Press Release

12 November 2012

AVEVA GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

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 2012.

Financial highlights

	2012	2011	% Change
Revenue	**£97.6m**	£85.2m	15%
Adjusted* profit before tax	**£28.7m**	£26.1m	10%
Profit before tax	**£25.8m**	£23.8m	8%
Adjusted* profit before tax margin	**29.4%**	30.6%	
Basic earnings per share	**27.03p**	24.46p	11%
Adjusted* basic earnings per share	**30.19p**	26.98p	12%
Net cash	**£166.4m**	£157.5m	6%
Interim dividend per share	**4.5p**	4.0p	13%

* 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.

Operational highlights

- **Global growth platform**
  - Revenue growth across all regions; Asia Pacific +21%, EMEA +13%, Americas +6%
  - Investment in Indian business, new office in Mumbai, expansion in Hyderabad
  - New China business making good progress

- **Technology leadership and investment reinforced with successful launch of new product AVEVA Everything3D (E3D)**
  - Growth opportunity with leading-edge technology
  - Enables “Lean” working practices in plant project execution
  - Very positive initial customer interest and feedback

- **Long term customer partnerships**
  - Recurring revenue up 14%, representing 69% of total revenue
  - Engineering & Design Systems growth from extending footprint within the engineering contractors
  - Enterprise Solutions continuing to make progress with Owner Operators

Commenting on the outlook, Chief Executive Richard Longdon said:

“As AVEVA celebrates its 45^{th} anniversary, these results highlight the breadth, quality and scale of our global business today, with multiple growth drivers across geographies and industries. The recent launch of our new, leading-edge product, AVEVA Everything3D, highlights our ability to maintain technology leadership through continuous innovation, which in turn drives growth and strengthens our customer relationships.”

Enquiries:

AVEVA Group plc

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Hudson Sandler

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http://www.aveva.com/futureofplantdesign

An analysts' briefing will be held at Goldman Sachs, Peterborough Court, 133 Fleet Street, London EC4A 2BB at 9.30 am on 12 November 2012.

There will be a conference call for analysts and investors at 2.30pm (GMT). For further information, please contact Hudson Sandler on 020 7796 4133 or aveva@hudsonsandler.com.

Business review

Overview

AVEVA celebrated its 45 year anniversary during the first half and continues to be at the forefront of innovation, delivering leading edge technology to the Plant, Power and Marine markets where we have long term partnerships with many of the leading Engineering Procurement and Construction (EPC) companies and Owner Operators. AVEVA's business remained strong during the first half, as we continued to deliver good growth and margins. We are pleased to report Group revenue growth of 15% in the first half of the financial year. We are particularly encouraged with further growth in rental income (+17% in the period) which continues to reflect a shift in our customers' buying preferences, particularly in Europe. We have also seen a return to growth in initial licence fees which rose 18% in the first half, buoyed by an improvement in performance of the recently reorganised Chinese operations and the benefit of the initial licence fees that came through the acquisition of Bocad.

In October, AVEVA unveiled a major new product initiative, AVEVA Everything3D (E3D), which was successfully launched at the AVEVA World Summit in Paris. The feedback from existing and prospective customers on this ground-breaking technology has been universally positive. This new product is the result of significant investment in both in-house development and external spend over a number of years, and we are convinced of the strong growth opportunity this offers.

Engineering & Design Systems

The Engineering & Design Systems business has continued to perform well, with growth of 14% in the first half. As expected, the investment in the Oil & Gas market has been a major driver of demand, sustained by high levels of capital expenditure amongst Owner Operators as well as the growth in project complexity and the continued shift to deeper water for offshore exploration and production. As a result, engineering contractor backlogs have continued to grow during the period and we have seen further expansion among the large engineering contractors, including Worley Parsons, who committed to a multi-year agreement, expanding its use of AVEVA design tools and adding AVEVA NET for data handover for the first time.

Enterprise Solutions

Enterprise Solutions continues to progress, growing 16% in the first half, with further traction with the Oil Super Majors, Owner Operators and with engineering contractors. We are also beginning to benefit from our on-going strategy of targeting Owner Operators to mandate the use of AVEVA NET for data handover to the engineering contractors. Despite the longer sales cycle for Enterprise Solutions, there has been further growth in both revenue and backlog.

We have continued with our strategy of working with partners to assist with the delivery of services and during the period AVEVA was pleased to announce a global partnership with Infosys, which we expect to play a key role in the development of the Enterprise Solutions business. Training and familiarisation has started with Infosys and we are working together on developing our joint offering.

Industry verticals

AVEVA continues to benefit from the long-term secular growth in the Oil & Gas market. In particular, the need for increased time spent on design, necessitated by further project complexity, as available natural resources become more difficult to extract further enhances demand for our product. Combined with the need to reduce risk to the project, there is a requirement amongst our customers for best-in-class software to manage the engineering design data efficiently, ultimately reducing the time to handover to the Owner Operators.

