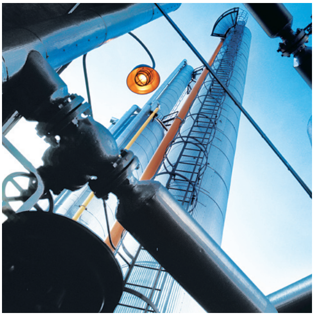
AVEVA Group plc Interim report 2008



AVEVA Worldwide 24/7

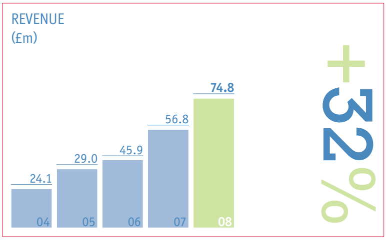
AVEVA – Engineering technology providers for the Plant and Marine industries.

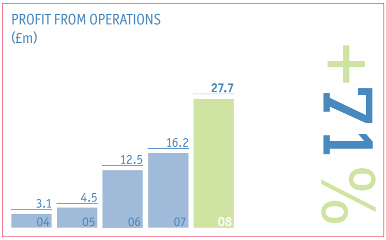
AVEVA technology is used around the world by leading businesses in key industries such as Oil and Gas, Power Generation, Process Plant, and Naval and Commercial Shipbuilding. It supports the entire project lifecycle, from early concept, through design, engineering and construction, to commissioning and on into operational life.

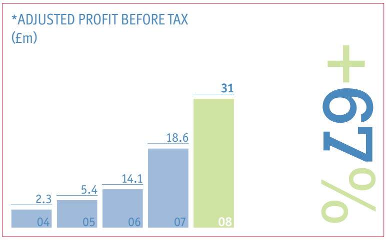
AVEVA solutions maintain their dominance of these industries, being used on or by:

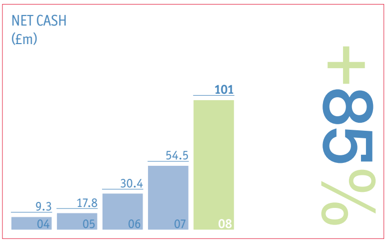
* **80% of the offshore platforms in the Gulf of Mexico and the North Sea;**
* **86% of the world's top 50 shipyards;**
* **80% of the Class A Certified Chinese Electrical Power Design Institutes;**
* **The world's biggest chemical companies, 90% of whom operate plant designed with AVEVA technology; and**
* **The world's five biggest pulp and paper producers.**

Highlights









* Adjusted profit before tax is calculated before amortisation of intangible assets, share-based payments, goodwill adjustments, restructuring costs and past service credit on the defined benefit pension scheme in the relevant year.

- Strong growth in revenue, profit and cash reflecting the leadership position of our products in Marine, Oil and Gas and Power markets
- Revenue increased by 32% to £74.8 million (2007 – £56.8 million)
- Recurring revenue up 43% to £40.9 million (2007 – £28.6 million)
- Investment in Research and Development up 26% to £12.9 million (2007 – £10.2 million)
- Adjusted profit before tax increased by 67% to £31 million (2007 – £18.6 million)*
- Profit before tax up 73% to £29.2 million (2007 – £16.9 million)
- Adjusted basic earnings per share up 66% to 33.11p (2007 – 19.97p)*
- Basic earnings per share up 74% to 30.50p (2007 – 17.50p)
- Interim dividend increased by 73% to 2.86p (2007 – 1.65p)
- Excellent cash flow with net cash at the period end of £101 million (2007 – £54.5 million)

Chairman's statement

RECURRING REVENUE INCREASED BY

43%

ADJUSTED EPS INCREASED BY

66%

INVESTMENT IN RESEARCH AND DEVELOPMENT INCREASED BY

26%

INTERIM DIVIDEND INCREASED BY

73%

Overview

The excellent results achieved for the six months ended 30 September 2008 again demonstrate AVEVA's core strengths in the markets we serve, where our technology, industry knowledge, geographical presence and understanding of customers' developing requirements position us as a market leader. The performance in the first half was driven by the continuing demand for large, complex projects across all our major markets. Our investment in new products and our ability to service these through our regional network of offices will continue to keep us close to the developing requirements of our customers.

