26 May 2009

AVEVA GROUP PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2009

AVEVA Group plc ('AVEVA'; stock code : AVV), one of the world's leading providers of engineering data and design IT systems, today announces its audited results for the year ended 31 March 2009.

Highlights

- Strong growth in revenue, profit and cash reflecting the leadership position of our products in Marine, Oil & Gas and Power markets
- Revenue increased by 29% to £164.0 million (2008 – £127.6 million)
- Recurring revenue up 42% to £94.2 million (2008 – £66.1 million) representing 57% (2008 – 52%) of total revenue
- Investment in Research and Development up 28% to £27.3 million (2008 – £21.3 million)
- Adjusted profit before tax increased by 31% to £62.6 million (2008 – £47.9 million)*****
- Profit before tax up 32% to £59.2 million (2008 – £45.0 million)
- Adjusted basic earnings per share up 22% to 67.33 pence (2008 – 55.22 pence)*****
- Basic earnings per share up 23% to 62.27 pence (2008 – 50.80 pence)
- Final dividend increased by 30% to 6.5 pence (2008 – 5.0 pence) bringing the full year dividend to 9.36 pence
- Net cash at the year end of £126.2 million (2008 – £82.8 million), an increase of 52%, reflecting continued strong cash generation

* Adjusted profit before tax and adjusted basic earnings per share is before amortisation of intangibles excluding software, share-based payments and adjustment to the carrying value of goodwill.

Commenting on the outlook, Chairman Nick Prest said:

"The sustained and considerable investment made by the Group over the past few years in developing our product range and expanding our geographical presence will ensure AVEVA maintains its position as a world leader in the markets in which it operates.

As the current global economic slowdown continues and the oil price and shipping rates sit at lower levels than in recent years, some projects are now being postponed or cancelled, awaiting project funding or visibility of more certain times. Against this backdrop, AVEVA's customer relations and best in class products will remain ever more important and will help to maintain levels of recurring revenue and exploit new opportunities.

The restructuring programme already initiated means that AVEVA is better equipped to successfully trade through the difficult trading environment whilst allowing the Company to invest selectively in already identified important growth opportunities, for example with regard to AVEVA NET and in South America and the CIS."

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An analysts' briefing will be held at 29 Cloth Fair, London EC1A 7NN at 9.30 am on 26 May 2009. For further information please contact Alix Haysom on 020 7796 4133 or ahaysom@hudsonsandler.com.

Chairman's statement

I am pleased to report that in the year ended March 2009 AVEVA again achieved strong growth in revenue, profit and cash, despite increasing turbulence in many of the Group's end markets.

Key financials

Revenue increased in the year by 29% to £164.0 million (2008 – £127.6 million). Key contributors to this were the levels of growth achieved in our Asia Pacific and Central, Eastern and Southern European regions (CES) where revenue increased 32% and 40% respectively. The mix of revenue remained broadly in line with those seen in previous years with recurring fees amounting to 57% of total revenue at £94.2 million (2008 – £66.1 million) and initial fees amounting to £57.7 million (2008 – £52.9 million).

Increased revenue combined with strong margins delivered an adjusted profit before tax, amortisation, share-based payments and goodwill adjustment of £62.6 million, which is an increase of 31% (2008 – £47.9 million). Adjusted earnings per share amounted to 67.33p (2008 – 55.22p) an increase of 22%. Profit before tax increased by 32% to £59.2 million (2008 – £45.0 million). Basic earnings per share was 62.27p (2008 – 50.80p).

In the first six months of the financial year the Company continued to increase investment in both its products and sales organisation, although in the second half the levels of investment slowed. The year as a whole saw increased investment in Research and Development of 28% to £27.3 million (2008 – £21.3 million). The Group's expansion of its existing regional offices in Mexico and Russia and the opening of a new office in Brazil increased the Group's global footprint in regions that offer significant opportunities and contributed to an increase in selling and distribution costs of 36% to £53.2 million (2008 – £39 million).

The Group's balance sheet strengthened considerably in the period as the Group's cash increased by 52%, and amounted to £126.2 million (2008 – £82.8 million) at the year end.

Dividend

Continued growth in profit and a strong cash position lead the Board to recommend a final dividend of 6.5p (2008 – 5.0p). Combined with the interim dividend of 2.86p (2008 – 1.65p) this gives a full year dividend of 9.36p (2008 – 6.65p), an increase of 41%.

Subject to approval at the Annual General Meeting the final dividend will be paid on 31 July 2009 to shareholders on the register on 26 June 2009.

People

On behalf of the Board I would like to take this opportunity to thank all of our staff for their important contribution over the last twelve months. As all are aware, the market turbulence has made it necessary for the Board to review the structure of the Company. Inevitably, this has led to some very difficult decisions being made and a restructuring programme has been put in place in April 2009. The restructured skills base and annualised cost savings of approximately £5.0 million mean that AVEVA is now better equipped to trade through these challenging times. Despite the potentially unsettling nature of this programme, the hard work, support and efforts of all our staff has remained first class.

During the year Lennart Olsson, Head of Global Sales, retired. Lennart joined AVEVA as part of the acquisition of Tribon in 2004. Under his guidance, AVEVA's sales organisation has achieved outstanding results. On behalf of the Board and Company I wish Lennart a long and happy retirement.

Following the retirement of Lennart we were pleased to appoint Derek Middlemas as Group Operations Director, overseeing all sales and business development activities. Derek joined AVEVA in 2000 and brought with him a wealth of engineering experience. Over recent years Derek led our Business Strategy group, helping to align the ambitions of the Company with the requirements of the market. I have no doubt that Derek's industry knowledge and forward thinking approach will contribute greatly to our future success.

Outlook

The sustained and considerable investment made by the Group over the past few years in developing our product range and expanding our geographical presence will ensure AVEVA maintains its position as a world leader in the markets in which it operates.

As the current global economic slowdown continues and the oil price and shipping rates sit at lower levels than in recent years, some projects are now being postponed or cancelled, awaiting project funding or visibility of more certain times. Against this backdrop, AVEVA's customer relations and 'best in class' products will remain ever more important and will help to maintain levels of recurring revenue and exploit new opportunities.

The restructuring programme already initiated means that AVEVA is better equipped to successfully trade through the difficult trading environment whilst allowing the Company to invest selectively in already identified important growth opportunities, for example with regard to AVEVA NET and in South America and the CIS.

