**21 May 2014**

**Actual Experience plc**
("Actual Experience" or "the Company")

**UNAUDITED INTERIM RESULTS**
**for the six months ended 31 March 2014**

Actual Experience plc (AIM: ACT), the analytics as a service company is pleased to announce its unaudited interim results for the six months ended 31 March 2014.

**Financial Highlights**

- Revenue increased by 45% to £272,081 (31 March 2013: £188,076)
- Adjusted EBIT[1]; loss of £381,899 (31 March 2013: loss of £314,893)
- Loss per share[2] of 2.51p (31 March 2013: loss per share of 1.24p)
- Cash balance of £3,574,887 (30 September 2013: £326,534)

**Operational Highlights**

- Completion on 19 November 2013 of a £4.07 million funding round led by a leading UK institution
- Successful AIM listing on 13 February 2014
- Further development of relationships with global service providers, including trials at a FTSE-100 client with Cisco as well as good progress with a large US client of Verizon
- Sales momentum with both new and existing clients, including blue chip organisations
- Strengthening of both the management team and the Board
- Progress on Ofcom's Digital Britain project
- Red Herring's Top 100 Europe winner

[1] Earnings before finance income, fair value loss on financial instruments, tax, and flotation expenses.
[2] The loss per share for the six months ended 31 March 2013 has been restated to reflect the capital reorganisation which took place during the current period.

**David Page, Chairman and Chief Executive Officer, commented:**
*"I am pleased to announce our first Interim Results as a listed company. The successful funding round completed in November has given us the financial resources to execute on Actual Experience's strong potential. The Board is pleased with the excellent progress made by the Company during this period and the achievements recorded against the operational targets that we set ourselves. The very positive feedback that we receive from both new and existing clients represents clear validation of our vision and the global scale of the commercial opportunity."*

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The interim results are available electronically on the Company's website:
www.actual-experence.com.

**About Actual Experience plc**

For organisations of any size and for broadband users at home, the only thing that really matters is whether they are hindered or enabled by the services they consume. Actual Experience improves the human experience of applications delivered across global Digital Supply-Chains, allowing people and businesses to work and interact more effectively.

## Chairman and Chief Executive Officer's Report

We are pleased to report the Company's interim results for the six months ended 31 March 2014 in which Actual Experience made good progress in terms of development of the business and preparation for accelerated future growth.

**Introduction**

While in more established industries, such as car or electrical goods manufacturing, we expect and invariably receive high quality products, in the digital world this is simply not the case.

Our experience of digital services at home (YouTube, shopping, working from home), in the office (email, SharePoint, browsing the web) or on the phone (apps) can at times be frustrating to the point of giving up.

*After decades of massive investment in global digital infrastructure and products, how can digital service quality be so poor?*

We can see from our work at Actual Experience over the last five years analysing both consumer and business products and services that there is sufficient capacity to deliver very high quality digital products in many parts of the world. Our recent work for Ofcom, analysing Digital Britain, reinforces this point, even for many remote rural parts of the UK.

The answer is not the individual digital factories that make up the global digital economy either; the innumerable ISPs, data centres, carriers, exchanges, applications, and services businesses. We can report that digital factories are generally well managed, the lights are green, and all is well. These are well run businesses.

But, put a series of well managed digital factories in a chain - something necessitated by the delivery of digital products - and digital product quality becomes variable. Seemingly benign performance variations within a factory, which are well within factory design tolerances or contractual agreements, are responsible for pushing our experience of digital products over a cliff.

*The answer is to manage the digital supply-chain.*

Applying trusted, proven supply-chain management techniques to the global digital supply-chain means that truly remarkable improvements in digital product quality will be achieved over the coming years, just as has been seen in physical supply-chains.

Since all businesses are increasingly digital, mostly digital, or completely digital, management techniques for digital supply-chains are an increasingly urgent issue for businesses wishing to survive and differentiate themselves in the global digital economy.

*Digital Supply Chain Analytics*

Actual Experience Analytics-as-a-Service enables the management of digital products and services. We have developed an innovative business information tool to enable corporations to analyse their digital supply chain as users experience them and thereby improve the experience of their employees, customers and partners with regard to important digital products and services.

