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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

A copy of this document, which comprises a prospectus relating to AVEVA Group plc prepared in accordance with the Listing Rules made under section 74 of the Financial Services and Markets Act 2000, has been delivered to the Registrar of Companies in England and Wales for registration in accordance with section 83 of that Act.

Hoare Govett Limited, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for AVEVA Group plc in connection with the Acquisition, Placing and Open Offer described in this document and for no one else and will not be responsible to anyone other than AVEVA Group plc for providing the protections afforded to clients of Hoare Govett Limited or for providing advice in relation to the Acquisition, Placing and Open Offer.

Application for New Ordinary Shares under the Open Offer may only be made on the accompanying Application Form which is personal to the Shareholder(s) named thereon and may not be assigned or transferred except to satisfy *bona fide* market claims. The Open Offer to Qualifying Shareholders will close at 3.00 pm on 13 May 2004. The procedure for application is set out in the letter from Hoare Govett Limited contained in Part II of this document and also in the accompanying Application Form. If you have sold or transferred all of your Ordinary Shares in AVEVA Group plc, please forward this document, together with the accompanying documents, to the purchaser or transferee, or stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be forwarded to or transmitted in or into the United States, Canada, Australia, Japan or the Republic of Ireland or their respective territories or possessions. If you have sold or transferred only part of your holding of Ordinary Shares, you should consult your stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding splitting of applications set out in the accompanying Application Form.

Qualifying Shareholders who are CREST Sponsored Members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer.

AVEVA Group plc

Proposed acquisition of

Tribon Solutions AB,

Placing and Open Offer

by

Hoare Govett Limited

of

3,645,112 New Ordinary Shares

at 473.0 pence per share

and

adoption of a new LTIP and amendment to the Executive Scheme



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Application has been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for such shares to be admitted to trading on its market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares under the Placing and Open Offer will commence on 18 May 2004.

Notice of an Extraordinary General Meeting of the Company to be held at 10.00 am on 14 May 2004 is set out at the end of this document. The accompanying form of proxy for use in connection with the Extraordinary General Meeting should be completed and returned so as to reach the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received at the latest by 10.00 am on 12 May 2004. Completion of a form of proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they choose to do so.

The New Ordinary Shares have not been nor will they be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States or of any province or territory of Canada, Australia, Japan or the Republic of Ireland. Subject to certain exceptions, the New Ordinary Shares may not be offered, sold, taken up, renounced or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of Ireland or their respective territories or possessions and Application Forms are not being posted to any person in the United States, Canada, Australia, Japan or the Republic of Ireland. The attention of Overseas Shareholders is drawn to the section headed "Overseas Shareholders" set out in Part II of this document.

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EXPECTED TIMETABLE OF EVENTS

	2004
Record Date for the Open Offer	Close of business on 16 April
Ex-entitlement date	21 April
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 pm on 11 May
Latest time and date for receipt of forms of proxy	10.00 am on 12 May
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer	3.00 pm on 13 May
Extraordinary General Meeting	10.00 am on 14 May
CREST stock accounts credited for the Firm Placing Shares and Open Offer Shares	18 May
Dealings in the New Ordinary Shares to be issued under the Placing and Open Offer expected to commence	18 May
Completion of the Acquisition	19 May
Definitive certificates for the Open Offer Shares expected to be despatched	By 20 May

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"Acquisition"	the acquisition of Tribon as described in this document
"Acquisition Agreement"	the conditional agreement dated 21 April 2004 relating to the Acquisition, the principal terms of which are contained in paragraph 8 of Part VII of this document
"Act"	the Companies Act 1985, as amended
"Admission"	admission of the Open Offer Shares and the Firm Placing Shares or, in relation to the Acquisition Agreement, of the Consideration Shares (as the case may be) to the Official List and to trading on the London Stock Exchange's market for listed securities becoming effective
"Application Form"	the personalised application form relating to the Open Offer being sent to Qualifying Shareholders with this document
"AVEVA" or the "Company"	AVEVA Group plc
"AVEVA Group" or the "Group"	AVEVA and its subsidiary undertakings
"certificated" or "in certificated form"	an Ordinary Share which is not in uncertificated form
"Completion"	completion of the Acquisition pursuant to the Acquisition Agreement
"Consideration Shares"	the 789,655 New Ordinary Shares to be issued credited as fully paid to the Vendors (or their nominee) as part of the consideration for the Acquisition
"CREST"	the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo Limited
"Directors" or "Board"	the directors of AVEVA, the names of whom are set out in Part VII of this document
"Employee Scheme"	the Cadcentre Group plc Employee Share Option Scheme (1996)
"Enlarged Group"	the AVEVA Group as enlarged by the Acquisition
"Executive Scheme"	the Cadcentre Group plc Executive Share Option Scheme (comprising Part A: Approved and Part B: Unapproved)
"Existing Ordinary Shares"	the 17,470,300 fully paid Ordinary Shares in issue on the Record Date
"Extraordinary General Meeting"	the extraordinary general meeting of the Company, notice of which is set out at the end of this document, or any adjournment thereof

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"Facility Agreements"	the short term facilities agreement dated 21 April 2004 and made between AVEVA Solutions Limited and Barclays Bank PLC and the revolving loan facility agreement dated 21 April 2004 and made between the Company, AVEVA Solutions Limited and Barclays Bank PLC, relating to the making available of banking facilities totalling in aggregate £6.0 million
"Firm Placing Shares"	the 957,374 New Ordinary Shares being placed firm conditionally and which are not being offered pursuant to the Open Offer
"Hoare Govett"	Hoare Govett Limited
"Issue Price"	473.0 pence per Open Offer Share or Firm Placing Share (as the case may be)
"Listing Rules"	the rules and regulations of the UK Listing Authority made under Part VI of the Financial Services and Markets Act 2000, as amended from time to time
"London Stock Exchange"	London Stock Exchange plc
"LTIP"	the proposed AVEVA Group Long Term Incentive Plan details of which are set out in Part VI of this document
"New Ordinary Shares"	the 4,434,767 new Ordinary Shares, being the Consideration Shares, the Firm Placing Shares and the Open Offer Shares
"Official List"	the Official List of the UK Listing Authority
"Open Offer"	the conditional offer by Hoare Govett as agent on behalf of the Company, to Qualifying Shareholders to apply for the Open Offer Shares on the terms and subject to the conditions set out in this document and the Application Form
"Open Offer Shares"	the 2,687,738 New Ordinary Shares to be issued for cash pursuant to the Open Offer
"Ordinary Shares"	ordinary shares of 10 pence each in the capital of the Company
"Overseas Shareholders"	Shareholders who have registered addresses in or are resident in, or citizens of, countries other than the United Kingdom
"Placing"	the conditional placing of (i) the Open Offer Shares (which, other than those in respect of which undertakings have been received from the Directors not to take up their entitlements under the Open Offer, are subject to clawback to satisfy valid acceptances under the Open Offer) and (ii) the Firm Placing Shares (which are not subject to clawback), in each case pursuant to the Placing Agreement