Nick Prest
Chairman
26 May 2009

Chief Executive's review

Overview

AVEVA is a global leader in the provision of engineering IT software and services. 2008/09 proved to be another record year with strong growth in sales, profit and cash generation. Headquartered in Cambridge and with 35 offices around the world, we continue to offer localised sales and customer service enabling us to ensure that our products and services match the evolving demands of our customers.

AVEVA delivers world class technologies which support the design and through life operation of complex engineering projects mainly in the Oil & Gas, Power, Marine, Paper and Pulp, Chemical and Mining industries. These demanding global industries depend on mission critical products such as AVEVA's to provide an integrated engineering software platform embracing conceptual design and specification, detailed engineering, procurement, materials management and project control. AVEVA's software and unrivalled industrial expertise provide complete data integrity.

AVEVA's strategy is to remain a world class provider of technologies and services in its core markets, attract new customers and maintain and grow its existing customer base through new enhanced technologies. Its policy of providing continual progression to its customers through ongoing development of established products has resulted in some major upgrades to products during the year, further enhancing customers' ability to integrate a variety of complex applications and data sources through platform technology.

Close, long standing, strategic customer partnerships are at the heart of AVEVA's success. This gives us an unrivalled insight into the evolving demands of our customers across all of our market verticals. As a result, we are able to ensure that we are aligned to capitalise on all development opportunities in more turbulent times.

Global performance

Each year the AVEVA customer base becomes more geographically diverse and our continued investment in direct sales means we are progressively better positioned to understand and serve the complex global networked customer base.

Increasingly, customers demand the ability to work on projects with multiple international partners and the unique 'global' capability within the AVEVA database has enabled customers to work very efficiently in a virtual global network.

Asia Pacific – Revenue £67.1 million (2008 – £50.8 million)

Following a very successful 2007/8, the Asia Pacific business had a very strong business in Marine to complement the growing Power and Oil & Gas business in the region.

Marine business was strong in the first half and although orders for new standard ships have declined significantly in the second half year, most customers have long order books and AVEVA continued to receive business for Very Large Crude Carriers (VLCC's) and deep water offshore platforms. These projects tend to be very complex, thus driving wider use of AVEVA products. Our successes in Marine and Plant industries and AVEVA NET in this region have positioned the Company very well against our competition in this more difficult trading environment.

The partnership with Hyundai Heavy Industries has been very successful and has led to the new generation of Marine design tools being delivered during the year. These are already in use in many of the world's largest shipyards. We expect to see further take up of the new system in yards during 2009/10 financial year, as AVEVA Marine continues to deliver clear productivity benefits to customers.

Korea has become a significant region not just as a revenue generator, but also as a development centre for new products. The AVEVA Marine Technology Centre based in Busan has increased its capacity to develop both products and customer specific enhancements, as well as helping with localisation. We are very grateful to the Busan Metropolitan Government for their ongoing support in the region.

The contacts and reputation the Asia Pacific team have built across the region over recent years also enabled the Company to complete the acquisition of a small, but very highly regarded, organisation with a product for creating and maintaining instrumentation data. This product has already been integrated into the AVEVA suite and is being sold across all industries globally.

Americas – Revenue £24.4 million (2008 – £17.8 million)

Performance across the Americas region was mixed with difficult trading conditions in North America and Canada but strong growth in Latin America.

The region has a growing Power related business, and our relationships with customers in other geographies are helping us to exploit opportunities locally. Oil related customers are the mainstay of the US business, in particular deep water oil field production where we have successfully increased the penetration of AVEVA NET with the oil majors. The expertise developed by many of AVEVA's large multinational engineering companies has meant that the business is less susceptible to a sharp drop in commodity prices, as the deep water fields remain a long-term proposition with very long build cycles and significant capital expenditure commitments. AVEVA has very little Marine business in North America. Towards the end of the year some confidence returned to our smaller markets of mining, metals and paper and pulp.

Projects in Canada have been hit by the oil price as exploitation of the tar sands oil fields is becoming marginal with prices between $40 and $50 per barrel. Due to the strength of our competitors in the Calgary market in the traditional CAD products, we have successfully focused on selling the AVEVA NET solution in Canada and will continue with this strategy this year.

Latin America revenue grew significantly following the successful opening of our office in Mexico. At the start of the year we replaced our agent in Brazil with a direct sales and service office based in Rio de Janeiro. The business in Latin America has been building steadily and is expected to deliver significant growth in future years. Brazil is the dominant economy in the Latin American region and is seen as strategically important, even more so with the deep water oil field activity driven by Petrobras, which is an AVEVA foundation customer. We will continue to invest in growing the Brazilian organisation during the coming year and have already been successfully hiring new engineers and sales people.

CES – Revenue £45.8 million (2008 – £32.7 million)

The Central, Eastern and Southern European region is a complex geographic mix of markets with differing sales and service offerings.

We have seen continued growth in the CES region, in particular with oil related projects. The largest constituent of the CES region is Deutschland (Germany), Austria and Switzerland (DACH), which has continued to win business from our competitors as well as developing existing customer relationships.

The Southern region, headquartered in Paris, operates across a wide area but has a predominance of customers in the Power business. The growing enthusiasm for nuclear power is a key expansion driver in the region. Many countries are now planning or considering nuclear power as a key part of their energy mix. AVEVA customers such as AREVA and EDF, along with the very long relationships we have enjoyed with fossil fuelled Power providers such as Alstom, will help drive growth in this region.

For some years now AVEVA has enjoyed a solid relationship with a number of outsourced development organisations in the region. These relationships have been enhanced during the year to provide assistance for localised application development, as well as core product development managed by the central Products Group. These outsource centres provide a very flexible cost effective extension to our skills pool.

WEMEA – Revenue £26.8 million (2008 – £26.3million)

Western Europe, Middle East and Africa is the most mature of AVEVA's markets and has traditionally been heavily biased towards the oil & gas industry, with a dominant position in the North Sea offshore market.

With falling commodity prices and the difficulty in raising investment funding for new projects, some projects have been slowing down or postponed, primarily in the second half of the financial year. We have concentrated more effort during the year on the opportunities which exist in providing technology solutions managing data in brownfield, or existing plants. In the mature North Sea offshore sector we have made strategically important sales into the oil majors with our AVEVA NET solution and have structured the organisation to better exploit the opportunities during the coming year.

AVEVA enjoys particularly strong relationships with its customers in the WEMEA region. This supports our technical strategy and development programmes for both enhancement of existing applications and Research and Development activity in bringing new ideas to market.