**Strategy**

The Company's current 'Digital Supply-Chain Analytics' product was launched at the beginning of 2012 with four fee-paying customers. Utilising the Company's 'Analytics-as-a-Service' business model, the initial focus was to prove that these early adopters would derive demonstrable benefits and that they would renew and expand their business with the Company, placing Actual Experience at the heart of their digital supply-chain analytics strategy.

The success of this initial proof of concept work during 2012 encouraged us to expand the sales campaigns, and the customer base subsequently grew to approximately 40 customers by December 2013, and 49 by the end of the period under report.

We believe our market opportunity to be significant and global. All businesses that provide digital products to customers, staff or partners, would benefit from Digital Supply-Chain Analytics to continuously improve digital product quality. We have had initial successes across diverse sectors, proving that the technology is applicable to a broad range of businesses.

Our sales strategy is to continue to sell direct and through specialist consultancies while we work with large, strategic partners to put in place offerings to their customers, enabling us to target this global opportunity. These partners offer scalability due to their managed services business models and global customer base.

Geographically, our sales efforts continue to be predominantly in the UK, however we expect to be opening an office in the US in the near-term.

**Operational Review**

*Investment in the Business*

The £4.07 million generated through the round of fundraising led by a leading UK institution in November 2013, ahead of our admission to AIM has enabled us to accelerate our investment in technology and people. In particular we have made significant additions to our sales and development teams.

Other investments have been made into planning for new Analytic Engine builds. Each Engine is a highly available complex of servers, and our objective is to enhance testing capability and readiness should the need for increased Analytic capacity be required in the near future.

*Managed Service Provider Partnership Development*

Traditionally, sales have typically been achieved through a combination of direct sales and joint sales and marketing activity with consultancy firms. While investment in these areas will continue, we are seeing a number of new orders secured through partnerships with global service providers. Such partners offer scalability due to their managed services business models and global customer base. The first sales were made to global service providers under this model in 2013, including Verizon and Cisco. Activity in the first half of the year with our partners has been promising and includes orders from several high profile corporations.

*Consultancy Partnership Development*

We have developed a number of relationships with reseller partners. Since the launch of the product in 2012, the level of sales made through these partners has increased to 45 per cent of the Company's total customer base. Our reseller partners are typically UK-based niche technology and business consultancies.

*Customer acquisition, retention and pipeline development*

Actual Experience's customer base spans numerous parts of the global digital ecosystem, from SMEs and government organisations, to global blue-chip companies across all sectors. The addressable market for Actual Experience includes any organisation which relies on digital products and services or trade online, either B2B or B2C.

The Company currently has 49 customers, either engaged in a pilot project or retained on the monthly service, increasing from 40 at the start of this calendar year, and is seeing a positive impact on the pipeline following the arrival of the Company on the public markets.

Fees for our services typically increase as Actual Experience's technology becomes more embedded within the customer's digital infrastructure. Depending on the number of analytics a customer requires and the number of sites analysed, monthly charges have the potential to exceed £50,000 per customer.

*Ofcom*

The Company has been working closely with Ofcom in a project to analyse Digital Britain and explore how well broadband in the UK is supporting the nation's most commonly used services such as iPlayer, Skype, and Facebook. The downloadable software analyses the individual's broadband service, its speed and capacity against a national benchmark of broadband excellence. The results produced by the Company's analytics software will help identify where there are problems and how broadband providers can make things better for consumers. This study is expected to be published by Ofcom later this year.

**Awards**

We were delighted to be included in Red Herring's Top 100 Europe list post period end. Recognising Europe's leading companies, the Top 100 Europe list has become a mark of distinction for identifying promising new companies. In November 2013 the Company was awarded the British Computer Society UK Innovation and Entrepreneurship Award.

**Fundraising & AIM listing**

Together with the November 2013 fundraising one of the key developments of the period was the Company's successful admission to trading on the AIM market of the London Stock Exchange in February 2014. This was a milestone achievement for the Company and we were pleased to see such a positive response from investors and continued support from our major shareholders since the introduction to the market.

**Board Appointments**

The Company has strengthened the Board during the period. We were pleased to welcome Steve Bennetts as CFO in October 2013. Steve brings strong experience of the technology sector following successful periods at Amazon and Avid Technologies, both Nasdaq listed companies. He has also worked at VC funded UK based technology companies, such as Nexagent Limited and Tribold Limited, overseeing the trade sale of Content Technologies for approximately $1 billion.

