

27 May 2008

AVEVA Group plc

RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

AVEVA Group plc ("AVEVA"; stock code: AVV), one of the world's leading providers of engineering data and design IT systems, today announces its audited results for the year ended 31 March 2008.

Highlights

- Another year of record levels of revenue and profit
- Revenue up by 34% to £127.6 million (2007 - £94.9 million)
- Recurring revenue up 25% to £66.1 million (2007 - £52.7 million)
- Adjusted profit before tax, amortisation, share-based payments and goodwill adjustment up 70% to £47.9 million (2007 - £28.1 million)
- Adjusted earnings per share up 74% to 55.22p (2007 - 31.71p)
- Profit before tax up 83% to £45.0 million (2007 - £24.6 million)
- Basic earnings per share up 91% to 50.80p (2007 - 26.59p)
- Investment in Research and Development up 21% to £21.3 million (2007 - £17.6 million)
- Net cash at the year end of £82.8 million (2007 - £41.3 million)
- Increased final dividend of 5.0p (2007 - 2.94p) bringing the full year dividend to 6.65p (2007 - 4.18p) – an increase of 59%

Nick Prest, Chairman, commented:

"AVEVA's success for many years has been built upon our world leading technologies developed specifically for the design of complex engineering projects, our excellent customer relationships and the quality of staff we employ.

"Looking ahead the Board believes the outlook for the current year remains very positive for the business. The Oil and Gas, Power and Marine industries remain buoyant, driven by high commodity prices and strong underlying end-user demand. The strength of our technology and market position combined with our focus on serving the needs of our target industries today and in the future augur well for the continued success of our business."

Enquiries:

AVEVA Group plc
Richard Longdon
Paul Taylor

On 27 May Tel: 020 7796 4133
Thereafter: 01223 556 611

Hudson Sandler
Sandrine Gallien / James White

Tel: 020 7796 4133

A sell-side analyst briefing will be held at 9:30am on 27 May 2008. For further information please contact Alix Haysom at Hudson Sandler on 020 7796 4133.

CHAIRMAN'S STATEMENT

I am very pleased to announce that AVEVA has delivered another year of record levels of revenue and profit whilst increasing investment in our product suite, which provides our customers with world leading engineering IT solutions in the Oil and Gas, Power and Marine markets.

Key Financials

Revenue grew by 34% to £127.6 million (2007 - £94.9 million) reflecting growth across all our major geographic regions where we continue to see high levels of demand from all our key industries. The mix of licence revenue between initial fees and recurring revenue remained broadly in line with prior years, with recurring revenue of £66.1 million (2007 - £52.7 million) and initial fees of £52.9 million (2007 - £34.2 million).

Adjusted profit before tax, amortisation, share-based payments and goodwill adjustment increased by 70% to £47.9 million (2007 - £28.1 million) and adjusted earnings per share increased by 74% to 55.22p (2007 - 31.71p). Profit before tax amounted to £45.0 million (2007 - £24.6 million).

Investment over many years in both our direct sales channel and our product suite has been key to our current success. This year has been no exception as we continued to grow our sales network, resulting in substantial increases in headcount and office expansions.

Investment in Research and Development increased by 21% to £21.3 million (2007 - £17.6 million). This year has seen major new releases of existing products addressing many of the issues our customers encounter in increasingly large and complex global projects. We also continued to invest in new products aimed at our existing vertical markets which address how our customers can manage their high value assets through the full life cycle of ownership from the planning and specification stages through to construction, operations and maintenance.

Cash continued to grow in line with trading and now amounts to £82.8 million (2007 - £41.3 million), reflecting the underlying strength of cash conversion in the business.

Dividend

The continued strength in trading has led the Board to recommend an increased final dividend of 5.0p (2007 - 2.94p). Together with the interim dividend of 1.65p (2007 - 1.24p) this gives a full year dividend of 6.65p (2007 - 4.18p), an increase of 59%.

Subject to approval at the Annual General Meeting the final dividend will be paid on 1 August 2008 to shareholders on the register on 27 June 2008.

