AVEVA
CONTINUAL PROGRESSION

Press Release

AVEVA GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

AVEVA Group plc ('AVEVA'; stock code: AVV), one of the world's leading providers of engineering data and design IT systems, today announces its interim results for the six months ended 30 September 2014.

Financials

	2014	2013	**% change**
Revenue	**£85.9m**	£108.5m	-21%
Constant currency revenue	**£92.3m**	£108.5m	-15%
Adjusted* profit before tax	**£17.1m**	£32.3m	-47%
Profit before tax	**£14.2m**	£27.3m	-48%
Adjusted* profit before tax margin	**19.9%**	29.8%	–
Basic earnings per share	**16.75p**	29.64p	-43%
Adjusted* basic earnings per share	**20.50p**	35.23p	-42%
Net cash	**£116.4m**	£95.8m	+22%
Final dividend per share	**5.5p**	5.0p	+10%

* Adjusted profit before tax, adjusted profit margin and adjusted basic earnings per share are calculated before amortisation of intangible assets (excluding other software), share-based payments, gain/loss on fair value of forward foreign exchange contracts and exceptional items. In addition, adjusted basic earnings per share also include the tax effects of these adjustments.

Highlights

- Revenue of £85.9 million (2013 – £108.5 million), in line with the revised guidance issued in the mid-September trading update
- Mixed regional trading backdrop, with areas of strength such as China, India and parts of EMEA offset by a weak performance from South Korea and Brazil
- Revenue affected by a material strengthening of sterling against the exchange rates of many of the currencies in which the Group operates
- Strong sales of AVEVA Everything 3D™ (AVEVA E3D), now a meaningful contributor to revenue, with an acceleration in larger deals during the period
- Negotiated new multi-year deals with Global Accounts at improved pricing, with AVEVA E3D an important driver. As a result, business visibility has increased with an incremental revenue opportunity of more than £30 million illustrating the potential further pricing upside from AVEVA E3D going forward
- Innovation has remained strong in the period, with Cloud-based AVEVA E3D now being tested by multiple customers, and the availability of new advanced asset visualisation capabilities
- After thorough review of planned investment, a cost efficiency programme is now in place which will deliver an estimated £10 million in savings in H2 compared to our original plan
- We anticipate a result in line with the Board's current expectations for the full year

Commenting on the outlook, Chief Executive Richard Longdon said:

"Whilst the first half financial performance has been disappointing, the underlying fundamentals of the business have not changed given our market leading technology and long-term customer relationships. Despite the macro-economic environment, there are a number of steps we are proactively taking to ensure that we remain focused on long-term growth in revenue and profitability. We continue to maintain a strong balance sheet, with high levels of cash generation and highly defensible positions in our chosen markets, all of which are underpinned by long-term structural growth drivers. As a result, we anticipate achieving a result in the current fiscal year in line with the Board's expectations."

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The Company will be hosting a conference call and webcast at 09:30 this morning for registered participants, in order to discuss the financial results and business outlook. For further details and in order to register for the webcast please visit www.aveva.com/investors. Participants are advised to visit the website at least 15 minutes prior to the commencement of the call in order to register and, for those accessing via the webcast, in order to download and install any audio software that may be required.

For those wishing to participate via the conference call, the dial in details are as follows:

Telephone: +44(0)20 3427 1902
Conference call code: 9018911

Please note that only conference call participants will be able to ask questions during the Q&A session. A full replay facility will be made available later in the day.

Chief Executive's Review

Overview

The half year performance was in line with the revised guidance we issued in our mid-September trading update, where we highlighted a number of factors that had impacted performance during the period. We also saw some important developments for the longer term, including a range of new notable deals and good momentum in rolling out AVEVA E3D. Whilst the first half performance has been disappointing, the underlying fundamentals of the business have not changed given our market leading technology and long-term customer partnerships with many of the world's leading Engineering Procurement & Construction (EPC) firms and Owner Operators (OOs).

We saw a mixed picture regionally, with areas of strength such as China, India and parts of EMEA offset by lower levels of demand in Brazil and South Korea. Brazil continues to be affected by the well-documented delays and overruns on Petrobras projects, whilst South Korea has proved to be a difficult market during the first half, after a very strong performance a year ago, as shipyards experienced delays to offshore projects resulting in a slowdown in that market. There was some disruption as we implemented a newly focused sales strategy critical to our future development, and as we stated at the beginning of the six month period the phasing of rental contract renewals has meant that a greater than usual proportion of revenue is expected to fall into the second half of the financial year. As expected, the reported result was also negatively impacted by foreign exchange translation effects.

AVEVA continues to maintain a strong Balance sheet with net cash at 30 September 2014 of £116.4 million.

Business performance

Engineering & Design Systems revenue was £74.2 million in the period (2013 – £95.7 million), reflecting the factors mentioned above. During the period in this division we secured a number of important contracts as well as a number of new customers. Notable new deals with our (EPC) customers included Atkins (AVEVA E3D and Laser Modeller™), Initec (AVEVA Electrical™), Total E&P (AVEVA Integrated Engineering & Design), Fincantieri Offshore (AVEVA Marine™), and Braskem (now mandating PDMS™). Enterprise Solutions revenue was £11.7 million in the period (2013 – £12.8 million), with an improved backlog of £11.6 million (31 March 2014 – £10.7 million). We were able to grow our presence with the OOs, signing a new contract with Lundin Norway AS for the implementation of AVEVA NET™ as a Digital Information Hub for Asset Lifecycle Information Management, forming the second phase of a complete Operations Integrity Management Solution deployment. A new deal was also signed with LLC Inter RAO-Engineering, the engineering department of one of Russia's largest Power OOs. Notably, our Enterprise Solutions Delivery team were pleased to receive a special recognition award from Chevron following their successful implementation at Chevron Australia. This involved deploying an Engineering Portal and Engineering Data Warehouse in record time for the Gorgon LNG project.

Our 'One AVEVA' sales approach has started to bear fruit, and a licence deal with Tupras, Turkey's largest Owner Operator, serves as a good example. They signed a new contract for a wide ranging deployment of AVEVA software, including AVEVA E3D, AVEVA Diagrams™, AVEVA Electrical as well as AVEVA's laser scanning solutions. During the period we also signed a major new contract for AVEVA NET with North China Power Engineering Company, an existing PDMS customer now using AVEVA NET for project information management and data handover.