Stephen Davidson joined the Board in February 2014 as a Non-Executive Director with a wealth of plc experience. Stephen is currently non-executive chairman of JSE and AIM-listed Datatec Limited and non-executive director of Inmarsat plc, Restore plc and Jaywing plc. He has recently been chief executive of Mecom Group plc, where he was previously non-executive Chairman.

**Outlook**

We have been greatly encouraged by the positive response to our technology by some of the world's largest and most challenging organisations. We have a growing pipeline of business and, following the recent investment, an increasing capacity to convert this to revenue. Given the ground-breaking nature of our technology, engagements typically begin at small scale, but have the potential to expand into significant revenue generators for the Company. The growing enthusiasm of some of our global partners has the potential, in time, to extend significantly our reach and streamline sales processes.

Recent trading reinforces our view that our addressable market is global and vast. Any business that delivers digital products and services to customers, staff or partners, whether small, medium or large, must improve digital quality and maximise their digital investment as digital commerce becomes increasingly competitive. Technology platforms such as Cloud, Mobile and the Internet of Things are accelerating digital commerce, and Actual Experience Analytics-as-a-Service is perfectly placed to instrument and optimise an organisation's entire digital business. We believe that this will deliver remarkable levels of return on investment for our customers, and we are confident of the future success of Actual Experience.

Dave Page
Chairman and Chief Executive Officer

21 May 2014

## Financial Review

### Income statement

The Company grew revenue in the period by 45% to £272,081 (2013: £188,076) with the majority of revenue continuing to be derived from the UK. We expect non-UK revenue to gradually increase as we develop sales channels with our global partners.

The gross profit margin increased slightly in the year, from 53% in the first half of 2013 to 56% in the period under review. This reflects economies of scale despite higher customer support costs.

Operating costs increased from £413,922 in the first half 2013 to £990,764 in the period under review. This rise is largely due to the costs associated with the admission to AIM of £450,488 but also reflects the higher headcount levels in the period.

As a result, the Company recorded an adjusted EBIT[1] loss of £381,899 (31 March 2013: loss of £314,893) and a loss per share[2] of 2.51p (31 March 2013: loss per share of 1.24p).

A summary of the Company's results is set out below.

| | **Six months ended 31 March 2014 £** | Six months ended 31 March 2013 £ | 14 month period ended 30 September 2013 £ |
|---|---|---|---|
| **Revenue** | **272,081** | 188,076 | 444,571 |
| **Gross profit** | **152,391** | 99,029 | 235,054 |
| **Operating loss** | **(832,387)** | (314,893) | (772,940) |
| **Loss for the period** | **(658,247)** | (245,465) | (717,210) |

### Balance sheet

The Company has a strong, debt free balance sheet. Following the Company's fundraising in November 2013, the cash balance has increased by £3,248,353 in the period, from £326,534 at 30 September 2013 to £3,574,887 at 31 March 2014 with the main elements of the movement being:

| | **Six months ended 31 March 2014 £** | Six months ended 31 March 2013 £ | 14 month period ended 30 September 2013 £ |
|---|---|---|---|
| Net cash used in operating activities | **(870,912)** | (195,628) | (558,839) |
| Net cash from investing activities | **(86,000)** | (4,017) | (7,847) |
| Net cash from financing activities | **4,205,265** | - | 500,000 |
| **Movement during the period** | **3,248,353** | (199,645) | (66,686) |