People

Our success for many years has been built upon the quality of the staff we employ and the development and maintenance of our relationships with our customers. The efforts from all our staff worldwide have been exceptional and this has allowed us to capitalise on the strength of the markets in which we operate and maintain our market leading position. Our customers, who are currently experiencing exceptionally high levels of demand, have continued to entrust us with developing solutions that will help keep their organisations at the forefront of this expansion by improving efficiency and productivity.

On behalf of the Board I would like to thank all those that have contributed to our success.

Board Changes

There were some changes to the Board in the course of the year. We are pleased to welcome as Non-Executive Directors Jonathan Brooks and Philip Dayer. Jonathan has extensive experience of finance and operations in quoted international technology companies and Philip has a background in international capital markets and corporate development. We look forward to their contribution going forward. At the end of the financial year Colin Garrett retired from the Board having served for many years as Non-Executive Director and Chairman of the Audit Committee. We are very grateful to him for his contribution to the development of AVEVA.

Outlook

Looking ahead the Board believes the outlook for the current year remains very positive for the business. The industries we serve remain buoyant, driven by high commodity prices and strong underlying end-user demand. The strength of our technology and market position combined with our focus on serving the needs of the Oil and Gas, Power and Marine industries today and in the future augur well for the continued success of our business.

Nick Prest
Chairman

27 May 2008

BUSINESS REVIEW

OUR BUSINESS

AVEVA is a global provider of engineering software headquartered in Cambridge. It has over 30 offices around the world giving direct representation in over 24 countries.

AVEVA delivers world leading technologies which support the efficient design and operation of complex engineering projects in the Oil and Gas, Power, Marine, Paper and Pulp, Chemical and Mining industries. These demanding industries, that once used drawing boards and plastic models, now depend on AVEVA's integrated engineering software to drive every phase of a project's engineering workflow. From initial design and specification, through 3D engineering layout to procurement, materials management and project control, AVEVA's software combines technical excellence with unrivalled data integrity – all within a framework of applications flexible enough to meet the diverse requirements of all its users. The Group's continual progression has spanned five decades, during which time AVEVA has unveiled a number of leading-edge innovations in its industry, formed partnerships with major technology suppliers in specialist fields, and acquired a number of companies that have complemented its core solutions.

Our customer relationships, which have evolved over many years, remain a key component to AVEVA's success and are as strong as ever. We will continue to work closely with all of our customers as this important interaction helps AVEVA to shape its product road map for the future.

Our strategy is to remain a world class provider of technologies in our core markets, attract new customers and maintain and grow our existing customer base through new enhanced technologies.

Our current markets remain very buoyant driven by high commodity prices, increased end-user demand and capacity constraints. Such trends are forcing order books to extend beyond those traditionally seen whilst customers look to increase efficiency and capacity. Details of segmental drivers, performance and future outlook are covered below.

GLOBAL PERFORMANCE

Geographic performance

AVEVA is addressing a progressively more diverse and global customer base as customers increasingly want to use engineering IT tools throughout their globally dispersed organisation and network of partners. We expect this to be a sustainable driver of growth going forward as our unique tools allow engineers to work effectively across geographic boundaries.

ASIA PACIFIC – Revenue: £50.8 million (2007 - £36.9 million)

2007/8 proved to be another excellent year for AVEVA in the Asia Pacific region. As President of the region, Peter Finch has continued to build a strong team capable of driving forward the AVEVA business both into the rapidly expanding Marine market and the booming Power and Oil and Gas markets. Last year was another highly successful year for the entire region, with a 38% increase in revenue and a 63% increase in contribution. To manage and support this increase in business and to prepare the Company for further expected growth in the coming years across the region, we added 55 new staff in the year spread across 11 offices.

Korea was one of our top performing regions with a number of high value orders taken during the year. One of the most important orders was from Hanjin Heavy Industries and Construction. Hanjin will use AVEVA Marine products, including AVEVA NET, as part of their \$720m investment in a new shipyard in Subic Bay, Philippines. AVEVA Marine is now the system of choice in most Korean shipyards. AVEVA is also working closely with 12 educational institutions, including the prestigious Seoul University to promote and support the future use of AVEVA products.

In Korea we have also been promoting the new AVEVA Product Lifecycle Management (PLM) products to the Marine customers and there is a very high level of interest in this new technology from many of the industry leaders.