In Marine, those shipyards which have developed their capabilities to handle offshore Oil & Gas and naval projects have been able to maintain strong order books and a solid backlog of work. However, in commercial shipbuilding the market remains depressed.

In Power, AVEVA continues to invest in building its presence in China and India where demand for nuclear power construction is widely anticipated to grow over the medium term. Indeed in October 2012, China announced that it has restarted its nuclear programme. At the same time, AVEVA also benefits from on-going global spend relating to conventional power plants.

Geographic performance

AVEVA is a global business with an established network of 44 sales and support offices and 13 technology centres worldwide that support our global product development. AVEVA's global presence means that we are well placed to support the requirements of our customers on the ground, grow our customer base and ensure our leading edge technology meets customer needs.

EMEA continued to perform well, with growth in the first half driven primarily by additional rental licence fees from the engineering contractors, increased Enterprise Solutions revenue from the Owner Operators as well as the benefit of the majority of the acquired Bocad revenue.

As anticipated, our China business returned to growth following the recent successful reorganisation. This revenue came from Oil & Gas and Power customers. The Marine market remains tough in China as many of the yards are primarily focused on commercial shipbuilding. Our Chinese operations are now expected to follow usual patterns of seasonality, with a stronger weighting towards the second half of the financial year due to the traditional phasing of business in the region. Elsewhere in Asia Pacific, AVEVA continued to perform well.

As previously advised, we have embarked on our expansion plans in India with the hiring of additional sales and technical staff. This has resulted in good revenue growth in the first half, although we are starting from a relatively low base in the country. As a result of the increased headcount plans, we opened a new office in Mumbai and expanded our Hyderabad office.

In North America, our recurring rental contracts renewed on broadly the same terms as previous periods, with expansion within certain large engineering contractors in the period.

In Latin America, we saw a first half performance slightly down against a strong comparable in the same period last year. We have seen delays in the timing of some project start-ups in Brazil, partially driven by resource constraints amongst our customers and partially because of delays in project investment. We have not seen any change in the longer-term demand environment and the scale of the opportunity in Brazil remains significant.

We formed a new sales team at the start of this year to put more focus on our key global EPC and Owner Operator customers. This team works closely with all levels in the AVEVA organisation to improve our support and presence in these major accounts across all geographies where they operate. This has brought some immediate benefits in the first half which we expect to continue particularly as the large engineering contractors increasingly are operating on a global basis.

Research & Development

Technology remains a key focus for AVEVA, and we have been very encouraged by the initial positive response to our new 3D Design Platform, AVEVA Everything3D (E3D), following the launch theme of 'lean construction' at the AVEVA World Summit in October. This is a major new product, and we expect it to be compelling for the industry as they consider the possibilities offered by the Cloud and Mobile collaboration in particular, as well as improving overall project execution and reducing wastage. Central to the new offering is the integration of laser scan data and 3D geometry, powerful drafting tools and intuitive user interfaces for common design tasks. We view this as not only an opportunity to upsell into our existing customer base, but more importantly to be able to increase market share by winning over competitor accounts. The new product will be available commercially from December 2012.

We have also launched a new version of AVEVA Enterprise Resource Management built upon the technology acquired from Logimatic. The new product is targeted at the Plant and Marine market which will benefit shipyards and engineering contractors by lowering materials, production and construction costs through improved project efficiency, shortening timescales and increasing project quality and control.

We are also in the process of expanding our Research and Development team in India to increase our development and test capabilities, further enhancing our global product development network.

Acquisitions

In May 2012 we announced the acquisition of Bocad, a leading structural steel detailing software business, and we are pleased to report that the integration has proceeded according to plan, and we anticipate strong cross-selling opportunities going forward. The business made a four month contribution to revenue of £2.1 million in the period at broadly breakeven, in line with our expectations at the time of acquisition. Almost all of the revenue came from the existing customer base as we focused the first four months on training our sales force, hiring the technical staff necessary to support the sale of the product globally and updating sales collateral. We expect to start seeing the synergistic benefits of this come through in the second half of the year.

Outlook

We are pleased with the first half performance. AVEVA’s market leading position, built on a global footprint and continuous technology innovation, means we are well positioned to continue to exploit growth opportunities globally, despite the uncertain economic backdrop and the continued weakness in the Marine industry. The positive customer reaction to the launch of our new flagship product, AVEVA Everything3D (E3D), has reinforced our belief that AVEVA can continue to generate strong organic growth going forward, with the potential for further market share gains. As we enter the second half of the year, the Group is well positioned to deliver the Board’s expectations for the full year.