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"Placing Agreement"	the placing agreement dated 21 April 2004 between the Company and Hoare Govett, relating to the Placing and the Open Offer, the principal terms of which are summarised in paragraph 8 of Part VII of this document
"Qualifying Shareholders"	holders of Ordinary Shares on the register of members of the Company at the Record Date (other than certain Overseas Shareholders to whom the Open Offer is not being extended, as described in Part II of this document)
"Record Date"	the close of business on 16 April 2004
"Registrars"	Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
"Resolution 1"	the resolution numbered 1 and contained in the notice of Extraordinary General Meeting set out at the end of this document
"Resolutions"	Resolution 1 and the Share Option Resolutions
"Shareholders"	holders of Ordinary Shares
"Share Option Resolutions"	the proposed resolutions in connection with the adoption of a new LTIP and the amendment to the Executive Scheme numbered 2 to 4 and contained in the notice of Extraordinary General Meeting set out at the end of this document
"Share Option Schemes"	the Employee Scheme and the Executive Scheme
"Tribon"	Tribon Solutions AB
"Tribon Group"	Tribon and its subsidiary undertakings
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority" or "UKLA"	the Financial Services Authority Limited acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"uncertificated" or "in uncertificated form"	an Ordinary Share which is for the time being recorded on the Company's register of members as being held in uncertificated form in CREST, and title to which by virtue of the Uncertificated Securities Regulations 2001 (SI 2001 No 3755), may be transferred by means of CREST
"United States"	the United States of America, including its territories and possessions, any State of the United States of America and the District of Columbia
"Vendors"	shareholders in Tribon

Solely for the convenience of the reader, this document, unless otherwise stated, translates figures in foreign currencies into pounds sterling or vice versa, at £1.00 = SEK 12.88, being the closing mid-point spot exchange rate set out in the Financial Times on 31 December 2003, the date of Tribon's most recent published financial statements.

DIRECTORS AND ADVISERS

Directors	Richard King (<i>Non-executive Chairman</i>) Richard Longdon (<i>Chief Executive</i>) Paul Taylor (<i>Finance Director</i>) David Mann (<i>Non-executive Director</i>) Colin Garrett (<i>Non-executive Director</i>)
Secretary and registered office	Paul Taylor High Cross Madingley Road Cambridge CB3 0HB
Sponsor, financial adviser and stockbroker	Hoare Govett Limited 250 Bishopsgate London EC2M 4AA
Solicitors to the Company	Ashurst Broadwalk House 5 Appold Street London EC2A 2HA
Solicitors to the Placing	Norton Rose Kempson House Camomile Street London EC3A 7AN
Reporting accountants	Deloitte & Touche LLP Leda House Station Road Cambridge CB1 2RN
Auditors	Ernst & Young LLP Compass House 80 Newmarket Road Cambridge CB5 8DZ
Bankers	Barclays Bank PLC 15 Bene't Street Cambridge CB2 1PH
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Receiving agent	Capita IRG Plc Corporate Actions PO Box 166 The Registry 34 Beckenham Road Beckenham Kent BR3 4TH

PART I

LETTER FROM THE CHAIRMAN OF AVEVA GROUP PLC

Directors:

Richard King – *Non-executive Chairman*

Richard Longdon – *Chief Executive*

Paul Taylor – *Finance Director*

David Mann – *Non-executive Director*

Colin Garrett – *Non-executive Director*

Registered and head office:

High Cross

Madingley Road

Cambridge

CB3 0HB

21 April 2004

To Shareholders and, for information only, to holders of options under the Share Option Schemes

Dear Shareholder

PROPOSED ACQUISITION OF TRIBON, PLACING AND OPEN OFFER OF 3,645,112 NEW ORDINARY SHARES AT 473.0 PENCE PER SHARE AND ADOPTION OF THE NEW LTIP AND AMENDMENT TO THE EXECUTIVE SCHEME

Introduction

It was announced today that the Company has entered into a conditional agreement to acquire Tribon. Tribon develops, markets and supports software solutions for use in the design and production processes in marine industry all over the world. The total consideration for the Acquisition will be approximately £19.0 million, approximately £15.0 million of which will be satisfied in cash and approximately £4.0 million will be satisfied through the issue of 789,655 Consideration Shares to the Vendors.

In order to finance the cash consideration for the Acquisition and expenses related thereto, the Company has also announced today that it proposes to raise approximately £17.2 million, (approximately £14.7 million net of expenses of the Acquisition and the Placing and Open Offer) pursuant to the Placing and Open Offer. The Placing and Open Offer comprise the Open Offer, and a separate placing of the Firm Placing Shares which are being issued on a non-pre-emptive basis. In addition, the Company has also entered into the Facility Agreements for the provision of bank facilities amounting to £6.0 million to support the Enlarged Group's working capital requirements.

The Open Offer is being made at the Issue Price on the basis of 2 Open Offer Shares for every 13 Existing Ordinary Shares held on the Record Date, and so in proportion for any other number of Existing Ordinary Shares then held. The Placing and Open Offer have been fully underwritten by Hoare Govett on the terms and conditions set out in the Placing Agreement.

Irrevocable undertakings have been received from the Directors not to take up their entitlements under the Open Offer totalling 82,694 Open Offer Shares, representing 3.1 per cent of the Open Offer Shares. These Open Offer Shares have been conditionally placed firm with institutional and other investors, subject to the Placing Agreement becoming unconditional.

The balance of the Open Offer Shares, totalling 2,605,044 Open Offer Shares, have been conditionally placed at the Issue Price with institutional and other investors, subject to clawback to satisfy applications from Qualifying Shareholders for New Ordinary Shares under the Open Offer.

The Firm Placing Shares have been conditionally placed firm on a non-pre-emptive basis at the Issue Price with institutional and other investors, subject to the Placing Agreement becoming unconditional. The Firm Placing Shares so placed will not be subject to clawback to satisfy applications from Qualifying Shareholders.

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In view of its size, the Acquisition, and the Placing and Open Offer, require the approval of Shareholders and all are therefore conditional, *inter alia*, upon the passing of Resolution 1 to be proposed at the Extraordinary General Meeting, notice of which is set out at the end of this document.