**Actual Experience plc**

**Condensed statement of comprehensive income – unaudited**

For the six months ended 31 March 2014

| | **Unaudited Six months ended 31 March 2014 £** | Unaudited Six months ended 31 March 2013 £ | Unaudited 14 month period ended 30 September 2013 £ |
|---|---|---|---|
| **Revenue** from continuing operations | **272,081** | 188,076 | 444,571 |
| **Cost of sales** | **(119,690)** | (89,047) | (209,517) |
| **Gross profit** | **152,391** | 99,029 | 235,054 |
| Administrative costs | **(990,764)** | (413,922) | (1,007,994) |
| Other operating income | **5,986** | - | - |
| **Adjusted EBIT**[1] | **(381,899)** | (314,893) | (772,940) |
| AIM flotation expenses | **(450,488)** | - | - |
| **Operating loss** from continuing operations | **(832,387)** | (314,893) | (772,940) |
| Finance income | **499** | - | - |
| Fair value loss on financial instruments | **(4,218)** | - | (11,854) |
| **Loss before tax** | **(836,106)** | (314,893) | (784,794) |
| Taxation | **177,859** | 69,428 | 67,584 |
| **Loss after tax for the period and total comprehensive loss attributable to equity shareholders** | **(658,247)** | (245,465) | (717,210) |
| **Loss per ordinary share**[2] | | | |
| Basic and diluted | **(2.51p)** | (1.24p) | (3.63p) |

[1] Earnings before finance income, fair value loss on financial instruments, tax, and flotation expenses.

[2] The loss per share for the comparative periods has been restated to adjust for the capital reorganisation which took place during the current period.

**Actual Experience plc**

**Condensed interim statement of financial position – unaudited**

As at 31 March 2014

| | **Unaudited At 31 March 2014 £** | Unaudited At 31 March 2013 £ | Unaudited At 30 September 2013 £ |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | **16,733** | 9,854 | 9,130 |
| Other intangible assets | **70,550** | - | - |
| **Total non-current assets** | **87,283** | 9,854 | 9,130 |
| **Current assets** | | | |
| Trade and other receivables | **227,568** | 66,580 | 82,146 |
| Income tax receivable | **179,456** | - | - |
| Cash and cash equivalents | **3,574,887** | 92,131 | 326,534 |
| **Total current assets** | **3,981,911** | 158,711 | 408,680 |
| **Total assets** | **4,069,194** | 168,565 | 417,810 |
| **Current liabilities** | | | |
| Trade and other payables | **(274,823)** | (124,098) | (189,022) |
| Loans | **-** | - | (511,854) |
| **Total current liabilities** | **(274,823)** | (124,098) | (700,876) |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | **(3,441)** | - | (1,844) |
| **Total non-current liabilities** | **(3,441)** | - | (1,844) |
| **Total liabilities** | **(278,264)** | (124,098) | (702,720) |
| **Net assets/(liabilities)** | **3,790,930** | 44,467 | (284,910) |
| **Equity attributable to shareholders** | | | |
| Called up share capital | **57,688** | 3 | 3 |
| Share premium reserve | **134,346** | 1,403,790 | 1,403,790 |
| Retained earnings / (losses) | **3,598,896** | (1,359,326) | (1,688,703) |
| **Total equity** | **3,790,930** | 44,467 | (284,910) |

**Actual Experience plc**

**Statement of changes in equity - unaudited**

For the six months ended 31 March 2014

| | Share Capital £ | Share Premium £ | Retained Earnings / (Losses) £ | Total £ |
|---|---|---|---|---|
| **Unaudited** | | | | |
| **At 1 October 2012** | 3 | 1,403,790 | (1,124,446) | 279,347 |
| Loss for the six month period ended 31 March 2013 | - | - | (245,465) | (245,465) |
| Total comprehensive loss | - | - | (245,465) | (245,465) |
| Transactions with owners: | | | | |
| Share based payment charge | - | - | 10,585 | 10,585 |
| **At 31 March 2013** | 3 | 1,403,790 | (1,359,326) | 44,467 |
| | | | | |
| **Unaudited** | | | | |
| **At 1 August 2012** | 3 | 1,403,790 | (1,002,995) | 400,798 |
| Loss for the period ended 30 September 2013 | - | - | (717,210) | (717,210) |
| Total comprehensive loss | - | - | (717,210) | (717,210) |
| Transactions with owners: | | | | |
| Share based payment charge | - | - | 31,502 | 31,502 |
| **At 30 September 2013** | 3 | 1,403,790 | (1,688,703) | (284,910) |
| | | | | |
| **Unaudited** | | | | |
| **At 1 October 2013** | 3 | 1,403,790 | (1,688,703) | (284,910) |
| Loss for the six month period ended 31 March 2014 | - | - | (658,247) | (658,247) |
| Total comprehensive loss | - | - | (658,247) | (658,247) |
| Transactions with owners: | | | | |
| Issue of shares | 857 | 4,720,480 | - | 4,721,337 |
| Bonus share issue for capital reorganisation | 56,828 | (56,828) | - | - |
| Cancellation of share premium account | - | (5,933,096) | 5,933,096 | - |
| Share based payment charge | - | - | 12,750 | 12,750 |
| **At 31 March 2014** | 57,688 | 134,346 | 3,598,896 | 3,790,930 |

