover for the year was £787,000 (year ended 30 September 2013: £816,000). This was predominantly attributable to the Company's contract with its oil and gas client. During the current year the Group completed a successful private placement fund raise of US\$15.8 million (c. £9.85 million) through the issue of Ordinary shares. These funds have been used to fund the acquisition of Arria Data2Text Limited (formerly Data2Text Limited), the development of the Arria NLG Engine, costs of securing a public listing of the Company's shares, marketing of the Group's services to potential new clients and expanding the Group's portfolio of patent applications. As a result of these heavy investments in the development of the Group's business, The Company reported a loss before tax of £10.9 million (2013: loss before tax – £13.0 million), which reflects the continued heavy development in the Group's business plan. On 30 September 2014 the Company concluded a convertible loan with an existing shareholder, Ikonik Fund, for GBP£3.08 million. As we continue to invest in our technology and commercial relationships, we will seek to raise additional capital in 2015 as appropriate opportunities arise.

### **Summary**

As we look back over the accomplishments of the past year, we recognize how far we have progressed, and how well the Company is positioned for accelerated growth. The convergence of Big Data, scarce analytical resources, and the inability for many industries to continue their growth trajectories on the back of human capital alone, represents the predominant opportunity, and the core focus where Arria is building its business and extending its technology today and into the future. The vast challenges of all of the data created and captured by significant industries will continue to drive company agendas and budgets, and

Arria is there to help turn those challenges into articulate analytical solutions.

**Stuart Rogers**

*Chairman and CEO*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR  
THE YEAR ENDED 30 SEPTEMBER 2014**

	<i>Note</i>	<i>Year ended 30 September 2014 (£000's)</i>	<i>Year ended 30 September 2013 (£000's)</i>
<b>Revenue</b>	3	787	816
<b>Cost of sales</b>		(655)	(139)
<b>Gross profit</b>		132	677
Administrative expenses			
– Share-based payments		(47)	(1,113)
– Amortisation of		(2,762)	(3,119)
– Impairment of		(1,653)	–
– Other administrative	4	(6,607)	(9,441)
Total administrative expenses		(11,069)	(13,672)
<b>Operating loss</b>	4	(10,937)	(12,995)
Finance income		24	1
Finance expense		(2)	(17)
<b>Loss before tax</b>		(10,915)	(13,011)
Taxation credit		305	587
<b>Loss for the year</b>		(10,610)	(12,424)
<b>Other comprehensive</b>		–	–
<b>Total comprehensive loss</b>		(10,610)	(12,424)
<b>Attributable to:</b>			
– owners of the parent		(10,610)	(10,740)
– non-controlling		–	(1,677)
<b>Total comprehensive loss</b>		(10,610)	(12,424)
<b>Loss per share</b>			
Basic and diluted loss per	5	(0.11)p	(0.18)p

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS  
AT 30 SEPTEMBER 2014**

	<i>Not e</i>	<i>201 4</i>	<i>201 3</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		14,	14,3
Other intangible assets		10	14,4
Property, plant and		202	249
Trade and other receivables		174	168
		<u>24,</u>	<u>29,2</u>
		877	62
<b>Current assets</b>			
Trade and other receivables		724	1,43
Cash and cash equivalents		1,7	3,93
		<u>2,4</u>	<u>5,37</u>
		67	4
<b>TOTAL ASSETS</b>		<u>27,</u>	<u>34,6</u>
		344	26
<b>EQUITY AND</b>			
<b>Equity attributable to</b>			
Share capital		103	36
Class A Preference share		–	25
Class B Preference share		–	5
Share premium		6,4	4,22
Merger reserve	6	28,	3,13
Other Reserves	6	34	–
Accumulated losses	6	<u>(11,</u>	<u>(2,4</u>
		23,	4,92
		174	25
Non-controlling interest	6	<u>–</u>	<u>24,4</u>
<b>TOTAL EQUITY</b>		<u>23,</u>	<u>29,3</u>
		174	25
<b>Non-current liabilities</b>			
Deferred tax		<u>1,9</u>	<u>2,21</u>
<b>Current liabilities</b>			
Trade and other payables		1,9	2,74
Borrowings		–	346
		<u>1,9</u>	<u>3,08</u>
		3,8	5,30
<b>TOTAL LIABILITIES</b>		<u>3,8</u>	<u>5,30</u>
		344	26
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>27,</u>	<u>34,6</u>
		344	26

**COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2014**

	<i>Not e</i>	<i>2014</i>	<i>2013</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in		25	34
Other intangible assets		133	471
Property plant and		157	201
Trade and other		174	168
		<u>25</u>	<u>43</u>
<b>Current assets</b>			
Trade and other		45	22
Cash and cash		11	33
		<u>57</u>	<u>56</u>
<b>TOTAL ASSETS</b>		<u>31</u>	<u>99</u>
<b>EQUITY AND</b>			
<b>Equity attributable to</b>			
Share capital		103	36
Class A Preference		–	25
Class B Preference		–	5
Share premium		64	42
Merger reserve	6	28	31
Other reserves	6	22	–
Accumulated losses	6	(4.9)	(20)
<b>TOTAL EQUITY</b>		<u>29</u>	<u>721</u>
<b>Current liabilities</b>			
Trade and other		17	23
Borrowings		–	346
<b>TOTAL LIABILITIES</b>		<u>17</u>	<u>27</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>31</u> <u>502</u>	<u>99</u> <u>55</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	No	Share Capital (€0)	Share Prem (€00)	Merg er Rese (€00)	Other Accumulat ed (€00)	Total (€0)	Non- contr ollin (€00)	Total Equity (€00)
<b>As at</b>								
<b>1</b>		56	11,1	3,13	– (4,83)	9,48	26,0	35,5
Issue of		10	5,33	–	–	5,34	–	5,34
Share issue		–	(172 )	–	–	(17 2)	–	(172 )
Share based		–	–	–	1,11 3	1,11 3	–	1,11 3
Reclassi fication of	6	–	–	–	(105 )	(10 5)	–	(105 )
Capital		–	(12,0)	–	12,0	–	–	–
<b>Total contr</b>		10	(6,90 8)	–	– 13,0 81	6,18 3	–	6,18 3
<b>Compa</b>								
<b>Total compre</b>		–	–	–	(10,7 48)	(10, 748)	(1,67 7)	(12,4 25)
<b>As at</b>								
<b>30</b>		66	4,22	3,13	– (2,49)	4,92	24,4	29,3
<b>As at</b>								
<b>1</b>		66	4,22	3,13	– (2,49)	4,92	24,4	29,3
Issue of		59	8,88	24,9	–	33,9	–	33,9
Repurc hase		(22)	–	–	22	–	–	–
Share issue		–	(1,06 4)	–	–	(1,0 64)	–	(1,06 4)
Share based		–	–	–	47	47	–	47
Acquisitio n of non	6	–	–	–	(3,73 2)	(3,7 32)	(24,4 04)	(28,1 36)
Foreign exchang e on	6	–	–	–	12	12	–	12
Capital	6	–	(5,60)	–	5,60	–	–	–
<b>Total contr</b>		37	2,20 7	24,9 61	34 1,92 4	29,1 63	(24,4 04)	4,75 9
<b>Compa</b>								
<b>Total compre</b>		–	–	–	(10,6 10)	(10, 610)	–	(10,6 10)
<b>As at</b>								
<b>30</b>		103	6,42	28,0	34 (11,1)	23,4	–	23,4