In addition, the Directors are proposing the adoption of a new LTIP and an amendment to the Executive Scheme which the Directors believe are necessary to be able to offer competitive remuneration to executives and to align employees' interests with those of Shareholders.

The purpose of this document is to provide you with details of the Acquisition, the Placing and Open Offer and the proposed new LTIP and amendment to the Executive Scheme and to explain why your Board considers that they are in the best interests of AVEVA and of Shareholders as a whole.

Information on Tribon and its business

Tribon comprises two businesses: Tribon Solutions and Tribon.com, of which Tribon Solutions is the original and main business. Tribon has 164 employees, with headquarters in Sweden and offices in China, Germany, India, Japan, Republic of Korea, Russia, Singapore, the UK and the USA.

Tribon Solutions develops, markets and supports software solutions for use in the design and production processes in marine industry all over the world. The marine industry is highly fragmented with five suppliers with an identifiable share of supply and numerous in-house or small local suppliers with insignificant share of supply. Tribon has more than three times the number of customer sites than its nearest competitor. As a supplier of more than 30 years standing, with its roots in the Swedish shipbuilder Kockums, Tribon has developed over the years into a leading global supplier in respect of all types of ships and offshore structures. The product range has been broadened around its core of providing a product information model which can store a complete digital description of a ship. In the late 1980s Tribon acquired the rights to both Autokon and Schiffko systems to increase its share of supply. In 1994 Kockums Computer Systems acquired British Maritime Technology Icons ("BMT") as well as the rights of the marine design software systems of BMT, resulting in the launch of the Tribon system in 1994 which combined the strengths of the acquired products into one system. Since 2002, Tribon has been owned by Accent Equity Partners, a Nordic private equity house, and Tribon management.

Tribon Solutions has an ongoing development programme and recently released the latest version of the product, M3, which runs until the end of 2004. These products and related services are sold into 42 countries through a network of offices around the world and are the system of choice in more than 74 per cent of the top 50 shipyards in the world. At 31 December 2003 Tribon had 370 licences outstanding and major customers include Dalian New Shipbuilding Heavy Industry (China), Shanghai Waigaoqiao Shipbuilding (China), Garden Reach Shipbuilders (India), Universal Shipbuilding (Japan), Daewoo Shipbuilding (South Korea), STX Shipbuilding (South Korea) and NASSCO (USA). The Directors believe that Tribon offers a more comprehensive suite of products than its competitors.

Tribon.com is an internet service for the marine industry. It links together shipyards and marine equipment and system suppliers in a global database of shipbuilding components, equipment and information. The database contains design information, pictures, technical specifications, certificates, 3D models and commercial information enabling design integration. By subscribing to the service, shipyards can access, download and integrate information directly to their design model. Suppliers, on the other hand, can market their equipment directly to the shipyards and design agents. M3 includes new download features that handle all data available on Tribon.com as well as making information available during the design process.

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Financial record

A summary of the results for Tribon for the three financial years ended 31 December 2003 is set out below:

	2001 £'000	2002 £'000	2003 £'000
Turnover	13,773	15,468	14,396
Operating loss	(4,494)	(2,426)	(947)
Finance charges (net)	(82)	(125)	(168)
Loss on ordinary activities before taxation	(4,576)	(2,551)	(1,115)

Net liabilities at 31 December 2003 amounted to £2.2 million.

Shareholders should read the whole of this document and not just rely on the information summarised above, which has been extracted, without material adjustment, from Part III of this document.

In the year ended 31 December 2003 recurring revenues amounted to £7.9 million, representing approximately 55.0 per cent of total revenue.

The above record of Tribon has been affected by significant development costs and losses incurred by the Tribon.com business, particularly by a high headcount involved in setting up the website. To conform to the accounting policies adopted by AVEVA, the above record incorporates adjustments to charge the profit and loss account of the relevant year with development costs which had been capitalised by Tribon.

In the year ended 31 December 2003, an operating loss was incurred principally, in the Directors' opinion, as a result of two material items:

- significant losses incurred by Tribon.com of SEK 10 million (£0.8 million) (2002: SEK 27 million (£2.1 million)) as set out in the directors' report contained in the audited accounts of Tribon, which form the basis of the accountants' report contained in Part III of this document; and
- a restatement of revenues of £1.1 million, which had an adverse impact of £0.7 million on the operating loss, and a provision of approximately £0.5 million against certain contracts entered into prior to the year ended 31 December 2003 with extended payment terms.

Reasons for and benefits of the Acquisition

AVEVA is a provider of software solutions principally to engineering companies, constructors and owner operators in the process plant and offshore platform sectors. The Directors believe that the acquisition of Tribon will extend AVEVA's business into the adjacent and complementary sector of shipbuilding. Tribon is the leading provider of engineering IT solutions to the shipbuilding sector which is currently growing strongly, especially in the Far East. The Enlarged Group will be able to offer the market a range of engineering IT products and services which, in the opinion of the Directors, will be unrivalled.

Recent trends in the market for offshore oil and gas facilities have seen a progressive move from fixed platforms to complex floating structures. Shipbuilding production – and increasingly, design – has moved substantially to shipyards in Asia Pacific which in 2003 accounted for over 80 per cent of the world's production of non-naval vessels greater than 1,500 tonnes displacement. Asia Pacific shipyards have been winning an increasing proportion of the complex hull fit-out for offshore oil/gas facilities in addition to hull construction. At the same time, customers have sought the 'single supplier solution' in which the supplier can provide all the products and services required for a complete project. The Enlarged Group will be able to provide engineering IT products and services covering the entire design and construction of the hull, the oil/gas processing plant or other complex facilities and the needs for long-term maintenance.

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The combination of hull design technology within Tribon and outfitting from AVEVA provides the basis for a complete system. The foundation for this combination will be the proven existing AVEVA database technology which is well suited to hosting both applications. There are opportunities for cross use of technology with components within the Tribon product range able to fill gaps in the AVEVA range or accelerate plans to enhance the products, particularly in the field of structural steel design which has already been cited as a key investment area for AVEVA. There are already a number of customers that use both Tribon and AVEVA products in the design and production of offshore structures, which include three of the world's largest producers.

The technical foundation of Tribon products is highly compatible with that of AVEVA and it is envisaged that within three years a fully integrated solution will be available through three product release cycles with VANTAGE Marine 1, the first of these, available in the next 12 months.

During the last three years Tribon has been developing an internet based catalogue for marine components. The system links together shipyards and marine equipment and system suppliers in a comprehensive and unique global network. Through use of the system, designers can drive standardisation and reduce design cost whilst suppliers can use the system as a flexible marketing channel, reducing their cost to market. There are opportunities for the same technology to be used in AVEVA's traditional market and also to be combined with AVEVA's automated material control and purchasing system.