Richard Longdon
Chief Executive
12 November 2012

Finance review

Revenue

Total revenue grew 15% in the six months ended 30 September 2012 to £97.6 million (2011 - £85.2 million) with the Group continuing to benefit from the underlying strength in the Oil & Gas market. Recurring revenue grew 14% to £67.1 million (2011 - £59.0 million) representing 69% (2011 – 69%) of total revenue and reflecting the continued strong growth in rental licences.

Revenue from the acquisition of Bocad contributed £2.1 million in the four month period since the acquisition with £1.1 million from annual fees, £0.7 million from initial licence fees and £0.3 million in services. This revenue was generated from Bocad's existing customer base, mainly in EMEA, as we built up the capability in our global sales organisation to sell the Bocad suite of products. Underlying revenue growth after adjusting for the effects of the Bocad acquisition (£2.1 million) and LFM acquisition in the second half of 2011/12 (£0.9 million) was £94.6 million, an increase of 11% (2011 – 6%).

Foreign currency exchange rates did have an impact in the first half, mainly due to the weakening of Euro against Sterling, resulting in an overall £2.1 million adverse net variance. Underlying revenue, on a constant currency basis was £96.7 million, an increase of 13.5% on the same period in the previous year.

Revenue by segment and geography

Revenue from Engineering & Design Systems was £85.4 million, up 14% on the previous year. Excluding the contributions in the period from the recent acquisitions of Bocad and LFM, the underlying growth rate was 10% (2011 – 4%). In Engineering & Design Systems we continued to see strong growth for rental licences, up 16% over the previous period, reflecting continued growth within the large engineering contractors and customers in Europe and Americas generally choosing the rental model. Rental licences, which include token style contracts, are preferred by engineering contractors because of the flexibility it offers over the use of the products and the fact that the customer can charge the cost of the rental licence against specific projects.

In Enterprise Solutions revenue grew by 16% to £12.2 million (2011 – £10.5 million) reflecting continued progress with the large Owner Operators in Oil & Gas and other project wins including Saudi Aramco Total Refinery and Petrochemical Company (SATORP) in Saudi Arabia. We are seeing some buying patterns develop with the Owner Operators preferring the initial licence model because it can be treated as a capital cost with the associated annual fee minimising the on-going impact on operational budgets. We are continuing to develop our licencing and pricing models to ensure that we offer flexibility to both engineering contractors and Owner Operators whilst delivering appropriate value. The backlog in Enterprise Solutions at 30 September 2012 was £15.2 million, up 20% from £12.7 million at 31 March 2012.

In the first half, EMEA revenue grew by 13% (2011 – 28%), Asia Pacific grew 21% (2011 – down 9%) and Americas 6% (2011 – 5%). Further commentary of the revenue by geography is contained within the business review.

Total revenue from end user markets remained in line with previous periods with Oil & Gas accounting for approximately 45 – 50%, Marine 20 – 25%, Power 15% and Other, consisting of Mining, Petrochemical, Chemical and Paper Pulp, 10-20%.

Operating costs

Engineering & Design System costs increased by 13% to £20.8 million (2011 - £18.4 million). This includes £0.8 million from the acquisition of Bocad, without which the increase would have been 9%. The reason for the increase was further development of new products, notably AVEVA Everything3D (E3D) which was launched in October and will be available in December 2012. In addition, we continue to invest in developing our existing products and in product marketing and product strategy to help launch our products with improved marketing campaigns, training and collateral.

Enterprise Solutions costs were £14.0 million compared to £13.3 million in the same period last year, an increase of 5%. The increase is mainly due to the annualised effect of the investments that we made in 2011/12 in business development and solution delivery. We have maintained tight control over the cost base following the investments made in previous years.

Shared selling and distribution expenses increased to £25.7 million (2011 – £20.1 million) but did include £1.0 million in respect of Bocad. The increase is due to the investment in India in sales and technical staff to expand our business, additional technical staff to support the sales teams for the new products including Bocad and a dedicated team focused on the Owner Operators. The increase is also due to the additional bad debt provision in China, which is explained below in the balance sheet section.

Shared operating expenses increased by 18% to £9.1 million (2011 – £7.7 million) because of finance and administration costs relating to Bocad (£0.4 million) and foreign exchange losses.

Engineering & Design Systems had a segment contribution of £64.6 million (2011 – £56.3 million), up 15% on the previous year. Enterprise Solutions had a segment loss of £1.8 million compared to £2.8 million in the previous year.

Profit before tax

Adjusted profit before tax for the six months ended 30 September 2012 was £28.7 million (2011 – £26.1 million), an increase of 10%. The adjusted profit margin was 29.4% compared to 30.6% for the same period last year. Typically our first half margin is lower than the full year margin as a result of our revenue being more heavily weighted to the second half. In this six month period our margin was diluted by the effects of the Bocad acquisition and the additional bad debt provision in China.

Reported profit before tax was £25.8 million (2011 – £23.8 million).