In order to capitalise on global project execution, AVEVA has invested to broaden further its own network of offices able to sell to and support customers locally. At the same time, towards the end of the financial year we merged two major regional organisations, being WEMEA and CES, to make cost efficiencies and a more effective organisation to serve the Europe, Middle East and African region (EMEA). For the year to end of March 2009 we had four reporting regions and this has been rationalised to three for the coming year.

End user industries performance

AVEVA sells approximately 30% of its products to each of the Oil & Gas, Power and Marine markets. All products are licensed to customers on the basis of initial licence fee (ILF) and annual fees or a rental model. The split between ILF and rental varies between end user markets and geographies.

In the Marine sector AVEVA has a majority of new business booked as ILF revenue. Over the year this sector started very strongly, with a particular emphasis on ILF business in China. During the second half the market conditions toughened considerably. However, we did have some very good sales of both the new AVEVA Marine product and AVEVA NET into Marine customers in China during the course of the year. We expect the ILF business to be impacted by a lack of significant new orders in the Marine business, although customers' order books and backlog are considerable.

The oil & gas market was running at an all time high at the start of the year, but has reverted to the more usual levels of business in most areas as the oil price declined and some projects were delayed or postponed. Unlike previous downturns, this time the oil majors and national oil companies are cash rich and the return of some stability in the oil price shows signs of a better market as we enter 2009/10.

The structural global shortage of power still exists, even with a lower level of economic activity. AVEVA has the most experience of any engineering software supplier in both the fossil fuel and nuclear sectors. We have seen a constant level of business in fossil fuelled power facilities and a slow but steady build up of order flow in the nuclear market. The relationship with AREVA and the order build up during the last year augurs well for AVEVA this year and beyond.

Technology and products

The year ending 31 March 2009 saw the completion of the merging of AVEVA database technology with the Marine products acquired in 2004. This has been an incremental progression of the technology to provide Marine customers with a secure path to migrate to the latest technology. Other benefits have included using some of the methods used in Marine in the AVEVA Plant suite of products. Once again, during the year our technology teams have worked extremely hard to deliver class leading solutions in both the Plant and Marine product suites, as well as a new version of AVEVA NET and many customer specific requests during the year.

Since we have been investing ahead of the industry average we now have the 'best in class' products which, as well as introducing many innovative features, allow customers to transition smoothly to new technology at a time which fits with their long project cycles.

The AVEVA product roadmap, as set out three years ago, has evolved into new products and a platform technology base, upon which we can progressively build new technology as well as integrate acquired applications and technology. AVEVA has always recognised the advantages of openness in its products and is a leading member of the industry bodies driving the use and adoption of standards as an integration enabler for customers.

AVEVA NET is gaining traction in the market and proving to be a truly beneficial tool for customers wanting to integrate data from multiple sources on both new and brownfield projects. The AVEVA NET solution is targeted at the growing PLM (Product Lifecycle Management) market in Process, Power and Marine. As these industries seek to address the issues of data inconsistency, availability of data in the design process, supply chain integration and data handover from EPC (Engineering, Procurement and Construction) contractors to owner operators, AVEVA NET offers an incremental solution to these issues. AVEVA NET uses 'mash up' technology and industry standards such as ISO 15926 to integrate data from many differing sources. Such is the broad appeal of AVEVA NET many of the successful implementations are on projects where no other AVEVA products are being used.

During the second half of the year under review, the Products Group senior management has been investigating routes to introduce greater flexibility into the product development cycle, through restructuring the resources within the Group and through greater use of outsourced development.

Organisation and people

The Company closed the year with 843 employees, an increase of 113 over last year. Against a backdrop of shortage of supply for skilled staff in the engineering industries, AVEVA continued hiring to plan until early in the second half of the year, at which point most recruitment was suspended due to the potential slowdown in our end user markets.

Following a review of the business and the likely effects of the global economic slowdown we took steps in April 2009 to reduce the cost base to ensure that AVEVA is better equipped and has an appropriate structure for the more difficult market conditions. The restructuring programme, due to be completed in the first quarter of the current financial year, will result in annualised cost savings of approximately £5.0 million. These initiatives include increasing the flexibility of the organisation through restructuring across the business and reducing the use of high cost subcontractors. Further reductions in the cost base will come through pay freezes, some part-time working, career breaks, voluntary redundancy and some compulsory redundancy.

We have continued to strengthen the human resources teams in the regions, as well as adding capability in the area of personnel development in order to ensure maximum value from the highly successful induction, management development and other training schemes initiated last year.

Summary

In the trading statement at the end of the financial year AVEVA indicated that during the coming year it expects business opportunities for some end user industries to be significantly lower than during recent years, in particular initial licence fees from new sales to the shipbuilding industries. We expect the product sales mix to alter over the coming year and we have reorganised the Company to put a greater emphasis on providing products and services for the enhancement of brownfield plant and providing more AVEVA NET based tools in the area of operations and maintenance. AVEVA has a good presence within the owner operator community, which has committed levels of spend similar to recent years.

The reshaping of the business will position the Company to capitalise on the global infrastructure which it has built over recent years. The Company's strength in all these areas, coupled with sound finances, experienced management and a healthy cash balance, will continue to present many opportunities.

Richard Longdon
Chief Executive
26 May 2009

Finance Director's review

Business model

At the core of AVEVA's business is the intellectual property generated in its software products. The Group sells its proprietary software products by licensing rights to use the software directly to customers through our network of global sales offices rather than through resellers or distributors. This strategy provides customers with local sales and support and helps AVEVA to work closely with the leading companies principally in the Oil & Gas, Power and Marine markets. AVEVA's software products also provide the customer with "data for life" whereby current versions of the software are compatible with previous versions allowing customers to access design data over a long time span, which is essential for assets which can have a life in excess of 20 years. This strategy has helped establish long-term relationships with many of our customers and several have been users of our products for over 30 years.

At the cornerstone of our business philosophy is our "right to use" licencing model. Customers licence our software for a specified number of users by paying an initial licence fee followed by an obligatory annual fee or by paying a rental fee over a fixed period of time. In both cases, the customer has to continue to pay a fee in order to use the software. The "right to use" model provides a strong recurring revenue base for AVEVA which allows us to invest in the future roadmap of our products. This provides visibility to the customers and allows them to provide input to the direction of the products. In addition, customers receive upgrades to software as and when they become available as well as support and maintenance.

Key performance indicators

The Group's key financial and non-financial performance indicators are total revenue, adjusted profit before tax, headcount and adjusted earnings per share. These are discussed as part of the review below.