Since the period end we have signed an important contract with a large North American Owner Operator for a full deployment of AVEVA Integrated Engineering & Design as well as AVEVA NET, this is another excellent example of the strength of the 'One AVEVA' sales approach and evidence that the temporary impact on sales which we experienced as we refocused our strategy in the first half is now substantially resolved. We expect further benefits going forward.

AVEVA E3D

Pleasingly, we have maintained good momentum in rolling out AVEVA E3D to customers. Since our last update many more customers have now included AVEVA E3D in their licence agreements including over half of our Global Accounts. Notably, we saw strong sales of AVEVA E3D in September and since launch, cumulative revenue from AVEVA E3D has now surpassed £5 million and is becoming a meaningful contributor to Group performance. While most customers have started with a small number of seats, we are now starting to see an increasing number of larger customers and deals, and our largest AVEVA E3D customer has more than 120 seats. Noteworthy deals in the period included those with Shell, KBR, Atkins and Hitachi-GE.

Encouragingly, among a number of our Global Accounts we have been able to negotiate new multi-year deals at improved pricing, with AVEVA E3D an important driver in many cases. These new contractual agreements among our key Global Accounts are expected to generate a £30 million incremental revenue opportunity over the next five years, based on a conservative estimated usage profile and a phased shift to AVEVA E3D.

We are continuing to innovate and we showed a live demonstration of AVEVA E3D in the Cloud at our World Summit in October, receiving an enthusiastic response from customers. This represents an important step forward in our Cloud strategy, providing customers with a fully-featured Cloud-based AVEVA E3D solution, utilising our existing AVEVA

Global™ technology, a proven solution for multi-site collaborative engineering projects of unlimited scale. Initial customer feedback suggests they see this as a means of reducing their infrastructure costs and managing global engineering teams more efficiently allowing rapid flexing of additional global resource centres to satisfy peaks in demand. As a result, this product is currently being evaluated by two of our Global Accounts and following exceptional levels of interest at the AVEVA World Summit we are expanding the trials to additional customers during November.

AVEVA World Summit 2014

In October 2014, we hosted our annual customer event, the AVEVA World Summit, in Berlin. This year we were delighted to see a record attendance with more than 300 delegates from 36 countries including key decision makers within the industry who heard testimonials from a number of our key customers, including AMEC, Jacobs, WorleyParsons, Foster Wheeler and Shell.

Customers who attended are focused on adapting to changing market conditions and see AVEVA's technology as a means of improving efficiency and extending their competitive advantage and market leadership. Interest in AVEVA NET was stronger than ever at this year's event, with some EPC customers describing how they benefit from using the solution as a project assurance and data handover solution, and a number of presentations from OOs describing their experiences using AVEVA NET to manage their asset information. A key theme was AVEVA's vision for how customers can unlock the power of their data and leverage even greater benefits from their digital assets, and AVEVA NET is increasingly important as an integral part of that strategy. With support from Lundin and Shell, we also unveiled a new era in the visualisation of our customers' digital assets using a highly intuitive touch interface that puts complex technical data at the user's fingertips for greater efficiency and safety.

In addition to the demonstration of AVEVA E3D in the Cloud, mentioned above, we also unveiled a new laser modelling capability, enabling users to navigate an entire laser-scanned asset within a true-to-life full colour immersive experience. This has generated a great deal of interest among our customers as they develop their strategies for managing information around the Digital Asset.

Planned investment and cost efficiencies

As noted in the trading update released on 12 September 2014, the Group has completed a thorough review of its planned investment in headcount and discretionary spend for the second half of the year. This has identified cost efficiencies which we believe can be achieved rapidly and with minimal impact on AVEVA's long-term strategy or growth. This includes a slower pace of hiring as well as a number of other efficiency measures which are already in place. In the second half there will be the effect of lower levels of sales commissions, management and staff bonuses due to the lower expected performance together with a focus on reducing other non-payroll costs. In total these factors will deliver approximately a £10 million benefit in the second half compared to our original plan.

Market outlook and summary

As has been widely acknowledged the global economic backdrop is uncertain and short-term risk factors have increased. We do not expect any short-term improvement in Brazil or South Korea. We also expect to experience tougher trading conditions in Russia as sanctions begin to impact the energy industry. Uncertainty over the oil price is likely to affect near term Oil & Gas capital expenditure spending decisions, although complex longer-term strategic projects remain a priority given demand fundamentals.

Customer feedback across the regions indicates that industry orders and backlogs are still suggesting overall market growth. However, it is a mixed picture with some customers reporting record order books, whilst others are facing a more uncertain outlook.

Whilst acknowledging the macro-economic environment, there are a number of steps we are proactively taking to ensure that we remain focused on long-term growth in revenue and profitability given our technology leadership and long-term partnerships with many of the world's leading EPCs and OOs. It is our intention to give a greater strategic focus on LNG, gas processing and downstream projects and wider Operations and Brownfield revamp activities within Oil & Gas, implementing the 'One AVEVA' sales focus which is helping us to capture additional revenue opportunities, and rolling out a number of new products designed to enable our customers to operate more efficiently.

In tandem to this, we are implementing financial management initiatives such as reducing our planned pace of hiring in the second half, and the introduction of further cost efficiency measures.

Oil & Gas

Exploration and Production spending over the next 12 months is expected to be subdued, affected by the current oil price as international oil companies delay marginal projects, reduce headcount and further implement their tight capital discipline programmes which have an impact on our EPC customers. By contrast, national oil companies and smaller independents are expected to increase their capital expenditure during 2014. The regions with the largest anticipated investment include the US, India, Africa, Asia and Australia. The downstream sector is generally buoyant outside Europe, particularly in the US, as a result of low cost feedstock, and in the Middle East and Asia, where demand for petrochemical products is high. AVEVA has typically been stronger in upstream Oil & Gas, and so there is an opportunity to focus more resources on growing market share in downstream projects and natural gas processing over the medium term, particularly in North America where the shale industry provides a number of opportunities as process, export and transport capacity is added.

