



AVEVA Group plc Interim Report 2007

# 40

years of innovation

## Highlights

# 40

years of achievement

**AVEVA** is the world's leading engineering IT software provider to the plant, power and marine industries. Through 40 years of visionary and continual progression, AVEVA has grown organically and through acquisition to develop a comprehensive product portfolio which has led a transformation in the way major projects are designed and built.

‡ **Strong growth in revenues, profits and cash reflecting the leadership position of our products in buoyant marine, oil and gas and power markets**

‡ **Revenue increased by 24% to £56.8 million (2006 – £45.9 million)**

‡ **Recurring revenues up 17% to £28.6 million (2006 – £24.4 million)**

‡ **Adjusted profit before tax increased by 32% to £18.6 million (2006 – £14.1 million)\***

‡ **Profit before tax up 32% to £16.9 million (2006 – £12.8 million)**

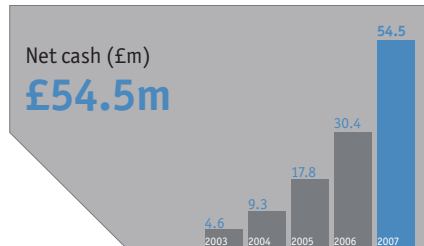
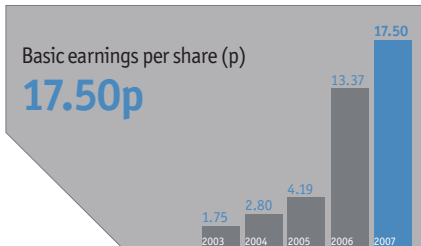
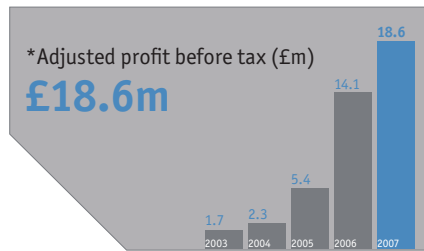
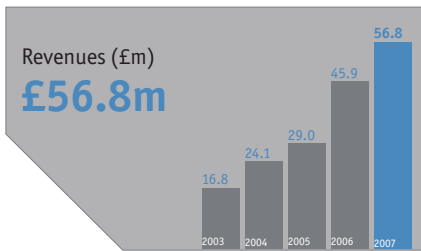
‡ **Adjusted basic earnings per share up 30% to 19.97 pence (2006 – 15.31 pence)**

‡ **Basic earnings per share up 31% to 17.50 pence (2006 – 13.37 pence)**

‡ **Interim dividend increased by 33% to 1.65 pence (2006 – 1.24 pence) reflecting the Board's continued confidence in the Company's prospects**

‡ **Excellent cash flow with net cash at the period end of £54.5 million (2006 – £30.4 million)**

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



2003 prepared under UK GAAP, 2004 and subsequent years prepared under IFRS.

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

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## Chairman's statement



Nick Prest Chairman

### Overview

AVEVA has again delivered very strong growth in sales, profits and cash generation in the first six months of this year. This trading momentum continues to be underpinned by providing world leading engineering software to attractive high growth markets such as oil and gas, power and marine. The continued investment and focused commitment to addressing our customers' requirements that have helped drive recent growth position us well to benefit from the strength in these markets in the future.

### Financials

AVEVA's strong financial performance over the past six months has seen sales growth of 24% to £56.8 million (2006 – £45.9 million). Strong growth in Initial fee income of 39%, amounting to £24.4 million (2006 – £17.5 million), continues to be driven by major customer wins in Asia. Recurring revenue was up 17% on the prior year to £28.6 million (2006 – £24.4 million) and accounts for 50% of total revenues.