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	<i>No</i>	<i>Share Capital (€000)</i>	<i>Share Premium (€000)</i>	<i>Merger Reserve (€000)</i>	<i>Other Accumula- tion (€000)</i>	<i>Total Equity (€000)</i>
<b>As at 1</b>		56	11,1	3,13	- (3,9)	10,3
Issue of		10	5,33	-	-	5,34
Share issue		-	(172)	-	-	(172)
Share based		-	-	-	1,11	1,11
Reclassificati- on of equity	6	-	-	-	(105)	(105)
Capital		-	(12,)	-	12,0	-
<b>Total contributions</b>		10	(6,9 08)	-	13,0 81	6,18 3
<b>Total</b>		-	-	-	(9,3)	(9,3)
<b>As at 30</b>		66	4,22	3,13	- (208)	7,21
<b>As at 1</b>		66	4,22	3,13	- (208)	7,21
Issue of		59	8,88	24,9	-	33,9
Conversion		-	-	-	-	-
Repurchase and		(22)	-	-	22	-
Share issue		-	(1,0)	-	-	(1,0)
Share based		-	-	-	47	47
Capital		-	(5,6)	-	5,60	-
<b>Total contributions</b>		37	2,20 7	24,9 61	22	5,65 6
<b>Total</b>		-	-	-	(10,)	(10,)
<b>As at 30</b>		103	6,42	28,0	22 (4,9)	29,7



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	<i>Year ended 30 September</i>	<i>Year ended 30 September</i>
<b>Cash flows from operating</b>		
Loss before taxation	(10,915)	(13,011)
Adjustments for:		
Depreciation of plant and equipment	70	68
Loss on sale of assets	4	–
Interest received	(24)	(1)
Interest paid	2	17
Amortisation of intangible assets	2,762	3,111
Impairment of intangibles	1,653	–
Tax credit received	26	–
Share based payments	47	1,111
<b>Operating cash outflow</b>	<b>(6,375)</b>	<b>(8,696)</b>
Decrease/(Increase) in trade receivables	57	(418)
(Decrease)/Increase in trade payables	(697)	582
<b>Net cash used in operating activities</b>	<b>(7,015)</b>	<b>(8,532)</b>
<b>Cash flows from investing</b>		
Interest received	–	1
Acquisition of subsidiary	(3,125)	–
Purchase of plant and equipment	(29)	(220)
Proceeds from sale of plant and equipment	2	–
Purchase of intangible assets	(81)	(573)
<b>Net cash used in investing activities</b>	<b>(3,233)</b>	<b>(792)</b>
<b>Cash flows from financing</b>		
Repayment of loan notes and overdrafts	(50)	(14)
Share issue transaction costs	(416)	(820)
Proceeds from issue of shares	8,614	5,340
<b>Net cash from financing activities</b>	<b>8,148</b>	<b>4,516)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,100)</b>	<b>(4,812)</b>
<b>Cash and cash equivalents at start of year</b>	<b>3,939</b>	<b>8,861)</b>
<b>Exchange losses on cash</b>	<b>(96)</b>	<b>(115)</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,743</b>	<b>3,934)</b>

**COMPANY STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	<i>Year ended 30 September 2014 (£000's)</i>	<i>Year ended 30 September 2013 (£000's)</i>
<b>Cash flows from operating activities</b>		
Loss before taxation	(4,097)	(9,327)
Adjustments for:		
Depreciation of plant and equipment	48	55
Loss on sale of assets	4	–
Interest received	(24)	–
Interest paid	2	17
Share based payments	47	1,113
<b>Operating cash out flows before movements in working capital</b>	<b>(4,020)</b>	<b>(8,142)</b>
Increase in trade and other receivables	(2,549)	(982)
(Decrease)/Increase in trade and other payables	(469)	373
<b>Net cash used in operating activities</b>	<b>(7,038)</b>	<b>(8,751)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(10)	(172)
Proceeds from sale of plant and equipment	2	–
Purchase of intangible assets	(81)	(471)
Investment in subsidiaries	–	(16)
Acquisition of subsidiary undertaking	(3,125)	(190)
<b>Net cash used in investing activities</b>	<b>(3,214)</b>	<b>(849)</b>
<b>Cash flows from financing activities</b>		
Repayment of loan notes and other debt	(50)	(14)
Share issue transaction costs	(416)	(820)
Proceeds from issue of Ordinary and Preference shares	8,614	5,346
<b>Net cash from financing activities</b>	<b>8,148</b>	<b>4,512</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,104)</b>	<b>(5,088)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>3,391</b>	<b>8,594</b>
<b>Exchange losses on cash and cash equivalents</b>	<b>(136)</b>	<b>(115)</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,151</b>	<b>3,391</b>