In Japan the business recovered from a flat period with orders from the resurgent Japanese shipbuilders and the buoyant chemical engineering business.

In China, AVEVA has gained recognition as one of the strongest players in the engineering software market, both in the Marine and in Process plant industries. Our Plant business did outstandingly well, with further penetration into the Nuclear Power sector, as well as signing strategic alliances with National oil operators China Offshore Oil Engineering Company (COOEC).

In the ASEAN countries AVEVA has continued to make progress in newer territories such as Vietnam, Indonesia and Thailand with a new team based in Kuala Lumpur.

AMERICAS – Revenue: £17.8 million (2007 - £13.5 million)

The Americas market was a mixture of steady trading in the USA, very good progress in South America and some good wins in Canada. During the year we have made considerable changes to the management team, with a very successful head of sales from AVEVA's South East Asian region now heading the North American sales force. Customer service is a critically important part of the AVEVA offering in the Americas and is now managed by a very experienced product and industry specialist based in the Wilmington office. Our customer service capability has been enhanced during the year, although hiring trained staff has proven difficult in the very buoyant global labour market for engineers.

The new AVEVA office in Mexico is running smoothly and we will continue our expansion into the rapidly growing South American market during 2008. In Brazil we were very pleased to win a long-term contract as the chosen design systems provider to the Brazilian National Oil company, Petrobras.

Strengthening the sales and support teams, along with further support for our AVEVA products in the Americas, has resulted in some important strategic customer wins including Chevron, where AVEVA NET will be used to manage information from multiple locations and project partners on the Nigerian Agbami project.

In the USA, AVEVA has been working closely in collaboration with universities, colleges and industry to address the shortfall of trained engineers.

CES – Revenue: £32.7 million (2007 - £22.8 million)

AVEVA's CES region spans both Central and Southern Europe and also includes North Africa, Eastern Europe and Russia. The whole region performed very well throughout the year, with the number of new customer wins doubling that of the previous year.

The subsidiary company formed in Russia had a very good year and increased its presence in this important market. During the year we have strengthened the sales and support teams in both Moscow and St Petersburg. In September we celebrated the opening of a new office in Moscow, which will allow for further enlargement of the team and will provide high quality training facilities which have been in high demand throughout the year.

In Italy we hosted some very successful customer meetings and the team in Genoa have done an excellent job in building the AVEVA profile in a hitherto under-exploited market with many new customer successes.

In the rapidly expanding Turkish shipbuilding market, concentrated around Tuzla bay, AVEVA has had a number of new customers taking on the AVEVA Marine products. There is considerable investment going into many of the shipyards close to Istanbul and implementing AVEVA Marine products is seen as key to the ongoing modernisation of both the design and manufacturing capability in Turkey.

Most of the longstanding AVEVA customers are enjoying full order books and have expanded their licences for AVEVA products. Most notable among these was Alstom Power, an AVEVA customer for over 25 years, who signed a new licence for extended use of AVEVA product.

WEMEA – Revenue: £26.3 million (2007 - £21.7 million)

AVEVA's most established customer base lies within the Western European, Middle East and African market, but there are also new opportunities emerging within the Marine market and the Middle East.

Investing in people has been a key theme across the region during the last year, with improved management structure, along with new sales and support staff across the region. We established a stronger presence in the AVEVA Chesterfield office, AVEVA Norway in Stavanger and Oslo, as well as having increased our footprint in the Middle East.

With all customers very busy in the Oil and Gas business across the region, we had significant expansion of licences in many of the longer established engineering contractors, such as AMEC and Aker Solutions.

In the UK, we were delighted to win the highly competitive order for Babcock Marine, where AVEVA Marine will be used on the Royal Navy CVF Aircraft Carrier project amongst other major projects underway at Babcock. With orders from VT Shipbuilding, Babcock and Harland and Wolff, the UK design centres of excellence are well placed to win design contracts from the Asian shipbuilding market, where AVEVA Marine is becoming the industry standard.

In the Middle East we had successes in the Oil and Gas industry with Petrofac, and a significant order from Abu Dhabi Ship Building, who will use AVEVA Marine for both commercial and military new build programmes, as well as refit work.

