ARRIA

ARRIA NLG plc

Condensed Interim Financial Statements
for the Six Months Ended 31 March 2014

Company number 07812686

NATURAL LANGUAGE GENERATION

CONTENTS

COMPANY INFORMATION

Directors	Stuart Rogers Simon Small Wayne Thornhill Paul Kidney Michael Higgins
Company Secretary	Thomas Makeig
Registered Office	Space One 1 Beadon Road Hammersmith London W6 0EA
Company Number	Registered in England and Wales number 07812686
Independent Auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers	HSBC Space One 1 Beadon Road Hammersmith London W6 0EA
Nominated Advisor and Joint Broker	Allenby Capital Limited 3 St Helen's Place London EC3A 6AB
Joint Broker	Westhouse Securities 110 Bishopsgate London EC2N 4AY
Solicitors	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

INTERIM REVIEW REPORT

HIGHLIGHTS

Operational

- Extended existing agreement with oil & gas super-major client into 2014 with subsequent announcement in May 2014 of new 3 year agreement
- UK Met Office adds NLG-authored narratives to its 5 day forecasts on its Met Invent website
- Growing awareness of NLG in the oil & gas industry – invited to present key-note speech and participate at Society of Petroleum Engineers conferences in Dubai & Utrecht
- Significant and experienced appointments made to Group Board and management team
  - Michael Higgins & Paul Kidney appointed as Non-Executive Directors to Arria's Board
  - Christopher Messina appointed in New York as Senior Vice President, Business Development to expand Arria's Financial Services practice
- Continued progress made in development of the Group's patent program
- Completion of Arria NLG Studio and launch of the Language Factory
- Deployment of version 3.0 of the Arria NLG Engine

Financial

- Revenues up 57% to £330k (£210k HY13)
- Operating costs excluding amortisation and share based payment charges down 20% to £3.9 million (£4.9 million HY13)
- Concluded second 2013 private placement raising c.US$15.8 million
- Completed the acquisition of Data2Text Limited for consideration of £3.125 million in cash and issue of ordinary shares equivalent to approximately 22.59% of the share capital of the Company
- Completed introduction of Arria's ordinary shares and warrants to trading on the London Stock Exchange ("LSE") AIM Market ("AIM")

Commenting on the results, Stuart Rogers, Arria Chairman and Chief Executive said "Arria has delivered significant progress during the first half of this financial year in successfully executing the Company's strategic plan. Primary accomplishments being the successful conclusion of the acquisition of Data2Text Limited in October 2013, followed by the admission to trading of the Company's shares on the London AIM market in December 2013 – both of which position the Group well to grow and optimise the commercial realisation of its owned Natural Language Generation technologies."

CHAIRMAN'S STATEMENT

I am pleased to present our financial results for the six months to 31 March 2014 and to update you on our progress.

In December 2013, Arria signed an extension agreement to the existing license contracts with Shell Exploration and Production Company ("Shell"), extending usage on a month-by-month basis while, new, longer term agreements were being finalised. In May 2014 a 3 year contract was signed with Shell that 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 Arria's NLG services expanding from existing Facilities NLG narratives to further service categories in upstream operations across parts of the Americas. Upon full performance of the agreement, which is effective from 1 June 2014, Shell undertakes to pay Arria US$5-10 million over three years. A large proportion of these fees are annual and on-going base licence 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.

INTERIM REVIEW REPORT continued

Showcasing to the Society of Petroleum Engineers

During October 2013 Dr Robert Dale opened the Society of Petroleum Engineers ("SPE") 2013 Intelligent Energy Conference in Dubai with the Key Note Address. The conference is considered to be one of the industry's most important events bringing together over 2,000 oil and gas professionals focussing on cutting edge technologies in the field of intelligent energy. The address, entitled the Articulate Machine showcased Arria's technology to the industry for the first time.

We further developed our relationships with other oil and gas prospects at a Society for Petroleum Engineers (SPE) event in Al Khobar, Saudi Arabia in March, and at the SPE Intelligent Energy conference in Utrecht, Holland. These conferences provided Arria with a great opportunity to showcase the progress our technology has made over the last 12 months and to explain how it is used in a live deployment in the Gulf of Mexico. At Utrecht we had a large booth in the main conference hall and saw strong interest as we provided attendees with an 'under the covers' look at the Arria NLG Engine technology.