## **NOTES**

### **1. BASIS OF PREPARATION**

The financial information presented in this announcement is extracted from the Group's audited financial statements for the year ended 30 September 2014.

The announcement for the year ended 30 September 2014 was approved by the Board of Directors on 11 December 2014. The financial information set out above does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2014 will be delivered to shareholders by the end of December, together with notice of the Annual General Meeting to be held on 27 January 2015. A copy of the Statutory accounts will be available on the Company's website, [www.arria.com](http://www.arria.com), shortly. The auditors' report on the financial statements for the year ended 30 September 2014 is unqualified and does not contain a statement under section 498(2) or (3) of the Companies Act 2006, however it contains an emphasis of matter in respect of going concern for reasons outlined in note 2. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### **2. GOING CONCERN**

At the balance sheet date, the group had net assets of £23.5 million, including net cash of £1.7 million. The Group made a loss before tax of £10.9 million and expects to continue to make losses in the near term as it invests in developing new markets for its products and secures its position in commercialising Natural Language Generation. In the medium term, the focus will be on growing revenues in order to achieve profitability and positive cash flows.

Since the balance sheet date, £1.2 million has been drawn down from the £3.08 million convertible debt facility signed on 30 September 2014 (refer to note 17).

The Directors have prepared a business plan and cash flow forecast for the period to 30 June 2016. The forecast contains certain assumptions about future sales, the gross margins achievable and the level of other operating expenses. In addition to this business plan, the Directors have considered various downside sensitivities and management actions that could be undertaken to ensure the ongoing operation of the Group. The Group is in the process of seeking further fundraising in the form of equity or convertible debt to provide adequate working capital to support the commercialisation of Natural Language Generation and enable the Group and Company to continue as a going concern. At the time of approving these financial statements, the Directors have held preliminary discussions with existing and prospective shareholders and lenders. The extent and frequency of funding required will depend on the speed and quantum with which the Group secures additional profitable revenue growth. The Directors are confident of securing sufficient additional funding within the next financial year, for its near term requirements. Should negotiations prove unsuccessful, the Group and Company would be unable to meet their debts as they fall due in the foreseeable future.

The Directors have concluded that pending successful agreement of additional funding there exists a material uncertainty which may cast significant doubt over the ability of the Group and Company to continue as a going concern. Having reviewed the business plan and subject to the uncertainties described above, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue operating for the foreseeable future. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements and these do not include adjustments that would result if the Group and Company were unable to continue as a going concern.

### **3. SEGMENT INFORMATION**

The Board of Directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purpose of resource allocation and assessment of performance and it is considered that is one operating segment, being the provision of computer software which is all generated from one geographical location, being the UK.

Corporate costs relate to unallocated head office costs.

The following is an analysis of revenues and results from operations and assets by business segment:

**Revenue**

	<i>Group Year ended 30 September 2014 (£000's)</i>	<i>Group Year ended 30 September 2013 (£000's)</i>
Provision of computer software	787	816
<b>Total</b>	<u>787</u>	<u>816</u>

**Loss before tax**

	<i>Group Year ended 30 September 2014 (£000's)</i>	<i>Group Year ended 30 September 2013 (£000's)</i>
Provision of computer software	(5,188)	(3,138)
Corporate costs	(5,727)	(9,874)
	<u>(10,915)</u>	<u>(13,012)</u>