Adjusted profit before tax was £18.6 million, an increase of 32% (2006 – £14.1 million), which is before amortisation of intangibles, share-based payments and adjustment to goodwill of £1.7 million (2006 – £1.3 million). This generated adjusted earnings per share of 19.97 pence, an increase of 30% (2006 – 15.31 pence). Profit before tax was £16.9 million, an increase of 32% (2006 – £12.8 million), resulting in basic earnings per share increasing 31% from 13.37 pence to 17.50 pence.

Operating margins continued to improve and were 28% in the first half (2006 – 27%). Margins over recent periods have increased and are being driven by growth in sales, and in particular Initial fee income. Offsetting this, however, has been the Company's continued investment across the business, in particular in Research and Development, which has helped support the growth rates seen over recent periods.

AVEVA continues to be cash-generative. Strong cash flow generated from operations in the six months ended 30 September has seen net cash increase to £54.5 million (2006 – £30.4 million).

### Dividend

With continued strong first half trading and the buoyancy in AVEVA's key markets the Board is declaring an interim dividend of 1.65 pence (2006 – 1.24 pence), an increase of 33%. Payment will be made on 8 February 2008 to all shareholders on the register on 4 January 2008.

### Operating review

The Group's strong first half trading benefited from increased contribution from all regions.

Sales in the Asian region of £23.7 million (2006 – £20.9 million) were up 13% on the prior year and accounted for 42% of Group revenues. We continue to see strong growth in Initial fees in this region where such agreements predominate, reflecting cultural preferences and the longer-term opportunities in the region. New

customer wins were very strong in the first half; in particular we saw our marine business in Japan and Korea grow considerably year on year. Our opportunity for growth in the region remains very good, aided by a strong local presence delivering solid dependable solutions and new functionality into a rapidly changing environment.

Central, Eastern and Southern Europe (CES) saw revenues increase by 45% to £15.1 million (2006 – £10.4 million). As in previous periods we continue to benefit from winning customers from our competitors as well as from buoyant power markets, where existing customers are seeing global demand for their services, which in turn is driving use of our products across a widening global network. Since the opening of our Russian office last year we have seen good sales growth from the region. There are significant opportunities to improve product usage amongst AVEVA's customers from a relatively low base.

Western Europe, the Middle East and Africa (WEMEA) saw 30% growth in sales to £10.8 million (2006 – £8.3 million). Continued resurgence of demand from the Nordic regions driven by new build and maintenance work saw many of AVEVA's existing customers extend usage. WEMEA has been traditionally strong in offshore oil and gas, whilst opportunities in both marine and power markets have contributed to first half sales in this region. Increased project work in these areas look set to help support future growth.

The Americas business has continued to grow in line with expectations and is now generating sales of £7.2 million, up 14% on prior year (2006 – £6.3 million). Having reviewed our organisational capabilities at the end of last financial year we decided to increase resources and focus and have recently appointed a new Head of Region and Head of Sales. It still remains very early for these appointments to have made a material impact, but with important customers continuing to expand usage and new customer wins early in the year, our opportunities in this region still remain very strong.

Overall opportunities across all markets remain very positive.

**Research and Development**

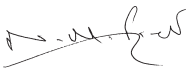
Meeting our existing customer demands, in addition to those opportunities to sell new products to both existing and new markets, means that AVEVA must continue to provide market leading software tools. Our reputation for meeting these demands in our markets remains a key differentiator, and to continue to support this we have substantially increased investment in technology. Total investment in Research and Development for the six months amounted to 18% of turnover at £10.2 million (2006 – £7.2 million). This investment includes new products such as AVEVA NET and the continued improvements and enhancement of existing products with the launch of PDMS 12.

**Board**

On 12 July 2007 AVEVA announced the appointment of Jonathan Brooks as a Non-executive Director. Jonathan's wealth of experience generated from his role as Financial Director of ARM and his involvement with other global technology companies will be an asset to the Company.