The Directors believe that Tribon will strengthen AVEVA's international presence with a greater density of customers in a number of areas. The direct sales and support office networks of AVEVA and Tribon have considerable overlap, offering the opportunity for substantial cost savings. It is intended that eight of Tribon's ten international offices will be folded into AVEVA's existing network; Tribon's Russian office will represent the Enlarged Group in Russia and Sweden will remain as the headquarters for marine product development. The Board intends to introduce its commercial practices to Tribon so that no new perpetual licences are granted and that AVEVA's model of rental licensing is also adopted.

Competition in the ship design area is fragmented; many of the suppliers which entered the sector failed to gain the necessary traction to become established players alongside Tribon, leaving a large number of legacy systems within some major accounts. The Directors believe that a key to gaining ground in these accounts and replacing the legacy systems is to offer a broader product range which is properly resourced and backed by high quality support and implementation. The Directors also believe that the combination of AVEVA and Tribon will provide a strong and compelling solution both technically and commercially. For the future, the Board believes that the Enlarged Group will have enhanced prospects for growth.

The Board estimates that the Acquisition benefits from rationalising overlapping offices and resources should lead to a reduction in the annualised operating costs of the Enlarged Group of approximately £2.4 million in the first full financial year following Completion. The cost of achieving these savings is estimated to be approximately £2.1 million.

Accordingly, your Board expects that in the year ending 31 March 2006, the Acquisition will be earnings enhancing, before amortising goodwill. This statement should not be interpreted to mean that the future earnings per Ordinary Share of the Company, as enlarged by the Acquisition, will necessarily be greater than the historic earnings per Ordinary Share of the Company.

Terms of the Acquisition

Under the terms of the Acquisition Agreement, AVEVA has agreed to acquire Tribon for a total consideration of approximately £19.0 million. The consideration for the Acquisition will be satisfied as to approximately £15.0 million in cash and approximately £4.0 million by the issue of the Consideration Shares. The Consideration Shares shall be subject to certain undertakings of

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the Vendors not to sell, transfer or dispose of any of their Consideration Shares (save in certain specified circumstances) prior to the date nine months from Completion. Subject to these undertakings the Vendors may sell their Consideration Shares but the proceeds of such sale shall be subject to set-off for claims under the Acquisition Agreement until 31 May 2005.

The Acquisition Agreement is conditional, *inter alia*, on (i) the passing of Resolution 1 at the Extraordinary General Meeting; (ii) the Placing Agreement becoming unconditional in all respects (save as to any condition relating to Admission or the Acquisition Agreement) and not being terminated in accordance with its terms prior to Admission; and (iii) Admission. It is expected that completion of the Acquisition will take place on 19 May 2004.

Further details of the Acquisition Agreement are contained in paragraph 8 of Part VII of this document.

Current trading and prospects of the Enlarged Group

AVEVA

The year to 31 March 2004 ended strongly for AVEVA. The traditional strength of AVEVA in the oil, gas and power industries continued with some notable sales for both products and services in the power industry. In addition, other industry segments that were quiet in the first half of the previous financial year have also shown signs of recovery.

Business has been good in Asia Pacific, notably South Korea, China and, towards the end of the period, Japan. Central Europe also performed strongly with new sales activity in Russia and a very good performance in France. The North American business recovered from its poor first half but still finished some way behind expectations.

During the year, AVEVA has seen demand from customers wishing to use its entire VANTAGE range of products increase with good orders for the new VNET web based collaboration product, launched in June 2003. AVEVA also announced an alliance for the process industry with Autodesk, world leaders in desktop CAD. The first products from the alliance are due to be shipped late in 2004.

However, a material contract that was expected to be signed during AVEVA's fourth quarter has now slipped into the current financial year. The Board has received indications that the contract will be signed but unfortunately this had not occurred by 31 March 2004. The Board is confident that the contract will be signed in the near future.

AVEVA opened offices in Calgary and Dubai during the year as well as starting active marketing of its solutions in Russia. There are no plans for further offices this year but the integration of Tribon offices will increase the Group's presence in the important Asia Pacific region.

Tribon

The year has started well for Tribon with sales ahead of target for the first quarter. In particular, sales in Europe have been much better than anticipated with a renewed interest in the capacity of European shipyards on the back of very full order books in most Asian shipyards.

The Enlarged Group

Accordingly, the performance of the Enlarged Group for the year ending 31 March 2005 is expected to be in line with the Board's expectations.

The Board expects to release its preliminary announcement of results for the year ending 31 March 2004 on 19 May 2004 in accordance with its usual year end timetable.

Summary of the Placing and Open Offer

In order to finance the cash consideration for the Acquisition and expenses related thereto, the Company proposes to raise approximately £17.2 million (approximately £14.7 million net of

expenses of the Acquisition and the Placing and Open Offer) by way of an issue of 3,645,112 New Ordinary Shares at the Issue Price pursuant to the Placing and Open Offer. The Placing and Open Offer comprises the Open Offer, and a separate placing of the Firm Placing Shares which are being issued on a non-pre-emptive basis. Your Board has arranged for Hoare Govett, as agent of the Company, to make the Open Offer, under which Qualifying Shareholders will be invited to subscribe for the Open Offer Shares on the following basis:

held on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held. Hoare Govett has undertaken to use reasonable endeavours to procure subscribers for, and failing which, itself to subscribe for the Open Offer Shares and the Firm Placing Shares not taken up or subscribed for pursuant to the Placing and Open Offer.

The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares. The Company's Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application to CREST is required for the New Ordinary Shares, all of which, when issued and fully paid, may be held and transferred by means of CREST.

The balance of the Open Offer Shares, totalling 2,605,044 Open Offer Shares, have been conditionally placed with institutional and other investors, subject to clawback to satisfy applications from Qualifying Shareholders for New Ordinary Shares under the Open Offer.

The Firm Placing Shares have been conditionally placed firm on a non-pre-emptive basis at the Issue Price with institutional and other investors, subject to the Placing Agreement becoming unconditional. The Firm Placing Shares so placed will not be subject to clawback to satisfy applications from Qualifying Shareholders.