Financials

AVEVA's strong trading in the first six months has seen revenue increase by 32% to £74.8 million (2007 – £56.8 million). The pull through of recurring licence fees generated in prior periods has seen recurring fees increase by 43% over last year. Recurring revenue amounted to 55% of total revenue broadly in line with previous periods. Initial fees amounted to £28.8 million (2007 – £24.4 million), and service revenue totalled £5.1 million (2007 – £3.8 million).

Adjusted profit before tax increased by 67% to £31 million (2007 – £18.6 million), which is before amortisation of intangibles, share-based payments and adjustment to goodwill of £1.8 million (2007 – £1.7 million). Adjusted earnings per share amounted to 33.11p, an increase of 66% on prior year (2007 – 19.97p). Profit before tax was £29.2 million (2007 – £16.9 million) resulting in an increase in basic earnings per share of 74% to 30.50p (2007 – 17.50p).

Operating margins increased by 9% to 37% over the same period last year. The improvement in margins as in previous periods reflects the operational leverage achieved from strong sales growth and in particular from increases in initial licence fees. At the same time Research and Development expenditure has increased by 26% to £12.9 million, spent on both enhancing existing products and developing new products that will help generate future revenue growth.

Cash

AVEVA continues to be very cash generative with strong cash flow in the period resulting in net cash of £101 million (2007 – £54.5 million).

Dividend

Given the strong first half performance the Board is declaring an increased interim dividend of 2.86p per share (2007 – 1.65p). Payment will be made on 9 February 2009 to all shareholders on the register on 9 January 2009.

Operating review

The Group continued to see strong trading across all its markets and geographies in the first half of the year.

Asia Pacific

Sales in Asia Pacific continued to grow strongly with good performances across all regions but in particular in China, India and Australia. Initial fees remained the predominant form of licensing in Asia. Recurring revenue increased by 58% which helped deliver overall growth in sales of 31% to £31.1 million. Sales success was achieved in all our major market sectors and from both existing and new customers. Opportunities in the region remain good as requirements for Power remain high and developments in the Marine markets have continued, with growing emphasis being placed on lifecycle management tools such as AVEVA NET.

Central, Eastern and Southern Europe (CES)

Another period of sustained growth in our CES region, driven by new customer wins and increased orders from our existing user base, delivered revenue of £22 million, up 46% on prior year (2007 – £15.1 million). We have continued to see high levels of activity from within the Power market and Russia has been one of our largest growth contributors. New opportunities within Southern Europe have also been a factor in our success in the half year. Our success in the nuclear market within this region over the last few years has continued with customers now looking to use our products in new territories with local partners, thereby providing an opportunity for AVEVA to grow its customer base.

Western Europe, Middle East and Africa (WEMEA)

WEMEA is our most mature market and sales to existing customers remain the primary driver for growth within this region. Our customers remain very busy but a shortage of skilled resources continues to be a constraining factor in the industry, and this has restricted short term opportunities. In the first six months of the year our investment has been focused on developing our capabilities to deliver new products and services to meet our customer requirements. Revenue for the period amounted to £11.4 million (2007 – £10.8 million) with recurring revenue amounting to £9.4 million, 82% of total revenue (2007 – £8.7 million and 80% respectively).

Americas

We saw good growth from the Americas in the first half of the year driven by new product sales to new customers and growing momentum in Canada and South America. The Americas market has remained robust and linked to global demands, but it is also a very competitive market, being the home market for many of AVEVA's competitors. We continue to expand our presence in both Canada and South America and have recently opened a direct sales office in Brazil. South America presents opportunities to serve owner operators as they look to manage their high value plants. Total revenue in the Americas grew by 44% to £10.4 million (2007 – £7.2 million).