Revenue

2008/09 was another record year for AVEVA which resulted in total revenue of £164.0 million against £127.6 million for 2007/08, an increase of 29%. Initial licence fees were £57.7 million (2008 – £52.9 million) with Asia Pacific continuing to be main driver behind this, with initial fees of £36.8 million (2008 – £33.8 million) mainly due to the success in the marine business in China and Korea. Central, Eastern and Southern Europe also generated significant initial fees with £16.5 million compared to £13.1 million in 2007/08. Americas and Western Europe, Middle East and Africa are more mature markets for AVEVA and this is reflected in the relatively higher level of recurring fees.

Recurring revenue increased from £66.1 million to £94.2 million and represents 57% of total revenue (2008 – 52%). This reflects the continued high level of renewals of annual and rental fees across the customer base as well as growth in new rental fees as customers opt for more flexibility.

Services revenue increased by 41% to £12.1 million (2008 – £8.6 million) mainly due to services associated with new customers and continued growth in licence sales of AVEVA NET products.

Cost of sales, operating expenses and profit from operations

Cost of sales includes the direct cost of selling (third party royalties, consultancy and agent's commission) as well as Research and Development costs and associated Information Technology costs. Total cost of sales for the year was £37.6 million (2008 – £29.8 million). Research and Development costs were £27.3 million (2008 – £21.3 million), an increase of 28% and represented 17% of total revenue (2008 – 17%). The focus in Research and Development has been on developing the AVEVA Plant and AVEVA Marine products as well as new releases of AVEVA NET.

Operating expenses were £69.8m (2008 – £54.6 million) for the year, an increase of 28% on 2007/08. Of the total operating expenses selling and distribution costs were £53.2 million (2008 – £39.0 million) and administrative expenses were £16.5 million (2008 – £15.6 million). Selling and distribution costs increased by 36% during the year which reflected the additional headcount recruitment in sales and local support as well as increased performance based remuneration. Administrative expenses increased 6% on 2007/08.

Profit from operations increased from £43.2 million in 2007/08 to £56.6 million in 2008/09, an increase of 31%. The operating margin in 2008/09 increased to 35% (2008 – 34%).

Headcount

Total headcount at 31 March 2008 amounted to 843 (2008 – 730), an increase of 113 people. The average headcount during the year was 809 (2008 – 663) of which 253 were in Research, Development and product support (2008 – 222), 380 in sales, marketing and customer support (2008 – 300) and 176 in administration (2008 – 141). The increase in Research, Development and product support headcount was primarily due to hiring of specialists in the AVEVA NET area and the increase in sales, marketing and customer support was due to expansion of our existing regional operations in response to the increased levels of business as well as opening a new office in Brazil. The increase in the administration staff was due to increase of licencing and contract management staff to reflect the increased volume of business as well as additional finance and administration staff in the sales regions to support the growth of the business.

Total staff costs for the year were £55.5 million compared with £48.2 million in 2008, an increase of 15%.

Restructuring

On 16 April 2009 the Group announced that it was implementing a restructuring programme which involved the merger of two sales regions (Central, Eastern and Southern Europe and Western Europe, Middle East and Africa) into one combined region of Europe, Middle East and Africa with immediate effect, as well as a reduction in headcount across the Group of approximately 10%. The headcount reduction is expected to be completed in the first quarter of 2009/10. These initiatives will result in annualised cost savings of approximately £5.0 million. The exceptional costs of implementing these initiatives will be around £3.5 million, which will all be incurred in the first half of 2009/10. No provision for the restructuring has been included in the results for the year ended 31 March 2009.

Finance revenue and finance costs

Finance revenue represents bank interest receivable on cash and cash equivalents of £2.8 million (2008 – £1.8 million) and expected return on the UK defined benefit pension plan of £2.0 million (2008 – £2.0 million). Bank interest receivable has increased due to the strong increase in cash and cash equivalents in the year despite lower returns in the second half of the year, due to significant falls in UK and US interest rates. Finance costs principally relate to the interest on the pension scheme liabilities of £2.3 million (2008 – £2.0 million).

Earnings and taxation

Profit before tax for the year was £59.2 million compared to £45.0 million in 2007/08. Adjusted profit before tax increased by 31% to £62.6 million (2008 – £47.9 million), which is before amortisation of intangibles, share-based payments and adjustment to goodwill totalling £3.4 million (2008 – £3.0 million).

The Group's effective tax rate is 28.7% (2008 – 23.8%) which is broadly in line with the UK headline rate. The headline tax rate in 2007/08 was lower due to a number of one-off credits such as the UK Research and Development tax credits; the benefit of tax losses generated from acquisitions, which have now been exhausted, and previously unrecognised deferred tax assets.

Basic earnings per share was 62.27p (2008 – 50.80p) an increase of 23%. Adjusted basic earnings per share (which is before amortisation of intangibles, adjustment to goodwill and share-based payments) increased by 22% to 67.33p (2008 – 55.22p). The Directors believe that adjusted basic earnings per share provide a more meaningful measurement of performance of the underlying business.

Dividends

The Board of Directors recommend payment of a final dividend of 6.5p (2008 – 5.0p), which, taken together with the interim dividend of 2.86p (2008 – 1.65p) gives a total dividend for 2008/09 of 9.36p (2008 – 6.65p) a 41% increase over 2007/08. Subject to approval at the Annual General Meeting the final dividend will be paid on 31 July 2009 to shareholders on the register on 26 June 2009.

Balance sheet

Overall AVEVA's balance sheet continued to strengthen during the year and at 31 March 2009 net assets were £143.1 million (2008 – £105.7 million).

Non-current assets increased from £36.4 million to £42.2million due to the recognition of deferred tax assets relating to tax losses in certain jurisdictions, investment in a global private computer network and corporate telephone system as well as other computer equipment and revaluation of foreign currency denominated goodwill and intangible assets.

Current assets increased to £183.7 million from £126.8 million due to increased trade and other receivable balances and cash and cash equivalents. Trade and other receivables were £56.8 million (2008 – £43.2 million) which reflected the increase in trading. Cash and cash equivalents were £126.2 million (2008 – £82.8 million), an increase of 52% reflecting the strong growth experienced in the year and continued focus on collection of accounts receivable. Current liabilities totalled £72.4 million at 31 March 2009 (2008 – £53.8 million) including deferred revenue of £31.1 million (2008 – £20.0 million) driven by the recurring revenue and accruals of £18.2 million (2008 – £18.9 million).

