11 December 2015

Arria NLG plc
("Arria", the "Company" or the "Group")

Final Results for the year ended 30 September 2015

Arria NLG plc (AIM: NLG), a leader in the development and deployment of natural language generation ("NLG") technologies, is pleased to announce its final results for the year ended 30 September 2015.

Financial Highlights:

- Revenue £1.476 million (2014: £0.787 million)
- EBITDA loss before share based payment charges of £4.2 million (2014: loss of £6.4 million)
- Loss before tax of £8.3 million (2014: loss of £10.9 million)
- Cash at 30 September 2015 £2.3 million (as at 30 September 2014: £1.7 million)
- Company raised £4.345 million through the issue of unsecured convertible loan notes and £0.408 million before expenses through an issue of Ordinary shares
- Subsequent to the year end, the Company issued 18,750,000 Ordinary shares at a price of £ 0.32 per share, with £5.1 million being invested in sharing agreements where settlements will be received over 18 months (see note 7) and a further £0.217 million in convertible loan notes

Operational Highlights:

- Expanding the commercial reach and opportunity for Arria's NLG technology beyond oil and gas most notably into aviation and financial services (insurance and banking)
- Deepened engagements in meteorology with Meteo Group to develop a weather report module for two regions in Europe
- Engagement with the UK arm of a global financial services group to demonstrate Arria's report writing capabilities
- Engagement with a major global online travel company to use NLG to create tailored responses to travel queries from online booking platforms and websites
- Initial agreement was completed with a global consumer products company for an application of Arria's NLG technology to create a range of textual outputs relating to business intelligence metrics across their business lines
- Entering into a partnership agreement with IBM Watson™
- Development of Arria's NLG Software Development Kit and Software as a Service Product
- Received notice of grant for Arria's configurable Microplanner patent from the US Patent and Trademark Office and continued the development and protection of the Group's intellectual property portfolio

Stuart Rogers, Chairman and Chief Executive of Arria NLG plc, commented: "As one can see from the periodic announcements we made of Arria's commercial progress throughout the year, a number of industries concluded that Natural Language Generation software capabilities from Arria were valuable additions to their operations. These industries included agriculture, aviation, oil & gas services, insurance, artificial intelligence, banking, meteorology, online travel and consumer packaged goods. For the most part, the contracts were with large, global companies that constitute an impressive list of names underlying last year's commercial progress. As we look back over the accomplishments of the past year, we recognize how far we have progressed, and how well the Group 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."

For further information, please visit www.arria.com or contact:

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Arria NLG

Arria NLG's core product is known as the Arria NLG Engine, a form of artificial intelligence software, specialised in extracting information from complex data sources and communicating that information in natural language (i.e. as if written by a human). The scientific foundation for the Arria NLG Platform is based on more than 30 years of research and development by the Data2Text Founders at the University of Aberdeen. For additional information, visit www.arria.com. Follow Arria NLG on Twitter, LinkedIn, Google+ and YouTube.

CHAIRMAN'S STATEMENT

I am pleased to present our financial results for the year ended 30 September 2015 and to update you on our progress made during this past financial year. At the inception of the Company four years ago, we set out to commercialise our innovative Natural Language Generation ("NLG") technology, by bringing the more than 30 years of research and development in Natural Language Generation out of the universities and apply it to real world critical operational challenges in a variety of industries. Businesses are challenged by the need for faster, more insightful analysis, with the sheer volume of data, and with scarce analytical resources to get the job done. Arria's NLG core technologies allow our customers to stay on top of the insights from their growing masses of data in real time, helping to overcome their operational challenges and to do so in a way that is faster, smarter and cheaper. The technology is coming of age as the challenges it addresses are some of the fundamental obstacles to businesses achieving their goals, and thus it is being taken up through multiple applications in a variety of key industry segments.

Revenue for the year increased by 88% to £1.476 million (2014: £0.787 million). As in the prior year, revenue was predominantly attributable to the Company's contract with Shell, which was terminated in April 2015. More importantly and despite this set-back, clients contributing to revenue in the current year increased by 250% from 2 to 7, whilst total client engagements during the year rose by 300% from 3 to 12, and most significantly non-Shell revenues rose by over 440% when compared to the prior year as we continued to process new clients through our engagement process.

The Group's loss before tax for the year narrowed by 24% to £8.3 million (2014: loss before tax £10.9 million), the reduction in loss before tax compared to the prior year reflects the increase in both revenues and gross profits in the year, combined with a 27% reduction in operating costs excluding non-cash items.

Over the last two years our foundational clients have helped us move from the lab to the marketplace. Over the next twelve months it is our goal to further expand Arria's platform sales force in the USA and Europe, and undertake a major new release of our patented core technologies. We will release whole new cloud-based products and high-volume NLG services in response to the requests we have received from the marketplace.