Overall, sales opportunities remain positive across all our regions and markets but we expect to see customers increasingly purchase the tools that help manage the whole lifecycle of the assets they own (PLM) and not just the design phase. Our expanding suite of products positions us well to benefit from these evolving customer requirements.

Research and Development

The focus for our development efforts has continued to be on both enhancements to existing products and new products which will help our customers with the key issues involved in managing large complex projects where skilled resources are limited and management of these assets through the lifecycle becomes ever more important. In particular during the last six months we have seen new releases of AVEVA NET offering integrated operations capability and AVEVA Global allowing customers to maximise productivity with multi-site design.

Outlook

AVEVA is one of the leading providers of engineering IT solutions to many of the world's largest companies in the Plant, Power and Marine businesses. These solutions help our customers from early stage concept and design through to operation and maintenance. Whilst our products and the markets in the last few years have been focused on the early stages within the project lifecycle, more recent developments and opportunities relate to the management and maintenance of these high value assets throughout the production cycle. Our existing relationships and product offering position us well to benefit from this next stage.

We acknowledge that recent and rapid developments within the world economy have created less certainty about future demand and whilst there has been little impact on our current trading we continue to monitor the situation closely.

Nick Prest
Chairman
11 November 2008

Independent review report to AVEVA Group plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 September 2008 which comprise the Consolidated income statement, the Consolidated statement of recognised income and expense, the Consolidated balance sheet, the Consolidated cash flow statement and the related notes 1 to 12. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 September 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Cambridge
11 November 2008

Consolidated income statement
For the six months ended 30 September 2008

	Notes	Six months ended 30 September 2008 £000 (unaudited)	2007 £000 (unaudited)	Year ended 31 March 2008 £000 (audited)
Revenue	4,5	74,837	56,815	127,561
Cost of sales		(17,507)	(14,563)	(29,793)
Gross profit		57,330	42,252	97,768
Operating expenses				
Selling and distribution costs		(23,332)	(16,248)	(39,025)
Administrative expenses		(6,273)	(9,853)	(15,582)
Total operating expenses		(29,605)	(26,101)	(54,607)
Profit from operations	5	27,725	16,151	43,161
Finance revenue		2,669	1,718	3,785
Finance expense		(1,148)	(972)	(1,979)
Analysis of profit before tax				
Profit before tax, share-based payments, amortisation and goodwill adjustment		31,012	18,562	47,949
Share-based payments		(526)	(161)	(315)
Amortisation of intangibles (excluding software)		(1,240)	(1,129)	(2,276)
Adjustment to carrying value of goodwill in respect of utilisation of tax losses		—	(375)	(391)
Profit before tax		29,246	16,897	44,967
Income tax expense	6	(8,623)	(5,110)	(10,721)
Profit for the period attributable to equity holders of the parent		20,623	11,787	34,246
Earnings per share	8			
– basic		30.50p	17.50p	50.80p
– diluted		30.34p	17.43p	50.38p
Proposed dividend per share		2.86p	1.65p	5.0p

Consolidated statement of recognised income and expense
For the six months ended 30 September 2008

	Six months ended 30 September 2008 £000 (unaudited)	Six months ended 30 September 2007 £000 (unaudited)	Year ended 31 March 2008 £000 (audited)
Tax on items recognised directly in equity	548	82	(389)
Exchange differences arising on translation of foreign operations	(148)	1,196	5,782
Actuarial (loss)/gain on defined benefit pension schemes	(2,729)	(110)	3,427
Net (expense)/income recognised directly in equity	(2,329)	1,168	8,820
Profit for the period	20,623	11,787	34,246
Total recognised income and expense relating to the period attributable to equity holders of the parent	18,294	12,955	43,066