Non-current liabilities include retirement benefit obligations of £8.8 million (2008 – £1.6 million). This mainly relates to the UK defined benefit pension plan which had a deficit under IAS 19 of £7.6 million at 31 March 2009 (2008 – £0.7 million deficit). The increase in the deficit was caused by the reduction in the value of the scheme's assets due to the current financial conditions and increased liabilities due to the updated assumptions.

Capital structure

The authorised share capital of the Company is 90,000,000 ordinary shares of 3.33p each (2008 – 90,000,000). The issued share capital at 31 March 2009 was 67,818,868 ordinary shares of 3.33p each (2008 – 67,517,319). Following the establishment of the AVEVA Group Employee Benefit Trust 2008 in July 2008, the Trust purchased 36,448 ordinary shares in AVEVA Group plc in the open market at a price of £13.48 for total consideration of £495,000 in order to satisfy awards made under the AVEVA Group Management Bonus Deferred Share Scheme 2008. At 31 March 2009, the Trust continued to own these shares.

Cash flows

Cash generated from operating activities before tax in the period amounted to £58.7 million (2008 – £54.6 million). Cash conversion, measured by cash generated from operating activities before tax as a percentage of profit from operations, was 104% compared to 126% in 2007/08 which continues to reflect the quality of earnings and continued focus on cash management. The Board continues to believe that in the current climate of bank credit it is appropriate for the business to maintain a strong cash position.

Treasury policy

The Group treasury policy aims to ensure that the capital held is not put at risk and the treasury function is managed under policies and procedures approved by the Board. These policies are designed to reduce the financial risk arising from the Group's normal trading activities, which primarily relate to credit, interest, liquidity and currency risk. . The Group is, and is expected to continue to be, cash positive and currently holds net deposits. The treasury policy includes counterparty limits which are adhered to. Deposits are held for periods up to three months. During the year the Group had a bank overdraft facility of £nil (2008 – £3.0 million) in the UK and approximately £0.8 million (SEK 10 million) (2008 - £2.2 million, SEK 30 million) in Sweden, aimed at managing short-term fluctuations in cash. The Group has a net funding requirement in Sterling, due to the majority of Research and Development costs being incurred in the UK. The revenue of the Group is predominantly in foreign currency, with approximately 40% in US dollar and 25% in Euro. The overseas entities incur costs in their local functional currency, which acts as a partial net hedge. Any cash flows which cannot be offset against each other will result in a net currency exposure and where possible these exposures will be hedged. These hedges aim to minimise the adverse effect of exchange rate movements, without eliminating all upside potential. There was no material impact on the income statement from movements in exchange rates during the year.

Acquisitions

On 24 March 2009, AVEVA acquired iDesign Office Pty Limited, a small Australian software company specialising in instrumentation software for total consideration of £1.7 million. The fair value of the net assets acquired included developed technology of £1.6 million which is being amortised over five years. The acquisition made no material contribution to the Group's results or cash flows for 2008/09.

Review of principal risks and uncertainties

AVEVA has continued to be successful during the year, but as with any organisation there are a number of potential risks and uncertainties which could have a material impact on the Group's long term performance. Where possible the Group seeks to mitigate these risks through its system of internal controls but this can only provide reasonable and not absolute assurance against material losses. The principal risks and uncertainties faced by the Group are as follows:

Protection of the Group's intellectual property rights

The Group's success has been built upon the development of its substantial intellectual property rights and protection of this remains critical. The Group generally protects its proprietary software products by licensing rights to use the application, rather than selling or licensing the computer source code. Infringement of the Group's intellectual property rights by third parties or its failure to defend infringement claims from third parties could cause damage to the business. The Group uses third party technology to encrypt, protect and restrict access to its products. Access limitations and rights are also defined within the terms of the software licence agreement and the Group seeks to ensure that its intellectual property rights are appropriately protected by law wherever possible.

Dependency on key markets
AVEVA generates a substantial amount of its income from customers whose main business is derived from capital projects driven predominantly by growth in the Oil & Gas, Power and Marine markets. The current world economic conditions may adversely affect our financial performance. Funding constraints may cause the delay of major new projects and customers who operate in the Oil and Gas, Marine and Power industries may reduce capital expenditure budgets further. Future success is dependent on growth and continued demand from within these markets. These industries are cyclical and subject to fluctuations in the price of oil and general economic conditions. Such downturns, pricing pressures and restructurings may cause delays and reductions in expenditures by many of these companies and reduced demand for our products and services. A recurrence of these industry patterns, as well as general domestic and foreign economic conditions and other factors that reduce spending by companies in these industries, could harm our operating results in the future.

Competition
AVEVA operates in highly competitive markets that serve the Oil & Gas, Power and Marine markets. If we do not respond effectively we may lose market share and the business could suffer. We believe that there a relatively small number of significant competitors serving our markets. However, some of these competitors could, in the future, pose a greater competitive threat, particularly if they consolidate or form strategic or commercial relationships among themselves or with larger, well capitalised companies.

Foreign exchange risk
Exposure to foreign currency gains and losses can be material to the Group, with approximately 80% of the Group's revenue denominated in a foreign currency, of which our two largest are US dollar and Euro. The Group enters into forward foreign currency contracts to manage the currency risk where material. The overseas subsidiaries trade in their own currencies, which also acts as a natural hedge against currency movements. The Group is also exposed to foreign currency translation risk on the translation of its net investment into Sterling.

Recruitment and retention of employees
AVEVA's success has been built on the quality and reputation of its products and services, which rely almost entirely on the quality of the people developing and delivering them. Managing this pool of highly skilled and motivated individuals across all disciplines and geographies remains key to our ongoing success. The Group endeavours to ensure that employees are motivated by their work and there are regular appraisals, with staff encouraged to develop their skills.

Identification and successful integration of acquisitions
The Group expects to continue to review acquisition targets as part of its strategy. The integration of any acquisitions also involves a number of unique risks, including diversion of management's attention, failure to retain key personnel of the acquired business, failure to realise the benefits anticipated to result from the acquisition, system integration and risks associated with unanticipated events or liabilities.

Research and Development
The Group makes substantial investments in Research and Development in enhancing existing products and introducing new products. There are many risks in software development. This process is managed by developing a product roadmap that identifies the schedule for new products and the enhancements that will be made to successive versions of existing products. Our software products are complex and may contain undetected errors, failures, performance problems or defects. Furthermore if new products or enhancements are introduced which do not meet customer requirements or competitors introduce a rival product which better meets the requirements of the market, this may have a material impact on the long term revenue and profit.