**Assets**

	<i>Group Year ended 30 September 2014 (£000's)</i>	<i>Group Year ended 30 September 2013 (£000's)</i>	<i>Company Year ended 30 September 2014 (£000's)</i>	<i>Company Year ended 30 September 2013 (£000's)</i>
Provision of computer software	26,072	30,092	–	–
Corporate	1,272	4,534	37,790	9,955
	<u>27,344</u>	<u>34,626</u>	<u>37,790</u>	<u>9,955</u>

**Entity-wide information**

Total revenue from activities by geographical destination is detailed

below: **Revenue by geography**

	<i>Group Year ended 30 September 2014 (£000's)</i>	<i>Group Year ended 30 September 2013 (£000's)</i>
Revenue derived from the UK	38	13
Revenue derived from the United States	749	803
<b>Total Revenue</b>	<u>787</u>	<u>816</u>



## Revenue of individual customers accounting for greater than 10% of revenue

	<i>Group Year ended 30 September 2014 (£000's)</i>	<i>Group Year ended 30 September 2013 (£000's)</i>
Customer A – United States	749	803
Customer B – United Kingdom	38	13
<b>Total Revenue</b>	<b>787</b>	<b>816</b>

## 4. OPERATING LOSS

The Group's operating loss has been arrived at after charging:

	<i>Group Year ended 30 September 2014 (£000's)</i>	<i>Group Year ended 30 September 2013 (£000's)</i>
Employee and consultant costs	4,777	5,031
Operating lease rentals	258	260
Depreciation charge	70	68
Research and development	32	9
Legal and professional fees	1,089	3,024
Foreign exchange losses	261	34

## 5. LOSS PER SHARE

Basic earnings per share for each period is calculated by dividing the earnings attributable to shareholders by the weighted average number of Ordinary shares in issue during the period based on the capital structure of the Company. Details of the earnings and weighted average number of Ordinary shares used in each calculation are set out below. As the entity is loss making, diluted and basic earnings per share are equal.

	<i>Group Year ended 30 September 2014 (£000's)</i>	<i>Group Year ended 30 September 2013 (£000's)</i>
Loss attributable to owners of the parent	(10,610)	(10,748)
	<i>Number (000's)</i>	<i>Number (000's)</i>
Weighted average number of shares	99,182	60,622
Basic earnings per share	(0.11)p	(0.18)p
Diluted earnings per share	(0.11)p	(0.18)p

## 6. RESERVES

<b>Group</b>	<i>Capital Redemption reserve (£000's)</i>	<i>Foreign exchange reserves (£000's)</i>	<i>Merger reserve (£000's)</i>	<i>Accumulated losses (£000's)</i>	<i>Non controlling interest (£000's)</i>
At 1 October 2012	–	–	3,131	(4,831)	26,081
Loss for the year	–	–	–	(10,748)	(1,677)
Share based payment expense	–	–	–	1,113	–
Reclassification of equity settled share based payment to cash settled	–	–	–	(105)	–
Acquisition of subsidiary	–	–	–	12,073	–
<b>At 30 September 2013</b>	–	–	3,131	(2,498)	24,404
At 1 October 2013	–	–	3,131	(2,498)	24,404
Loss for the year	–	–	–	(10,610)	–
Acquisition of non-controlling interest in Arria Data2Text	–	–	21,830	(2,075)	(22,926)
Acquisition of Global IP	–	–	3,131	(1,657)	(1,478)
Repurchase and cancellation of shares	22	–	–	–	–
Share based payment expense	–	–	–	47	–
Foreign exchange translation reserve on consolidation	–	12	–	–	–
Capital Reduction	–	–	–	5,609	–
<b>At 30 September 2014</b>	22	12	28,092	(11,184)	–

<b>Company</b>	<i>Capital redemption reserve (£000's)</i>	<i>Merger reserve (£000's)</i>	<i>Accumulated losses (£000's)</i>
At 1 October 2012	–	3,131	(3,962)
Loss for the year	–	–	(9,327)
Share based payment expense	–	–	1,113
Reclassification of equity settled share based payment to cash settled	–	–	(105)