Consolidated balance sheet
30 September 2008

	Notes	As at 30 September 2008 £000 (unaudited)	As at 30 September 2007 £000 (unaudited)	As at 31 March 2008 £000 (audited)
Non-current assets				
Goodwill		16,288	15,206	16,689
Other intangible assets		9,563	11,154	10,806
Property, plant and equipment		6,417	4,886	5,403
Deferred tax assets		2,583	3,710	2,743
Other receivables	9	568	385	737
		35,419	35,341	36,378
Current assets				
Trade and other receivables	9	42,802	39,274	43,184
Current tax assets		983	774	751
Financial assets		—	109	—
Cash and cash equivalents		100,953	55,646	82,849
		144,738	95,803	126,784
Total assets		180,157	131,144	163,162
Equity				
Issued share capital		2,260	2,247	2,250
Share premium		27,150	26,444	26,522
Other reserves		8,379	3,941	8,527
Retained earnings		83,540	43,881	68,447
Total equity	11	121,329	76,513	105,746
Current liabilities				
Trade and other payables	10	41,298	34,241	45,223
Financial liabilities		1,403	1,321	1,048
Current tax liabilities		9,929	10,889	7,488
		52,630	46,451	53,759
Non-current liabilities				
Deferred tax liabilities		1,828	2,895	2,065
Financial liabilities		—	58	—
Retirement benefit obligations		4,370	5,227	1,592
		6,198	8,180	3,657
Total equity and liabilities		180,157	131,144	163,162

Consolidated cash flow statement
For the six months ended 30 September 2008

	Six months ended 30 September 2008 £000 (unaudited)	Six months ended 30 September 2007 £000 (unaudited)	Year ended 31 March 2008 £000 (audited)
Cash flows from operating activities			
Profit for the year	20,623	11,787	34,246
Income tax	8,623	5,110	10,721
Net finance revenue	(1,521)	(746)	(1,806)
Depreciation of property, plant and equipment	703	587	1,243
Amortisation of intangible assets	1,268	1,156	2,336
Profit on disposal of non-current assets	5	—	14
Share-based payments	526	161	315
Difference between pension contributions paid and amounts recognised in the income statement	(90)	210	135
Adjustment to carrying value of goodwill	—	375	391
Changes in working capital:			
Trade and other receivables	546	(2,449)	(6,475)
Trade and other payables	(3,932)	1,333	12,632
Fair value of forward contracts	431	(141)	874
Cash generated from operating activities before tax	27,182	17,383	54,626
Income taxes paid	(5,912)	(1,954)	(11,325)
Net cash generated from operating activities	21,270	15,429	43,301
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,737)	(730)	(1,781)
Interest received	1,672	726	1,772
Proceeds from disposal of property, plant and equipment	54	—	34
Purchase of intangibles	(38)	(72)	(136)
Net cash used in investing activities	(49)	(76)	(111)
Cash flows from financing activities			
Interest paid	(12)	(16)	(13)
Purchase of own shares	(495)	—	—
Proceeds from the issue of shares	638	65	146
Payment of finance lease liabilities	(77)	(70)	(133)
Dividends paid to equity holders of the parent	(3,380)	(1,980)	(3,093)
Net cash flows from financing activities	(3,326)	(2,001)	(3,093)
Net increase in cash and cash equivalents	17,895	13,352	40,097
Net foreign exchange difference	209	(178)	1,465
Opening cash and cash equivalents	82,849	41,287	41,287
Closing cash and cash equivalents	100,953	54,461	82,849

Notes to the interim report

1 The interim report

The interim report was approved by the Board on 11 November 2008. The financial information set out in the interim report is unaudited but has been reviewed by the auditor, Ernst & Young LLP, and their report to the Company is set out on page 4.

The interim report will be posted to shareholders in due course and copies will be available from the registered office of AVEVA Group plc, High Cross, Madingley Road, Cambridge, CB3 0HB, and on the Company's website at **www.aveva.com**.

2 Basis of preparation and accounting policies

The interim report for the six months ended 30 September 2008 has been prepared in accordance with IAS 34 Interim Financial Reporting and the disclosure requirements of the Listing Rules.