International operations
The Group operates internationally and is required to comply with local laws and regulations and tax legislation of several countries. Significant changes in these laws and regulations or failure to comply with them could lead to additional liabilities and penalties. The Group endeavours to comply with local laws and regulations by employing qualified personnel and through the use of local professional advisers.

Paul Taylor
Finance Director
26 May 2009

Consolidated income statement

For the year ended 31 March 2009

	Notes	2009 £000	2008 £000
Revenue	2,3	**164,041**	127,561
Cost of sales		**(37,612)**	(29,793)
Gross profit		**126,429**	97,768
Operating expenses			
Selling and distribution costs		**(53,248)**	(39,025)
Administrative expenses		**(16,532)**	(15,582)
Total operating expenses		**(69,780)**	(54,607)
Profit from operations		**56,649**	43,161
Finance revenue		**4,846**	3,785
Finance costs		**(2,294)**	(1,979)
Analysis of profit before tax			
Profit before tax, share-based payments, amortisation and goodwill adjustment		**62,623**	47,949
Share-based payments		**(940)**	(315)
Amortisation of intangibles (excluding other software)		**(2,482)**	(2,276)
Adjustment to carrying value of goodwill in respect of utilisation of tax losses		**—**	(391)
Profit before tax		**59,201**	44,967
Income tax expense	4	**(17,047)**	(10,721)
Profit for the year attributable to equity holders of the parent		**42,154**	34,246
Earnings per share (pence)			
– basic	6	**62.27p**	50.80p
– diluted	6	**61.98p**	50.38p

All activities relate to continuing activities.

The accompanying notes are an integral part of this Consolidated income statement.

Consolidated statement of recognised income and expense

For the year ended 31 March 2009

	2009	2008
	£000	£000
Exchange differences arising on translation of foreign operations	**5,503**	5,782
Actuarial (loss)/gain on defined benefit pension schemes	**(7,523)**	3,427
Tax on items recognised directly in equity	**1,460**	(389)
Net (loss)/income recognised directly in equity	**(560)**	8,820
Profit for the year	**42,154**	34,246
Total recognised income and expense relating to the year attributable to equity holders of the parent	**41,594**	43,066

The accompanying notes are an integral part of this Consolidated statement of recognised income and expense.

Consolidated balance sheet

31 March 2009

	Notes	2009 £000	2008 £000
Non-current assets			
Goodwill		**17,055**	16,689
Other intangible assets		**10,750**	10,806
Property, plant and equipment		**8,096**	5,403
Deferred tax assets		**5,514**	2,743
Other receivables		**804**	737
		42,219	36,378
Current assets			
Trade and other receivables	7	**56,768**	43,184
Current tax assets		**746**	751
Cash and cash equivalents		**126,164**	82,849
		183,678	126,784
Total assets		**225,897**	163,162
Equity			
Issued share capital	9	**2,260**	2,250
Share premium	9	**27,176**	26,522
Other reserves	9	**13,535**	8,527
Retained earnings	9	**100,160**	68,447
Total equity	9	**143,131**	105,746
Current liabilities			
Trade and other payables	8	**56,598**	45,223
Financial liabilities		**4,643**	1,048
Current tax liabilities		**11,172**	7,488
		72,413	53,759
Non-current liabilities			
Deferred tax liabilities		**1,589**	2,065
Retirement benefit obligations		**8,764**	1,592
		10,353	3,657
Total equity and liabilities		**225,897**	163,162

Consolidated cash flow statement

For the year ended 31 March 2009

	2009 £000	2008 £000
Cash flows from operating activities		
Profit for the year	**42,154**	34,246
Income tax	**17,047**	10,721
Net finance revenue	**(2,552)**	(1,806)
Depreciation of property, plant and equipment	**1,550**	1,243
Amortisation of intangible assets	**2,538**	2,336
Loss on disposal of property, plant and equipment	**11**	14
Share-based payments	**940**	315
Difference between pension contributions paid and amounts recognised in the Income statement	**(603)**	135
Adjustment to carrying value of goodwill	—	391
Changes in working capital:		
Trade and other receivables	**(15,550)**	(6,475)
Trade and other payables	**9,409**	12,632
Fair value of forward contracts	**3,737**	874
Cash generated from operating activities before tax	**58,681**	54,626
Income taxes paid	**(15,109)**	(11,325)
Net cash generated from operating activities	**43,572**	43,301
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3,668)**	(1,781)
Interest received	**2,815**	1,772
Proceeds from disposal of property, plant and equipment	**30**	34
Purchase of intangible assets	**(58)**	(136)
Acquisition of subsidiary, net of cash acquired	**(1,664)**	—
Net cash used in investing activities	**(2,545)**	(111)
Cash flows from financing activities		
Interest paid	**(7)**	(13)
Purchase of own shares	**(495)**	—
Proceeds from the issue of shares	**664**	**146**
Payment of finance lease liabilities	**(145)**	**(133)**
Dividends paid to equity holders of the parent	**(5,318)**	**(3,093)**
Net cash flows from financing activities	**(5,301)**	**(3,093)**
Net increase in cash and cash equivalents	**35,726**	**40,097**
Net foreign exchange difference	**7,589**	1,465
Opening cash and cash equivalents	**82,849**	41,287
Closing cash and cash equivalents	**126,164**	82,849

The accompanying notes are an integral part of this Consolidated cash flow statement.

1. Basis of preparation

The Group is required to prepare its Consolidated financial statements in accordance with IFRS as adopted by the European Union. For the purposes of this document the term IFRS includes International Accounting Standards.

The preliminary announcement covers the period 1 April 2008 to 31 March 2009 and was approved by the Board on 26 May 2009.

The preliminary statement has been prepared on a consistent basis with the accounting policies set out in the last published financial statements for the year ended 31 March 2008.

The financial information contained in this preliminary announcement of audited results does not constitute the Group's statutory accounts for the years ended 31 March 2009 or 31 March 2008 as defined in section 240 of the Companies Act 1985. The accounts for the year ended 31 March 2008 have been delivered to the Registrar of Companies. The statutory accounts for the years ended 31 March 2009 and 2008 have been reported on by the Company's auditors; the reports on these accounts were unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

The statutory accounts for the year ended 31 March 2009 are expected to be posted to shareholders in due course and will be delivered to the Registrar of Companies after they have been laid before the shareholders in a general meeting on 9 July 2009. Copies will be available from the registered office of the Company, High Cross, Madingley Road, Cambridge, CB3 0HB and can be accessed on the AVEVA Website, www.aveva.com. The registered number of AVEVA Group plc is 2937296.