Industry performance

AVEVA's main industries are Oil and Gas, Power and Marine but also include Paper and Pulp, Chemical, Pharmaceutical, Environmental, Mining and Food Processing. The three main sectors account for close to 90% of the business and all are experiencing continued high levels of activity - driven by robust underlying growth drivers.

In the Oil and Gas sector, companies have been increasingly looking at recovering oil, in challenging environments, such as ultra deep water, which require greater design complexity. This has been driving an increase of our product usage this year and we expect demand to continue.

Marine customers are relentless in their drive for increased capacity through greater yard efficiency and new facilities. In addition the latest LNG and FPSO vessels are extremely complex and again, as the design complexity increases, so should the use of AVEVA products.

The Power industry remains strong with many new conventional fossil fuelled power stations currently being built. The Nuclear industry is also gathering pace with several new build reactors planned or started. AVEVA already has a strong presence in the Chinese Nuclear design institute market. Through the AVEVA link with AREVA and many other Nuclear specialists around the world we expect to see increased activity levels.

Mining, Paper and Pulp and our other sectors have remained positive and continue to see a solid intake of orders.

TECHNOLOGY AND PRODUCTS

AVEVA has launched several major new products and upgrades during the year. The new releases are the culmination of the largest development project ever carried out in the Group. As a part of the continual progression policy, which allows customers to make the best use of the latest technology without making their years of investment in the use of AVEVA products redundant, version 12 of the Plant and Marine products is a simple upgrade for existing customers. The introduction of new releases has therefore not hampered sales or created order backlogs. The delivery and content of the new versions has been detailed as a part of the AVEVA roadmap for some years, and customer pilots to trial the new products have been very favourable. Our aim is to provide customers with the best available technology, whilst always maintaining upward compatibility and offering the choice to upgrade to the new version during a long-term project.

Version 12 of AVEVA Plant and AVEVA Marine offer the very latest in functionality and are both built on proven AVEVA database technology. Both products were launched at the end of the calendar year. Beyond the 12 series are a number of further enhancements, including new modules which we expect will appeal to existing customers and enhance our competitive position in winning new customers.

As well as the very substantial investment in a new version of the products which play to our traditional market, we have continued to invest heavily in the AVEVA NET technology platform which has also seen major new functionality released during the year. With the rising levels of interest in AVEVA NET, the investment will be stepped up in the coming years.

The global development team has done an excellent job in producing a set of world leading applications, whilst at the same time integrating a large number of new staff and introducing new working methods.

ORGANISATION

With 730 people in the business at the year end and 148 new joiners, structuring our teams for future growth has been an important area for investment over the last year. We will continue to build on the staff development programmes put in place by the Human Resources team, such as graduate recruitment, management development and central induction courses.

Thanks to its industry reputation as a highly successful business, the Company has found the recruitment of new staff easier than many other companies in a highly competitive market for all disciplines.

PROSPECTS

AVEVA has the products and the organisational capability to continue to benefit from the very buoyant market conditions for its design products. At the same time, the Company is in a very strong position to establish itself as an important player in the emerging AVEVA NET and Product Lifecycle Management markets. World class products, coupled with unique domain experience and knowledge, have enabled us to engage with customers at the highest level, meeting the needs of the industry today and positioning ourselves to address the future requirements of our customers around the world.

With our financial strength, well developed direct sales and support organisation as well as a clear product roadmap, AVEVA is very well positioned for continued growth in this exciting market.

KEY PERFORMANCE INDICATORS

The Group's key financial and non-financial performance indicators are total revenue, adjusted profit before tax, headcount and adjusted earnings per share. These are discussed in more detail below.

Revenue

We have continued to see high levels of demand across all our business segments delivering sales growth of 34% to £127.6 million (2007 - £94.9 million).

The mix of revenue between initial fees and annual fees remained broadly in line with previous periods. Recurring revenue, which reflected continued high levels of renewals and growth in rental fees and annual fees which remain an intrinsic part of the initial licence fee, increased by 25% to £66.1 million (2007 - £52.7 million).

Initial fees grew by 55% to £52.9 million (2007 - £34.2 million) and continued to be driven by the high levels of growth in Asia and sustained levels of industry growth where our customers see value in making longer term commitments.