Taxation

The effective tax rate for the first half is 29.0% (2011 – 30.3%) which is higher than the underlying UK tax rate because of profits earned in higher tax jurisdictions and non-deductible expenses.

Earnings per share and interim dividend

Basic earnings per share were 27.03 pence (2011 – 24.46 pence), an increase of 11% and diluted earnings per share were 26.95 pence (2011 – 24.32 pence). Adjusted basic earnings per share were 30.19 pence (diluted adjusted basic earnings per share 30.10 pence), an increase of 12% over the same period in 2011/12 (2011 – adjusted basic earnings per share 26.98 pence, adjusted diluted earnings per share 26.82 pence).

The Board is declaring an interim dividend of 4.5 pence per share (2011 – 4.0 pence per share), an increase of 12.5%. The dividend will be payable on 1 February 2013 to shareholders on the register on 4 January 2013.

Balance sheet and cash flows

AVEVA continues to maintain a strong balance sheet supported with net assets at 30 September 2012 of £225.3 million (2011 - £202.1 million).

In May 2012, we completed the acquisition of Bocad for consideration of £14.0 million on a debt free/cash free basis. The acquisition resulted in additions of developed technology and customer relationships of £7.0 million and £0.4 million respectively. In addition to the other assets and liabilities acquired, goodwill of £9.1 million arose on the acquisition.

Gross trade receivables at 30 September 2012 were £54.4 million (2011 – £55.0 million). We have increased the bad debt provision to £4.8 million (2011 – £3.7 million) to cover the risk of non-payment of certain debts. We have experienced delays in payment of debts from some Chinese shipyard customers in the first half which, as noted above, has triggered a net bad debt provision charge of approximately £1.0 million. A key priority of the finance team is to work with the sales team and together continue to focus on cash collection from customers.

Deferred revenue increased to £31.2 million at 30 September 2012 compared to £30.6 million at 30 September 2011, reflecting the continued growth in rental and annual licences.

Net cash (including treasury deposits) at 30 September 2012 was £166.4 million, a decrease of £12.6 million from 31 March 2012. During the first half we have paid out £11.5 million for the acquisition of Bocad, £11.5 million for the final dividend for 2011/12 (2011 – 2010/11 final dividend £10.1 million) and corporate tax payments of £9.4 million (2011 – £8.3 million). Total cash and treasury deposits held in the UK represented 76% of the total balance held (2011 – 84%). The Group continues to have no debt.

Cash generated from operating activities before tax was £22.9 million compared to £24.4 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 91% compared to 104% in the previous period. This mainly reflects timing differences in working capital.

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 2012. Further details are included in note 4.

James Kidd
Chief Financial Officer
12 November 2012

Financial statements
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 2012 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 15. 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 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 2012 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
Cambridge
12 November 2012

Financial statements

Consolidated income statement
for the six months ended 30 September 2012

	Notes	Six months ended 30 September 2012 £000 (unaudited)	Six months ended 30 September 2011 £000 (unaudited)	Year ended 31 March 2012 £000 (audited)
Revenue	5,6	**97,607**	85,170	195,935
Cost of sales		**(7,427)**	(7,236)	(16,066)
Gross profit		**90,180**	77,934	179,869
Operating expenses				
Research and development costs		**(16,244)**	(15,178)	(32,121)
Selling and distribution expenses		**(40,450)**	(32,337)	(75,008)
Administrative expenses		**(8,276)**	(7,056)	(16,241)
Total operating expenses		**(64,970)**	(54,571)	(123,370)
Profit from operations		**25,210**	23,363	56,499
Finance revenue		**2,059**	1,984	3,962
Finance expense		**(1,430)**	(1,547)	(2,724)
Analysis of profit before tax				
Adjusted profit before tax	2	**28,662**	26,108	62,276
Amortisation of intangibles (excluding other software)		**(1,870)**	(1,625)	(3,368)
Share-based payments		**(394)**	93	(666)
Gain/(loss) on fair value of forward foreign exchange contracts		**112**	(376)	308
Exceptional items – acquisition and integration costs		**(671)**	(400)	(813)
Profit before tax		**25,839**	23,800	57,737
Income tax expense	7	**(7,479)**	(7,201)	(17,769)
Profit for the period attributable to equity holders of the parent		**18,360**	16,599	39,968
Earnings per share	9			
– basic		**27.03p**	24.46p	58.86p
– diluted		**26.95p**	24.32p	58.73p
Proposed dividend per share		**4.5p**	4.00p	21.0p

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Consolidated statement of comprehensive income
for the six months ended 30 September 2012

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Profit for the period	**18,360**	16,599	39,968
Other comprehensive income			
Exchange differences arising on translation of foreign operations	**(2,218)**	(2,099)	(2,777)
Actuarial loss on defined benefit pension schemes	**(1,074)**	(5,321)	(7,083)
Tax on items relating to components of other comprehensive income	**354**	1,372	1,701
Comprehensive income for the period	**15,422**	10,551	31,809