**Actual Experience plc**
**Condensed interim statement of cash flows - unaudited**

for the six months ended 31 March 2014

| | **Unaudited Six months ended 31 March 2014 £** | Unaudited Six months ended 31 March 2013 £ | Unaudited Period ended 30 September 2013 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax | **(836,106)** | (314,893) | (784,794) |
| Depreciation of property, plant and equipment | **3,275** | 3,123 | 7,247 |
| Amortisation of intangible assets | **5,071** | - | - |
| Finance income | **(499)** | - | - |
| Fair value loss on financial instruments | **4,218** | - | 11,854 |
| Share based payment charge | **12,750** | 10,585 | 31,502 |
| **Operating cash outflow before changes in working capital** | **(811,291)** | (301,185) | (734,191) |
| Movement in trade and other receivables | **(145,422)** | (31,958) | (35,970) |
| Movement in trade and other payables | **85,801** | 68,087 | 141,894 |
| **Cash flow from operations** | **(870,912)** | (265,056) | (628,267) |
| Tax received | **-** | 69,428 | 69,428 |
| **Net cash flows used in operating activities** | **(870,912)** | (195,628) | (558,839) |
| **Cash flow from investing activities** | | | |
| Development of intangible assets | **(75,621)** | - | - |
| Purchase of property, plant and equipment | **(10,878)** | (4,017) | (7,847) |
| Finance income | **499** | - | - |
| **Net cash outflow from investing activities** | **(86,000)** | (4,017) | (7,847) |
| **Cash flow from financing activities** | | | |
| Additions to borrowings | **-** | - | 500,000 |
| Repayment of borrowings | **(2,293)** | - | - |
| Issue of equity shares | **4,207,558** | - | - |
| **Net cash inflow from financing activities** | **4,205,265** | - | 500,000 |
| Net increase/(decrease) in cash and cash equivalents | **3,248,353** | (199,645) | (66,686) |
| Cash and cash equivalents at start of period | **326,534** | 291,776 | 393,220 |
| **Cash and cash equivalents at end of period** | **3,574,887** | 92,131 | 326,534 |

**Notes to the interim report**
For the six months ended 31 March 2014

## 1 Basis of preparation

Actual Experience plc (the "Company") is a company domiciled in England. The condensed interim financial report of the Company is prepared as at and for the six months ended 31 March 2014. The principal activity of the Company for the period was the provision of digital supply-chain analytics services and associated consultancy services.

Historically, prior to the Company's AIM flotation, the financial statements were prepared under UK Generally Accepted Accounting Principles ("UK GAAP") and Financial Reporting Standards for Smaller Entities. The condensed interim financial information should be read in conjunction with the Company's AIM Admission Document, which was published on 12 February 2014.

Following the Company's admission to trading on AIM, the financial statements are now prepared in accordance with International Financial Reporting Standards ("IFRS") and under the accounting policies set out in note 2 below.

The interim financial information for each of the six month periods ended 31 March 2014 and 31 March 2013 has neither been reviewed nor audited pursuant to guidance issued by the Auditing Practices Board within the meaning of Section 435 of the Companies Act 2006. The information for the 14 month period ended 30 September 2013 does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006, but is based on the unaudited statutory accounts for that period, as adjusted from UK GAAP to IFRS presentation.

The condensed interim financial information was approved for issue on 20 May 2014.

## 2 Accounting Policies

The Company's accounting policies are set out below. These accounting policies will form the basis of the 2014 Annual Report, other than as required from changes in accounting standards as discussed in note 3.