Revenue generated from services remained buoyed by new customer wins and the growth driven by licence sales of our AVEVA NET product, which generates higher levels of product customisation. Service revenue for the period amounted to £8.6 million (2007 - £8.1 million).

Gross margin, operating expenses and profit from operations

Gross margins and operating margins continued to improve and reflect the nature of the business, where a predominant amount of cost of sales relates to Research and Development costs which have already been expensed and the large proportion of sales relates to standard product. However sustainable growth is about investing in the future and as such we continue to invest high levels in Research and Development and 2008 was no exception with expenditure on new and enhancing existing technologies increased by 21% to £21.3 million (2007 - £17.6 million).

Operating costs amounted to £54.6 million (2007 - £43.6 million) an increase of 25%. Continued growth in headcount within sales, business development and administration functions to support the growth in the business over the last year accounted for a material proportion of this. Performance-based rewards were again a major factor in the increase in costs and now reflect a large variable element linked to the Group's performance. Operating costs for 2008 included a charge for reduction in goodwill of £0.4 million (2007 - £1.1 million). IFRS prescribes that, where the tax charge has been reduced due to the utilisation of previously unrecognised pre-acquisition tax losses, the carrying value of goodwill should be reduced by a charge to operating expenses of the same amount.

Adjusted profit before tax increased by 70% to £47.9 million (2007 - £28.1 million), which is before amortisation of intangibles, share-based payments and adjustment to goodwill totalling £3.0 million (2007 - £3.4 million).

Headcount

Total headcount at 31 March 2008 amounted to 730 (2007 – 582), an increase of 148 heads. Total staff costs for the year were £48.2 million compared with £38.3 million in 2007, an increase of 26%.

Taxation

The headline tax rate is lower than the UK standard rate due to a number of one-off credits. These include tax credits related to Research and Development, the benefit of tax losses generated from acquisitions which have now been exhausted and previously unrecognised deferred tax assets. After adjusting for these items the effective rate is 28%, which is broadly in line with the UK standard rate and expected to be nearer the headline rate in the future.

Earnings per share

Adjusted basic earnings per share (which is before amortisation of intangibles, adjustment to goodwill and share-based payments) increased by 74% to 55.22p (2007 - 31.71p). Basic earnings per share was 50.80p (2007 - 26.59p) an increase of 91%. The Directors believe that adjusted basic earnings per share provides a more meaningful measurement of performance of the underlying business.

Dividends

The Board of Directors are recommending an increased final dividend of 5.0p (2007 - 2.94p) and when taken together with the interim payment the dividend for the full year amounts to 6.65p (2007 - 4.18p) a 59% increase over the prior year. Subject to approval at the Annual General Meeting the final dividend will be paid on the 1 August 2008 to shareholders on the register on 27 June 2008.

Balance sheet

AVEVA's strong trading over recent years has continued to strengthen our balance sheet. Total assets have increased to £163.2 million up from £113.8 million in 2007 most of which relates to the increase in cash and cash equivalents. In addition to the movement in cash we saw trade and other receivables increase to £43.2 million from £36.5 million in 2007 which represents a substantial reduction as a proportion of revenue highlighting both the quality of revenue booked and a reduction in debtor days. Current liabilities increased to £53.8 million from £40.3 million in 2007 most of which relates to increases in deferred income to £20.0 million (2007 - £15.4 million) driven by the strength in recurring revenue, and increase in accruals to £18.9 million (2007 - £13.5 million). Retirement benefit obligations have reduced from £4.9 million in 2007 to £1.6 million in 2008 as a result of recent cash injections to the UK defined benefit scheme and an updated pension valuation.

Cash flows

Cash generated from operating activities before tax in the period amounted to £54.6 million (2007 - £26.8 million) and culminated in an increase in cash and cash equivalents of 100% to £82.8 million (2007 - £41.3 million). The high level of cash conversion reflects the quality of earnings and improved cash collection procedures.

The Board feels that in the current climate of bank credit it is appropriate for the business to maintain a strong cash position.