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Consolidated balance sheet

30 September 2012

	Notes	As at 30 September 2012 £000 (unaudited)	2011 £000 (unaudited)	As at 31 March 2012 £000 (audited)
Non-current assets				
Goodwill		**39,399**	26,783	30,839
Other intangible assets		**24,314**	16,950	18,605
Property, plant and equipment		**8,956**	7,890	8,042
Deferred tax assets		**4,241**	4,795	4,009
Other receivables	11	**802**	783	811
		77,712	57,201	62,306
Current assets				
Trade and other receivables	11	**57,143**	54,901	68,054
Current tax assets		**1,624**	1,540	589
Financial assets		**334**	—	223
Treasury deposits	10	**116,080**	116,832	130,282
Cash and cash equivalents	10	**50,324**	40,624	48,669
		225,505	213,897	247,817
Total assets		**303,217**	271,098	310,123
Equity				
Issued share capital		**2,269**	2,266	2,266
Share premium		**27,288**	27,288	27,288
Other reserves		**12,608**	15,649	14,971
Retained earnings		**183,086**	156,884	176,937
Total equity		**225,251**	202,087	221,462
Current liabilities				
Trade and other payables	12	**54,491**	49,887	67,995
Financial liabilities		—	462	—
Current tax liabilities		**8,014**	7,528	8,936
		62,505	57,877	76,931
Non-current liabilities				
Deferred tax liabilities		**3,330**	2,618	1,855
Retirement benefit obligations	13	**12,131**	8,516	9,875
		15,461	11,134	11,730
Total equity and liabilities		**303,217**	271,098	310,123

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Consolidated statement of changes in shareholders' equity

30 September 2012

	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 2011	2,266	27,288	3,921	14,933	(1,223)	17,631	155,187	202,372
Profit for the period	—	—	—	—	—	—	16,599	16,599
Other comprehensive income	—	—	—	(2,099)	—	(2,099)	(3,949)	(6,048)
Total comprehensive income	—	—	—	(2,099)	—	(2,099)	12,650	10,551
Share-based payments	—	—	—	—	—	—	(93)	(93)
Tax arising on share options	—	—	—	—	—	—	(63)	(63)
Investment in own shares	—	—	—	—	(563)	(563)	—	(563)
Cost of employee benefit trust shares issued to employees	—	—	—	—	680	680	(680)	—
Equity dividends	—	—	—	—	—	—	(10,117)	(10,117)
At 30 September 2011	2,266	27,288	3,921	12,834	(1,106)	15,649	156,884	202,087
Profit for the period	-	-	-	-	-	-	23,369	23,369
Other comprehensive income	-	-	-	(678)	-	(678)	(1,433)	(2,111)
Total comprehensive income	-	-	-	(678)	-	(678)	21,936	21,258
Share-based payments	-	-	-	-	-	-	759	759
Tax arising on share options	-	-	-	-	-	-	73	73
Equity dividends	-	-	-	-	-	-	(2,715)	(2,715)
At 31 March 2012	2,266	27,288	3,921	12,156	(1,106)	14,971	176,937	221,462
Profit for the period	-	-	-	-	-	-	18,360	18,360
Other comprehensive income	-	-	-	(2,218)	-	(2,218)	(720)	(2,938)
Total comprehensive income	-	-	-	(2,218)	-	(2,218)	17,640	15,422
Issue of share capital	3	-	-	-	-	-	-	3
Share-based payments	-	-	-	-	-	-	394	394
Tax arising on share options	-	-	-	-	-	-	127	127
Investment in own shares	-	-	-	-	(615)	(615)	-	(615)
Cost of employee benefit trust shares issued to employees	-	-	-	-	470	470	(470)	-
Equity dividends	-	-	-	-	-	-	(11,542)	(11,542)
At 30 September 2012	**2,269**	**27,288**	**3,921**	**9,938**	**(1,251)**	**12,608**	**183,086**	**225,251**