The Placing and Open Offer are conditional on, *inter alia*, (i) the passing of Resolution 1 at the Extraordinary General Meeting; (ii) the Acquisition Agreement having been entered into, not having been terminated and having become unconditional in all respects save for any condition relating to Admission or the Placing Agreement; (iii) the Facility Agreements having been entered into, not having been terminated and having become unconditional in all respects save for any condition relating to Admission or the Placing Agreement; (iv) Admission having become effective on or before 9.00 am on 26 May 2004 or such later time and/or date as the Company and Hoare Govett may agree (being not later than 8.00 am on 21 June 2004); and (v) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

Your attention is drawn to the letter from Hoare Govett contained in Part II of this document which sets out the terms of the Open Offer and the procedure for application. Overseas Shareholders are referred to the paragraph entitled “Overseas Shareholders” contained in Part II of this document.

PART I

Details of the Facility Agreements

The Company and AVEVA Solutions Limited have entered into the Facility Agreements to provide short term facilities of up to £3.0 million and a revolving loan facility of up to £3.0 million to be utilised to support the Enlarged Group's working capital facilities. The Facility Agreements contain standard conditions precedent, representations and warranties, covenants and events of default for a transaction and facilities of their respective types. Cadcentre Property Limited, a subsidiary of the Company, has entered into a first legal charge over the leasehold property at High Cross, Madingley Road on the bank's standard form to secure any indebtedness under the Facility Agreements. Further details of the Facility Agreements are set out in paragraph 8 of Part VII of this document.

Taxation

Information on UK taxation with regard to the Placing and Open Offer is set out in paragraph 7 of Part VII of this document. **If you are in any doubt as to your tax position, you should consult your professional adviser without delay.**

CREST

Definitive certificates for the Open Offer Shares are expected to be despatched by post by 20 May 2004 at the risk of the persons entitled thereto. Alternatively, it is expected that where Ordinary Shares are held in a CREST account, the Open Offer Shares subscribed for will be credited to such CREST account on 18 May 2004.

PROPOSED ADOPTION OF A NEW LTIP AND AMENDMENT TO THE EXECUTIVE SCHEME

At present the Company has two share option schemes:

- the Executive Scheme; and
- the Employee Scheme.

The Employee Scheme was utilised for the grant of options prior to the flotation of the Company in 1996 and has not been utilised since. The Executive Scheme has been utilised since flotation. The Company has very little remaining headroom within the dilution limits contained in the Executive Scheme to grant further options. The Executive Scheme includes certain limits over the number of newly-issued Ordinary Shares that may be subject to options. The number of Ordinary Shares currently subject to options is equal to approximately 5.5 per cent of the Company's current issued ordinary share capital, compared to a limit of 6 per cent over any ten year period.

This represents a serious problem for AVEVA in recruiting, retaining and incentivising key employees. The Directors believe that, in order to be able to offer competitive remuneration to executives and align employees' interests with those of Shareholders, the Company must be able to include equity-based incentives within the remuneration package.

Accordingly, the Board commissioned a study by Deloitte & Touche LLP and is now proposing three courses of action in line with their recommendations.

(i) Proposed adoption of new LTIP

Shareholders are being asked to approve a new employee share scheme, the LTIP. Under the LTIP selected employees will be granted options to acquire Ordinary Shares at an exercise price equal to the nominal value of 10 pence per Ordinary Share. However, options will be exercisable only if stringent performance conditions are met. Details of these conditions are contained in paragraph 1.5 of Part VI of this document.

By using a scheme where the exercise price is equal to the nominal value of an Ordinary Share, a given gain can be achieved with fewer Ordinary Shares being issued than if the exercise price

PART I

was equal to market value at the date of grant. Thus, demands on the limited availability of new Ordinary Shares are eased. In addition, the Board has been advised by Deloitte & Touche LLP that the use of such a scheme has become increasingly common for other reasons:

- the value of the award to the employee is less volatile, as the gain is not completely dependent on an increase in the value of the Ordinary Shares over their value at grant;
- the award offers a better alignment of Shareholders' and employees' interests; and
- there is minimal risk of a fall in the value of Ordinary Shares below the exercise price which negates the value of the option as an incentive.

(ii) Proposed amendment to the dilution limits in the Executive Scheme

Shareholders are being asked to approve an amendment to the dilution limits in the Executive Scheme, so that market-priced options may also be granted by the Remuneration Committee under the Executive Scheme within the same overall limits as are proposed for the LTIP.

The Executive Scheme currently has three different dilution limits, which accord with the recommendations of the Association of British Insurers at the time of the Company's flotation. The Board proposes to replace this complex structure with one that is simpler and more straightforward. This would provide that the number of Ordinary Shares which may be issued pursuant to the Executive Scheme and any other employee share scheme over any ten-year period may not exceed 10 per cent of the issued ordinary share capital of the Company.

I stress that the Board is seeking this relaxation on the understanding that options will be granted to selected employees on terms that would permit exercise only on satisfaction of demanding performance conditions as set out by the Remuneration Committee.

(iii) Reduction in the use of new Ordinary Shares

The Board is also proposing simultaneous steps to reduce the number of new Ordinary Shares issued, by the following means:

- purchasing Ordinary Shares in the market when considered appropriate by the Directors in order to satisfy an option holder's entitlement on exercise;
- using parallel options, that is, granting an option on condition that, if it is exercised, another option granted to the same option holder will be cancelled in certain cases; and
- careful management of available capacity.

Accordingly, there are three resolutions in relation to these proposals to be considered by Shareholders at the Extraordinary General Meeting. Resolutions 2 and 3 concern the approval of the LTIP. Resolution 4 concerns the amendment to the Executive Scheme. The approval of all the Share Option Resolutions would authorise the Board:

- to implement the proposed LTIP;
- to grant options under the LTIP at an exercise price equal to the nominal value of an Ordinary Share; and
- to amend the dilution limits in the Executive Scheme.

Further details of the LTIP are contained in Part VI of this document.

Extraordinary General Meeting

Set out at the end of this document is a notice convening an Extraordinary General Meeting to be held at the offices of the Company at High Cross, Maddingley Road, Cambridge CB3 0HB at 10.00 am on 14 May 2004 at which Resolution 1 will be proposed to approve the Acquisition Agreement, increase the authorised share capital of the Company by 36.4 per cent to 30,000,000

PART I

Ordinary Shares, and authorise the Directors to allot the New Ordinary Shares and to disapply statutory pre-emption rights in connection with the Placing and Open Offer. The Share Option Resolutions will also be proposed to adopt a new LTIP and amend the Executive Scheme as detailed above. The Share Option Resolutions are not conditional on each other or on Resolution 1.

Following the Acquisition, Placing and Open Offer and the passing of Resolution 1 and after taking account of Ordinary Shares reserved for issue on the exercise of options already granted under the Share Option Schemes, there will remain 4,952,300 Ordinary Shares authorised but unreserved and unissued, representing approximately 22.6 per cent of the Company's enlarged issued share capital, which the Directors will have authority to allot. This authority will lapse on the date of the next annual general meeting of the Company. The Directors have no present intention of issuing further Ordinary Shares, save as a result of the exercise of options under the Share Option Schemes or the LTIP.