Marine

One of the main drivers for the shipping market is global economic activity. As a result, since 2008 the Marine sector saw five consecutive years of order book decline. Recently, the shipbuilding market has experienced some tentative signs of improvement, but the industry is still in a fragile state and expected to remain flat at best considering the mixed global economic environment.

Power

The fundamental long-term outlook remains strong in the Power sector. Demand for energy is expected to continue to grow as global GDP and the world population expands. We continue to anticipate further progress in this market driven by new infrastructure in China and India, both conventional and nuclear, as well as the growing need to replace ageing infrastructure in the developed world.

Dividends

The Board is declaring an interim dividend of 5.5 pence per share (2013 – 5.0 pence per share), an increase of 10%. The dividend will be payable on 2 February 2015, to shareholders on the register on 5 January 2015. During the first half the Company paid a final dividend in respect of 2013/14 of 22.0 pence per share (2012/13 – 19.5 pence) at a cost of £14.0 million (2013 – £13.3 million). In the prior year, the Company paid a special dividend of 147 pence per share totalling £100 million, which was also accompanied by a share consolidation of 15 new ordinary shares for every 16 ordinary shares held. The Board continues to evaluate the merits of a potential share repurchase, balanced against the investment requirements of the business and our M&A strategy.

Summary

Given the uncertain macro-economic backdrop there are clearly challenges both for AVEVA and our customers over the near term, but there are also significant and exciting opportunities. These include:

- continuing to build our presence internationally in places such as China and India
- maximising opportunities with our 'One AVEVA' pull-through strategy with Owner Operators
- continuing the strategy to expand sales of our new products within our installed base, particularly AVEVA E3D and our growing range of Cloud-based applications
- expanding our presence in the downstream Oil & Gas industry where historically AVEVA has had a more limited presence

Despite the challenges encountered in the first half, the Board remains confident of AVEVA's future, and has, for the reasons outlined above, good reason to expect further long-term growth. We expect to achieve a result in line with the Board's current expectations for the current fiscal year. We remain the technology leaders in our industry, with a strong balance sheet, high levels of cash generation and with highly defensible positions in our chosen markets, all of which are underpinned by long-term structural growth drivers.

Richard Longdon
Chief Executive
10 November 2014

Finance Review

Summary

Whilst the first half performance has been disappointing, the underlying fundamentals of the business have not changed and there has been no change to the business model. We continue to maintain tight financial control and we are containing costs where appropriate whilst ensuring that we invest in the business for long-term growth.

On a reported basis, total revenue fell by 21% to £85.9 million (2013 – £108.5 million). On a constant currency basis revenue was down 15% following significant changes to foreign currency exchange rates in which AVEVA trades. Reported revenue for the six months was £6.4 million lower than it would have been had the prevailing rates during the first half of 2013/14 been applied. This was caused by GBP strengthening against a number of currencies including US Dollar, Euro, Brazilian Real, Norwegian Kroner and Japanese Yen.

Adjusted profit before tax was £17.1 million (2013 – £32.3 million) and on a reported basis, profit before tax was £14.2 million (2013 – £27.3 million).

Revenue

The analysis of revenue by category is set out below:

£m	H1 2014/15 Reported	H1 2014/15 Constant currency	H1 2013/14 Reported	Constant currency change
Annual fees	29.7	31.8	28.4	12%
Rental licence fees	32.1	34.4	47.2	(27%)
Recurring revenue	61.8	66.2	75.6	(12%)
Initial licence fees	14.6	15.8	21.6	(27%)
Training and Services	9.5	10.3	11.3	(9%)
Total revenue	85.9	92.3	108.5	(15%)

The Group's recurring revenue consists of annual fees and rental licence fees.

AVEVA operates a 'right to use model' whereby customers are required to pay an obligatory annual fee in order to continue to use the software. Annual fees are purchased in conjunction with an initial licence fee and provide a strong and growing recurring revenue base. We have seen this in the first half with annual fees increasing 12% on a constant currency basis.

Rental licence contracts are generally 12 months in duration and are mainly preferred by EPCs because the nature of their work is project orientated. Despite this, recurring rental licence fees have remained resilient during previous downturns in project activity in our end markets. We have not seen any fundamental change in the business model in the first half but we have seen some specific factors which have impacted revenue from rental licence fees. This resulted in a reduction of approximately £13 million on a constant currency basis compared to the first half of 2013/14. Primarily this was due to:

- The phasing of key rental contracts which are due to renew in the second half worth approximately £7 million.
- In Brazil, rental contracts worth approximately £2.5 million which have not renewed in the first half. This effect is particular to this market and is due to engineering contractors not currently having new projects awarded by the state-owned oil company and hence these licences have not yet been renewed.
- In Asia Pacific, we have seen a similar trend where customers use rental licences to flex their usage of our software over and above their core usage (fulfilled by initial/annual licences) and when project activity falls, customers typically rent fewer licences. The impact of this was approximately £3.5 million.

After the impact of these effects, recurring revenue on a reported basis was £61.8 million (2013 – £75.6 million) and represents 72% (2013 – 70%) of total revenue.

Initial licence fees fell by 27% to £15.8 million on a constant currency basis. We saw good growth in China, India and parts of Europe offset by weakness in other parts of Asia Pacific and the Americas. Services revenue declined by 9% to £10.3 million on a constant currency basis.

An analysis of revenue by geography is set out below:

£m	H1 2014/15 Reported	H1 2014/15 Constant currency	H1 2013/14 Reported	Constant currency change
EMEA	43.7	46.6	48.4	(4%)
Americas	12.4	13.7	17.8	(23%)
Asia Pacific	29.8	32.0	42.3	(24%)
Total revenue	85.9	92.3	108.5	(15%)

In EMEA, we saw a mixed performance with weaker demand within Oil & Gas. We have been able to sell additional products into the installed base and have been successful at selling AVEVA E3D. We continue to monitor the situation in Russia carefully with regards to sanctions and the impact on our business.

In North America, the performance was impacted by lower levels of activity in offshore Oil & Gas projects. The performance in Latin America was affected by the rental renewals in Brazil as noted above.