Richard Longdon
Chief Executive

Paul Taylor
Finance Director

27 May 2008

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

		2008 £000	2007 £000
Revenue	2,3	127,561	94,906
Cost of sales		(29,793)	(27,269)
Gross profit		97,768	67,637
Operating expenses			
Selling and distribution costs		(39,025)	(30,541)
Administrative expenses		(15,582)	(13,061)
Total operating expenses		(54,607)	(43,602)
Profit from operations		43,161	24,035
Finance revenue		3,785	2,297
Finance costs		(1,979)	(1,682)
Profit before tax		44,967	24,650
Analysis of profit before tax			
Profit before tax, share-based payments, amortisation and goodwill adjustment		47,949	28,083
Share-based payments		(315)	(177)
Adjustment to carrying value of goodwill in respect of utilisation of tax losses		(391)	(1,136)
Amortisation of intangibles (excluding other software)		(2,276)	(2,120)
Profit before tax		44,967	24,650
Income tax expense	4	(10,721)	(6,844)
Profit for the year attributable to equity holders of the parent		34,246	17,806
Earnings per share (pence)			
– basic	5	50.80p	26.59p
– diluted	5	50.38p	26.32p

All activities relate to continuing activities.

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

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 31 MARCH 2008

	2008	2007
	£000	£000
Tax on items recognised directly in equity	(389)	1,979
Exchange differences arising on translation of foreign operations	5,782	(1,872)
Actuarial gain/ (loss) on defined benefit pension schemes	3,427	(2,694)
Net income/(loss) recognised directly in equity	8,820	(2,587)
Profit for the year	34,246	17,806
Total recognised income and expense relating to the year attributable to equity holders of the parent	43,066	15,219

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

CONSOLIDATED BALANCE SHEET

31 MARCH 2008

	2008 £000	2007 £000
Non-current assets		
Goodwill	16,689	15,062
Other intangible assets	10,806	12,028
Property, plant and equipment	5,403	4,752
Deferred tax assets	2,743	3,628
Other receivables	737	261
	36,378	35,731
Current assets		
Trade and other receivables	43,184	36,546
Current tax assets	751	258
Cash and cash equivalents	82,849	41,287
	126,784	78,091
Total assets	163,162	113,822
Equity		
Issued share capital	2,250	2,245
Share premium	26,522	26,381
Other reserves	8,527	2,745
Retained earnings	68,447	33,941
Total equity	105,746	65,312
Current liabilities		
Trade and other payables	45,223	33,259
Financial liabilities	1,048	168
Current tax liabilities	7,488	6,907
	53,759	40,334
Non-current liabilities		
Deferred tax liabilities	2,065	3,105
Financial liabilities	–	128
Retirement benefit obligations	1,592	4,943
	3,657	8,176
Total equity and liabilities	163,162	113,822

The accompanying notes are an integral part of this Consolidated balance sheet.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	2008	2007
	£000	£000
Cash flows from operating activities		
Profit for the year	34,246	17,806
Income tax	10,721	6,844
Net finance revenue	(1,806)	(615)
Depreciation of property, plant and equipment	1,243	1,254
Amortisation of intangible assets	2,336	2,167
Loss/(profit) on disposal of non-current assets	14	(12)
Share-based payments	315	177
Difference between pension contributions paid and amounts recognised in income statement	135	(1,902)
Adjustment to carrying value of goodwill	391	1,136
Changes in working capital:		
Trade and other receivables	(6,475)	(9,298)
Trade and other payables	12,632	9,193
Fair value of forward contracts	874	7
Cash generated from operating activities before tax	54,626	26,757
Income taxes paid	(11,325)	(4,810)
Net cash generated from operating activities	43,301	21,947
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,781)	(1,241)
Interest received	1,772	547
Proceeds from disposal of property, plant and equipment	34	85
Purchase of intangible assets	(136)	(1,056)
Net cash used in investing activities	(111)	(1,665)
Cash flows from financing activities		
Interest paid	(13)	(43)
Proceeds from the issue of shares	146	1,048
Payment of finance lease liabilities	(133)	(157)
Dividends paid to equity holders of the parent	(3,093)	(1,992)
Net cash flows from financing activities	(3,093)	(1,144)
Net increase in cash and cash equivalents	40,097	19,138
Net foreign exchange difference	1,465	(1,354)
Opening cash and cash equivalents	41,287	23,503
Closing cash and cash equivalents	82,849	41,287

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

1. Basis of preparation

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

The preliminary announcement covers the period 1 April 2007 to 31 March 2008 and was approved by the Board on 27 May 2008.