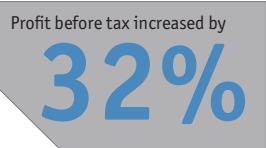
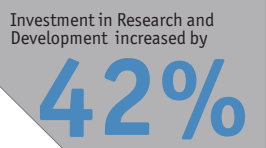
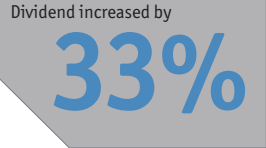
**Outlook**

AVEVA has built an excellent reputation amongst the world's leading engineering companies for innovative products and first class support. Our significant investment in Research and Development and resulting launch of new products into strongly growing markets position the Company for further expansion. In addition, the maturing of the new AVEVA NET products will provide an additional platform for sales into the Owner/Operator market.



**Nick Prest**  
Chairman

12 November 2007



# Independent review report to AVEVA Group plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 which comprise the Consolidated income statement, the Consolidated statement of recognised income and expense, the Consolidated balance sheet, the Consolidated cash flow statement and the related notes 1 to 12. We have read the other information contained in the 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 ISRE 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 Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this 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 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.



Ernst & Young LLP  
Registered auditor  
Cambridge  
12 November 2007

# Consolidated income statement

## For the six months ended 30 September 2007

	Notes	Six months ended 30 September		Year ended
		2007 £000 (unaudited)	2006 £000 (unaudited)	31 March 2007 £000 (audited)
Revenue	4,5	56,815	45,936	94,906
Cost of sales		(14,563)	(12,236)	(27,269)
<b>Gross profit</b>		<b>42,252</b>	<b>33,700</b>	<b>67,637</b>
<b>Operating expenses</b>				
Selling and distribution costs		(16,248)	(12,848)	(30,541)
Administrative expenses		(9,853)	(8,314)	(13,061)
<b>Total operating expenses</b>		<b>(26,101)</b>	<b>(21,162)</b>	<b>(43,602)</b>
<b>Profit from operations</b>	5	<b>16,151</b>	<b>12,538</b>	<b>24,035</b>
Finance revenue		1,718	1,071	2,297
Finance expense		(972)	(839)	(1,682)
<b>Analysis of profit before tax</b>				
Profit before tax, share-based payments, amortisation and goodwill adjustment		18,562	14,064	28,083
Share-based payments		(161)	(85)	(177)
Adjustment to carrying value of goodwill in respect of utilisation of tax losses		(375)	(170)	(1,136)
Amortisation of intangibles (excl software)		(1,129)	(1,039)	(2,120)
<b>Profit before tax</b>		<b>16,897</b>	<b>12,770</b>	<b>24,650</b>
<b>Profit before tax</b>		<b>16,897</b>	<b>12,770</b>	<b>24,650</b>
Income tax expense	6	(5,110)	(3,841)	(6,844)
<b>Profit for the period attributable to equity holders</b>		<b>11,787</b>	<b>8,929</b>	<b>17,806</b>
<b>Earnings per share</b>				
	8			
– basic		17.50p	13.37p	26.59p
– diluted		17.43p	13.25p	26.32p
Proposed dividend per share		1.65p	1.24p	2.94p

## Consolidated statement of recognised income and expense

For the six months ended 30 September 2007

	Six months ended 30 September		Year ended
	2007	2006	31 March 2007
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Tax on items recognised directly in equity	82	828	1,979
Exchange differences arising on translation of foreign operations	1,196	(1,051)	(1,872)
Actuarial loss on defined benefit pension schemes	(110)	(1,015)	(2,694)
Net income/(expense) recognised directly in equity	1,168	(1,238)	(2,587)
Profit for the period	11,787	8,929	17,806
<b>Total recognised income and expense relating to the period attributable to equity holders</b>	<b>12,955</b>	<b>7,691</b>	<b>15,219</b>