In Asia Pacific, we saw a mixed performance across the territories with double digit growth in China and growth in India offset by the slower performance in South Korea and South East Asia because of lower levels of project activity in Oil & Gas.

Both EMEA and Asia Pacific were impacted by the phasing of key rental contracts as noted above.

Generally we have seen improved traction with the OOs across most territories in the first half as a result of the benefits of our 'One AVEVA' sales strategy.

Cost analysis

An analysis of costs on a statutory basis is set out below:

£m	H1 2014/15 Reported	H1 2014/15 Constant currency	H1 2013/14 Reported	Constant currency change
Research & Development	15.6	16.2	18.7	(13%)
Selling and distribution	40.5	43.4	44.1	(2%)
Administrative expenses	8.4	9.3	10.2	(9%)
Total costs	64.5	68.9	73.0	(6%)

Our Research & Development activities are carried out in the UK, Sweden, Norway, Denmark, USA and India and therefore costs are exposed to movements in exchange rates. Research & Development costs fell by 13% on a constant currency basis due to savings made by moving projects from third-party outsource providers in India to our in-house facility in Hyderabad, reduced bonuses for Research & Development staff and savings from the rationalisation of staff in 2013/14 mainly related to Bocad.

Selling and distribution expenses fell by 2% on a constant currency basis largely as a result of reduced sales commission and bonus costs offset by investment in headcount and marketing.

Administrative expenses fell by 9% on a constant currency basis because of lower bonus costs and share based payments offset by continued investment in our information systems.

As noted in the trading update released on 12 September 2014, the Group has completed a thorough review of its planned investment in headcount and discretionary spend for the second half of the year. The Group originally planned to increase headcount in the second half of the year across all functions. In light of the performance in the first half and the reduction in activity in some of our markets, the investment in headcount has been limited to recruiting in sales and marketing. Furthermore, in the second half there will be the effect of lower levels of sales commissions, management and staff bonuses due to the lower expected performance together with a focus on reducing other non-payroll costs. As a result of these measures, we expect operating expenses to be around £10 million lower than originally planned.

Segment performance

The performance of our primary segments is set out below:

£m	H1 2014/15 Reported	H1 2014/15 Constant currency	H1 2013/14 Reported	Constant currency change
EDS				
Revenue	74.2	79.6	95.7	(17%)
Segment costs	(22.4)	(23.6)	(23.8)	(1%)
Contribution	51.8	56.0	71.9	(22%)
ES				
Revenue	11.7	12.7	12.8	(1%)
Segment costs	(13.3)	(14.2)	(14.4)	(1%)
Contribution	(1.6)	(1.5)	(1.6)	6%

Engineering & Design Systems (EDS)

Revenue from EDS was £74.2 million (2013 - £95.7 million). Revenue on a constant currency basis was £79.6 million.

Segment costs for EDS were £22.4 million, a reduction of 6% compared to the previous year. We have continued to reduce our use of outsourced development partners by expanding our operations in Hyderabad, India for software testing and Research & Development. This provides the Group with access to highly skilled people and is delivering cost efficiencies.

EDS delivered a segment contribution of £51.8 million (2013 – £71.9 million).

Enterprise Solutions (ES)

ES revenue for the first half was £11.7 million compared to £12.8 million in the first half of 2013/14. On a constant currency basis, revenue was £12.7 million and the backlog at 30 September 2014 was £11.6 million (31 March 2014 – £10.7 million).

ES costs were £13.3 million compared to £14.4 million in the same period last year, a decrease of 8%. We continue to maintain a tight control over the cost base in ES until stronger growth returns. Where appropriate, we are increasing headcount into the ES centre of excellence in Hyderabad, India to cover activities such as software testing, Research & Development, solution delivery and support.

ES incurred a segment loss of £1.6 million which was similar to the previous year.

Shared operating costs

Shared selling and distribution expenses were £27.4 million (2013 – £27.2 million). This was due to lower sales commissions and bonuses because of the first half revenue performance together with the benefit from foreign exchange rates offset by the annualised effect of investments made in North America, India and Middle East in 2013/14.

Other shared operating expenses fell by 46% to £6.0 million (2013 – £11.1 million) because of foreign exchange gains and reduction in management and staff bonus costs.

Exceptional items

During the period the Group incurred exceptional costs of £0.4 million (2013 – £1.0 million) related to a potential underpaid sales tax liability, in respect of prior periods, related to the local sales of one of the Group's subsidiary companies. In the prior year exceptional items also included £1.1 million in respect of redundancy costs relating to the Bocad organisation together with a charge of £0.1 million related to the final phase of the acquisition and integration.

Profit before tax

Adjusted profit before tax for the six months ended 30 September 2014 was £17.1 million (2013 – £32.3 million), a decrease of 47%. The adjusted profit margin was 19.9% compared to 29.8% for the same period last year. The margin in the first half was impacted by the lower level of revenue.

Reported profit before tax was £14.2 million (2013 – £27.3 million).

Taxation

The effective tax rate for the first half was 24.6% (31 March 2014 – 26%) as the Group benefitted from the reduction of 2% in the underlying UK corporate tax rate to 21%. Our effective rate was higher than the underlying UK rate because of profits earned in higher tax jurisdictions and non-deductible expenses.

Dividends

The Board is declaring an interim dividend of 5.5 pence per share (2013 – 5.0 pence per share), an increase of 10%. The dividend will be payable on 2 February 2015, to shareholders on the register on 5 January 2015.

During the first half, the Company paid a final dividend in respect of 2013/14 of 22.0 pence per share (2012/13 – 19.5 pence) at a cost of £14.0 million (2013 – £13.3 million).

In the prior year, the Company paid a special dividend of 147 pence per share totalling £100 million, which was also accompanied by a share consolidation of 15 new ordinary shares for every 16 ordinary shares held.

Earnings per share

Basic earnings per share were 16.75 pence (2013 – 29.64 pence) and diluted earnings per share were 16.70 pence (2013 – 29.59 pence). Adjusted basic earnings per share were 20.50 pence (2013 – 35.23 pence).

Balance sheet and cash flows

AVEVA continues to maintain a strong Balance sheet and has no debt. Net assets at 30 September 2014 were £171.2 million compared to £185.0 million at 31 March 2014.