The preliminary statement has been prepared on a consistent basis with the accounting policies set out in the last published financial statements for the year ended 31 March 2007.

The financial information contained in this preliminary announcement of audited results does not constitute the Group's statutory accounts for the years ended 31 March 2008 or 31 March 2007 as defined in section 240 of the Companies Act 1985. The accounts for the year ended 31 March 2007 have been delivered to the Registrar of Companies. The statutory accounts for the years ended 31 March 2008 and 2007 have been reported on by the Company's auditors; the reports on these accounts were unqualified and they did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

The statutory accounts for the year ended 31 March 2008 are expected to be posted to shareholders in due course and will be delivered to the Registrar of Companies after they have been laid before the shareholders in a general meeting on 10 July 2008. Copies will be available from the registered office of the Company, High Cross, Madingley Road, Cambridge, CB3 0HB and can be accessed on the AVEVA website, www.aveva.com. The registered number of AVEVA Group plc is 2937296.

2. Revenue

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

	2008	2007
	£000	£000
Annual fees	23,120	17,396
Rental fees	40,558	32,195
Recurring services	2,426	3,060
Total recurring revenue	66,104	52,651
Initial licence fees	52,903	34,185
Services	8,554	8,070
Total revenue	127,561	94,906
Finance revenue	3,785	2,297
	131,346	97,203

Services consist of consultancy and training fees.

3. Segment information

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

Geographical segments	Asia Pacific	WEMEA	CES	Americas	Unallocated	Total
Year ended 31 March 2008	£000	£000	£000	£000	£000	£000
Income statement						
Revenue						
Segment revenue	50,812	26,257	32,684	17,808	—	127,561
Result						
Segment result	34,486	18,554	20,003	11,109	—	84,152
Unallocated expenses						
Corporate overheads					(19,690)	(19,690)
Research and Development					(21,301)	(21,301)
Profit from operations						
						43,161
Finance revenue						3,785
Finance costs						(1,979)
Profit before tax						
						44,967
Income tax expense						(10,721)
Net profit for the year						
						34,246
Assets and liabilities						
Segment assets	48,669	11,485	20,968	7,065	—	88,187
Unallocated corporate assets					74,975	74,975
Consolidated total assets						
						163,162
Segment liabilities	(17,959)	(3,350)	(8,232)	(3,380)	—	(32,921)
Unallocated corporate liabilities					(24,495)	(24,495)
Consolidated total liabilities						
						(57,416)
Other segment information						
Capital expenditure						
Property, plant and equipment	729	33	183	98	738	1,781
Intangible assets	—	—	—	—	136	136
Depreciation	(372)	(4)	(120)	(63)	(684)	(1,243)
Amortisation	—	—	—	—	(2,336)	(2,336)

3. Segment information - continued

<i>Geographical segments</i>	Asia Pacific	WEMEA	CES	Americas	Unallocated	Total
Year ended 31 March 2007	£000	£000	£000	£000	£000	£000
Income statement						
Revenue						
Segment revenue	36,871	21,744	22,808	13,483	—	94,906
Result						
Segment result	21,116	14,216	13,513	7,882	—	56,727
Unallocated expenses						
Corporate overheads					(15,085)	(15,085)
Research and Development costs					(17,607)	(17,607)
Profit from operations						
						24,035
Finance revenue						2,297
Finance costs						(1,682)
Profit before tax						
						24,650
Income tax expense						(6,844)
Net profit for the year						
						17,806
Assets and liabilities						
Segment assets	35,902	9,039	17,761	4,918	—	67,620
Unallocated corporate assets					46,202	46,202
Consolidated total assets						
						113,822
Segment liabilities	(13,376)	(3,817)	(6,303)	(2,298)	—	(25,794)
Unallocated corporate liabilities					(22,716)	(22,716)
Consolidated total liabilities						
						(48,510)
Other segment information						
Capital expenditure						
Property, plant and equipment	503	30	120	56	532	1,241
Intangible assets	—	—	—	—	1,056	1,056
Depreciation	(247)	(8)	(109)	(76)	(814)	(1,254)
Amortisation	—	—	—	—	(2,167)	(2,167)