Financial statements

Consolidated cash flow statement

for the six months ended 30 September 2012

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Cash flows from operating activities			
Profit for the year	**18,360**	16,599	39,968
Income tax	**7,479**	7,201	17,769
Net finance revenue	**(629)**	(437)	(1,238)
Amortisation of intangible assets	**1,903**	1,666	3,451
Depreciation of property, plant and equipment	**1,224**	1,046	2,161
Loss on disposal of property, plant and equipment	**122**	61	35
Share-based payments	**394**	(93)	666
Difference between pension contributions paid and amounts recognised in the Consolidated income statement	**239**	84	(413)
Changes in working capital:			
Trade and other receivables	**12,253**	17,833	5,462
Trade and other payables	**(18,345)**	(19,892)	(2,848)
Changes to fair value of forward foreign exchange contracts	**(112)**	376	(308)
Cash generated from operating activities before tax	**22,888**	24,444	64,705
Income taxes paid	**(9,395)**	(8,303)	(16,927)
Net cash generated from operating activities	**13,493**	16,141	47,778
Cash flows from investing activities			
Purchase of property, plant and equipment	**(1,831)**	(1,282)	(2,601)
Purchase of intangibles	**(651)**	(147)	(583)
Acquisition of subsidiaries and business undertakings, net of cash acquired	**(11,496)**	—	(5,749)
Proceeds from disposal of property, plant and equipment	**130**	—	110
Interest received	**821**	735	1,471
Redemption/(purchase) of treasury deposits (net)	**14,203**	6,170	(7,280)
Net cash from/(used in) investing activities	**1,176**	5,476	(14,632)
Cash flows from financing activities			
Interest paid	**(67)**	(196)	(22)
Purchase of own shares	**(615)**	(563)	(563)
Proceeds from the issue of shares	**3**	—	—
Dividends paid to equity holders of the parent	**(11,542)**	(10,117)	(12,832)
Net cash used in financing activities	**(12,221)**	(10,876)	(13,417)
Net increase in cash and cash equivalents	**2,448**	10,741	19,729
Net foreign exchange difference	**(793)**	(302)	(1,245)
Opening cash and cash equivalents	**48,669**	30,185	30,185
Closing cash and cash equivalents	**50,324**	40,624	48,669

Financial statements
Notes to the interim report

1. The interim report
The interim report was approved by the Board on 12 November 2012. 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 above.
The interim report will be posted to shareholders in due course and copies will be available from the registered office of AVEVA Group plc, High Cross, Madingley Road, Cambridge CB3 0HB and on the Company's website at www.aveva.com.

2. Basis of preparation and accounting policies
The interim report for the six months ended 30 September 2012 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 2012.

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 2012.

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 2012 have been extracted from the Consolidated statutory financial statements for AVEVA Group plc for the year ended 31 March 2012 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 2012, the Group had bank and cash and treasury deposits of £166.4 million (31 March 2012 – £179.0 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 successful 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 macroeconomic 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 2012. These include:

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

These risks are described in more detail on pages 24 and 25 of the 2012 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
	2012	2011	2012
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Annual fees	**25,840**	23,572	47,779
Rental fees	**41,293**	35,395	90,111
Total recurring revenue	**67,133**	58,967	137,890
Initial licence fees	**19,461**	16,424	37,289
Services	**11,013**	9,779	20,756
Total revenue	**97,607**	85,170	195,935
Finance revenue	**2,059**	1,984	3,962
	99,666	87,154	199,897

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

Services consist of consultancy and training fees.

Included within revenue for the six months ended 30 September 2012, are annual fees of £1,081,000, initial licence fees of £693,000, rental fees of £20,000 and services of £345,000 related to the acquisition of Bocad.

6. Segment information

The Group is organised into two lines of business, being Engineering & Design and Enterprise Solutions. These two lines of business are considered to be the two reportable segments for the Group. Each line of business is managed separately due to the differing requirements of each market. 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). Each sales division comprises a number of subsidiary entities and each subsidiary is granted distribution rights to license the Group's software to customers in their respective territories.

The Executive Board, comprising the Chief Executive, Chief Financial Officer, Chief Operating Officer, Chief Technology Officer, Executive Vice President Sales, Executive Vice President Business Strategy and Marketing and Executive Vice President Human Resources and Business Services, 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 2012		
	Engineering & Design £000	Enterprise Solutions £000	Total £000
Income statement			
Revenue			
Annual fees	**23,373**	**2,467**	**25,840**
Rental licence fees	**39,684**	**1,609**	**41,293**
Initial licence fees	**17,032**	**2,429**	**19,461**
Training and services	**5,310**	**5,703**	**11,013**
Segment revenue	**85,399**	**12,208**	**97,607**
Operating costs	**(20,794)**	**(13,979)**	**(34,773)**
Segment profit/(loss) contribution	**64,605**	**(1,771)**	**62,834**
Reconciliation of segment profit contribution to profit before tax			
Shared selling and distribution expenses			**(25,709)**
Other shared operating expenses			**(9,092)**
Net finance revenue			**629**
Adjusted profit before tax			**28,662**
Exceptional items and other normalised adjustments*			**(2,823)**
Profit before tax			**25,839**

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

Total revenue above includes £2,139,000 for Engineering & Design relating to the acquisition of Bocad.