Gross trade receivables at 30 September 2014 were £51.9 million (2013 – £58.7 million). The bad debt provision at 30 September 2014 was £6.0 million compared to £5.2 million at 31 March 2014.

Deferred revenue at 30 September 2014 was £30.9 million compared to £30.4 million at 30 September 2013. If foreign currency exchange rates at 30 September 2013 were applied to the local currency values at 30 September 2014, the balance would have been £32.1 million.

Net cash (including treasury deposits) at 30 September 2014 was £116.4 million compared to £117.5 million at 31 March 2014. During the first half £14.0 million was paid out in dividends (2013 – £113.3 million) and £7.9 million in corporation tax payments (2013 – £6.7 million). Total cash and treasury deposits held in the UK represented 75% of the total balance held (2013 – 74%). The Group continues to have no debt.

At 30 September 2014, the Group had 63,943,778 shares of 3 5/9p each in issue (30 September 2013 – 63,870,765 shares).

The Group showed strong cash generation in the first half of the year resulting from continued focus on collections from customers. Cash generated from operating activities before tax was £22.5 million compared to £30.2 million for the same period in the previous year. Cash conversion, measured by cash generated from operating activities before tax as a percentage of profit from operations, was 156% compared to 112% in the previous period.

Risks and uncertainties

The principal risks and uncertainties faced by the Group have not changed from those set out in the annual report for the year ended 31 March 2014. Further details are included in note 4.

James Kidd
Chief Financial Officer
10 November 2014

Independent review report

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in shareholders' equity, the Consolidated cash flow statement and the related notes 1 to 16. We have read the other information contained in the half-yearly 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 half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct 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 half-yearly 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 half-yearly 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 half-yearly financial report for the six months ended 30 September 2014 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 Conduct Authority.

Ernst & Young LLP
Cambridge
10 November 2014

Consolidated income statement

for the six months ended 30 September 2014

		Six months ended 30 September		Year ended 31 March
		2014	2013	2014
		£000	£000	£000
	Notes	**(unaudited)**	(unaudited)	(audited)
Revenue	5,6	**85,897**	108,475	237,336
Cost of sales		**(7,499)**	(8,448)	(17,378)
Gross profit		**78,398**	100,027	219,958
Operating expenses				
Research & development costs		**(15,598)**	(18,707)	(38,278)
Selling and distribution expenses		**(40,565)**	(44,153)	(92,967)
Administrative expenses		**(8,360)**	(10,174)	(20,186)
Total operating expenses		**(64,523)**	(73,034)	(151,431)
Profit from operations		**13,875**	26,993	68,527
Finance revenue		**1,830**	1,949	1,208
Finance expense		**(1,532)**	(1,600)	(746)
Analysis of profit before tax				
Adjusted profit before tax	2	**17,062**	32,267	78,257
Amortisation of intangibles (excluding other software)		**(2,099)**	(2,330)	(4,677)
Share-based payments		**81**	(1,498)	(2,317)
(Loss)/gain on fair value of forward foreign exchange contracts		**(455)**	1,148	1,121
Exceptional items	7	**(416)**	(2,245)	(3,395)
Profit before tax		**14,173**	27,342	68,989
Income tax expense	8	**(3,480)**	(7,544)	(17,978)
Profit for the period attributable to equity holders of the parent		**10,693**	19,798	51,011
Earnings per share	10			
- basic		**16.75p**	29.64p	78.12p
- diluted		**16.70p**	29.59p	77.99p
Proposed dividend per share	9	**5.5p**	5.0p	22.0p

Consolidated statement of comprehensive income

for the six months ended 30 September 2014

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Profit for the period	**10,693**	19,798	51,011
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange difference arising on translation of foreign operations	**(4,104)**	(4,372)	(6,933)
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial (loss)/gain on defined benefit pension schemes	**(7,364)**	3,250	5,672
Income tax effect	**1,516**	(879)	(1,275)
Total of items that will not be reclassified to profit or loss in subsequent periods	**(5,848)**	2,371	4,397
Total comprehensive income for the period, net of tax	**741**	17,797	48,475

Consolidated balance sheet
30 September 2014

		As at 30 September		As at 31 March
		2014	2013	2014
		£000	£000	£000
	Notes	**(unaudited)**	(unaudited)	(audited)
Non-current assets				
Goodwill		**36,349**	39,430	38,474
Other intangible assets		**18,897**	23,477	21,540
Property, plant and equipment		**8,213**	8,543	8,395
Deferred tax assets		**4,561**	4,338	4,131
Other receivables	12	**1,447**	1,339	1,498
		69,467	77,127	74,038
Current assets				
Trade and other receivables	12	**51,840**	59,965	83,596
Current tax assets		**1,528**	1,427	2,162
Derivatives	14	**92**	574	547
Treasury deposits	11	**56,245**	44,198	40,238
Cash and cash equivalents	11	**60,185**	51,614	77,309
		169,890	157,778	203,852
Total assets		**239,357**	234,905	277,890
Equity				
Issued share capital		**2,274**	2,271	2,271
Share premium		**27,288**	27,288	27,288
Other reserves		**6,944**	13,129	10,589
Retained earnings		**134,716**	114,088	144,829
Total equity		**171,222**	156,776	184,977
Current liabilities				
Trade and other payables	13	**50,815**	53,166	72,954
Current tax liabilities		**2,957**	10,355	9,108
		53,772	63,521	82,062
Non-current liabilities				
Deferred tax liabilities		**1,683**	1,306	2,003
Retirement benefit obligations	15	**12,680**	13,302	8,848
		14,363	14,608	10,851
Total equity and liabilities		**239,357**	234,905	277,890