Also at the SPE conference in Utrecht, Professor Reiter gave a very well received presentation in a panel session called "Learning From Others: Are We Unique?". He and Simon Small, Arria's President, participated along with senior representatives from IBM, Accenture, Chevron and Total. The session was designed to elicit learning from other industries, providing a perfect forum for Professor Reiter to give a lively presentation from his personal experience about the similarities between surgeons and engineers. As Professor Reiter noted, they face identical challenges with their data, and in both cases those challenges are addressed by the solutions that we provide, helping them make faster and higher quality decisions.

The sales team left Utrecht and Saudi Arabia with many solid leads and invitations for further dialogue with a number of oil and gas companies, exploring a range of use cases including fracking, wells, electrical submersible pumps, data management and drilling.

On the weather front

The UK Met Office signed an extension to the current NLG weather forecasting product featured on its Met Invent web page. You can try the application out for yourself by visiting the Met Invent website at http://www.metoffice.gov.uk/invent and following the links to 'Text enhanced forecasts'.

Business Development

The business development capabilities of the Group were enhanced in December with the addition of Christopher Messina joining Arria's sales team. Based in New York as Senior Vice President, Business Development with the specific goal to expand Arria's Financial Services practice, bringing someone of Christopher's experience to Arria adds clear additional bench strength to our business development capabilities. His career has seen him work across the globe with its diverse cultures, and apply his considerable knowledge to a long line of success stories, including some of the world's preeminent financial institutions. With his extensive background, Christopher understands the mission critical requirements for financial exchanges and trading systems and will be a great benefit to our appreciation and knowledge, as we look to move further into this sizeable market. He is a strong addition to our team and represents the first phase of additional investment in our business development capabilities that is taking place during 2014.

Our business development efforts continue to bear fruit in the form of increasing numbers of identified client use-cases for our NLG technologies and eventual deployment of the Arria NLG Engine ranging from regulatory compliance in financial services to applications in healthcare. Identified use-cases lead to proof of concepts, scoping, full deployment and eventual licensing of the software so the clear progress in this area is both encouraging and a validation of our business development strategy.

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.

INTERIM REVIEW REPORT continued

Admission to AIM

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

Arria NLG Engine 3.0 – Successfully Deployed

In January 2014 we successfully deployed version 3.0 of the Arria NLG Engine. This latest version of Arria's NLG engine has the ability to integrate graphical information derived from big data sources with the existing NLG reporting capabilities to provide even more effective decision-support. This facet of the system alone has generated much comment from clients, partners, and prospects. Until now the dominant form of dashboard presented analytics was limited to graphical output only. The latest version of the NLG Engine, by integrating a graphics engine alongside the narrative realiser, sets a new benchmark across the whole industry.

Feedback we received highlighted the considerable value of embedding NLG generated alerts into a graphical interface environment in real time. As a result of this tight integration, reports produced by the new Arria NLG 3.0 engine support faster, more effective decision-making in high intensity operational environments.

We recently expanded our data analytics capabilities by bringing in data science talent from the US and France to our Aberdeen operations. The impact of the new team members is already starting to be felt. Working as part of our Core Technology development team, they have just delivered a new Data Science Framework, a set of software tools that allows for easier connection to disparate big data sets, higher quality predictive analytics and faster knowledge capture of subject matter expertise into NLG applications.

The demand for this capability comes from requests from surgeons and engineers who want to streamline the twin processes of capturing the knowledge of their subject matter experts and integrating data sets into the Arria Natural Language Generation Engine.

Professor Reiter's talk in Utrecht summed up the key benefit here: "We hear the same message from CTOs and Chief Petroleum Engineers in the Gulf of Mexico and in the Middle East as we do from cardiovascular surgeons: subject matter expertise is their most valued asset. So by reducing the time it takes to capture this expertise and the time it takes to make sense of the data, our new Data Science Framework speeds up the development of applications that automate insights and generate narratives, adding an unprecedented capability for faster and higher quality decision support."

In addition to working with our large-scale enterprise clients and prospects, Arria also develops solutions intended for release as business-to-business and business-to-consumer applications under its own banner. Internally, we refer to the group that creates these applications as our Language Factory. The team has been busy exploring a wide range of ideas for development.

NLG Studio

The first stage completion of the NLG Studio after two years work represents a 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. The potential in terms of billing cycles and sales pipeline management should be 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. There is a recognised potential for revenue from licensing use of the NLG Studio in the longer term.