### 2.1 *Foreign currencies*

*(a) Functional and presentational currency*

Items included in the Financial Information are measured using the currency of the primary economic environment in which the Company operates ("the functional currency") which is UK Sterling (£). The Financial Information is presented in pounds Sterling (£), which is the Company's presentational currency. All amounts are rounded to the nearest £.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net profit or loss in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 2.2 *Revenue recognition*

Revenue is recognised at the fair value of the consideration received or receivable for the sale of services in the ordinary course of business and is shown net of Value Added Tax. Actual Experience primarily earns revenues from the sale of digital supply-chain management services and associated consultancy services.

Revenues from the digital supply-chain management service is recognised over the period of each sale agreement, on a straight-line basis. Revenues from consultancy services and other services such as training are recognised when delivered to the customer.

The difference between the amount of revenue recognised and the amount invoiced to a particular customer is included in the statement of financial position as deferred income. Amounts included in deferred income are expected to be recognised within one year and are included within current liabilities.

**2.3** ***Internally-generated intangible assets – research and development expenditure***

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) its intention to complete the intangible asset and use or sell it.
(c) its ability to use or sell the intangible asset.
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Directors do not believe that expenditure on development met the criteria for capitalisation during the periods to 31 March 2013 and 30 September 2013 due to the lack of available adequate financial resources to use the intangible asset to generate sufficient future profits at the date the costs were incurred.

During the six months ended 31 March 2014, the Directors believe that the criteria for capitalising development costs have been met in respect of certain projects. Consequently the identifiable costs relating to these projects have been capitalised as intangible assets. The capitalised costs are being amortised over the estimated useful lives of those assets and the amortisation charge for the period is included within 'Administrative expenses' in the Condensed Statement of Comprehensive Income.

Expenses for research and development include associated wages and salaries, material costs, depreciation on non-current assets and directly attributable overheads.

**2.4** ***Property, plant and equipment***

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

| | |
|---|---|
| Fixtures and fittings | 5 years straight line |
| Computer equipment | 3 years straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

**Impairment of property, plant and equipment**

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

**2.5** ***Financial instruments***

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when

the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

2.5.1 *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired.

2.5.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.5.3 *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.5.4 *Trade and other payables*

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

2.5.5 *Financial liabilities – current borrowings*

Borrowings, including advances received from related parties are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

**2.6 *Current and deferred tax***

The tax expense/(credit) represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

Current tax is based upon taxable profit/(loss) for the year. Taxable profit/(loss) differs from net profit/(loss) as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability or receivable for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Credit is taken in the accounting period for research and development tax credits, which have been claimed from HM Revenue and Customs, in respect of qualifying research and development costs incurred. Research and development tax credits have been accounted for on an accruals basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the profit nor the accounting period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**2.7 *Operating leases***

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the relevant lease except where another more systematic

basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**2.8** ***Share-based payments***

The Company issues equity settled share-based payments to certain employees.

Equity settled share-based payments are measured at fair value at the date of grant and expensed in the statement of comprehensive income on a straight-line basis over the vesting period, along with a corresponding increase in equity. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense represents the revised estimate, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black Scholes model, taking into consideration the Directors' best estimate of the expected life of the option.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. In preparing these interim financial statements, the principal judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty was as follows:

***Research and development costs***

The assessment of when research and development expenditure meets the recognition criteria required for capitalisation requires judgement as to the technical feasibility and commercial viability of products and ideas that are under development. These judgements are subjective and, to the extent that actual circumstances differ, there can be an increase or decrease in the amount of expenditure expensed to the income statement.

In the periods ended 31 March 2013 and 30 September 2013 no development expenditure was capitalised as the company had not had sufficient financial resources to ensure that it had the ability to ensure that it can generate sufficient future economic benefits. In the period ended 31 March 2014, certain projects met the criteria for being capitalised and the company was considered to have sufficient financial resources to pursue those projects. The Directors have assessed the identifiable costs relating to the projects and these have been capitalised as intangible assets during the period. The Directors have also made a judgement in respect of the expected useful lives of the intangible development costs and an appropriate amortisation charge has been made.