# Consolidated balance sheet

## 30 September 2007

	Notes	As at 30 September		As at
		2007 £000 (unaudited)	2006 £000 (unaudited)	31 March 2007 £000 (audited)
<b>Non-current assets</b>				
Goodwill		15,206	16,291	15,062
Other intangible assets		11,154	12,208	12,028
Property, plant and equipment		4,886	4,899	4,752
Deferred tax assets		3,710	3,561	3,628
Other receivables	9	385	230	261
		<b>35,341</b>	<b>37,189</b>	<b>35,731</b>
<b>Current assets</b>				
Trade and other receivables	9	39,274	31,954	36,546
Current tax assets		774	160	258
Financial assets		109	—	—
Cash and cash equivalents		55,646	30,990	41,287
		<b>95,803</b>	<b>63,104</b>	<b>78,091</b>
<b>Total assets</b>		<b>131,144</b>	<b>100,293</b>	<b>113,822</b>
<b>Equity</b>				
Issued share capital		2,247	2,226	2,245
Share premium		26,444	25,373	26,381
Other reserves		3,941	3,566	2,745
Retained earnings		43,881	26,335	33,941
<b>Total equity</b>	11	<b>76,513</b>	<b>57,500</b>	<b>65,312</b>
<b>Current liabilities</b>				
Trade and other payables	10	34,241	24,838	33,259
Financial liabilities		1,321	737	168
Current tax liabilities		10,889	8,315	6,907
		<b>46,451</b>	<b>33,890</b>	<b>40,334</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities		2,895	3,414	3,105
Financial liabilities		58	182	128
Provisions		—	317	—
Retirement benefit obligations		5,227	4,990	4,943
		<b>8,180</b>	<b>8,903</b>	<b>8,176</b>
<b>Total equity and liabilities</b>		<b>131,144</b>	<b>100,293</b>	<b>113,822</b>

# Consolidated cash flow statement

## For the six months ended 30 September 2007

	Six months ended 30 September		Year ended
	2007	2006	31 March 2007
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
<b>Cash flows from operating activities</b>			
Profit for the year	11,787	8,929	17,806
Income tax	5,110	3,841	6,844
Net finance revenue	(746)	(232)	(615)
Depreciation of property, plant and equipment	587	534	1,254
Amortisation of intangible assets	1,156	1,086	2,167
Profit on disposal of non-current assets	—	—	(12)
Share-based payments	161	85	177
Difference between pension contributions paid and amounts recognised in income statement	210	203	(1,902)
Adjustment to carrying value of goodwill	375	170	1,136
Changes in working capital:			
Trade and other receivables	(2,449)	(4,348)	(9,298)
Trade and other payables	1,333	621	9,193
Fair value of forward contracts	(141)	—	7
Provisions	—	23	—
<b>Cash generated from operating activities before tax</b>	<b>17,383</b>	<b>10,912</b>	<b>26,757</b>
Income taxes paid	(1,954)	(1,160)	(4,810)
<b>Net cash generated from operating activities</b>	<b>15,429</b>	<b>9,752</b>	<b>21,947</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(730)	(642)	(1,241)
Interest received	726	203	547
Proceeds from disposal of property, plant and equipment	—	35	85
Purchase of intangibles	(72)	(9)	(1,056)
<b>Net cash used in investing activities</b>	<b>(76)</b>	<b>(413)</b>	<b>(1,665)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(16)	(48)	(43)
Proceeds from the issue of shares	65	21	1,048
Payment of finance lease liabilities	(70)	(90)	(157)
Dividends paid to equity holders of the parent	(1,980)	(1,157)	(1,992)
<b>Net cash flows from financing activities</b>	<b>(2,001)</b>	<b>(1,274)</b>	<b>(1,144)</b>
Net increase in cash and cash equivalents	13,352	8,065	19,138
Net foreign exchange difference	(178)	(1,173)	(1,354)
Opening cash and cash equivalents	41,287	23,503	23,503
<b>Closing cash and cash equivalents</b>	<b>54,461</b>	<b>30,395</b>	<b>41,287</b>

# Notes to the Interim Report

## 1 The Interim Report

The Interim Report was approved by the Board on 12 November 2007. The financial information set out in the Interim Report is unaudited but has been reviewed by the auditor, Ernst & Young LLP, and their report to the Company is set out on page 4.