INTERIM REVIEW REPORT continued

Finance Review

During the first half of our financial year the Group has continued to invest in delivering its strategic plan. Principle financial highlights in the period are listed below:

- Completion of the acquisition of Arria Data2Text Limited (formally Data2Text Limited) for £3.125 million in cash consideration and 23,165,488 ordinary shares representing approximately 22.59% of the share capital of the Company, along with the completion of the acquisition of Global IP Inc. for share consideration of 5,077,574 ordinary shares, both in October 2013;
- Admission of the Company's shares and warrants to the London AIM market in December 2013;
- Revenues in the period were up 57% to £330k (£210k HY13), the increase reflecting the impact of the 2013 Shell contract in current period;
- Operating costs excluding amortisation and share based payment charges down 20% to £3.9 million (£4.9 million HY13), which principally reflected the higher level of non-recurring transaction related costs in the prior period;
- Average net monthly operating costs excluding non-recurring transaction related costs, amortisation, depreciation and share based payments charges were £521k pcm (£528k HY13) representing a 1% decrease against the same period in the prior year; and
- Average staff numbers for the period was 54 (30 HY13). The majority of the increase was in the area of operational deployment and sales.

On 24 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 at that time of £5,608,796, pursuant to a Solvency Statement made by the Directors under Section 643 of the Companies Act 2006, made for the purposes of Section 642 of the Companies Act 2006. The resulting credit to reserves from this "capital reduction" is recorded in the Group's Statement of Changes in Equity.

At the balance sheet date the Group had £4.1 million of cash on hand and net assets of £29.0 million. In considering the ability of the Group to meet its financial obligations as they fall due, the Board has considered the expected trading performance of the Group, including working capital requirements and the level of overheads to be funded. The Directors are satisfied based on the supporting business plan and cash flow, and expectation of further equity fundraising, the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the financial statements, and the Directors remain confident in the future prospects of the Group.

Outlook and prospects

Arria NLG has sales and marketing personnel in the UK, the US and the Pacific Rim. We are actively seeking client engagements and new NLG applications in the oil & gas industry, in regulatory defence and financial services, in power and water systems, mining, healthcare and with data and application platform partners. The Group and its core technology are well positioned to rapidly capitalize on this pipeline of potential clients, and this considerable client prospecting is supported by both the growing recognition of the significant challenges large enterprises face with the growth size and complexity of their data repository, and the degree to which Arria's NLG technologies meet and overcome these challenges.

I would like to thank the whole Arria team for their continued efforts and to our shareholders for their continuing support as we progress on this journey of commercialising the array of opportunities in front of us.

By order of the Board

Stuart Rogers
Chairman and Chief Executive Officer
11 June 2014

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	*Six months ended 31 March 2014 Unaudited (£000's)*	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Revenue	6	330	210	816
Cost of sales		(283)	(67)	(139)
Gross profit		47	143	677
Administrative expenses				
– Share-based payments		(61)	(761)	(1,113)
– Amortisation of intangibles		(1,412)	(1,707)	(3,119)
– Other administrative costs		(3,929)	(4,962)	(9,441)
Total administrative expenses		(5,402)	(7,430)	(13,673)
Operating loss	5	(5,355)	(7,287)	(12,996)
Finance income		–	–	1
Finance expense		20	(9)	(17)
Loss before tax		(5,335)	(7,296)	(13,012)
Taxation credit	7	146	146	587
Total comprehensive loss for the period		(5,189)	(7,150)	(12,425)
Loss attributable to:				
– Owners of the parent		(5,189)	(6,272)	(10,748)
– Non-controlling interests		–	(878)	(1,677)
		(5,189)	(7,150)	(12,425)
Loss per share				
Basic and diluted loss per share	8	(0.05)p	(0.11)p	(0.18)p

The results reflected above relate to continuing activities.