2. Revenue

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

	2009	2008
	£000	£000
Annual fees	**33,912**	23,120
Rental fees	**57,657**	40,558
Recurring services	**2,627**	2,426
Total recurring revenue	**94,196**	66,104
Initial licence fees	**57,741**	52,903
Services	**12,104**	8,554
Total revenue	**164,041**	127,561
Finance revenue	**4,846**	3,785
	168,887	131,346

Services consist of consultancy and training fees.

3. Segment information

For management purposes, during the year the Group was organised on a geographical basis into four main sales regions: Asia Pacific, Americas, Central Eastern and Southern Europe (CES) and Western Europe, Middle East and Africa (WEMEA). Corporate functions and Research and Development operations are principally based in the UK and Sweden and are therefore not included in the sales regions analysis. Each of these operating regions is organised and managed separately due to the differing local requirements in each market and therefore these are the primary segments. The Group operates in one business segment; that of the supply of Engineering IT Solutions that supports the creation and operation of major capital assets such as power plants, process plants and ships of both naval and commercial type.

3. Segment information continued

Geographical segments	Asia Pacific	WEMEA	CES	Americas	Unallocated	Total
Year ended 31 March 2009	£000	£000	£000	£000	£000	£000
Income statement						
Revenue						
Annual fees	12,541	3,569	14,205	3,597	—	33,912
Rental fees	14,983	18,507	9,782	14,385	—	57,657
Recurring services	—	99	—	2,528	—	2,627
Initial licence fees	36,774	2,552	16,517	1,898	—	57,741
Services	2,769	2,122	5,255	1,958	—	12,104
Segment revenue	67,067	26,849	45,759	24,366	—	164,041
Result						
Segment result	44,110	17,843	28,278	14,498	—	104,729
Unallocated expenses						
Corporate overheads					(20,748)	(20,748)
Research and Development costs					(27,332)	(27,332)
Profit from operations						56,649
Finance revenue						4,846
Finance costs						(2,294)
Profit before tax						59,201
Income tax expense						(17,047)
Net profit for the year						42,154
Assets and liabilities						
Segment assets	62,302	10,027	27,705	14,613	—	114,647
Unallocated corporate assets					111,250	111,250
Consolidated total assets						225,897
Segment liabilities	(25,682)	(5,243)	(12,048)	(6,283)	—	(49,256)
Unallocated corporate liabilities					(33,510)	(33,510)
Consolidated total liabilities						(82,766)
Other segment information						
Capital expenditure						
Property, plant and equipment	1,195	17	526	421	1,509	3,668
Intangible assets	—	—	—	—	58	58
Depreciation	(507)	(5)	(202)	(93)	(743)	(1,550)
Amortisation	—	—	—	—	(2,538)	(2,538)

The unallocated assets and liabilities are tangible assets, intangible assets, taxation balances, cash balances, trade and other payable balances and retirement benefit obligations.

3. Segment information continued

Geographical segments Year ended 31 March 2008	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 costs						(1,979)
Profit before tax						44,967
Income tax expense						(10,721)
Net profit for the year						34,246
Assets and liabilities						
Segment assets	48,669	11,485	20,968	7,065	—	88,187
Unallocated corporate assets					74,975	74,975
Consolidated total assets						163,162
Segment liabilities	(17,959)	(3,350)	(8,232)	(3,380)	—	(32,921)
Unallocated corporate liabilities					(24,495)	(24,495)
Consolidated total liabilities						(57,416)
Other segment information						
Capital expenditure						
Property, plant and equipment	729	33	183	98	738	1,781
Intangible assets	—	—	—	—	136	136
Depreciation	(372)	(4)	(120)	(63)	(684)	(1,243)
Amortisation	—	—	—	—	(2,336)	(2,336)

The unallocated assets and liabilities are tangible assets, intangible assets, taxation balances, cash balances, trade and other payable balances and retirement benefit obligations.

4. Income tax expense

a) Tax on profit

The major components of income tax expense for the years ended 31 March 2009 and 2008 are as follows:

	2009	2008
	£000	£000
Tax charged in Consolidated income statement		
Current tax		
UK corporation tax	**13,243**	9,119
Adjustments in respect of prior periods	**(40)**	(769)
	13,203	8,350
Foreign tax	**6,585**	4,215
Adjustments in respect of prior periods	**(162)**	(960)
	6,423	3,255
Total current tax	**19,626**	11,605
Deferred tax		
Origination and reversal of temporary differences	**(2,534)**	391
Adjustment in respect of prior periods	**(45)**	(1,267)
Effect of change in UK tax rate	—	(8)
Total deferred tax	**(2,579)**	(884)
Total income tax expense reported in Consolidated income statement	**17,047**	10,721

	2009	2008
	£000	£000
Tax relating to items charged or credited directly to equity		
Current tax		
Tax benefit of share option exercises	**950**	353
Deferred tax		
Deferred tax on share options	**(1,375)**	629
Deferred tax on retranslation of intangible assets	**(220)**	(350)
Deferred tax on actuarial (loss)/gain on defined benefit pension scheme	**2,105**	(1,021)
Tax credit/(charge) directly to equity	**1,460**	(389)

4. Income tax expense continued

b) Reconciliation of the total tax charge

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2009	2008
	£000	£000
Tax on Group profit before tax at standard UK corporation tax rate of 28% (2008 – 30%)	**16,576**	13,490
Effects of:		
Expenses not deductible for tax purposes	**434**	117
Movement on unprovided deferred tax balances	**204**	(6)
Change in UK tax rate for deferred tax provision	—	(8)
Higher/(lower) tax rates on overseas earnings	**80**	(90)
Unrelieved tax losses	—	214
Adjustments in respect of prior years:		
– other	**(247)**	(2,605)
– relief for losses previously not recognised	—	(391)
Income tax expense reported in the Consolidated income statement	**17,047**	10,721

In 2008 the adjustments in respect of prior years include the benefit of UK Research and Development tax credits, tax losses and the reversal of other previously unrecognised deferred tax assets. These adjustments resulted in the effective tax rate being lower than the UK standard rate.