During this past year, Arria pursued its strategy of diversifying well beyond its origins in weather and the oil & gas industry. In prior years, Shell was the Company's primary commercial focus, and whilst the loss of the Shell contract in April 2015 was a serious and unexpected setback to the business, the cause was not difficult to see, and it had nothing to do with the potential value achieved through Arria's NLG technology: simply stated, during 2014, crude oil prices plummeted from a peak value of $107 per barrel to settle somewhere near $40. The diversification beyond Arria's traditional focus on oil & gas began well ahead of the collapse in crude oil prices. As Arria developed its plans going into 2015, our forecasts assumed that the Company would gain one new client engagement per quarter going forward. As it has turned out, over the course of this financial year, we have achieved on average approximately one new client engagement per month. This achievement resulted from the planned diversification of our business.

As one can see from the periodic announcements we made of this commercial progress throughout the year, a number of industries concluded that Natural Language Generation software capabilities from Arria were valuable additions to their operations. These industries included agriculture, aviation, oil & gas services, insurance, artificial intelligence, banking, meteorology, online travel and consumer packaged goods. For the most part, the contracts were with large, global companies that constitute an impressive list of names underlying last year's commercial progress. The continued commitment and support from Arria's major shareholders is testament to their ongoing belief in the medium and long term value proposition of the Company's NLG capabilities and in particular of Arria's positioning within the market as the leading force in realising the commercial potential of Natural Language Generation.

Commercial Progress & Business Update

Between 1 October 2014 and the date of releasing these annual results we have continued to deliver further new client wins. We have deepened our engagements in meteorology with the relationship with Meteo Group to develop a weather report module for two regions in Europe and extended our repertoire to encompass search engine optimisation through a project with the UK Met Office aimed at enhancing the quality of content deployed through its digital channels. We broadened our offering and reach within financial services through an initial engagement with the UK arm of a global financial services group to demonstrate Arria's report writing capabilities in parts of the client's reporting ecosystem. Two recent agreements were for an initial engagement with a major global online travel company to use NLG to create tailored responses to travel queries from online booking platforms and websites, and an initial agreement was completed with a global consumer products company for an application of Arria NLG's technology to create a range of textual outputs relating to business intelligence metrics across their business lines.

Oil & Gas Services, Meteorology, Banking, Insurance, Aviation, Online Travel Services, Consumer Packaged Goods and Business Consulting (Artificial Intelligence): it is an impressive list of global corporations that make up Arria's growing client list, and an impressive achievement that so many of these clients have been added in just the last year. Businesses, consulting groups and government agencies increasingly are turning to artificial intelligence tools to help them solve increasingly complex and critical challenges in their process and operations. In an age of shrinking margins, growing volumes of data to process and scarcity of insightful analytical resources, Arria's technology is increasingly being sought out to help businesses achieve their corporate and process goals in a timely and profitable manner. Arria's commercial achievements of this past year are indicative that our technology fills a recognised and sought after set of needs, and that those needs are growing both in size and in criticality.

Continued IP Protection Through Patents

Arria was granted its first patent in 2014, and two more followed during this last reporting year. One of these was granted for a unique and powerful feature that produces multilayered reports that allow Arria's clients to interactively drill down into automatically generated narratives to illuminate key aspects of the relevant data, to call up automatically generated graphs and charts, and to hyperlink to reference works, video tutorials and other functionality features. The most recent patent granted was for Arria's configurable Microplanner, a key element of the Arria NLG Software Engine that is directly configurable via the specification of rules dictating how sentences should be compiled from component words, phrases and context.

Future Commercial Direction

In 2016 we will see Arria's core Natural Language Generation technology extended in two new directions. While we will maintain strong commercial progress selling customised instances of our NLG platform to large industrial clients, we will also be bringing two new product groups to market. We will be giving developers anywhere the ability to use our NLG technology to build their own natural language generation applications through the release of a set of tools and micro-services we call the NLG Software Development Kit (SDK). In addition, we will be launching our first standalone Software as a Service product, targeting the financial management and reporting market.

Arria's NLG Software Development Kit (SDK)

We have developed the Arria NLG SDK, a robust developer toolkit that we expect will have a significant positive impact on the Company's ability to grow its business, revenues and bottom line. The SDK was created to improve our own internal operations by making easier the development of applications that use Arria's core NLG technology. The acceleration of the development process that this brings allows us to better align the timing of client acquisition and new developer hiring. Developers can become productive within Arria much faster, as the SDK provides support for many application development tasks that previously had to be carried out manually.

The creation of the SDK now allows us to significantly reduce the growth of the cost curve going forward. The majority of the expense growth in our forecasts is related to the hiring of new developers as we gain new clients and expand work within existing clients. While the team evolving the core technology of the Arria NLG Engine remains in Aberdeen, the bulk of our future hiring of developers will shift to a lower cost market. The quality of the developers will remain high, and the SDK will ensure that the quality, integrity and efficiency of our code development across all NLG applications (client-focused and our core technology) are consistently of the highest standard.