The interim report has been prepared on the basis of the accounting policies set out in the most recently published annual report of the Group for the year ended 31 March 2008 except for the adoption of the following standards which are mandatory for accounting periods beginning on or after 1 January 2008:

- IFRIC 12: Service Concession Arrangements; and
- IFRIC 14 IAS 19: The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The adoption of these standards did not affect the Group results of operations or financial position in the six months ended 30 September 2008.

The interim report does not include all the information and disclosures required in the annual report and should be read in conjunction with the annual report for the year ended 31 March 2008.

The financial information set out within this report does not constitute AVEVA's Consolidated statutory financial statements as defined in Section 240 of the Companies Act 1985. The results for the year ended 31 March 2008 have been extracted from the statutory Consolidated financial statements for AVEVA Group plc for the year ended 31 March 2008 which are prepared in accordance with IFRS as adopted by the EU, on which the auditor gave an unqualified report (which made no statement under Sections 237 (2) or (3) of the Companies Act 1985) and have been filed with the Registrar of Companies.

The Group presents adjusted profit before tax on the face of the Consolidated income statement disclosing those material items of operating income and expense which materially impact on the underlying performance of the business. The items that are added back in deriving adjusted profit before tax are share-based payments, amortisation of intangible assets and adjustment to the carrying value of goodwill. The Directors believe that adjusted profit before tax allows shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods in assessing trends in financial performance.

Notes to the interim report continued

3 Risks and uncertainties

As with all businesses, the Group is affected by certain risks, not wholly within our control, which could have a material impact on the Group's long term performance and could cause actual results to differ materially from forecast and historical results.

The primary risk and uncertainty related to the Group's performance for the remainder of the year is the challenging macro economic environment, which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results.

The other principal risks and uncertainties facing the Group have not changed from those set out in the annual report for the year ended 31 March 2008. These include:

* protection of the Group's intellectual property rights;
* dependency on key markets;
* timing of contract signing;
* foreign exchange risk;
* recruitment and retention of employees;
* identification and successful integration of acquisitions;
* Research and Development; and
* compliance with overseas laws and regulations.

These risks are described in more detail in the most recently published annual report. The Directors routinely monitor all of these risks and uncertainties and appropriate actions are taken where possible to mitigate these risks.

4 Revenue

An analysis of the Group's revenue is as follows:

	Six months ended 30 September		Year ended 31 March
	2008 £000 (unaudited)	2007 £000 (unaudited)	2008 £000 (audited)
Annual fees	14,998	10,660	23,120
Rental fees	25,009	17,039	40,558
Recurring services	866	920	2,426
Total recurring revenue	40,873	28,619	66,104
Initial licence fees	28,844	24,437	52,903
Services	5,120	3,759	8,554
Total revenue	74,837	56,815	127,561
Finance revenue	2,669	1,718	3,785
	77,506	58,533	131,346

Services consist of consultancy and training fees.

The operations of the Group are not subject to significant seasonality.

5 Segment information

Geographical segments

	Asia Pacific £000	WEMEA £000	CES £000	Americas £000	Unallocated £000	Total £000
	Six months ended 30 September 2008 (unaudited)					
Income statement						
Revenue						
Annual fees	5,138	1,671	6,602	1,587	—	14,998
Rental fees	6,421	7,687	4,794	6,107	—	25,009
Recurring services	—	41	—	825	—	866
Initial licence fees	18,530	947	8,302	1,065	—	28,844
Services	963	1,031	2,308	818	—	5,120
Segment revenue	31,052	11,377	22,006	10,402	—	74,837
Result						
Segment result	21,048	6,989	14,565	6,667	—	49,269
Unallocated expenses						
Corporate overheads					(8,643)	(8,643)
Research and Development costs					(12,901)	(12,901)
Profit from operations						27,725
Finance revenue						2,669
Finance expense						(1,148)
Profit before tax						29,246
Income tax expense						(8,623)
Net profit for the period						20,623