6. Segment information continued

	Six months ended 30 September 2011		
	Engineering & Design £000	Enterprise Solutions £000	Total £000
Income statement			
Revenue			
Annual fees	21,274	2,298	23,572
Rental licence fees	34,219	1,176	35,395
Initial licence fees	14,729	1,695	16,424
Training and services	4,418	5,361	9,779
Segment revenue	74,640	10,530	85,170
Operating costs	(18,364)	(13,318)	(31,682)
Segment profit/(loss) contribution	56,276	(2,788)	53,488
Reconciliation of segment profit contribution to profit before tax			
Shared selling and distribution expenses			(20,128)
Other shared operating expenses			(7,688)
Net finance revenue			436
Adjusted profit before tax			26,108
Exceptional items and other normalised adjustments*			(2,308)
Profit before tax			23,800

	Year ended 31 March 2012		
	Engineering & Design £000	Enterprise Solutions £000	Total £000
Income statement			
Revenue			
Annual fees	43,063	4,716	47,779
Rental licence fees	86,864	3,247	90,111
Initial licence fees	33,197	4,092	37,289
Training and services	9,350	11,406	20,756
Segment revenue	172,474	23,461	195,935
Operating costs	(39,032)	(27,878)	(66,910)
Segment profit/(loss) contribution	133,442	(4,417)	129,025
Reconciliation of segment profit contribution to profit before tax			
Shared selling and distribution expenses			(46,713)
Other shared operating expenses			(21,274)
Net finance revenue			1,238
Adjusted profit before tax			62,276
Exceptional items and other normalised adjustments*			(4,539)
Profit before tax			57,737

6. Segment information continued

Analysis of revenue by geographical location

	Six months ended 30 September 2012			
	Asia Pacific	**EMEA**	**Americas**	**Total**
	£000	**£000**	**£000**	**£000**
Revenue				
Annual fees	10,888	12,605	2,347	25,840
Rental licence fees	12,459	18,205	10,630	41,294
Initial licence fees	9,745	8,548	1,168	19,461
Training and services	1,568	7,257	2,187	11,012
Total revenue	**34,660**	**46,615**	**16,332**	**97,607**

Included above, the revenue from the acquired Bocad businesses was £1,232,000 in EMEA, £560,000 in Asia Pacific and £347,000 in Americas.

	Six months ended 30 September 2011			
	Asia Pacific	EMEA	Americas	Total
	£000	£000	£000	£000
Revenue				
Annual fees	9,910	11,631	2,031	23,572
Rental licence fees	9,794	14,883	10,718	35,395
Initial licence fees	7,739	8,026	659	16,424
Training and services	1,294	6,523	1,962	9,779
Total revenue	28,737	41,063	15,370	85,170

	Year ended 31 March 2012			
	Asia Pacific	EMEA	Americas	Total
	£000	£000	£000	£000
Revenue				
Annual fees	20,497	23,141	4,141	47,779
Rental licence fees	21,230	41,362	27,519	90,111
Initial licence fees	20,301	14,684	2,304	37,289
Training and services	2,378	14,169	4,209	20,756
Total revenue	64,406	93,356	38,173	195,935

7. Income tax expense

The current year income tax expense for the six months ended 30 September 2012 is estimated at 29.0% (2011 – 30.3%) of profit before tax.

The total tax charge of £7.5 million (2011 – £7.2 million) is made up of UK tax of £4.8 million (2011 – £3.5 million) and overseas tax of £2.7 million (2011 – £3.7 million).

At the balance sheet date the UK government had enacted a 1% reduction in the main rate of UK corporation tax from 24% to 23% from 1 April 2013. The government has also proposed reducing the UK corporation tax rate by a further 1% to 22% by 1 April 2014. However, this rate change had not been substantively enacted at the balance sheet date and the effect not, therefore, included in these financial statements. We do not expect that the enactment of these changes will have a material impact on the deferred tax balances of the Group.

8. Ordinary dividends

The proposed interim dividend of 4.5 pence per ordinary share will be payable on 1 February 2013 to shareholders on the register on 4 January 2013. 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
	2012	2011	2012
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Final 2010/11 paid at 14.89 pence per share	**-**	10,117	10,117
Interim 2011/12 paid at 4.00 pence per share	**-**	-	2,715
Final 2011/12 paid at 17.00 pence per share	**11,542**	-	-
	11,542	10,117	12,832

9 Earnings per share

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
	Pence	Pence	Pence
	(unaudited)	(unaudited)	(audited)
Earnings per share for the period:			
– basic	**27.03**	24.46	58.86
– diluted	**26.95**	24.32	58.73
Adjusted earnings per share:			
– basic	**30.19**	26.98	63.81
– diluted	**30.10**	26.82	63.66

The calculation of earnings per share is based on the profit after tax for the six months ended 30 September 2012 of £18.4 million and the following weighted average number of shares:

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
	Number of shares	Number of shares	Number of shares
	(unaudited)	(unaudited)	(audited)
Weighted average number of ordinary shares for basic earnings per share	**67,929,646**	67,865,254	67,901,203
Effect of dilution: employee share options	**186,844**	396,946	154,890
Weighted average number of ordinary shares adjusted for the effect of dilution	**68,116,490**	68,262,200	68,056,093