A further benefit of the SDK is that it is separately licensable to third parties as a standalone product. We have already launched the SDK product offering in a beta form in the period, and we will be deploying a shrink-wrapped packaged product offering later in the year. Those large organisations with a "do-it-yourself" mindset who are well supported by their internal IT functions will be able to license the Arria NLG SDK to build their own NLG applications. Similarly, applications developers anywhere who wish to add a narrative NLG layer to their products will be able to licence and use the Arria NLG SDK. From personal healthcare applications for mobile devices to large scale enterprise solutions, Arria's technology will provide the ability to embed natural language generation as a standard feature.

Natural Language Generation as a Service

Over the last three years Arria has been working with clients and partners globally to identify applications of our technology that have the potential to be standalone solutions. The first of these solutions will be released in 2016 as a Software as a Service (SaaS) product. It promises to provide financial managers in any business with a swift and intuitive way to provide rich narrative reports on the health, status and potential of their enterprise. The launch of this first NLG SaaS product will see Arria move from exclusively selling the NLG Engine via bespoke professional service engagements, to having a client base who can sign up for an NLG service with just a few mouse clicks and a credit card. Over the last twelve months Arria has built up its product team in Sydney, Australia under the stewardship of Dr Robert Dale, Arria's Chief Technology Officer, to deliver this product line.

IBM Watson™ Partnership

IBM Watson™ is a growing business within one of the world's largest technology companies. IBM Watson's™ focus on text analysis and Arria's focus on Natural Language Generation provide two complementary technologies, leading IBM to seek out Arria to join IBM Watson's™ Partnership Programme. Arria recently completed its first IBM Watson™ application integrating these technologies, with a focus on leak detection for chemical plants and oil refineries.

Arria NLG was selected by IBM to exhibit at the World of Watson event in Brooklyn New York on 5-6 May 2015. Whilst IBM Watson™ has over 270 partners, Arria were one of only 21 partners who were invited by IBM to demonstrate our IBM Watson™ application at the exclusive event with 1200 attendees.

Arria's scientists continue to partner closely with Watson's core R&D team in Austin Texas, and our commercial team is an active participant in the Watson Ecosystem in the USA and Europe. In October 2015, Dr Robert Dale presented alongside Rob Hyde, IBM Watson's™ CTO, to a select group of IBM's top 20 global Watson clients in London.

Arria's NLG technologies provides a natural complement to IBM's Natural Language Processing (NLP) suite of products. While Watson primarily focuses on extracting information from textual data, Arria's technology 'completes the loop' by converting structured data sources into narrative content and insight.

Arria's POLUS product for Oil and Gas Leak Detection provides an example of the two technologies working together:

1. Real-time reporting, using Arria's NLG technology to turn data into text: the application embodies the expertise and best practice of engineers to generate informative narrative reports about complex plant and systems behaviour in minutes and seconds.

2. Intelligent query, powered by IBM Watson™: the application leverages Watson's question answering technology to give instant answers to questions about complex regulatory legislation.

Capital Raising

During the year the Company raised approximately £4.345 million through the issue of unsecured convertible loan notes to existing shareholders of the Company, further information on which is included in note 6. Also during the year the Company raised £0.408 million before expenses through an issue of Ordinary shares. These funds have been used to continue the marketing of the Group's services to potential new clients and service the Group's existing clients including entering into a partnership agreement with IBM Watson™, extending the Group's portfolio of existing patent applications and extending that portfolio into new applications, developing the Arria NLG Engine and the NLG toolkit, and supporting the ongoing working capital requirements of the Group.

Subsequent to the year end the Company issued 18,750,000 new Ordinary shares of £0.001 pence each at an issue price of £0.32, further details of which are included in note 7 below. Arria will continue to explore options for additional funding in 2016 as required to support its operations and growth as appropriate opportunities arise.

Future Outlook

The Directors believe that the prospects for the Group are brighter now than ever before. Negotiations continue with existing and prospective clients to expand the scope of our relationships, which the Directors expect to result in deeper and longer engagements. The Directors believe that by bringing to market both stand alone Software as a Service (SaaS) products, and a suite of Natural Language Generation tools and micro-services, the potential for diversified and annualised license revenues will be improved. The Company's sales pipeline continues to strengthen in depth and reach as evidenced by the announcements of new client activity with globally renowned corporations in the financial services and aviation sectors. The Directors therefore believe that the Group is well positioned to succeed in the coming months and years in delivering its vision to be the global leader in the commercialisation of NLG software technologies. The Directors also believe that the platform afforded to the Company by its public company status will facilitate the fund raising activities of the Company as it continues to use equity and loan funding to support the delivery of its strategic plan in the period through to achieving cash flow break even and sustainable profitability.