The Interim Report will be posted to shareholders in due course and copies will be available from the registered office of AVEVA Group plc, High Cross, Madingley Road, Cambridge, CB3 0HB.

## 2 Basis of preparation and accounting policies

The Interim Report for the six months ended 30 September 2007 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 2007 except for the adoption of the following standards which are mandatory for accounting periods beginning on or after 1 January 2007:

- ⌘ IAS 1 Amendment – Presentation of Financial Statements: Capital Disclosures;
- ⌘ IFRS 7 – Financial Instruments: Disclosure;
- ⌘ IFRIC 7 – Applying the restatement approach under IAS 29;
- ⌘ IFRIC 8 – Scope of IFRS 2;
- ⌘ IFRIC 9 – Reassessment of embedded derivatives;
- ⌘ IFRIC 10 – Interim Financial Reporting and impairment; and
- ⌘ IFRIC 11 IFRS 2 – Group and treasury share transactions.

The adoption of these standards did not affect the Group results of operation or financial position in the six months ended 30 September 2007.

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 2007.

The financial information set out within this report does not constitute AVEVA's consolidated statutory financial statements as defined in Section 240 of the Companies Act 1985. The results for the year ended 31 March 2007 have been extracted from the statutory consolidated financial statements for AVEVA Group plc for the year ended 31 March 2007 which are prepared in accordance with IFRS as adopted by the EU, on which the auditor gave an unqualified report (which made no statement under Sections 237 (2) or (3) of the Companies Act 1985) and have been filed with the Registrar of Companies.

The Group presents adjusted profit before tax on the face of the Consolidated income statement disclosing those material items of operating income and expense which materially impact on the underlying performance of the business. The Directors believe that adjusted profit before tax allows shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods in assessing trends in financial performance.

## Notes to the Interim Report (continued)

### 3 Risks and uncertainties

There are a number of risks which could have an impact on the performance of the Group for the remaining six months of the year and on its long-term performance. They include:

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

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

### 4 Revenue

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

	Six months ended 30 September		Year ended 31 March 2007 £000 (audited)
	2007 £000 (unaudited)	2006 £000 (unaudited)	
Annual fees	10,660	8,667	17,396
Rental fees	17,039	14,648	32,195
Recurring services	920	1,048	3,060
Total recurring revenue	28,619	24,363	52,651
Initial licence fees	24,437	17,519	34,185
Services	3,759	4,054	8,070
	56,815	45,936	94,906
Finance revenue	1,718	1,071	2,297
	58,533	47,007	97,203

Services consist of consultancy and training fees.

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

5 Segment information  
Geographical segments

	Six months ended 30 September 2007 (unaudited)					
	Asia Pacific £000	WEMEA £000	CES £000	Americas £000	Unallocated £000	Total £000
<b>Income statement</b>						
<b>Revenue</b>						
Segment revenue	23,661	10,832	15,094	7,228	—	56,815
<b>Result</b>						
Segment result	16,096	7,042	10,171	4,121	—	37,430
<b>Unallocated expenses</b>						
Corporate overheads					(11,066)	(11,066)
Research and Development costs					(10,213)	(10,213)
<b>Profit from operations</b>						16,151
Finance revenue						1,718
Finance expense						(972)
<b>Profit before income tax</b>						16,897
Income tax expense						(5,110)
<b>Net profit for the period</b>						11,787

	Six months ended 30 September 2006 (unaudited)					
	Asia Pacific £000	WEMEA £000	CES £000	Americas £000	Unallocated £000	Total £000
<b>Income statement</b>						
<b>Revenue</b>						
Segment revenue	20,879	8,349	10,440	6,268	—	45,936
<b>Result</b>						
Segment result	13,287	5,377	5,917	3,677	—	28,258
<b>Unallocated expenses</b>						
Corporate overheads					(8,499)	(8,499)
Research and Development costs					(7,221)	(7,221)
<b>Profit from operations</b>						12,538
Finance revenue						1,071
Finance expense						(839)
<b>Profit before income tax</b>						12,770
Income tax expense						(3,841)
<b>Net profit for the period</b>						8,929