5. Dividends paid and proposed on equity shares

	2009	2008
	£000	£000
Declared and paid during the year		
Interim 2008/09 dividend paid of 2.86p (2007/08 – 1.65p) per ordinary share	**1,938**	1,113
Final 2007/08 dividend paid of 5.0p (2006/07 – 2.94p) per ordinary share	**3,380**	1,980
	5,318	3,093
Proposed for approval by shareholders at the Annual General Meeting		
Final proposed dividend 2008/09 of 6.5p (2007/08 – 5.0p) per ordinary share	**4,408**	3,376

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 9 July 2009 and has not been included as a liability in these financial statements. If approved at the Annual General Meeting the final dividend will be paid on 31 July 2009 to shareholders on the register at the close of business on 26 June 2009.

6. Earnings per share

Earnings per share for the year:	**2009**	2008
– basic	**62.27p**	50.80p
– diluted	**61.98p**	50.38p
Adjusted earnings per share for the year:		
– basic	**67.33p**	55.22p
– diluted	**67.02p**	54.76p

	2009	2008
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	**67,695,127**	67,412,779
Effect of dilution: employee share options	**312,387**	567,686
Weighted average number of ordinary shares adjusted for the effect of dilution	**68,007,514**	67,980,465

The calculations of basic and diluted earnings per share are based on the net profit attributable to equity holders of the parent for the year of £42,154,000 (2008 – £34,246,000). Basic earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the potentially dilutive share options into ordinary shares.

Adjusted basic and adjusted diluted earnings per share is calculated based on an adjusted profit after tax of £45,576,000 (2008 – £37,228,000) obtained by adding intangible amortisation (excluding other software) of £2,482,000 (2008 – £2,276,000), share-based payments of £940,000 (2008 – £315,000) and adjustment to carrying value of goodwill of £nil (2008 – £391,000) to the profit after tax for the year of £42,154,000 (2008 – £34,246,000). The denominators used are the same as those detailed above for both basic and diluted earnings per share.

The adjustment made to profit after tax in calculating adjusted basic and diluted earnings per share has not been adjusted for tax in either the current or preceding year.

The Directors believe that adjusted earnings per share is a fairer presentation of the underlying performance of the business.

7. Trade and other receivables

	2009	2008
	£000	£000
Current		
Amounts falling due within one year:		
Trade receivables	**54,201**	40,804
Prepayments and other receivables	**2,386**	2,277
Accrued income	**181**	103
	56,768	43,184

Trade receivables are non-interest bearing and generally on terms of between 30 and 90 days. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

	2009	2008
	£000	£000
Non-current		
Prepayments and other receivables	**804**	737

Non-current prepayments and other receivables consist of rental deposits for operating leases.

As at 31 March 2009 the provision for impairment of receivables was £4,823,000 (2008 – £1,964,000) and an analysis of the movements during the year was as follows:

	£000
At 1 April 2007	3,680
Charge for the year, net of amounts reversed	(1,914)
Utilised	(3)
Exchange adjustment	201
As at 31 March 2008	1,964
Charge for the year, net of amounts reversed	**3,523**
Utilised	**(853)**
Exchange adjustment	**189**
As at 31 March 2009	**4,823**

As at 31 March, the ageing analysis of trade receivables (net of provision for impairment) was as follows:

			Past due not impaired			
	Total	Neither past due nor impaired	Less than four months	Four to eight months	Eight to twelve months	More than twelve months
	£000	£000	£000	£000	£000	£000
2009	**54,201**	**29,457**	**20,070**	**4,361**	**313**	**—**
2008	40,804	19,829	16,764	3,434	306	471

8. Trade and other payables

	2009	2008
	£000	£000
Current		
Trade payables	**2,583**	1,795
Social security, employee taxes and sales taxes	**4,490**	4,411
Other payables	**197**	26
Accruals	**18,241**	18,944
Deferred income	**31,087**	20,047
	56,598	45,223

Trade payables are non-interest bearing and are normally settled on terms of between 30 and 60 days. Social security, employee taxes and sales taxes are non-interest bearing and are normally settled on terms of between 19 and 30 days. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

9. Reconciliation of movements in equity

			Other reserves					
	Share capital	Share premium	Merger reserve	Cumulative translation adjustments	Treasury shares	Total	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000	£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 year	—	—	—	5,782	—	5,782	37,284	43,066
Issue of share capital	5	141	—	—	—	—	—	146
Share-based payments	—	—	—	—	—	—	315	315
Equity dividends	—	—	—	—	—	—	(3,093)	(3,093)
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 year	**—**	**—**	**—**	**5,503**	—	**5,503**	**36,091**	**41,594**
Issue of share capital	**10**	**654**	**—**	**—**	—	—	—	**664**
Share-based payments	**—**	**—**	**—**	**—**	—	—	**940**	**940**
Investment in own shares	**—**	**—**	**—**	**—**	**(495)**	**(495)**	**—**	**(495)**
Equity dividends	**—**	**—**	**—**	**—**	—	—	**(5,318)**	**(5,318)**
At 31 March 2009	**2,260**	**27,176**	**3,921**	**10,109**	**(495)**	**13,535**	**100,160**	**143,131**

9. Reconciliation of movements in equity continued

a) Cumulative translation adjustment reserve

The cumulative translation adjustment reserve is used to record exchange differences which arose from 1 April 2004 from the translation of the financial statements of foreign subsidiaries.

b) Merger reserve

This represents the difference between the fair value and the nominal value of shares issued in connection with the acquisition of AVEVA AB in 2004.

c) Treasury shares

Treasury shares reserve represents the cost of the shares in AVEVA Group plc purchased in the open market and held by the AVEVA Group Employee Benefit Trust 2008 to satisfy deferred shares under the Group's deferred annual bonus share plan. On 15 July 2008, the Trust acquired 36,448 ordinary shares in the Company at a price of £13.48 for total consideration of £495,000 and held these shares at 31 March 2009.

10. Responsibility statement pursuant to FSA's Disclosure and Transparency Rule 4 (DTR 4)

Each Director of the Company confirms that (solely for the purpose of DTR 4) to the best of his knowledge:

- the financial statements in this document, prepared in accordance with the applicable UK law and accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and of the Group taken as a whole; and
- the Chairman's statement, Chief Executive's review and Finance Director's review include a fair review of the development and performance of the business and the position of the Company and Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

The contents of this announcement, including the responsibility statement above has been extracted from the annual report and accounts for the year ended 31 March 2009, which will be published on aveva.com and dispatched to shareholders in early June. Accordingly the responsibility statement makes reference to the financial statements of the Group and to the relevant narratives appearing in that annual report and accounts rather than the contents of this announcement.

Richard Longdon
Chief Executive

Paul Taylor
Finance Director

26 May 2009