Summary

As we look back over the accomplishments of the past year, we recognise how far we have progressed, and how well the Group 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 Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	*Year ended 30 September 2015 (£000's)*	*Year ended 30 September 2014 (£000's)*
Revenue		1,476	787
Cost of sales		(922)	(655)
Gross profit		554	132
Administrative expenses			
– Share-based payments	5	(2,348)	(47)
– Amortisation of intangibles		(1,410)	(2,762)
– Impairment of intangibles		(133)	(1,653)
– Other administrative costs	3	(4,818)	(6,607)
Total administrative expenses		(8,709)	(11,069)
Operating loss	3	(8,155)	(10,937)
Finance income		–	24
Finance expense		(117)	(2)
Loss before tax		(8,272)	(10,915)
Taxation credit		991	305
Loss for the year		(7,281)	(10,610)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		(11)	12
Total comprehensive expense for the year		(7,292)	(10,598)
Attributable to:			
– owners of the parent		(7,292)	(10,598)
Loss per share			
Basic and diluted loss per share	4	(0.07)p	(0.11)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	Notes	*2015 (£000's)*	*2014 (£000's)*
ASSETS			
Non-current assets			
Goodwill		14,353	14,353
Other intangible assets		8,605	10,148
Property, plant and equipment		148	202
Trade and other receivables		182	174
		23,288	24,877
Current assets			
Trade and other receivables		289	724
Cash and cash equivalents		2,299	1,743
		2,588	2,467
TOTAL ASSETS		25,876	27,344
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		104	103
Share premium		6,764	6,429
Merger reserve		21,830	28,092
Other reserves		11	34
Accumulated losses		(9,843)	(11,184)
TOTAL EQUITY		18,866	23,474
Non-current liabilities			
Deferred tax		1,581	1,933
Borrowings	6	3,663	–
Derivative liability		666	–
		5,910	1,933
Current liabilities			
Trade and other payables		1,100	1,937
TOTAL LIABILITIES		7,010	3,870
TOTAL EQUITY AND LIABILITIES		25,876	27,344

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	*Share Capital (£000's)*	*Share Premium (£000's)*	*Merger Reserve (£000's)*	*Other Reserves (£000's)*	*Accumulated Losses (£000's)*	*Total (£000's)*	*Non-controlling interest (£000's)*	*Total Equity (£000's)*
As at 1 October 2013		66	4,222	3,131	–	(2,498)	4,921	24,404	29,325
Issue of shares		59	8,880	24,961	–	–	33,900	–	33,900
Repurchase and cancellation of shares		(22)	–	–	22	–	–	–	–
Share issue transaction costs		–	(1,064)	–	–	–	(1,064)	–	(1,064)
Share based payment expense	5	–	–	–	–	47	47	–	47
Acquisition of non-controlling interests		–	–	–	–	(3,732)	(3,732)	(24,404)	(28,136)
Capital reduction		–	(5,609)	–	–	5,609	–	–	–
Total contributions by owners of the Company		37	2,207	24,961	22	1,924	29,151	(24,404)	4,747
Loss for the year		–	–	–	–	(10,610)	(10,610)	–	(10,610)
Foreign exchange on translation reserve		–	–	–	12	–	12	–	12
Loss and total comprehensive expense for the year		–	–	–	12	(10,610)	(10,598)	–	(10,598)
As at 30 September 2014		103	6,429	28,092	34	(11,184)	23,474	–	23,474
As at 1 October 2014		103	6,429	28,092	34	(11,184)	23,474	–	23,474
Issue of shares		1	407	–	–	–	408	–	408
Share issue transaction costs		–	(72)	–	–	–	(72)	–	(72)
Share based payment expense	5	–	–	–	–	2,348	2,348	–	2,348
Transfer of merger reserve to accumulated losses		–	–	(6,262)	–	6,262	–	–	–
Total contributions by owners of the Company		1	335	(6,262)	–	8,610	2,684	–	2,684
Loss for the year		–	–	–	–	(7,281)	(7,281)	–	(7,281)
Foreign exchange on translation reserve		–	–	–	(11)	–	(11)	–	(11)
Recycling of foreign exchange reserve on liquidation of subsidiary		–	–	–	(12)	12	–	–	–
Loss and total comprehensive expense for the year		–	–	–	(23)	(7,269)	(7,292)	–	(7,292)
As at 30 September 2015		104	6,764	21,830	11	(9,843)	18,866	–	18,866

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Notes	*Year ended 30 September 2015 (£000's)*	*Year ended 30 September 2014 (£000's)*
Cash flows from operating activities			
Loss before taxation		(8,272)	(10,915)
Adjustments for:			
Depreciation of plant and equipment		92	70
Loss on sale of assets		–	4
Finance income		–	(24)
Finance expense		117	2
Amortisation of intangible assets		1,410	2,762
Impairment of intangibles		133	1,653
Tax credit received		639	26
Share based payments	5	2,348	47
Operating cash out flows before movements in working capital		(3,533)	(6,375)
Decrease in trade and other receivables		426	57
Decrease in trade and other payables		(919)	(697)
Net cash used in operating activities		(4,026)	(7,015)
Cash flows from investing activities			
Acquisition of subsidiary undertaking		–	(3,125)
Purchase of plant and equipment		(38)	(29)
Proceeds from sale of plant and equipment		–	2
Purchase of intangible assets		–	(81)
Net cash used in investing activities		(38)	(3,233)
Cash flows from financing activities			
Repayment of loan notes and other debt		–	(50)
Proceeds from loan notes		4,345	–
Loan note issue transaction costs		(131)	–
Interest paid		(2)	–
Share issue transaction costs		(72)	(416)
Proceeds from issue of Ordinary and Preference shares		408	8,614
Net cash generated from financing activities		4,548	8,148
Net increase/(decrease) in cash and cash equivalents		484	(2,100)
Cash and cash equivalents at the beginning of the year		1,743	3,939
Exchange gains/(losses) on cash and cash equivalents		72	(96)
Cash and cash equivalents at end of the year		2,299	1,743

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 2015.