Notes to the interim report continued

5 Segment information continued
Geographical segments

	Six months ended 30 September 2007 (unaudited)					
	Asia Pacific £000	WEMEA £000	CES £000	Americas £000	Unallocated £000	Total £000
Income statement						
Revenue						
Annual fees	3,462	1,419	4,673	1,106	—	10,660
Rental fees	3,847	7,212	2,568	3,412	—	17,039
Recurring services	—	50	—	870	—	920
Initial licence fees	15,762	879	6,441	1,355	—	24,437
Services	590	1,272	1,412	485	—	3,759
Segment revenue	23,661	10,832	15,094	7,228	—	56,815
Result						
Segment result	16,096	7,042	10,171	4,121	—	37,430
Unallocated expenses						
Corporate overheads					(11,066)	(11,066)
Research and Development costs					(10,213)	(10,213)
Profit from operations						16,151
Finance revenue						1,718
Finance expense						(972)
Profit before tax						16,897
Income tax expense						(5,110)
Net profit for the period						11,787

5 Segment information continued
Geographical segments

	Year ended 31 March 2008 (audited)					
	Asia Pacific £000	WEMEA £000	CES £000	Americas £000	Unallocated £000	Total £000
Income statement						
Revenue						
Annual fees	7,807	2,929	10,095	2,289	—	23,120
Rental fees	7,652	17,955	6,146	8,805	—	40,558
Recurring services	—	154	—	2,272	—	2,426
Initial licence fees	33,789	2,662	13,114	3,338	—	52,903
Services	1,564	2,557	3,329	1,104	—	8,554
Segment revenue	50,812	26,257	32,684	17,808	—	127,561
Result						
Segment result	34,486	18,554	20,003	11,109	—	84,152
Unallocated expenses						
Corporate overheads					(19,690)	(19,690)
Research and Development costs					(21,301)	(21,301)
Profit from operations						43,161
Finance revenue						3,785
Finance expense						(1,979)
Profit before tax						44,967
Income tax expense						(10,721)
Net profit for the year						34,246

Notes to the interim report continued

6 Income tax expense
The current year income tax expense for the six months ended 30 September 2008 is estimated at 29.5% (2007 – 30%) of profit before tax.

The total tax charge of £8.6 million (2007 – £5.1 million) is made up of UK tax £5.5 million (2007 – £4.4 million) and overseas tax of £3.1 million (2007 – £0.7 million).

7 Interim ordinary dividend
The proposed interim dividend of 2.86p per ordinary share will be payable on 9 February 2009 to shareholders on the register on 9 January 2009. In accordance with IFRS, no provision for the interim dividend has been made in these financial statements.

An analysis of dividends paid is set out below:

	Six months ended 30 September		Year ended 31 March
	2008 £000 (unaudited)	2007 £000 (unaudited)	2008 £000 (audited)
Final 2006/07 paid at 2.94p per share	—	1,980	1,980
Interim 2007/08 paid at 1.65p per share	—	—	1,113
Final 2007/08 paid at 5.0p per share	3,380	—	—
	3,380	1,980	3,093

8 Earnings per share
The calculations of earnings per share from continuing operations are based on the profit after tax for the six months to 30 September 2008 of £20,623,000 and the following weighted average number of shares:

	Six months ended 30 September		Year ended 31 March
	2008 Number of shares (unaudited)	2007 Number of shares (unaudited)	2008 Number of shares (audited)
Weighted average number of ordinary shares	67,627,783	67,371,268	67,412,779
Weighted average number of shares held by the employee benefit trust	(15,534)	—	—
Weighted average number of ordinary shares for basic earnings per share	67,612,249	67,371,268	67,412,779
Effect of dilution: employee share options	371,418	246,471	567,686
Weighted average number of ordinary shares adjusted for the effect of dilution	67,983,667	67,617,739	67,980,465

8 Earnings per share continued

Details of the calculation of adjusted earnings per share are set out below:

	Six months ended 30 September 2008 £000 (unaudited)	Six months ended 30 September 2007 £000 (unaudited)	Year ended 31 March 2008 £000 (audited)
Profit for the period	20,623	11,787	34,246
Intangible amortisation (excluding software)	1,240	1,129	2,276
Share-based payments	526	161	315
Adjustment to carrying value of goodwill	—	375	391
Adjusted profit after tax	22,389	13,452	37,228
Adjusted earnings per share:			
– basic	33.11p	19.97p	55.22p
– diluted	32.93p	19.89p	54.76p

9 Trade and other receivables

Current

	As at 30 September 2008 £000 (unaudited)	As at 30 September 2007 £000 (unaudited)	As at 31 March 2008 £000 (audited)
Trade receivables	39,929	37,203	40,804
Prepayments and other receivables	1,773	1,797	2,277
Accrued income	1,100	274	103
	42,802	39,274	43,184

Non-current

	As at 30 September 2008 £000 (unaudited)	As at 30 September 2007 £000 (unaudited)	As at 31 March 2008 £000 (audited)
Other receivables	568	385	737

10 Trade and other payables

	As at 30 September 2008 £000 (unaudited)	As at 30 September 2007 £000 (unaudited)	As at 31 March 2008 £000 (audited)
Trade payables	1,405	649	1,795
Social security, employee and sales taxes	3,275	3,155	4,411
Other payables	221	63	26
Accruals	13,810	12,343	18,944
Deferred income	22,587	18,031	20,047
	41,298	34,241	45,223

11 Reconciliation of movements in equity (unaudited)

	Share capital £000	Share premium £000	Merger reserve £000	Cumulative translation adjustments £000	Total other reserves £000	Retained earnings £000	Total equity £000
At 1 April 2007	2,245	26,381	3,921	(1,176)	2,745	33,941	65,312
Total recognised income and expense for the period	—	—	—	1,196	1,196	11,759	12,955
Issue of share capital	2	63	—	—	—	—	65
Share-based payments	—	—	—	—	—	161	161
Equity dividends	—	—	—	—	—	(1,980)	(1,980)
At 30 September 2007	2,247	26,444	3,921	20	3,941	43,881	76,513
Total recognised income and expense for the period	—	—	—	4,586	4,586	25,525	30,111
Issue of share capital	3	78	—	—	—	—	81
Share-based payments	—	—	—	—	—	154	154
Equity dividends	—	—	—	—	—	(1,113)	(1,113)
At 31 March 2008	2,250	26,522	3,921	4,606	8,527	68,447	105,746
Total recognised income and expense for the period	—	—	—	(148)	(148)	18,442	18,294
Issue of share capital	10	628	—	—	—	—	638
Share-based payments	—	—	—	—	—	526	526
Investment in own shares	—	—	—	—	—	(495)	(495)
Equity dividends	—	—	—	—	—	(3,380)	(3,380)
At 30 September 2008	2,260	27,150	3,921	4,458	8,379	83,540	121,329

During the six months ended 30 September 2008 the Company issued a total of 291,549 ordinary shares pursuant to the exercise of share options by employees. The total consideration was £638,000 and the share premium was £628,000.

On 15 July 2008, the AVEVA Group Employee Benefit Trust 2008 purchased 36,448 ordinary shares in AVEVA Group plc for consideration of £495,000. The shares are held by the Trust to satisfy options under the Group's share option schemes and the cost of these shares is included within retained earnings in the balance sheet.

12 Responsibility statement of the Directors in respect of the interim report

The Directors of the Company confirm that to the best of our knowledge:

- the interim report has been prepared in accordance with IAS 34;
- the interim report includes a fair review of the information required by DTR 4.2.7R, being an indication of the important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the interim report includes a fair review of the information required by DTR 4.2.8R, being disclosure of related party transactions and changes therein since the last annual report.

By order of the Board

Richard Longdon
Chief Executive
11 November 2008

Paul Taylor
Finance Director

Company information and advisers

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Nick Prest CBE
Chairman

David Mann
Non-Executive Director and
Senior Independent Director

Jonathan Brooks
Non-Executive Director

Philip Dayer
Non-Executive Director

Richard Longdon
Chief Executive

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