4. Income tax expense

a) Tax on profit

The major components of income tax expense for the years ended 31 March 2008 and 2007 are as follows:

	2008	2007
	£000	£000
Tax charged in Consolidated income statement		
Current tax		
UK corporation tax	9,119	2,557
Adjustments in respect of prior periods	(769)	(327)
	8,350	2,230
Foreign tax		
Foreign tax	4,215	4,729
Adjustments in respect of prior periods	(960)	327
	3,255	5,056
Total current tax	11,605	7,286
Deferred tax		
Origination and reversal of temporary differences	391	227
Adjustment in respect of prior periods	(1,267)	(669)
Effect of change in UK tax rate	(8)	—
Total deferred tax	(884)	(442)
Total income tax expense reported in Consolidated income statement	10,721	6,844
	2008	2007
	£000	£000
Tax relating to items charged or credited directly to equity		
Current tax		
Tax benefit of share option exercises	353	979
Deferred tax		
Deferred tax on share options	629	16
Deferred tax on retranslation of intangible assets	(350)	173
Deferred tax on actuarial gain/(loss) on defined benefit pension scheme	(1,021)	811
Tax (charge)/credit directly to equity	(389)	1,979

4. Income tax expense - continued

b) Reconciliation of the total tax charge

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

	2008	2007
	£000	£000
Tax on Group profit before tax at standard UK corporation tax rate of 30% (2007 – 30%)	13,490	7,395
Effects of:		
Expenses not deductible for tax purposes	117	951
Movement on unprovided deferred tax balances	(6)	(566)
Change in UK tax rate for deferred tax provision	(8)	—
(Lower)/higher tax rates on overseas earnings	(90)	352
UK tax on remitted earnings	—	517
Unrelieved tax losses	214	—
Adjustments in respect of prior years:		
- Other	(2,605)	(669)
- Relief for losses previously not recognised	(391)	(1,136)
Income tax expense reported in the Consolidated income statement	10,721	6,844

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

5. Earnings per share

The calculations of basic and diluted earnings per share are based on the net profit attributable to equity holders of the parent for the year of £34,246,000 (2007 – £17,806,000). Basic earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the potentially dilutive share options into ordinary shares.

5. Earnings per share - continued

	2008 Number	2007 Number
Weighted average number of ordinary shares for basic earnings per share	67,412,779	66,970,870
Effect of dilution: Employee share options	567,686	687,951
Weighted average number of ordinary shares adjusted for the effect of dilution	67,980,465	67,658,821
Earnings per share for the year:		
Basic	50.80p	26.59p
Diluted	50.38p	26.32p
Adjusted earnings per share for the year:		
Basic	55.22p	31.71p
Diluted	54.76p	31.39p

Adjusted basic and adjusted diluted earnings per share is calculated based on an adjusted profit after tax of £37,228,000 (2007 – £21,239,000) obtained by adding intangible amortisation (excluding other software) of £2,276,000 (2007 – £2,120,000), share-based payments of £315,000 (2007 – £177,000) and adjustment to carrying value of goodwill of £391,000 (2007 – £1,136,000) to the profit after tax for the year of £34,246,000 (2007 – £17,806,000). The denominators used are the same as those detailed above for both basic and diluted earnings per share.

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

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

6. Dividends paid and proposed on equity shares

	2008 £000	2007 £000
Declared and paid during the year		
Interim 2007/8 dividend paid of 1.65p (2006/7 – 1.24p) per ordinary share	1,113	835
Final 2006/7 dividend paid of 2.94p (2005/6 – 1.73p) per ordinary share	1,980	1,157
	3,093	1,992
Proposed for approval by shareholders at the Annual General Meeting		
Final proposed dividend 2007/8 of 5.0p (2006/7 – 2.94p) per ordinary share	3,376	1,980

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 10 July 2008 and has not been included as a liability in these financial statements. If approved at the Annual General Meeting the final dividend will be paid on 1 August 2008 to shareholders on the register at the close of business on 27 June 2008.