The announcement for the year ended 30 September 2015 was approved by the Board of Directors on 10 December 2015. 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 2015 will be delivered to shareholders by the end of December, together with notice of the Annual General Meeting to be held on 28 January 2016. A copy of the Statutory accounts will be available on the Company's website, www.arria.com, shortly. The auditors' report on the financial statements for the year ended 30 September 2015 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 £18.9 million, including net cash of £2.3 million. The Group made a loss before tax of £8.3 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, 18,750,000 shares were subscribed for at an issue price of £0.32 pence per share by an institutional investor, Lanstead Partners L.P. ("Lanstead"). Of the gross proceeds of £6.0 million, £0.9 million has been received in cash and £5.1 million has been pledged to Lanstead under two Sharing Agreements under which Lanstead will then make, subject to the terms of those agreements, monthly settlements to the Company over 18 months, the amount of which is determined with reference to the Company's share price (as detailed in note 7).

The Directors have prepared a business plan and cash flow forecast for the period to 31 January 2017. 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 and Company. 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 its Natural Language Generation technology and enable the Group and Company to continue as a going concern. 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.

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 Financial Statements do not include adjustments that would result if the Group and Company were unable to continue as a going concern. Should fundraising negotiations prove unsuccessful, the Group and Company would be unable to meet their debts as they fall due in the foreseeable future. As a result, 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.

3. OPERATING LOSS

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

	Group Year ended 30 September 2015 (£000's)	*Group Year ended 30 September 2014 (£000's)*
Operating lease rentals	258	258
Depreciation charge	92	70
Research and development (including employee costs)	980	1,006
Legal and professional fees	613	1,089
Foreign exchange (gains) losses	(228)	261

4. LOSS PER SHARE

Basic earnings per share for each year is calculated by dividing the earnings attributable to shareholders by the weighted average number of Ordinary shares in issue during the year 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.

	Group Year ended 30 September 2015 (£000's)	*Group Year ended 30 September 2014 (£000's)*
Loss attributable to owners of the parent	(7,281)	(10,610)
	Number (000's)	*Number (000's)*
Weighted average number of shares	102,951	99,182
Basic earnings per share	(0.07)p	(0.11)p
Diluted earnings per share	(0.07)p	(0.11)p

5. SHARE BASED PAYMENTS

a) Employee share schemes

The Company had a number of share option schemes in place in the year ended 30 September 2015.

The Company grants options over Ordinary shares at its discretion to Directors and management. Share options are granted with vesting periods of between zero and five years from the date of grant. Should the options remain unexercised after a period of eight years from the date of grant the options will expire. Options are exercisable at a price determined by the Board of Directors at the time of grant.

Details for the share options granted, exercised, lapsed and outstanding at the year end are as follows:

	Number of share options	*Weighted average exercise price*
Outstanding at 1 October 2014	1,650,000	£0.603
Forfeited during the year	(389,000)	
Granted during the year	2,160,000	
Outstanding at 30 September 2015	3,421,000	£0.523
Exercisable at 30 September 2015	1,518,000	£0.600

Fair value of share options

The weighted average fair value of the share options granted in the financial year, determined using the Black Scholes valuation model was £0.0073 (2014: £0.106).

The calculation of the fair value of options issued requires the use of estimates. The key assumptions are:

	2015	*2014*
Weighted average share price	£0.293	£0.780
Weighted average exercise price	£0.523	£0.603
Expected life	3.00	3.00
Risk free rate	0.99%	0.99%
Expected dividend yields	0%	0%

A charge of £39,564 relating to share-based payments attributable to Employee Share Schemes has been recognised in the year and is included in the Consolidated Statement of Comprehensive Income (2014: £47,345).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

2015

Scheme	*Number of shares*	*Date of grant*	*Exercise price*	*Exercise year From*	*To*
Executive scheme	350,000	26/06/13	US$1.00	26/06/13	26/06/21
Executive scheme	300,000	26/06/13	US$1.00	26/06/14[(1)]	26/06/21[(1)]
Staff scheme	625,000	07/04/13	US$1.00	07/04/14	07/04/21
Staff scheme	11,000	28/11/13	US$1.60	28/05/14	28/05/22
Staff scheme	2,000	01/09/14	GB£0.41	01/09/14	01/09/22
Staff scheme	35,000	01/09/14	GB£0.41	01/09/14	01/09/22
Staff scheme	820,000	03/02/15	GB£0.35	03/02/15[(3)]	03/02/23[(3)]
Staff scheme	1,213,000	03/02/15	GB£0.35	03/02/15[(4)]	03/02/23[(4)]
Staff scheme	65,000	17/09/15	GB£0.40	17/09/15[(2)]	17/09/23[(2)]
Total	3,421,000				