## Notes to the Interim Report (continued)

### 5 Segment information (continued)

Geographical segments (continued)

	Year ended 31 March 2007 (audited)					
	Asia Pacific £000	WEMEA £000	CES £000	Americas £000	Unallocated £000	Total £000
<b>Income statement</b>						
<b>Revenue</b>						
Segment revenue	36,871	21,744	22,808	13,483	—	94,906
<b>Result</b>						
Segment result	21,116	14,216	13,513	7,882	—	56,727
<b>Unallocated expenses</b>						
Corporate overheads					(15,085)	(15,085)
Research and Development costs					(17,607)	(17,607)
<b>Profit from operations</b>						24,035
Finance revenue						2,297
Finance expense						(1,682)
<b>Profit before income tax</b>						24,650
Income tax expense						(6,844)
<b>Net profit for the year</b>						17,806

### 6 Income tax expense

The current year income tax expense for the six months ended 30 September 2007 is estimated at 30% (2006 – 30%) of profit before tax.

The total tax charge of £5.1 million (2006 – £3.8 million) is made up of UK tax £4.4 million (2006 – £1.9 million) and overseas tax of £0.7 million (2006 – £1.9 million).

### 7 Interim ordinary dividend

The proposed interim dividend of 1.65 pence per ordinary share will be payable on 8 February 2008 to shareholders on the register on 4 January 2008. 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 2007 £000 (audited)
	2007 £000 (unaudited)	2006 £000 (unaudited)	
<b>Dividends</b>			
– final 2005/6 paid at 1.73 pence per share	—	1,157	1,157
– interim 2006/7 paid at 1.24 pence per share	—	—	835
– final 2006/7 paid at 2.94 pence per share	1,980	—	—
	1,980	1,157	1,992

## 8 Earnings per share

The calculations of earnings per share from continuing operations are based on the profit after tax for the six months to 30 September 2007 of £11,787,000 and the following weighted average number of shares:

	Six months ended 30 September		Year ended
	2007 No. of shares (unaudited)	2006 No. of shares (unaudited)	31 March 2007 No. of shares (audited)
Weighted average number of ordinary shares for basic earnings per share	67,371,268	66,761,222	66,970,870
Effect of dilution: employee share options	246,471	636,170	687,951
Weighted average number of ordinary shares adjusted for the effect of dilution	67,617,739	67,397,392	67,658,821

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

	Six months ended 30 September		Year ended
	2007 £000 (unaudited)	2006 £000 (unaudited)	31 March 2007 £000 (audited)
Profit for the period	11,787	8,929	17,806
Intangible amortisation (excluding software)	1,129	1,039	2,120
Share-based payments	161	85	177
Adjustment to carrying value of goodwill	375	170	1,136
Adjusted profit after tax	13,452	10,223	21,239
Adjusted earnings per share:			
– basic	19.97p	15.31p	31.71p
– diluted	19.89p	15.17p	31.39p

## 9 Trade and other receivables

Current

	As at 30 September		As at
	2007 £000 (unaudited)	2006 £000 (unaudited)	31 March 2007 £000 (audited)
Trade receivables	37,203	30,071	35,046
Prepayments and other receivables	1,797	1,507	1,307
Accrued income	274	376	193
	39,274	31,954	36,546

Non-current

	As at 30 September		As at
	2007 £000 (unaudited)	2006 £000 (unaudited)	31 March 2007 £000 (audited)
Other receivables	385	230	261