## 3 Changes in accounting policies

The following amendments to financial reporting standards were adopted from 1 October 2013, the start of the current financial year. None of them have had a significant impact on the Company:

- Amendment to IFRS 7: Financial Instrument Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IFRS 13: Fair Value Measurement
- Amendment to IAS 1: Presentation of financial statements – comparative periods
- Amendment to IAS 16: Property, plant and equipment – servicing equipment
- Amendment to IAS 19: Employee Benefits – post employment benefits and termination benefits projects
- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates and Joint Ventures
- Amendment to IAS 32: Financial Instruments Presentation – tax effect of equity dividends
- Amendment to IAS 34: Interim Financial Reporting – interim reporting of segments

## 4 Segment information

The Directors consider that there is one identifiable business segment that is engaged in providing individual products or services or a group of related products and services that comprise the core business.

The information reported to the Chief Executive Officer, who is considered to be the chief operating decision maker, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Company. The Company has therefore determined that it has only one reportable segment under IFRS8, which is "digital supply-chain analytics' services and associated consultancy services".

The Company's revenue and results and assets for this one reportable segment can be determined by reference to the statement of comprehensive income and statement of financial position.

The Company carries out all of its activities from a single location in the UK.

For the six months ended 31 March 2014, one customer generated revenue over 10% of total revenues, being 11%.

For the six months ended 31 March 2013, four customers each generated revenues over 10% of total revenues, being 21%, 16%, 12% and 11% respectively.

For the 14 month period ended 30 September 2013, two customers accounted for approximately 16% and 10% of total revenues respectively.

Non-current assets all relate to the Company's single operating segment.

## 5 Loss per share

The calculation of basic and diluted loss per share for the 6 months to 31 March 2014 was based upon the loss attributable to ordinary shareholders of £658,247 (6 months to 31 March 2013: £245,465, Period ended 30 September 2013: £717,210) and a weighted average number of ordinary shares in issue of 26,195,656 (6 months to 31 March 2013: 19,767,000, Period ended 30 September 2013: 19,767,000), calculated as follows:

**Weighted average number of ordinary shares**

| | **Six months ended 31 March 2014** | Six months ended 31 March 2013 | Period ended 30 September 2013 |
|---|---|---|---|
| Issued ordinary shares at start of period | **26,356** | 26,356 | 26,356 |
| Adjustment to reflect capital reorganisation | **19,740,644** | 19,740,644 | 19,740,644 |
| Issued ordinary shares at start of period - adjusted | **19,767,000** | 19,767,000 | 19,767,000 |
| Effect of shares issued | **6,428,656** | - | - |
| Weighted average number of shares at end of period | **26,195,656** | 19,767,000 | 19,767,000 |

The weighted average number of shares in issue for the six months ended 31 March 2013 and the period ended 30 September 2013 have been adjusted to reflect the capital reorganisation which took place during the six months ended 31 March 2014 in order to ensure that the loss per share figures are comparable across all periods.

Due to the losses incurred there is no dilutive effect from the issue of share options. At 31 March 2014 there were 1,776,975 share options granted but not yet exercised (31 March 2013: 1,676,250; 30 September 2013: 1,676,250).

## 6 Related party transactions

The following transactions took place during the year with other related parties:

| | Purchases of goods and services (including VAT) | | | Amounts owed to related parties (including VAT) | | |
|---|---|---|---|---|---|---|
| | **H1 2014 £000** | H1 2013 £000 | FY 2013 £000 | **H1 2014 £000** | H1 2013 £000 | FY 2013 £000 |
| Queen Mary and Westfield College, University of London | **69,055** | 3,237 | 30,829 | **22,791** | - | - |
| Gare Ventures Limited | **5,400** | 5,400 | 10,800 | **-** | - | - |
| Techtran Group Limited | **-** | 3,732 | 6,254 | **-** | 643 | - |

**Statement of Directors' Responsibilities**

The directors confirm to the best of their knowledge that:

i) The condensed interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union; and

ii) The interim management report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors of Actual Experience plc and their functions are listed below.

**Further information for Shareholders**

**Company number:** 06838738

**Registered office:** The Tramshed
Beehive Yard
Walcot Street
Bath
BA1 5BB

**Directors:** Dave Page (Chairman and Chief Executive Officer)
Steve Bennetts (Chief Financial Officer)
Dr Mark Reilly (Non-Executive Director)
Nigel Mitchell (Non-Executive Director)
Stephen Davidson (Non-Executive Director)

**Company Secretary:** Steve Bennetts