5. SHARE-BASED PAYMENTS continued

2014

Scheme	*Number of shares*	*Date of grant*	*Exercise price*	*Exercise year From*	*To*
Executive scheme	350,000	26/06/13	US$1.00	26/06/13	26/06/21
Executive scheme	300,000	26/06/13	US$1.00	26/06/14[1]	26/06/21[1]
Staff scheme	650,000	07/04/13	US$1.00	07/04/14	07/04/21
Staff scheme	13,000	28/11/13	US$1.60	28/05/14	28/05/22
Staff scheme	100,000	23/06/14	GB£0.57	23/06/15[1]	23/06/25[1]
Staff scheme	200,000	30/06/14	GB£0.55	30/06/14[2]	23/06/24[2]
Staff scheme	2,000	01/09/14	GB£0.41	01/09/14	01/09/22
Staff scheme	35,000	01/09/14	GB£0.41	01/09/14	01/09/22
Total	1,650,000				

[1] Options vest 1/3 per year on anniversary of grant
[2] Options vest 1/3 on grant and 1/3 per year on anniversary of grant
[3] Options vested 1/3 on 1 January 2015 and 1/3 per year on anniversary of first vest
[4] Options vest 1/3 on 1 January 2016 and 1/3 per year on anniversary of first vest

b) Non-employee share based payments

As described in note 6, in consideration for Ikonic agreeing to the early drawdown of two installments of loan notes, the Company agreed to grant 6,000,000 unlisted B Warrants for new Ordinary shares in the Company. The Company also granted 3,123,740 unlisted B Warrants to Utilico Investments Limited and 803,950 unlisted B warrants to other investors.

The Company also committed to issue 1,000,000 unlisted B Warrants exercisable at 12p per new Ordinary share for brokerage services performed in the financial year.

These issues of unlisted B Warrants are being treated as share-based payments and are accounted for as equity-settled share based payments under IFRS 2. The unlisted B Warrants are exercisable for a period of four years at 12p per new Ordinary share.

The weighted average fair value of the unlisted B Warrants granted was £0.215 and was determined using the Black-Scholes valuation model. The calculation of the fair value requires the use of estimates. The key assumptions used were:

	2015	*2014*
Weighted average share price	£0.353	–
Exercise price	£0.12	–
Expected life	4.0	–
Risk free rate	0.80%	–
Expected dividend yields	0%	–

A charge of £2.308 million relating to share-based payments has been recognised in the year and is included in the Consolidated Statement of Comprehensive Income (2014: Nil).

6. BORROWINGS

	Group 30 September 2015 (£000's)	*Group 30 September 2014 (£000's)*	*Company 30 September 2015 (£000's)*	*Company 30 September 2014 (£000's)*
Unsecured				
Convertible notes (i)	3,663	–	3,663	–
	3,663	–	3,663	–

(i) Convertible notes

The Company issued the following convertible loan notes:

a) Ikonic Fund SAC Limited

On 30 September 2014 the Company entered into a subscription agreement with the Ikonic Fund SAC Limited ("Ikonic"), pursuant to which Ikonic agreed to subscribe for £3.08 million of loan notes in three tranches, by the following dates: (i) £1.232 million of the loan notes by 31 December 2014; (ii) £1.232 million of the loan notes by 31 December 2015; and (iii) £0.616 million of the loan notes by 31 March 2016.

On 11 June 2015 Ikonic agreed to the early drawdown of the last two installments. In consideration for the acceleration of these drawdowns the Company agreed to pay certain costs which Ikonic could incur in allowing the Company to drawdown earlier than originally agreed. The amounts of £1.232 million and £0.616 million were received by the Company on 28 August 2015.

In consideration of Ikonic agreeing to the early drawdown of the two instalments, the Company also granted 6,000,000 unlisted B Warrants for new Ordinary shares (with a nominal value of £0.001 per share) in the Company, exercisable for a period of four years, at £0.12p per new Ordinary share. These have been accounted for as share based payments (see note 5).

Ikonic currently holds 3,125,000 Ordinary shares in the capital of the Company representing approximately 3.0% of the issued share capital of the Company. Ikonic also holds listed Warrants to subscribe for an additional 3,125,000 Ordinary shares, exercisable until 30 September 2017 at £1.33 per Ordinary share ("Warrants") and unlisted B Warrants to subscribe for an additional 6,000,000 Ordinary shares, exercisable until 28 August 2019 at £0.12 per Ordinary share ("B Warrants").

The loan notes are constituted by a loan note instrument dated 30 September 2014 (the "Instrument") which creates £3,080,000 of loan notes. The loan notes have a maturity date of 31 October 2019 (the "Maturity Date") and accrue interest at a rate of 5% above the Bank of England base rate as at 31 October of each year.