Action to be taken

You will find enclosed with this document a form of proxy to enable you to vote at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 10.00 am on 12 May 2004.

By completing and returning the form of proxy, you will not affect your right to attend and vote at the meeting if you so wish.

If you wish to apply for all or any of the Open Offer Shares to which you are entitled, you should complete the enclosed Application Form in accordance with the instructions printed thereon and return it, either by post or by hand to Capita IRG Plc, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH with a sterling cheque or banker's draft for the full amount payable on application so as to arrive not later than 3.00 pm on 13 May 2004. Application Forms received after that time may be treated as invalid. A reply paid envelope is enclosed for your convenience.

Additional information

Your attention is drawn to the additional information contained in Parts II to VII of this document.

Recommendation

Your Board, which has received financial advice from Hoare Govett in respect of the Acquisition, Placing and Open Offer and Resolution 1, considers the Acquisition, Placing and Open Offer and the Resolutions to be in the best interests of the Company and the Shareholders as a whole. In providing advice to the Board, Hoare Govett has placed reliance upon the Directors' commercial assessments of the Acquisition, Placing and Open Offer.

Accordingly, the Directors unanimously recommend holders of Ordinary Shares to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as they have undertaken to do in respect of their beneficial interests amounting, in aggregate, to 537,526 Ordinary Shares representing 3.1 per cent of the Company's current issued share capital.

Yours faithfully,

Richard King
Chairman

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LETTER FROM HOARE GOVETT RELATING TO THE OPEN OFFER



Hoare Govett Limited
250 Bishopsgate
London
EC2M 4AA

21 April 2004

*To Qualifying Shareholders and, for information only, to holders of options under
the Share Option Schemes*

Dear Sir or Madam

PROPOSED OPEN OFFER OF 2,687,738 NEW ORDINARY SHARES AT 473.0 PENCE PER SHARE

1. Introduction

As explained in the letter from your Chairman set out in Part I of this document, the Company proposes to raise approximately £17.2 million (approximately £14.7 million net of expenses of the Acquisition and the Placing and Open Offer) by way of the Placing and Open Offer of 3,645,112 New Ordinary Shares at a price of 473.0 pence per New Ordinary Share to finance in part the consideration for the Acquisition and expenses related thereto. Irrevocable undertakings have been received from the Directors not to take up their entitlements under the Open Offer totalling 82,694 Open Offer Shares, representing 3.1 per cent of the 2,687,738 Open Offer Shares. These Open Offer Shares have been conditionally placed firm with institutional and other investors, subject to the Placing Agreement becoming unconditional. Details of these undertakings are set out in paragraph 8 of Part VII of this document. The balance of the Open Offer Shares, totalling 2,605,044 Open Offer Shares, have been conditionally placed at the Issue Price with institutional and other investors, subject to clawback to satisfy valid applications from Qualifying Shareholders for New Ordinary Shares under the Open Offer.

The Placing and Open Offer have been fully underwritten by Hoare Govett on the terms and conditions set out in the Placing Agreement. A summary of the Placing Agreement is set out in paragraph 8 of Part VII of this document.

This letter and the accompanying Application Form, contain the formal terms and conditions of the Open Offer.

2. The Open Offer

Subject to the terms and conditions set out herein and in the enclosed Application Form, Hoare Govett, on behalf of the Company, hereby invites Qualifying Shareholders to apply for Open Offer Shares at a price of 473.0 pence per Open Offer Share, free of expenses, payable in full on application, on the basis of:

2 Open Offer Shares for every 13 Existing Ordinary Shares

held by each Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held. No fractions of New Ordinary Shares will be

Hoare Govett Ltd is authorised and
regulated by the Financial Services Authority
Registered Office: As above
Registered in England No. 2026375

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offered to Qualifying Shareholders. Entitlements of Qualifying Shareholders will therefore be rounded down to the nearest whole number of Open Offer Shares and, accordingly, any fractional entitlements that would otherwise have arisen will be aggregated and included in the Placing, with the proceeds retained for the benefit of the Company. The maximum number of Open Offer Shares for which each Qualifying Shareholder may apply is set out in the accompanying Application Form. Qualifying Shareholders may apply for any whole number of Open Offer Shares up to his or her maximum entitlement. No application in excess of the maximum entitlement will be met and any Qualifying Shareholder so applying will be deemed to have applied for his or her maximum entitlement only. Any monies paid in excess of the amount due in respect of an application will be returned to the applicant (at the applicant's risk) without interest within 14 days. In order to be valid, completed Application Forms, accompanied by full payment, must be received so as to arrive no later than 3.00 pm on 13 May 2004.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue and Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and that Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. Any Open Offer Shares not taken up under the Open Offer will be placed under the Placing.

The Existing Ordinary Shares have been admitted to the Official List and to trading on the market for listed securities of the London Stock Exchange. Application has been made to the UKLA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be traded on its market for listed securities. The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares. Further details of rights attaching to the Ordinary Shares, including the Open Offer Shares, are set out in paragraph 5 of Part VII of this document.

3. Conditions and further terms of the Open Offer

The Open Offer is conditional upon the Placing Agreement becoming unconditional in all respects by 9.00 am on 26 May 2004 or such later time and/or date as Hoare Govett and the Company may agree (being not later than 8.00 am on 21 June 2004) and not having been terminated in accordance with its terms. The Placing Agreement is conditional upon, *inter alia*, the satisfaction of the following conditions:

- (a) the passing of Resolution 1;
- (b) the Acquisition Agreement having been entered into, not having been terminated and having become unconditional in all respects save for any condition relating to Admission or the Placing Agreement;
- (c) the Facility Agreements having been entered into, not having been terminated and having become unconditional in all respects save for any condition relating to Admission or the Placing Agreement; and
- (d) Admission having become effective on or before 9.00 am on 26 May 2004 (or such later time or date as the Company and Hoare Govett may agree, being not later than 8.00 am on 21 June 2004).

Further details of the Placing Agreement are set out in paragraph 8 of Part VII of this document.

Further terms of the Open Offer are set out in this letter and in the Application Form.

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4. Procedure for application and payment

The enclosed Application Form shows the number of Ordinary Shares held by you on the Record Date and also shows the maximum number of Open Offer Shares for which you may apply. You may apply for less than your maximum entitlement should you so wish. The instructions and other terms in the Application Form comprise part of the terms of the Open Offer.