The above statement should be read in conjunction with the accompanying notes.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	*As at 31 March 2014 Unaudited (£000's)*	*As at 31 March 2013 Unaudited (£000's)*	*As at 30 September 2013 Audited (£000's)*
ASSETS				
Non-current assets				
Goodwill		14,353	14,353	14,353
Other intangible assets	9	13,125	15,900	14,482
Property, plant and equipment	10	230	234	249
Trade and other receivables		175	158	168
		27,883	30,645	29,252
Current assets				
Trade and other receivables		298	781	1,435
Cash and cash equivalents		4,141	3,860	3,939
		4,439	4,641	5,374
TOTAL ASSETS		32,322	35,286	34,626
EQUITY AND LIABILITIES				
Equity attributable to holders of the parent				
Ordinary Share capital	12	103	35	36
Class A preference share capital	12	–	20	25
Class B preference share capital	12	–	5	5
Share premium	12	6,429	491	4,222
Merger reserve	13	28,092	3,131	3,131
Capital redemption reserve	12	22	–	–
Retained Profit/(Loss)		(5,749)	1,732	(2,497)
		28,897	5,414	4,922
Non-controlling interest	14	–	25,203	24,404
TOTAL EQUITY		28,897	30,617	29,326
Non-current liabilities				
Deferred tax		2,066	2,653	2,212
Current liabilities				
Trade and other payables		1,359	1,677	2,742
Borrowings	11	–	339	346
		1,359	2,016	3,088
TOTAL LIABILITIES		3,425	4,669	5,300
TOTAL EQUITY AND LIABILITIES		32,322	35,286	34,626

The above statement should be read in conjunction with the accompanying notes.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	*Ordinary Share Capital (£000's)*	*Preference Share Capital (£000's)*	*Share Premium (£000's)*	*Merger Reserve (£000's)*	*Capital Redemption Reserve (£000's)*	*Accumu-lated Losses (£000's)*	*Total (£000's)*	*Non-Controlling Interest (£000's)*	*Total Equity (£000's)*
As at 1 October 2012 (Audited)		33	23	11,130	3,131	–	(4,831)	9,486	26,081	35,567
Issue of shares	12	2	2	1,434	–	–	–	1,438	–	1,438
Share based payment expense		–	–	–	–	–	761	761	–	761
Capital reduction		–	–	(12,073)	–	–	12,073	–	–	–
Total contributions by owners of the company		2	2	(10,639)	–	–	12,834	2,199	–	2,199
Total comprehensive loss		–	–	–	–	–	(6,272)	(6,272)	(878)	(7,150)
As at 31 March 2013 (Unaudited)		35	25	491	3,131	–	1,731	5,413	25,203	30,616
As at 1 April 2013 (Unaudited)		35	25	491	3,131	–	1,731	5,413	25,203	30,616
Issue of shares	12	1	5	3,903	–	–	–	3,909	–	3,909
Share issue transaction costs	12	–	–	(172)	–	–	–	(172)	–	(172)
Share based payment expense		–	–	–	–	–	352	352	–	352
Reclassification of equity settled share based payments expense		–	–	–	–	–	(105)	(105)	–	(105)
Total contributions by owners of the company		1	5	3,731	–	–	247	3,984	–	3,984
Total comprehensive loss		–	–	–	–	–	(4,476)	(4,476)	(799)	(5,275)
As at 30 September 2013 (Audited)		36	30	4,222	3,131	–	(2,498)	4,921	24,404	29,325
As at 1 October 2013 (Audited)		36	30	4,222	3,131	–	(2,498)	4,921	24,404	29,325
Issue of shares	12	45	14	8,880	24,961	–	–	33,900	–	33,900
Conversion of shares at listing	12	44	(44)	–	–	–	–	–	–	–
Repurchase and cancelation of shares	12	(22)	–	–	–	22	–	–	–	–
Share issue transaction costs	12	–	–	(1,064)	–	–	–	(1,064)	–	(1,064)
Share based payment expense		–	–	–	–	–	61	61	–	61
Acquisition of non-controlling interests	14	–	–	–	–	–	(3,732)	(3,732)	(24,404)	(28,136)
Capital reduction	12	–	–	(5,609)	–	–	5,609	–	–	–
Total contributions by owners of the company		67	(30)	2,207	24,961	22	1,938	29,165	(24,404)	4,761
Total comprehensive loss		–	–	–	–	–	(5,189)	(5,189)	–	(5,189)
As at 31 March 2014 (Unaudited)		103	–	6,429	28,092	22	(5,749)	28,897	–	28,897