The Company can redeem the loan notes, without penalty or fee, at any time upon 10 business days' notice to the holders of the loan notes (the "Noteholders"). The Noteholders will be entitled to convert the loan notes and any accrued but unpaid interest into new Ordinary Shares at a price of £0.40 per share (subject to adjustment in certain customary circumstances) during the first 10 business days of each calendar year and also following receipt of notice that the Company intends to redeem the loan notes.

The interest payments shall be calculated with interest accruing on the principal amount of the loan notes outstanding, compounding on an annual basis. Interest payments can be paid (and Noteholders can require them to be paid) through the issue of payment in kind notes of equal nominal value in full or partial satisfaction of any interest that has accrued but which remains unpaid in respect of the loan notes up to that date.

b) Utilico Investments Limited

On 29 July 2015 the Company entered into a subscription agreement with Utilico Investments Limited ("Utilico") a company incorporated in Bermuda, pursuant to which Utilico has agreed to subscribe for £1 million of convertible loan notes.

The loan notes are constituted by a loan note instrument dated 26 October 2015 (the "Instrument") which creates £3 million of loan notes. The loan notes have a maturity date of 31 October 2019 (the "Maturity Date") and accrue interest at a rate of 5% above the Bank of England base rate as at 31 October of each year. Interest payments begin on 31 October 2015 and will be payable annually on 31 October each calendar year thereafter (the "Interest Payment Date") until the Maturity Date.

The Company can redeem the loan notes, without penalty or fee, at any time upon 10 business days' notice to the holders of the loan notes (the "Noteholders"). The Noteholders are entitled to convert the loan notes and any accrued but unpaid interest into new Ordinary Shares at a price of £0.40 per share (subject to adjustment in certain customary circumstances) during the first 10 business days of each calendar year and also following receipt of notice that the Company intends to redeem the loan notes.

The loan notes have attached, 3,123,740 unlisted B Warrants for new Ordinary shares (with a nominal value of £0.001 per share) in the Company, exercisable for a period of four years, at £0.12p per new Ordinary share. These have been accounted for as share based payments (see note 5).

c) Others
On 28 and 29 September 2015 the Company entered into subscription agreements with certain other shareholders, pursuant to which they agreed to subscribe for £265,000 of convertible loan notes. The loan notes have attached, 803,950 unlisted B Warrants for new Ordinary shares (with a nominal value of £0.001 per share) in the Company, exercisable for a period of four years, at £0.12p per new Ordinary share. These have been accounted for as share based payments (see note 5).

The loan notes for these other investors are constituted by the same loan note instrument and conditions as Utilico.

	Group 30 September 2015 (£000's)	*Group 30 September 2014 (£000's)*	*Company 30 September 2015 (£000's)*	*Company 30 September 2014 (£000's)*
Face value of notes issued	4,345	–	4,345	–
Derivative liability	(666)	–	(666)	–
Capitalised costs	(131)	–	(131)	–
Accrued Interest *	115	–	115	–
Non-current liability	3,663	–	3,663	–

* Accrued interest is calculated by applying the effective interest rate of 10.51% to the liability component

The derivative liability arises as the loan agreements contain an option for the holder to convert the notes to Ordinary shares and an option for the Company to repay the notes early. These give rise to a compound embedded derivative.

7. SUBSEQUENT EVENTS

Lanstead Subscription
Between October and November 2015, Lanstead Capital L.P. ("Lanstead"), an institutional investor, agreed to subscribe for 18,750,000 million new Ordinary shares with a nominal value of £0.001 each, in Arria NLG at an issue price of £0.32 pence per share for an aggregate consideration of £6.0 million. Fifteen (15)% of the £6.0 million gross proceeds of the subscription, being £900,000, was retained by the Company and the balance of £5.1 million was pledged by the Company pursuant to two sharing agreements with Lanstead (the "Sharing Agreements"). The Sharing Agreements, details of which are set out below, entitle the Company to receive back those proceeds on a pro rata monthly basis over a period of 18 months, subject to adjustment upwards or downwards each month depending on the Company's share price at the time, as explained in more detail below. The Sharing Agreements provide the opportunity for the Company to benefit from positive future share price performance.

The Subscription
The Subscription was conducted in two tranches, due to the Company's limited authority to issue new shares on a non-preemptive basis.

a) The First Subscription
4,687,500 New Ordinary Shares (the "First Subscription Shares") were allotted to Lanstead at the issue price of £0.32 per share for an aggregate subscription price of £1.5 million before expenses (the "First Subscription"), conditional only upon admission to trading on AIM of the First Subscription Shares ("First Admission").