Applications may only be made on the Application Form, which is personal to the Qualifying Shareholder named therein and may not be assigned or transferred or split except in the circumstances described below. The Application Form represents an invitation to apply for Open Offer Shares; it is not a document of title and cannot be traded. It is transferable only to satisfy *bona fide* market claims in relation to market purchases pursuant to the rules of the London Stock Exchange prior to the Ordinary Shares being marked "ex" the Open Offer. Applications may be split only to satisfy *bona fide* market claims prior to 3.00 pm on 11 May 2004. A Qualifying Shareholder who has sold or transferred all or part of his holding of Ordinary Shares should consult his broker or other professional adviser as soon as possible as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee from him pursuant to the rules of the London Stock Exchange. Shareholders who have sold all of their registered holdings should complete Box 8 on the Application Form and immediately send it, together with this document, to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. Shareholders who have sold or transferred part of their holding should consult their stockbroker, bank or other agent through whom the sale or transfer was effected who will arrange for split application forms to be obtained.

If you wish to apply for all or some of your entitlement to Open Offer Shares you should complete the Application Form in accordance with the instructions thereon and either deliver it by hand, during normal business hours, or send it by post, together with the appropriate remittance to Capita IRG Plc, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH so as to arrive no later than 3.00 pm on 13 May 2004. Applications will be irrevocable and will not be acknowledged and receipts will not be issued. Hoare Govett may, on the Company's behalf, elect in its absolute discretion to accept cheques or banker's drafts received after that date. Hoare Govett may also (on behalf of the Company and in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or not accompanied by a power of attorney (where required) or does not strictly comply with the terms and conditions of application.

Hoare Govett, on behalf of the Company, also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 3.00 pm on 13 May 2004 from an authorised person (as defined in the Financial Services and Markets Act 2000) specifying the Open Offer Shares concerned together with undertakings to lodge the relevant Application Form, duly completed, in due course.

Cheques or banker's drafts should be made payable to "Capita IRG Plc – A/C AVEVA Group plc" and crossed "A/C Payee only". All payments must be made for the full amount by cheque or banker's draft in pounds sterling drawn on a bank or building society in the United Kingdom, Channel Islands or Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for

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the members of either of those companies and must bear the appropriate sort code in the top right hand corner. No interest will be paid on payments made. An application may not be considered unless these requirements are fulfilled. Eurocheques, unless drawn on a bank in the United Kingdom, the Channel Islands, or the Isle of Man, will not be accepted. Once submitted, applications are irrevocable. Cheques and banker's drafts are liable to be presented for payment upon receipt. Qualifying Shareholders should note that the Application Form contains a warranty (which is a term of the Open Offer) that cheques will be honoured on first presentation. Any Application Form accompanied by a cheque that has not been so honoured may, at the absolute discretion of the Company and/or Hoare Govett, be rejected.

The Directors and Hoare Govett (as agent for the Company) reserve the right to instruct Capita IRG Plc to seek special clearance of cheques to allow the Company to obtain the value of any remittance at the earliest opportunity.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 9.00 am on 26 May 2004 or such later time and date, being not later than 8.00 am on 21 June 2004, as the Company and Hoare Govett shall agree, the Open Offer will lapse and application monies will be returned to applicants, without interest, at the address set out on the Application Form, within 14 days thereafter. Any interest earned on such application monies will be retained for the benefit of the Company.

All documents and remittances sent out by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, you (as the applicant(s)):

- (a) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, English law; and
- (b) confirm that in making the application you are not relying on any information or representation other than such as may be contained in this document and you accordingly agree that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation not contained in this document.

If you do not wish to apply for any of the Open Offer Shares, you should not complete and return the Application Form. Shareholders are nevertheless requested to complete and return the enclosed form of proxy for use at the Extraordinary General Meeting to be held at 10.00 am on 14 May 2004.

If you are in any doubt whether or not you should apply for any of the Open Offer Shares, you should consult your independent financial adviser immediately. Queries relating to the Open Offer Shares should be referred to Capita IRG Plc on telephone number 0870 162 3100 or, if calling from outside the UK, on +44 20 8639 2157. No investment advice will be provided by Capita IRG Plc.

5. Money laundering

To ensure compliance with the Money Laundering Regulations 2003, it is a term of the Open Offer that the Company or Capita IRG Plc may in their absolute discretion require verification of the identity from Qualifying Shareholders lodging Application Forms. The verification of identity requirements will normally only apply to applications with a value of £9,000 or greater (approximately €15,000), or to one of a series of linked applications whose aggregate value exceeds that amount, which are to be settled by way of a third party

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(C) *The Republic of Ireland*

Shareholders who are resident in the Republic of Ireland should note that, as a result of regulations in the Republic of Ireland, no offer of Open Offer Shares is being made under this document to Shareholders with registered or mailing addresses in the Republic of Ireland. Accordingly, no application to subscribe for Open Offer Shares may be made under this document or the Application Form in the Republic of Ireland. Application Forms have not been sent to Shareholders with registered or mailing addresses in the Republic of Ireland.

(D) *Australia*

Shareholders who are resident in Australia should note that no prospectus in relation to the Open Offer Shares has been lodged with, or registered by, the Australian Securities Commission. Accordingly, the Open Offer Shares may not (other than in certain circumstances) be offered, sold, transferred, taken up or delivered in Australia, or to any resident of Australia.

No application to subscribe for Open Offer Shares may be made under this document or the Application Form in Australia. Application Forms have not been sent to Shareholders with registered or mailing addresses in Australia.

(E) *Japan*

Shareholders who are resident in Japan should note that the Open Offer Shares have not been nor will they be registered under the Securities and Exchange Law of Japan. Accordingly, the Open Offer Shares may not be offered, sold, transferred, taken up or delivered in Japan and no application to subscribe for Open Offer Shares may be made under this document or the Application Form in Japan. Application Forms have not been sent to Shareholders with registered or mailing addresses in Japan.

(F) *Representation and warranty*

Application on an Application Form will constitute a representation and warranty that, *inter alia*, the applicant is not a Shareholder with a registered or mailing address in North America, the Republic of Ireland, Australia or Japan, nor is the applicant applying for Open Offer Shares for the account of any person, or with a view to re-offering, selling, transferring or delivering such securities in any of those territories or possessions and otherwise that the applicant has fully observed the laws and any regulatory requirements of any relevant jurisdiction.

However, the Company and, on its behalf, Hoare Govett (in their absolute discretion) reserve the right to make the Open Offer Shares available to Overseas Shareholders under the Open Offer or to overseas persons under the Placing (notwithstanding any statement contained in this document) if they are advised to their satisfaction that any such Overseas Shareholder or overseas person can properly and lawfully accept the invitation comprised in the Open Offer or participate in the Placing (as the case may be). The Company and Hoare Govett reserve, without limitation, the right to treat an application on an Application Form as invalid if they believe the application may violate applicable legal or regulatory requirements.