9. Earnings per share continued

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

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Profit after tax for the period	**18,360**	16,599	39,968
Intangible amortisation (excluding other software)	**1,870**	1,625	3,368
Share-based payments	**394**	(93)	666
(Gain)/loss on fair value of forward foreign exchange contracts	**(112)**	376	(308)
Exceptional items	**671**	400	813
Tax effect	**(678)**	(600)	(1,180)
Adjusted profit after tax	**20,505**	18,307	43,327

10. Cash and cash equivalents and treasury deposits

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Cash at bank and in hand	**50,048**	40,405	48,426
Short-term deposits	**276**	219	243
Total cash and cash equivalents	**50,324**	40,624	48,669
Treasury deposits	**116,080**	116,832	130,282
Total cash and deposits	**166,404**	157,456	178,951

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

11. Trade and other receivables

Current

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Trade receivables	**49,600**	51,324	63,700
Prepayments and other receivables	**5,315**	3,397	3,613
Accrued income	**2,228**	180	741
	57,143	54,901	68,054

Non-current

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Other receivables	**802**	783	811

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

12. Trade and other payables

	Six months ended 30 September		Year ended 31 March
	2012	2011	2012
	£000	£000	£000
	(unaudited)	(unaudited)	(audited)
Trade payables	**3,462**	3,546	4,799
Social security, employee and sales taxes	**4,933**	4,114	7,390
Accruals and other payables	**14,021**	11,640	21,290
Deferred income	**31,208**	30,587	33,540
Deferred consideration	**867**	-	976
	54,491	49,887	67,995

13. 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 2011	1,408	716	903	3,027
Current service cost	577	19	172	768
Interest on pension scheme liabilities	1,359	27	—	1,386
Expected return on pension scheme assets	(1,248)	(7)	—	(1,255)
Actuarial loss/(gain)	5,340	(20)	—	5,320
Employer contributions	(575)	(65)	(44)	(684)
Exchange adjustment	—	(6)	(40)	(46)
At 30 September 2011	6,861	664	991	8,516
Current service cost	811	19	187	1,017
Interest on pension scheme liabilities	1,356	13	-	1,369
Expected return on pension scheme assets	(1,243)	7	-	(1,236)
Actuarial gain	1,488	106	169	1,763
Employer contributions	(1,465)	(17)	(50)	(1,532)
Exchange adjustment	-	(33)	11	(22)
At 31 March 2012	7,808	759	1,308	9,875
Arising from business combination	-	880	-	880
Current service cost	780	20	170	970
Interest on pension scheme liabilities	1,343	25	-	1,368
Expected return on pension scheme assets	(1,238)	(7)	-	(1,245)
Actuarial loss/(gain)	1,098	(24)	-	1,074
Employer contributions	(654)	(59)	(18)	(731)
Exchange adjustment	-	(56)	(4)	(60)
At 30 September 2012	**9,137**	**1,538**	**1,456**	**12,131**

14. Business combinations

On 22 May 2012, the Group acquired 100% of the issued share capital of the Bocad group of companies based in Belgium and Germany. The acquisition consideration was cash of €17.5 million (£14.0 million) on a debt free/cash free basis.

Acquisition costs (including due diligence and professional fees) and integration costs have been included in the Consolidated income statement.

Details of the provisional fair values of the net assets acquired and goodwill is set out below, which includes purchased intangibles consisting of developed technology and customer relationships. Fair value adjustments of £2.6 million have been made to align with the Group's accounting policies as well as an adjustment to increase the value of an acquired property by £0.2 million to an estimate of market value.

	Book value	Fair value
	£000	£000
Intangible assets	1,066	7,425
Property, plant and equipment	507	659
Trade and other receivables	1,815	1,573
Cash and cash equivalents	402	402
Trade and other payables	(3,654)	(3,829)
Current tax liabilities	(6)	(6)
Long-term loans	(774)	(774)
Retirement benefit obligations	(880)	(880)
Deferred tax liabilities	-	(1,776)
Net (liabilities)/assets acquired	(1,524)	2,794
Goodwill		9,104
Total consideration		11,898

Satisfied by:	
Cash	11,898

Net cash outflow arising on acquisition:	
Cash consideration	11,898
Les: cash and cash equivalents acquired	(402)
	11,496

From the date of acquisition to 30 September 2012, the business contributed £2,139,000 to revenue and a loss before tax of £252,000.

Goodwill represents the value of the assembled workforce and the future synergy benefits of integrating the business in the AVEVA Group. The assembled workforce brings product development skills and expertise, service delivery skills and domain knowledge of the end user markets to the Group.

15. 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 2012 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**
12 November 2012	