£0.225 million of the First Subscription proceeds (being 15% of the First Subscription) were retained by the Company and £1.275 million were pledged to Lanstead under the first of the Sharing Agreements under which Lanstead will then make, subject to the terms and conditions of that Sharing Agreement, monthly settlements (subject to adjustment upwards or downwards) to the Company over 18 months, as detailed below. As a result of entering into the first Sharing Agreement, the aggregate amount received by the Company under the First Subscription and the related Sharing Agreement may be more or less than £1.5 million, as further explained below.

b) The Second Subscription

14,062,500 New Ordinary Shares (the "Second Subscription Shares") were allotted to Lanstead at the issue price of £0.32 per share for an aggregate subscription price of £4.5 million before expenses (the "Second Subscription").

£0.675 million of the Second Subscription proceeds (being 15% of the Second Subscription) was retained by the Company and £3.825 million was pledged to Lanstead under the second of the Sharing Agreements under which Lanstead will then make, subject to the terms and conditions of that Sharing Agreement, monthly settlements (subject to adjustment upwards or downwards) to the Company over 18 months, as detailed below. As a result of entering into the second Sharing Agreement the aggregate amount received by the Company under the Second Subscription and the related Sharing Agreement may be more or less than £4.5 million, as further explained below.

The Sharing Agreements

As part of the Subscription, the Company entered into the Sharing Agreements, pursuant to which Arria returned an amount equal to 85% of the gross proceeds of the Subscription to Lanstead. The Sharing Agreements will enable the Company to share in any share price appreciation over the Benchmark Price (as defined below). However, if the Company's share price remains less than the Benchmark Price then the amount received by the Company under the Sharing Agreements will be less than the 85% of the gross proceeds of the Subscription which were pledged by the Company to Lanstead at the outset (i.e. less than £5.1 million).

Each of the Sharing Agreements provide that the Company will receive 18 equal monthly settlement amounts as measured against a benchmark share price of 42.66667 pence per share (the "Benchmark Price"). The monthly settlement amounts for each Sharing Agreement are structured to commence approximately two months following the admission to AIM of the new Ordinary shares under the relevant Sharing Agreement.

If the measured share price (the "Measured Price"), calculated as the average weighted share price of the Company's ordinary shares over an agreed period prior to the monthly settlement date, exceeds the Benchmark Price, the Company will receive more than 100% of that monthly settlement due on a pro rata basis according to the excess of the Measured Price over the Benchmark Price. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements and the amount available in subsequent months is not affected. Should the Measured Price be below the Benchmark Price, the Company will receive less than 100% of the monthly settlement calculated on a pro rata basis and the Company will not be entitled to receive the shortfall at any later date.

For example, if on a monthly settlement date the calculated Measured Price exceeds the Benchmark Price by 10%, the settlement on that monthly settlement date will be 110% of the amount due from Lanstead on that date. If on the monthly settlement date the calculated Measured Price is below the Benchmark Price by 10%, the settlement on the monthly settlement date will be 90% of the amount due on that date. Each settlement as so calculated will be in final settlement of Lanstead's obligation on that settlement date.

Assuming the Measured Price equals the Benchmark Price on the date of each and every monthly settlement, Arria would receive aggregate proceeds of £6.0 million (before expenses) from the Subscription and related Sharing Agreements, made up of the £900,000 of the Subscription initially retained by the Company and 18 monthly settlements of approximately £283,333 each. The table below provides an illustration of the amounts that the Company might receive from Lanstead under the Share Agreements in respect of each monthly settlement assuming different share price scenarios.

Measured share price	*Monthly settlement amount*
£0.10	£28,125
£0.2	£106,250
£0.3	£184,375
£0.4	£262,500
£0.4266667	£283,333
£0.5	£340,625
£0.6	£418,750
£0.75	£535,937
£1.00	£731,250

The Company agreed to pay Lanstead's legal costs incurred in the Subscription and entering into the Sharing Agreements and in addition, has agreed to issue to Lanstead 937,500 Ordinary shares of £0.001 pence each in the Company (the "Value Payment Shares").

In no event will fluctuations in the Company's share price result in any increase in the number of new Ordinary Shares issued by the Company or received by Lanstead in relation to the Subscription or Sharing Agreements. The Directors believe that a decline in the Company's share price would not result in any advantage accruing to Lanstead and the Sharing Agreement allows both Lanstead and the Company to benefit from future share price appreciation.

It is the Company's intention to use the total proceeds from the Subscription and the Sharing Agreements in the Company's continuing operations, including for general working capital requirements. The funding will assist the Company's plans for future product releases and its growing sales efforts in the United States.

Issue of Loan Notes
In October 2015 the Company issued a further £217,000 in convertible loan notes with attached unlisted B warrants totaling 1,461,736. The subscription and loan instrument terms and conditions are the same as Utilico and Others as noted in note 6.

Issue of B Warrants
In November 2015 the Company issued MSL Capital Markets Limited (MSL) 1,000,000 unlisted B Warrants in consideration for brokerage services performed during the financial year as outlined in note 5. The unlisted B Warrants are for new Ordinary shares (with a nominal value of £0.001 per share) in the Company, exercisable for a period of four years, at £0.12p per new Ordinary share.

8. 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 2015, along with a notice of the Company's annual general meeting, to be held on 28 January, 2016, at 10.30 am 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.