Consolidated statement of changes in shareholders' equity

30 September 2014

	Share capital £000	Share premium £000	Merger reserve £000	Cumulative translation adjustments £000	Treasury shares £000	Total other reserves £000	Retained earnings £000	Total equity £000
At 1 April 2013	2,269	27,288	3,921	15,042	(1,251)	17,712	204,337	251,606
Profit for the period	—	—	—	—	—	—	19,798	19,798
Other comprehensive income	—	—	—	(4,372)	—	(4,372)	2,371	(2,001)
Total comprehensive income	—	—	—	(4,372)	—	(4,372)	22,169	17,797
Issue of share capital	2	—	—	—	—	—	—	2
Share-based payments	—	—	—	—	—	—	1,499	1,499
Tax arising on share options	—	—	—	—	—	—	(138)	(138)
Investment in own shares	—	—	—	—	(717)	(717)	—	(717)
Cost of employee benefit trust shares issued to employees	—	—	—	—	506	506	(506)	—
Equity dividends	—	—	—	—	—	—	(113,273)	(113,273)
At 30 September 2013	2,271	27,288	3,921	10,670	(1,462)	13,129	114,088	156,776
Profit for the period	—	—	—	—	—	—	31,213	31,213
Other comprehensive income	—	—	—	(2,561)	—	(2,561)	2,026	(535)
Total comprehensive income	—	—	—	(2,561)	—	(2,561)	33,239	30,678
Share-based payments	—	—	—	—	—	—	818	818
Tax arising on share options	—	—	—	—	—	—	(117)	(117)
Cost of employee benefit trust shares issued to employees	—	—	—	—	21	21	(21)	—
Equity dividends	—	—	—	—	—	—	(3,178)	(3,178)
At 31 March 2014	2,271	27,288	3,921	8,109	(1,441)	10,589	144,829	184,977
Profit for the period	—	—	—	—	—	—	10,693	10,693
Other comprehensive income	—	—	—	(4,104)	—	(4,104)	(5,848)	(9,952)
Total comprehensive income	—	—	—	(4,104)	—	(4,104)	4,845	741
Issue of share capital	3	—	—	—	—	—	—	3
Share-based payments	—	—	—	—	—	—	(81)	(81)
Tax arising on share options	—	—	—	—	—	—	(70)	(70)
Investment in own shares	—	—	—	—	(305)	(305)	—	(305)
Cost of employee benefit trust share issued to employees	—	—	—	—	764	764	(764)	—
Equity dividends	—	—	—	—	—	—	(14,043)	(14,043)
At 30 September 2014	**2,274**	**27,288**	**3,921**	**4,005**	**(982)**	**6,944**	**134,716**	**171,222**

Consolidated cash flow statement

for the six months ended 30 September 2014

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Cash flows from operating activities			
Profit for the period	**10,693**	19,798	51,011
Income tax	**3,480**	7,544	17,978
Net finance revenue	**(298)**	(349)	(462)
Amortisation of intangible assets	**2,290**	2,414	4,879
Depreciation of property, plant and equipment	**1,453**	1,451	2,932
Loss/(gain) on disposal of property, plant and equipment	**28**	(90)	(83)
Share-based payments	**(81)**	1,498	2,317
Difference between pension contributions paid and amounts recognised in the Consolidated income	**(3,624)**	(656)	(2,993)
Research & development expenditure tax credit	**(400)**	(400)	(875)
Changes in working capital:			
Trade and other receivables	**31,213**	20,299	(3,221)
Trade and other payables	**(22,717)**	(20,201)	(159)
Changes to fair value of forward foreign exchange contracts	**455**	(1,148)	(1,121)
Cash generated from operating activities before tax	**22,492**	30,160	70,203
Income taxes paid	**(7,882)**	(6,743)	(18,217)
Net cash generated from operating activities	**14,610**	23,417	51,986
Cash flows from investing activities			
Purchase of property, plant and equipment	**(1,454)**	(1,432)	(3,118)
Purchase of intangibles	**(400)**	(1,221)	(2,119)
Proceeds from disposal of property, plant and equipment	**118**	209	427
Interest received	**429**	704	1,208
(Purchase)/redemption of treasury deposits (net)	**(16,006)**	91,887	95,847
Net cash used in/(from) investing activities	**(17,313)**	90,147	92,245
Cash flows from financing activities			
Interest paid	**(39)**	(51)	(98)
Purchase of own shares	**(305)**	(717)	(717)
Proceeds from the issue of shares	**3**	2	2
Dividends paid to equity holders of the parent	**(14,043)**	(113,273)	(116,451)
Net cash used in financing activities	**(14,384)**	(114,039)	(117,264)
Net (decrease)/increase in cash and cash equivalents	**(17,087)**	(475)	26,967
Net foreign exchange difference	**(37)**	(2,183)	(3,930)
Opening cash and cash equivalents	**77,309**	54,272	54,272
Closing cash and cash equivalents	**60,185**	51,614	77,309

Notes to the interim report

1 The interim report

The interim report was approved by the Board on 10 November 2014. 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 11.

The interim report will be made available to shareholders in due course from 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 2014 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 2014.

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 2014.

The financial information set out within this report does not constitute AVEVA's Consolidated statutory financial statements as defined in Section 435 of the Companies Act 2006. The results for the year ended 31 March 2014 have been extracted from the Consolidated statutory financial statements for AVEVA Group plc for the year ended 31 March 2014 which are prepared in accordance with IFRS as adopted by the European Union, on which the auditor gave an unqualified report (which made no statement under Section 498 (2) or (3) respectively of the Companies Act 2006 and did not draw attention to any matters by way of emphasis) and have been filed with the Registrar of Companies.

The Group presents a non-GAAP performance measure on the face of the Consolidated income statement. The Directors believe that this alternative measure of profit provides a reliable and consistent measure of the Group's underlying performance. The face of the Consolidated income statement presents adjusted profit before tax and reconciles this to profit before tax as required to be presented under the applicable accounting standards. Adjusted earnings per share is calculated having adjusted profit after tax for the same items and their tax effect. The term adjusted profit is not defined under IFRS and may not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, GAAP measures of profit.

3 Going concern

As disclosed in the most recent annual report, the Group continues to have significant financial resources and continues to be profitable. At 30 September 2014, the Group had bank, cash and treasury deposits of £116.4 million (31 March 2014 – £117.5 million) and no debt.

Therefore, after making enquiries and considering the cash flow forecasts for the Group, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the interim financial statements.

4 Risks and uncertainties

AVEVA has continued to be profitable in the period, 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.