## Notes to the Interim Report (continued)

### 10 Trade and other payables

	As at 30 September		As at 31 March 2007 £000 (audited)
	2007 £000 (unaudited)	2006 £000 (unaudited)	
Trade payables	649	1,235	770
Social security, employee and sales taxes	3,155	2,627	3,438
Other payables	63	140	117
Accruals	12,343	9,350	13,537
Deferred income	18,031	11,486	15,397
	<b>34,241</b>	<b>24,838</b>	<b>33,259</b>

### 11 Reconciliation of movements in equity (unaudited)

	Share capital £000	Share premium £000	Merger reserve £000	Cumulative translation adjustments £000	Total other reserves £000	Retained earnings £000	Total equity £000
At 1 April 2006	2,225	25,353	3,921	696	4,617	18,665	50,860
Total recognised income and expense for the period	—	—	—	(1,051)	(1,051)	8,742	7,691
Issue of share capital	1	20	—	—	—	—	21
Share-based payments	—	—	—	—	—	85	85
Equity dividends	—	—	—	—	—	(1,157)	(1,157)
At 30 September 2006	2,226	25,373	3,921	(355)	3,566	26,335	57,500
Total recognised income and expense for the period	—	—	—	(821)	(821)	8,349	7,528
Issue of share capital	19	1,008	—	—	—	—	1,027
Share-based payments	—	—	—	—	—	92	92
Equity dividends	—	—	—	—	—	(835)	(835)
At 31 March 2007	2,245	26,381	3,921	(1,176)	2,745	33,941	65,312
Total recognised income and expense for the period	—	—	—	1,196	1,196	11,759	12,955
Issue of share capital	2	63	—	—	—	—	65
Share-based payments	—	—	—	—	—	161	161
Equity dividends	—	—	—	—	—	(1,980)	(1,980)
<b>At 30 September 2007</b>	<b>2,247</b>	<b>26,444</b>	<b>3,921</b>	<b>20</b>	<b>3,941</b>	<b>43,881</b>	<b>76,513</b>

On 23 April 2007 and 17 July 2007 the Company issued 3,600 and 37,700 ordinary shares of 3.33 pence each with a total nominal value of £1,376 pursuant to the exercise of share options. This resulted in total proceeds of £65,000 including a premium of £63,000.



**12 Responsibility statement of the Directors in respect of the Interim Report**

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

- a. the Interim Report has been prepared in accordance with IAS 34;
- b. 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
- c. the Interim Report includes a fair review of the information required by DTR 4.2.8R, being disclosure of related party transactions and changes therein since the last Annual Report.

By order of the Board



**Richard Longdon**  
Chief Executive  
12 November 2007



**Paul Taylor**  
Finance Director  
12 November 2007

## Company information and advisers

Directors	<p><a href="#">Nick Prest CBE</a> Chairman <a href="#">David Mann</a> Non-executive Director and Senior Independent Director <a href="#">Colin Garrett</a> Non-executive Director <a href="#">Jonathan Brooks</a> Non-executive Director <a href="#">Richard Longdon</a> Chief Executive <a href="#">Paul Taylor</a> Finance Director</p>
Secretary	<p><a href="#">Paul Taylor</a></p>
Registered office	<p>High Cross Madingley Road Cambridge CB3 0HB</p>
Registered number	<p>2937296</p>
Auditor	<p><a href="#">Ernst &amp; Young LLP</a> Compass House 80 Newmarket Road Cambridge CB5 8DZ</p>
Bankers	<p><a href="#">Barclays Bank plc</a> 15 Bene't Street Cambridge CB2 3PZ</p>
Solicitors	<p><a href="#">Mills &amp; Reeve</a> Francis House 112 Hills Road Cambridge CB2 1PH</p> <p><a href="#">Ashurst</a> Broadwalk House 5 Appold Street London EC2A 2HA</p>
Stockbroker and financial advisers	<p><a href="#">Hoare Govett Limited</a> 250 Bishopsgate London EC2M 4AA</p>
Registrars	<p><a href="#">Capita Registrars</a> Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU</p>





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