The above statement should be read in conjunction with the accompanying notes.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Notes	*Six months ended 31 March 2014 Unaudited (£000's)*	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Loss before interest and taxation		(5,355)	(7,287)	(12,996)
Adjustments for:				
Depreciation of plant and equipment	10	34	32	68
Amortisation of intangible assets	9	1,412	1,707	3,119
Share based payments		61	761	1,113
Operating cash flows before movements in working capital		(3,848)	(4,787)	(8,696)
Decrease/(Increase) in trade and other receivables		1,130	(401)	(418)
(Decrease)/Increase in trade and other payables		(1,845)	(778)	599
Net cash used in operating activities		(4,563)	(5,966)	(8,515)
Cash flows from investing activities				
Purchase of intangible assets	9	(55)	(579)	(573)
Interest received		–	–	1
Acquisition of Data2Text		(3,125)	–	–
Purchase of plant and equipment	10	(15)	(169)	(220)
Net cash used in investing activities		(3,195)	(748)	(792)
Cash flows from financing activities				
Repayment of loan notes		(325)	–	(14)
Interest paid		(1)	(9)	(17)
Share issue transaction costs		–	–	(820)
Proceeds from issue of ordinary and preference shares	12	8,416	1,437	5,346
Net cash from financing activities		8,090	1,428	4,495
Net increase/(decrease) in cash and cash equivalents		332	(5,286)	(4,812)
Cash and cash equivalents at the beginning of the period		3,939	8,866	8,866
Exchange gains/(losses) on cash and cash equivalents		(130)	280	(115)
Cash and cash equivalents at end of the period		4,141	3,860	3,939

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2014

1. GENERAL INFORMATION

The condensed interim financial statements are for ARRIA NLG plc (the Company) and its controlled entities (the Group).

The Group develops software that provides Natural Language Generation ("NLG") services and SaaS (Software as a Service) services to industry.

The Company is a public limited company domiciled in the United Kingdom and incorporated under registered number 07812686 in England and Wales. The Company was incorporated on 17 October 2011. The Company's registered office is Space One, 1 Beadon Road, Hammersmith, London W6 0EA, United Kingdom.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2013 were approved by the directors on 22 January 2014 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. These condensed interim financial statements have not been reviewed or audited.

2. BASIS OF PREPARATION

These condensed interim financial statements for the six months ended 31 March 2014 have been prepared using recognition and measurement principles of International Financial Reporting Standards ("IFRS") as adopted by the European Union and the AIM rules for Companies. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2013, which have been prepared in accordance with IFRSs as adopted by the European Union. As permitted by AIM rules, the Group has not applied IAS34 'Interim reporting' in preparing this interim report.

Going Concern

The Directors have prepared a detailed business plan and cash flow forecast for the period to 30 June 2015. The forecast contains certain assumptions about the level of future sales and the Group's operating performance. In considering the ability of the Group to meet its financial obligations as they fall due, the Board has considered the expected trading performance of the Group, including working capital requirements and the level of overheads to be funded.

The Directors are satisfied based on the supporting business plan and cash flow, and expectation of further equity fund raising the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the financial statements.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. None of the new standards which were applicable for the first time in the period commencing 1 October 2013 have had a material impact on the financial statements. There are no new standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

4. ESTIMATES

In preparing these Condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2013.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

5 OPERATING LOSS

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

	Six months ended 31 March 2014 Unaudited (£000's)	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Employee costs	2,184	2,318	5,031
Operating lease rentals	139	126	260
Depreciation charge	35	31	68
Research and development*	478	–	9
Foreign exchange losses/(gains)	258	(234)	34
Legal and professional fees	708	2,114	3,024

*Research and development costs contain £464,155 of employee related costs

6. 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 are head office costs which cannot be allocated to the segment.

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

Revenue	*Six months ended 31 March 2014 Unaudited (£000's)*	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Provision of computer software	330	210	816
Total	330	210	816

Loss before tax	*Six months ended 31 March 2014 Unaudited (£000's)*	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Provision of computer software	1,751	1,677	3,138
Corporate costs	3,584	5,619	9,874
Total	5,335	7,296	13,012

Assets	*As at 31 March 2014 Unaudited (£000's)*	*As at 31 March 2013 Unaudited (£000's)*	*As at 30 September 2013 Audited (£000's)*
Provision of computer software	28,268	30,734	30,092
Corporate costs	4,054	4,552	4,534
Total	32,322	35,286	34,626

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

6. SEGMENT INFORMATION (continued)

Entity-wide information

Total revenue from activities by geographical area is detailed below:

Revenue by geography

	Six months ended 31 March 2014 Unaudited (£000's)	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Revenue derived from the United States	301	203	803
Revenue derived from the UK	29	7	13
Total Revenue	330	210	816

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

	Six months ended 31 March 2014 Unaudited (£000's)	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Customer A – United States	301	203	803
Customer B – United Kingdom	29	7	13
Total Revenue	330	210	816

7. INCOME TAX

Income tax credit is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 September 2014 is 22% (the estimated tax rate for the six months ended 31 March 2014 was 23%).