Acquisition of subsidiary	–	–	12,073
<b>At 30 September 2013</b>	–	3,131	(208)
At 1 October 2013	–	3,131	(208)
Loss for the year	–	–	(10,385)
Acquisition of Global IP	–	21,830	–
Fair value adjustment on acquisition of Arria Data2Text and Global IP	–	3,131	–
Repurchase and cancellation of shares	22	–	–
Share based payment expense	–	–	47
Capital Reduction	–	–	5,609
<b>At 30 September 2014</b>	22	28,092	(4,937)

*Capital reduction*

On 23 October 2013, in accordance with Chapter 2, Part 13 of the Companies Act 2006 the Company passed a resolution to cancel the entire share premium of the Company, pursuant to a Solvency Statement made by the Directors on 18 October 2013. The share premium cancelled was £5,608,796.

### *Merger reserve*

The merger reserve arose on the acquisition of SQi3 Solutions Limited on 28 September 2012, Arria Data2Text Limited (formerly Data2Text Limited) on 25th October 2013 and Global IP Inc. on 25th October 2013. As the consideration consisted entirely of shares, the Company has taken advantage of merger relief under the Companies Act 2006 and not recorded the premium on these shares. The premium has been credited to the merger reserve.

### *Capital redemption reserve*

The capital redemption reserve arose on repurchase and cancellation the 45,000,000 Ordinary B shares at a nominal value of £0.001 and reissued in its place, 23,165,488 Ordinary shares at a nominal value of £0.001. The resulting difference of £21,835 was credited to the capital redemption reserve.

### *Non-Controlling Interest*

The non-controlling interest arose on the acquisition of Arria Data2Text Limited (formerly Data2Text Limited) on 1 May 2012 and on the acquisition of Global IP Inc., on 29 September 2012. The Group owned 20% of the issued share capital of Arria Data2Text Limited (formerly Data2Text Limited) and held the option to acquire the remaining 80% shareholding thus giving it control. Therefore a non-controlling interest in respect of the remaining 80% had been recognized to 30 September 2013. The Group owned 0% of the share capital of Global IP Inc., however it had entered into an agreement which provided the Group with the option to enter an exclusive license to the rights, placed restrictions on Global IP Inc. undertaking activities without the Company's consent and provided that once certain conditions were met the Company had an obligation to acquire Global IP Inc. Therefore de facto control was obtained.

On 25 October 2013, the Company concluded the acquisition of the remaining 80% of the share capital of Arria Data2Text Limited (formerly Data2Text Limited) over which it had an option.

Following the acquisition of Arria Data2Text Limited (formerly Data2Text Limited), the Company concluded the acquisition of the share capital Global IP Inc. (from Sharon Daniels, a former Director and Robert Craig a former Director) over which it had already had control at the balance date.

	<i>Non-Controlling Interest (£000's)</i>
At 1 October 2012	26,081
Share of loss of Arria Data2Text Limited (formerly Data2Text Limited)	(796)
Share of loss of Global IP Inc.	(881)
<b>At 30 September 2013</b>	<b>24,404</b>
	<b>£</b>
At 1 October 2013	24,404
Acquisition of Arria Data2Text Limited (formerly Data2Text Limited)	(22,926)
Acquisition of Global IP Inc.	(1,478)
<b>At 30 September 2014</b>	<b>–</b>

## **7. POSTING OF ACCOUNTS AND NOTICE OF ANNUAL GENERAL MEETING**

A copy of the annual report and accounts will be posted to shareholders of the Company by the end of December 2014, along with a notice of the Company's annual general meeting, to be held on 27 January, 2015, at 2.00pm at the offices of Travers Smith LLP, 10 Snow Hill, London, EC1A 2AL. A

copy of the report and accounts and general meeting notice will also be available for download from the Company's website, [www.arria.com](http://www.arria.com).