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 faced by the Group have not changed from those set out in the annual report for the year ended 31 March 2014. These include:

- dependency on key markets;
- competition;
- Enterprise Solutions;
- identification and successful integration of acquisitions;
- protection of the Group's intellectual property rights;
- Research & Development;
- risks associated with widespread international operations;
- recruitment and retention of employees; and
- foreign exchange risk.

These risks are described in more detail on pages 26 and 27 of the 2014 annual report. The Directors routinely monitor all of these risks and uncertainties and appropriate actions are taken where possible to mitigate these risks. Included in the Business Review is a commentary on the outlook of the Group for the remaining six months of the year.

5 Revenue

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

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Annual fees	**29,638**	28,350	57,084
Rental licence fees	**32,119**	47,203	109,936
Total recurring revenue	**61,757**	75,553	167,020
Initial licence fees	**14,604**	21,615	48,394
Training and services	**9,536**	11,307	21,922
Total revenue	**85,897**	108,475	237,336
Finance revenue	**1,830**	1,949	1,208
	87,727	110,424	238,544

The operations of the Group are not subject to significant seasonality, but the timing of customer contract renewals can be significant to the phasing of revenue between six-month periods. Typically there are more renewals in the second half of any financial year.

Services consist of consultancy and training fees.

6 Segment information

The Group is organised into two lines of business, being Engineering & Design Systems and Enterprise Solutions which are considered to be the two reportable segments for the Group. The products of each of the lines of business are taken to market by a shared sales force that is itself organised into three geographical sales divisions: Asia Pacific; Americas; and Europe, Middle East and Africa (EMEA).

The Executive Board monitors the operating results of the lines of business for the purposes of making decisions about performance assessment and resource allocation. Performance is evaluated based on adjusted profit contribution using the same accounting policies as adopted for the Group's financial statements. There is no inter-segment revenue. Balance sheet information is not included in the information provided to the Executive Board. Support functions such as head office departments are controlled and monitored centrally.

	Six months ended 30 September 2014 (unaudited)		
	Engineering & Design Systems £000	Enterprise Solutions £000	Total £000
Income statement			
Revenue			
Annual fees	**26,759**	**2,879**	**29,638**
Rental licence fees	**31,245**	**874**	**32,119**
Initial licence fees	**12,501**	**2,103**	**14,604**
Training and services	**3,652**	**5,884**	**9,536**
Segment revenue	**74,157**	**11,740**	**85,897**
Operating costs	**(22,383)**	**(13,334)**	**(35,717)**
Segment profit/(loss) contribution	**51,774**	**(1,594)**	**50,180**
Reconciliation of segment profit contribution to profit before tax			
Shared selling and distribution expenses			**(27,398)**
Other shared operating expenses			**(6,018)**
Net finance revenue			**298**
Adjusted profit before tax			**17,062**
Exceptional items and other normalised adjustments*			**(2,889)**
Profit before tax			**14,173**

* Normalised adjustments include amortisation of intangible assets (excluding other software), share-based payments and gains/losses on fair value of forward foreign exchange contracts.

6 Segment information cont.

	Six months ended 30 September 2013 (unaudited)		
	Engineering & Design Systems £000	Enterprise Solutions £000	Total £000
Income statement			
Revenue			
Annual fees	25,539	2,811	28,350
Rental licence fees	45,688	1,515	47,203
Initial licence fees	19,882	1,733	21,615
Training and services	4,571	6,736	11,307
Segment revenue	95,680	12,795	108,475
Operating costs	(23,802)	(14,441)	(38,243)
Segment profit/(loss) contribution	71,878	(1,646)	70,232
Reconciliation of segment profit contribution to profit before tax			
Shared selling and distribution expenses			(27,240)
Other shared operating expenses			(11,074)
Net finance revenue			349
Adjusted profit before tax			32,267
Exceptional items and other normalised adjustments*			(4,925)
Profit before tax			27,342

	Year ended 31 March 2014 (audited)		
	Engineering & Design Systems £000	Enterprise Solutions £000	Total £000
Income statement			
Revenue			
Annual fees	51,382	5,702	57,084
Rental licence fees	105,489	4,447	109,936
Initial licence fees	45,525	2,869	48,394
Training and services	9,090	12,832	21,922
Segment revenue	211,486	25,850	237,336
Operating costs	(48,457)	(29,233)	(77,690)
Segment profit/(loss) contribution	163,029	(3,383)	159,646
Reconciliation of segment profit contribution to profit before tax			
Shared selling and distribution expenses			(58,016)
Other shared operating expenses			(23,835)
Net finance revenue			462
Adjusted profit before tax			78,257
Exceptional items and other normalised adjustments*			(9,268)
Profit before tax			68,989

* Normalised adjustments include amortisation of intangible assets (excluding other software), share-based payments and gains/losses on fair value of forward foreign exchange contracts.

6 Segment information cont.

Analysis of revenue by geographical location

	Six months ended 30 September 2014 (unaudited)			
	Asia Pacific	**EMEA**	**Americas**	**Total**
	£000	**£000**	**£000**	**£000**
Revenue				
Annual fees	**11,879**	**15,080**	**2,679**	**29,638**
Rental licence fees	**7,936**	**17,030**	**7,153**	**32,119**
Initial licence fees	**8,274**	**5,170**	**1,160**	**14,604**
Training and services	**1,728**	**6,410**	**1,398**	**9,536**
Total	**29,817**	**43,690**	**12,390**	**85,897**

	Six months ended 30 September 2013 (unaudited)			
	Asia Pacific	EMEA	Americas	Total
	£000	£000	£000	£000
Revenue				
Annual fees	10,337	15,246	2,767	28,350
Rental licence fees	16,487	19,192	11,524	47,203
Initial licence fees	13,672	5,974	1,969	21,615
Training and services	1,839	7,941	1,527	11,307
Total	42,335	48,353	17,787	108,475

	Year ended 31 March 2014 (audited)			
	Asia Pacific	EMEA	Americas	Total
	£000	£000	£000	£000
Revenue				
Annual fees	21,013	30,400	5,671	57,084
Rental licence fees	30,036	53,047	26,853	109,936
Initial licence fees	32,364	13,135	2,895	48,394
Training and services	3,443	15,454	3,025	21,922
Total	86,856	112,036	38,444	237,336

7 Exceptional items

During the period the Group incurred exceptional costs of £0.4 million related to a potential underpaid sales tax liability, in respect of prior periods, related to the local sales of one of the Group's subsidiary companies.