8. 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 ARRIA NLG plc. Details of the earnings and weighted average number of ordinary shares used in each calculation are set out below. As the Group is loss-making, share options in issue are anti-dilutive and therefore diluted loss per share is equal to the basic loss per share.

	Six months ended 31 March 2014 Unaudited (£000's)	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Loss attributable to owners of the parent	(5,189)	(6,272)	(10,748)
Weighted average number of shares	*Number (000's)*	*Number (000's)*	*Number (000's)*
For basic and diluted loss per share	99,182	59,231	60,622
Basic and diluted loss per share	(0.05)p	(0.11)p	(0.18)p

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

9. OTHER INTANGIBLE ASSETS

	Intellectual property (£000's)	*Capitalised development costs (£000's)*	*Total other intangible Assets (£000's)*
Cost			
At 1 October 2012 (Audited)	19,032	–	19,032
Additions	–	579	579
At 31 March 2013 (Unaudited)	19,032	579	19,611
At 1 April 2013 (Unaudited)	19,032	579	19,611
Additions	–	(6)	(6)
At 30 September 2013 (Audited)	19,032	573	19,605
At 1 October 2013 (Audited)	19,032	573	19,605
Additions	–	55	55
At 31 March 2014 (Unaudited)	19,032	628	19,660
Accumulated amortisation			
At 1 October 2012 (Audited)	2,004	–	2,004
Amortisation	1,707	–	1,707
At 31 March 2013 (Unaudited)	3,711	–	3,711
At 1 April 2013 (Unaudited)	3,711	–	3,711
Amortisation	1,412	–	1,412
At 30 September 2013 (Audited)	5,123	–	5,123
At 1 October 2013 (Audited)	5,123	–	5,123
Amortisation	1,412	–	1,412
At 31 March 2014 (Unaudited)	6,535	–	6,535
Carrying amount			
At 1 October 2012 (Audited)	17,028	–	17,028
At 31 March 2013 (Unaudited)	15,321	579	15,900
At 1 April 2013 (Unaudited)	15,321	579	15,900
At 30 September 2013 (Audited)	13,909	573	14,482
At 1 October 2013 (Audited)	13,909	573	14,482
At 31 March 2014 (Unaudited)	12,497	628	13,125

The intangible assets arose on the acquisition of Data2Text Limited on 1 May 2012, SQi3 Solutions Limited on 28 September 2012 and Global IP Inc., on 29 September 2012.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

10. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment (\$000's)	*Leasehold Improvements (\$000's)*	*Office Equipment (\$000's)*	*Furniture & Fittings (\$000's)*	*Total (\$000's)*
Cost					
At 1 October 2012 (Audited)	67	25	–	13	105
Additions	21	78	9	61	169
At 31 March 2013 (Unaudited)	88	103	9	74	274
At 1 April 2013 (Unaudited)	88	103	9	74	274
Additions	47	1	1	2	51
At 30 September 2013 (Audited)	135	104	10	76	325
At 1 October 2013 (Audited)	135	104	10	76	325
Additions	9	–	–	6	15
At 31 March 2014 (Unaudited)	144	104	10	82	340
Accumulated depreciation					
At 1 October 2012 (Audited)	8	–	–	–	8
Depreciation expense	14	10	1	7	32
At 31 March 2013 (Unaudited)	22	10	1	7	40
At 1 April 2013 (Unaudited)	22	10	1	7	40
Depreciation expense	17	11	1	7	36
At 30 September 2013 (Audited)	39	21	2	14	76
At 1 October 2013 (Audited)	39	21	2	14	76
Depreciation expense	18	8	1	7	34
At 31 March 2014 (Unaudited)	57	29	3	21	110
Carrying amount					
At 1 October 2012 (Audited)	59	25	–	13	97
At 31 March 2013 (Unaudited)	66	93	8	67	234
At 1 April 2013 (Unaudited)	66	93	8	67	234
At 30 September 2013 (Audited)	96	83	8	62	249
At 1 October 2013 (Audited)	96	83	8	62	249
At 31 March 2014 (Unaudited)	87	75	7	61	230

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

11. BORROWINGS

	As at 31 March 2014 Unaudited (£000's)	*As at 31 March 2013 Unaudited (£000's)*	*As at 30 September 2013 Audited (£000's)*
Loan notes	–	339	346
Total	–	339	346

Movements in borrowings are analysed as follows:

	(£000's)
At 1 October 2012 (Audited)	330
Interest charged	9
At 31 March 2013 (Unaudited)	339
At 1 April 2013 (Unaudited)	339
Interest charged	7
At 30 September 2013 (Audited)	346
At 1 October 2013 (Audited)	346
Converted to ordinary shares	(275)
Interest forgiven	(24)
Repaid	(50)
Interest charged	3
At 31 March 2014 (Unaudited)	–

12 SHARE CAPITAL AND PREMIUM

The issued share capital in the period was as follows:

	Ordinary shares Number	*Ordinary B shares Number*	*Class A Preference shares Number*	*Class B Preference shares Number*
At 1 October 2012 (Audited)	33,284,852	–	17,701,734	5,077,573
Issue of capital	1,500,000	–	2,298,266	–
At 31 March 2013 (Unaudited)	34,784,852	–	20,000,000	5,077,573
At 1 April 2013 (Unaudited)	34,784,852	–	20,000,000	5,077,573
Issue of share capital	1,000,000	–	4,550,630	–
At 30 September 2013 (Audited)	35,784,852	–	24,550,630	5,077,573
At 1 October 2013 (Audited)	35,784,852	–	24,550,630	5,077,573
Issue of share capital	–	45,000,000	8,906,607	5,077,574
Conversion to ordinary shares on listing	66,777,872	(23,165,488)	(33,457,237)	(10,155,147)
Re-purchased and cancel on listing	–	(21,834,512)	–	–
At 31 March 2014 (Unaudited)	102,562,724	–	–	–

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

12. SHARE CAPITAL AND PREMIUM (continued)

	Share Capital (£000's)	*Share Premium (£000's)*	*Total (£000's)*
At 1 October 2012 (Audited)	56	11,130	11,186
Issue of ordinary share capital	2	–	2
Issue of Class A preference share capital	2	1,434	1,436
Capital Reduction	–	(12,073)	(12,073)
At 31 March 2013 (Unaudited)	60	491	551
At 1 April 2013 (Unaudited)	60	491	551
Issue of ordinary share capital	1	–	1
Issue of Class A preference share capital	5	3,903	3,908
Share issue transaction costs	–	(172)	(172)
At 30 September 2013 (Audited)	66	4,222	4,288
At 1 October 2013 (Audited)	66	4,222	4,288
Issue of ordinary share capital	45	8,880	8,925
Issue of Class A preference share capital	9	–	9
Issue of Class B preference share capital	5	–	5
Repurchase of ordinary share capital on listing	(22)	–	(22)
Capital reduction	–	(5,609)	(5,609)
Share issue transaction costs	–	(1,064)	(1,064)
At 31 March 2014 (Unaudited)	103	6,429	6,532

13 MERGER RESERVE

	(£000's)
At 1 October 2012 (Audited)	3,131
At 31 March 2013 (Unaudited)	3,131
At 1 April 2013 (Unaudited)	3,131
At 30 September 2013 (Audited)	3,131
At 1 October 2013 (Audited)	3,131
Acquisition of non-controlling interest in Data2Text	21,830
Acquisition of Global IP	3,131
At 31 March 2014 (Unaudited)	28,092

The merger reserve arose on the acquisition of SQi3 Solutions Limited, Data2Text Limited and Global IP Inc., reflecting the consideration paid in shares. The Company has taken advantage of merger relief under the Companies Act 2006 and not recorded a premium on these shares. The premium has been credited to the merger reserve.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

14 NON-CONTROLLING INTEREST

The non-controlling interest arose on the acquisition of Data2Text Limited on 1 May 2012 and on the acquisition of Global IP Inc., on 29 September 2012. The Group originally owned 20% of the issued share capital of Data2Text Limited and recognised a non-controlling interest in respect of the remaining 80% from 1 May 2012.

On 25 October 2013, the Company concluded the acquisition of the remaining 80% of the share capital of Data2Text Limited over which it had an option. Consideration was satisfied by £3,125,000 in cash and the issue of 45,000,000 B ordinary shares with a total value of £21,875,000. The B ordinary shares were converted into 23,165,488 ordinary shares (approximately 22.59% of the share capital of the Company) when the Company's shares were admitted to trading on the AIM Market of the London Stock Exchange on 5 December 2013. The remaining 21,834,512 B ordinary shares were repurchased by the Company on listing.

Following the acquisition of Data2Text Limited, the Company concluded the acquisition of the share capital of Global IP Inc. over which it had already had control at the balance date. Consideration for Global IP Inc. was in the form of 5,077,574 B preference shares with a value of £3,135,910.

	Non-Controlling Interest (£000's)
At 1 October 2012 (Audited)	26,081
Share of loss of Data2Text Limited	(367)
Share of loss of Global IP Inc.	(511)
At 31 March 2013 (Unaudited)	25,203
At 1 April 2013 (Unaudited)	25,203
Share of loss of Data2Text Limited	(429)
Share of loss of Global IP Inc.	(370)
At 30 September 2013 (Audited)	24,404
At 1 October 2013 (Audited)	24,404
Acquisition of non-controlling interest in Data2Text	(22,926)
Acquisition of non-controlling interest in Global IP	(1,478)
At 31 March 2014 (Unaudited)	–

15 RELATED PARTY TRANSACTIONS

Transactions with other related parties during the period are detailed below:

(a) Purchases of goods and services

	Six months ended 31 March 2014 Unaudited (£000's)	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Purchases of services:			
Key management personnel	–	–	–
Close family members of key management personnel	–	118	247
Total	–	118	247

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

15 RELATED PARTY TRANSACTIONS (continued)

(b) Period-end balances arising from purchases of services

	As at 31 March 2014 Unaudited (£000's)	*As at 31 March 2013 Unaudited (£000's)*	*As at 30 September 2013 Audited (£000's)*
Payables:			
Close family members of key management personnel	–	35	108
Total	–	35	108

(c) Loans from related parties

	Six months ended 31 March 2014 Unaudited (£000's)	*Six months ended 31 March 2013 Unaudited (£000's)*	*Year ended 30 September 2013 Audited (£000's)*
Loans from key management personnel:			
Opening balance	346	330	330
Converted to ordinary shares	(275)	–	–
Accrued interest forgiven	(24)	–	–
Repaid during the period	(50)	–	–
Interest charged during the period	3	9	16
At end of period	–	339	346
Loans from close family members of key management personnel:			
Opening balance	–	16	16
Repaid during the period	–	(17)	(17)
Interest charged during the period	–	1	1
At end of period	–	–	–

The loan from key management personnel at the beginning of the period related to outstanding loans to the Company by Michael Mayell (former director) of £208,000 and Brian Henry (former director) of £117,000. The combined opening balance of £346,062 included accrued interest of £21,062. The loan notes were assigned to Gerald Henry and all interest accrued at the time of assignment was forgiven.

On 23 December 2013, the Company issued 281,250 ordinary shares to Gerald Henry with a nominal value of £0.001 each for cash consideration of US$450,000, along with 281,250 warrants for ordinary shares with an exercise price of £1.33 each. Consideration for the subscription was satisfied by the conversion of US$450,000 of existing Arria loan notes. The remaining loan note and accrued interest was fully re-paid on 25 March 2014, following the conclusion of Gerald Henry's consultancy agreement with the Company.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS continued

15 RELATED PARTY TRANSACTIONS (continued)

(d) Share transactions with related parties

The following shares were acquired by related parties during the period:

	Six months ended 31 March 2014 Unaudited Number (000's)	*Six months ended 31 March 2014 Unaudited Amount (£000's)*	*Six months ended 31 March 2013 Unaudited Number (000's)*	*Six months ended 31 March 2013 Unaudited Amount (£000's)*	*Year ended 30 September 2013 Audited Number (000's)*	*Year ended 30 September 2013 Audited Amount (£000's)*
Purchases by key management personnel:						
Ordinary shares	–	–	500	1	2,300	2
Ordinary B shares	15,984	15	–	–	–	–
Class A preference shares	109	109	–	–	–	–
Class B preference shares	2,539	3	–	–	–	–
Total	18,632	127	500	1	2,300	2
Purchases by close family members of key management personnel:						
Class A preference shares	–	–	–	–	40	32
Total	–	–	–	–	40	32

Purchases of shares by key management personnel and their close family members were made at prices consistent with other investors.

16 SUBSEQUENT EVENTS

In May 2014, the Company's wholly owned subsidiary Arria Data2Text Limited concluded the renegotiation of its existing principle commercial relationship with its oil and gas super major client, Shell Exploration and Production Company ("Shell"), a US subsidiary of Royal Dutch Shell plc. This agreement 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 Arria's NLG services expanding from existing Facilities NLG narratives to further service categories in upstream operations across parts of the Americas. Upon full performance of the agreement, which is effective from 1 June 2014, Shell undertakes to pay Arria US$5-10 million over three years. A large proportion of these fees are annual and on-going base licence 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.

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