8 Income tax expense

The current year income tax expense for the six months ended 30 September 2014 is estimated at 24.6% (2013 – 27.6%) of profit before tax. The total tax charge of £3.5 million (2013 – £7.5 million) is made up of UK tax of £1.8 million (2013 – £4.6 million) and overseas tax of £1.7 million (2013 – £2.9 million).

At the Balance sheet date, the UK government had enacted a 1% reduction in the main rate of UK corporation tax from 21% to 20% from 1 April 2015. The impact of these changes on the deferred tax balances of the Group was accounted for during the year ended 31 March 2014.

9 Ordinary dividends

The proposed interim dividend of 5.5 pence per ordinary share will be payable on 2 February 2015, to shareholders on the register on 5 January 2015. 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
	2014	2013	2014
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Final 2013/14 paid at 22.0 pence per share	**14,043**	—	—
Interim 2013/14 paid at 5.0 pence per share	**—**	—	3,178
Final 2012/13 paid at 19.5 pence per share	**—**	13,261	13,261
Special dividend paid at 147 pence per share	**—**	100,012	100,012
	14,043	113,273	116,451

10 Earnings per share

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	pence	pence	pence
	(unaudited)	(unaudited)	(audited)
Earnings per share for the period:			
- basic	**16.75**	29.64	78.12
- diluted	**16.70**	29.59	77.99
Adjusted earnings per share:			
- basic	**20.50**	35.23	89.05
- diluted	**20.44**	35.16	88.90

The calculation of earnings per share is based on the profit after tax for the six months ended 30 September 2014 of £10.7 million and the following weighted average number of shares:

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	Number of shares	Number of shares	Number of shares
	(unaudited)	(unaudited)	(audited)
Weighted average number of ordinary shares for basic earnings per share	**63,843,913**	66,787,183	65,297,504
Effect of dilution: employee share options	**174,506**	127,281	112,020
Weighted average number of ordinary shares adjusted for the effect of dilution	**64,018,419**	66,914,464	65,409,524

10 Earnings per share cont.

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

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Profit after tax for the period	**10,693**	19,798	51,011
Intangible amortisation (excluding other software)	**2,099**	2,330	4,677
Share-based payments	**(81)**	1,498	2,317
Losses/(gains) on fair value of forward foreign exchange contracts	**455**	(1,148)	(1,121)
Exceptional items	**416**	2,245	3,395
Tax effect	**(495)**	(1,196)	(2,132)
Adjusted profit after tax	**13,087**	23,527	58,147

11 Cash and cash equivalents and treasury deposits

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Cash at bank and in hand	**42,853**	48,050	64,293
Short-term deposits	**17,332**	3,564	13,016
Total cash and cash equivalents	**60,185**	51,614	77,309
Treasury deposits	**56,245**	44,198	40,238
Total cash and deposits	**116,430**	95,812	117,547

Treasury deposits represent bank deposits with an original maturity of greater than three months.

12 Trade and other receivables

Current

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Trade receivables	**45,982**	54,030	77,762
Prepayments and other receivables	**5,226**	5,102	5,402
Accrued income	**632**	833	432
	51,840	59,965	83,596

Non-current

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Other receivables	**1,447**	1,339	1,498

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

13 Trade and other payables

	Six months ended 30 September		Year ended 31 March
	2014	2013	2014
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Trade payables	**2,492**	3,495	4,116
Social security, employee and sales taxes	**6,801**	5,502	11,347
Accruals and other payables	**10,169**	13,121	20,521
Deferred revenue	**30,917**	30,419	36,490
Deferred consideration	**436**	629	480
	50,815	53,166	72,954

14 Financial instruments

Financial instruments which are recognised at fair value subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The three levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets include forward foreign exchange contracts which were measured at Level 2 fair value subsequent to initial recognition and were calculated as the present value of the estimated cash flows based on spot and forward exchange rates. There were no transfers between levels during the periods disclosed. At 30 September 2014 the fair value of the financial asset in respect of foreign exchange contracts was £92,000 (31 March 2014 – asset of £547,000 and at 30 September 2013 – £574,000 asset).

15 Retirement benefit obligations

The movement on the provision for retirement benefit obligations during the period was as follows:

	UK defined benefit scheme £000	German defined benefit schemes £000	South Korean severance pay £000	Total £000
At 1 April 2013	13,214	1,945	1,800	16,959
Current service cost	829	29	160	1,018
Interest on pension scheme liabilities	1,524	25	—	1,549
Expected return on pension scheme assets	(1,245)	(7)	—	(1,252)
Actuarial (gain)/loss	(3,274)	25	—	(3,249)
Employer contributions	(699)	(934)	(41)	(1,674)
Exchange adjustment	—	(8)	(41)	(49)
At 30 September 2013	**10,349**	**1,075**	**1,878**	**13,302**
Current service cost	799	26	152	977
Interest on pension scheme liabilities	(962)	11	63	(888)
Expected return on pension scheme assets	1,245	7	—	1,252
Actuarial (gain)/loss	(2,299)	(15)	(109)	(2,423)
Employer contributions	(3,279)	(17)	(19)	(3,315)
Exchange adjustment	—	(13)	(44)	(57)
At 31 March 2014	5,853	1,074	1,921	8,848
Current service cost	709	—	148	857
Net interest on pension scheme liabilities	71	22	—	93
Actuarial loss	7,195	169	—	7,364
Employer contributions	(4,120)	(18)	(349)	(4,487)
Exchange adjustment	—	(65)	70	5
At 30 September 2014	**9,708**	**1,182**	**1,790**	**12,680**

16 Related party transactions

Transactions between Group subsidiaries have been eliminated on consolidation. A list of subsidiaries can be found in the notes to the AVEVA Group plc financial statements in the 2014 annual report.

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	**James Kidd**
Chief Executive	**Chief Financial Officer**
10 November 2014	