7. **United Kingdom taxation**

Certain limited information on United Kingdom taxation with regard to the Placing and Open Offer is set out in paragraph 7 of Part VII of this document. If you are in any doubt as

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to your tax position, or you are resident or subject to tax in any jurisdiction other than the United Kingdom, you should consult your professional adviser.

8. CREST

Although the Open Offer will be processed outside CREST for the purposes of calculating entitlements on the Record Date, shareholdings held in uncertificated form and certificated form will be treated independently. Qualifying Shareholders who hold their Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Ordinary Shares in certificated form on the Record Date. Qualifying Shareholders who hold their Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Ordinary Shares in uncertificated form on the Record Date. Notwithstanding any other provision of this document, the Company reserves the right to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST, or any part of CREST, or on the part of the facilities and/or system, operated by Capita Registrars, in connection with CREST. The right may also be exercised if the correct details (such as CREST Member Account ID and CREST Participant ID details) are not provided in Box 11 as requested on the Application Form. Qualifying Shareholders who hold their Ordinary Shares in uncertificated form who are CREST Sponsored Members should refer to their CREST Sponsors regarding the actions to be taken in connection with this document and the Open Offer.

9. Settlement and dealing

Application has been made to the UKLA for the New Ordinary Shares to be admitted to the Official List. Application has also been made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its market for listed securities. Subject to the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms, it is expected that dealings in the New Ordinary Shares under the Placing and Open Offer will commence on the London Stock Exchange at 8.00 am on 18 May 2004.

Subject to the conditions of the Placing and the Open Offer being satisfied or, if capable of waiver, waived, all Open Offer Shares to be issued pursuant to the Open Offer in uncertificated form are expected to be credited to the appropriate CREST stock accounts on 18 May 2004, unless the Company exercises its right to issue such Open Offer Shares in certificated form. Subject as aforesaid, definitive certificates in respect of the Open Offer Shares to be issued in certificated form are expected to be despatched by first class post, at the risk of the person entitled thereto, and in the case of joint holders to the holder whose name stands first in the register in respect of the joint holding concerned, by 20 May 2004 and, pending such despatch, transfers will be certified against the register. No temporary documents of title will be issued.

Qualifying Shareholders who hold their Ordinary Shares in uncertificated form should note that they will not be sent any confirmation of the credit of the Open Offer Shares to their CREST stock accounts nor any other written communication by the Company in respect of the issue of the Open Offer Shares.

The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the Open Offer Shares. It is expected

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that all of the Open Offer Shares, when issued and fully paid, may be held and transferred by means of CREST.

10. Further information

Your attention is drawn to the further information set out in Parts III to VII of this document and to the terms and conditions set out in the accompanying Application Form.

Yours faithfully,
for and on behalf of
Hoare Govett Limited

Philip Dayer

PART III

FINANCIAL INFORMATION ON THE TRIBON GROUP

Set out below is the full text of the report on the Tribon Group by Deloitte & Touche LLP, the reporting accountants:

“Deloitte.

The Directors
AVEVA Group plc
High Cross
Maddingley Road
Cambridge
CB3 0HB

Deloitte & Touche LLP
Leda House
Station Road
Cambridge
CB1 2RN

The Directors
Hoare Govett Limited
250 Bishopsgate
London
EC2M 4AA

21 April 2004

Dear Sirs

Tribon Solutions AB (“Tribon”) and its subsidiaries (the “Tribon Group”)

On 21 April 2004, AVEVA Group plc (“AVEVA”) entered into a conditional agreement to acquire the whole of the issued share capital of Tribon, a company incorporated in Sweden. We report on the financial information of the Tribon Group set out below. This financial information has been prepared for inclusion in the prospectus dated 21 April 2004 relating to the acquisition of Tribon.

Basis of preparation

The financial information set out in this report, which has been prepared on the basis set out below and in accordance with applicable United Kingdom generally accepted accounting practice, is based on the audited consolidated financial statements of the Tribon Group for the three years ended 31 December 2003 after making such adjustments as we considered necessary. These adjustments principally relate to the alignment of the accounting policies adopted by the Tribon Group, which prepares financial statements under generally accepted accounting practice in Sweden, with those accounting policies adopted by AVEVA, which prepares financial statements under generally accepted accounting practice in the United Kingdom. Swedish Krona financial information has been translated into £ sterling using a constant exchange rate of SEK 12.8806 : £1.00, being the exchange rate as at 31 December 2003.

Responsibility

The financial statements for the three years ended 31 December 2003 are the responsibility of the directors of Tribon who approved their issue.

The directors of AVEVA are responsible for the contents of the prospectus in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

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Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information for the three years ended 31 December 2003. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States, Sweden or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information set out below gives, for the purposes of the prospectus, a true and fair view of the state of affairs of the Tribon Group as at the dates stated and of its profits and losses, cash flows and recognised gains and losses for the periods then ended.

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SECTION A

ACCOUNTING POLICIES

The financial information set out in this report has been prepared in accordance with applicable accounting standards generally accepted in the United Kingdom. All balances have been translated from Swedish Krona to Sterling at the rate of 12.8806:1.

A summary of the principal accounting policies, all of which have been applied consistently throughout the periods is set out below.

Basis of accounting

The financial information has been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The Tribon Group financial information consolidates the financial information of Tribon Solutions AB and its subsidiary undertakings drawn up to the relevant period end. Subsidiaries have been accounted for under the acquisition method and thus the Tribon Group results only include the results of the subsidiary post acquisition. No subsidiaries have been acquired or sold.

All Tribon Group companies prepare financial statements to 31 December.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Office equipment	2 – 10 years
Computer equipment	4 years
Leasehold improvements	5 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred tax

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial information. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover comprises fees in respect of licences, maintenance, consultancy and other related services (excluding VAT and similar taxes).

For each revenue stream, no revenue is recognised unless and until:

- a clear contractual arrangement can be evidenced;
- delivery has been made in accordance with that contract;

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- if required, contractual acceptance criteria have been met; and
- the fee has been agreed and collectability is probable.

Licence fees are recognised in full once the above conditions have been met.

Maintenance income is recognised ratably over the period of the contract.

Income from consultancy and other related services is recognised on a time and materials basis.

Pension costs

The Tribon Group has a provision on its balance sheet in respect of its unfunded defined benefit schemes which are equal to the value of the schemes' liabilities assessed in accordance with local legislative requirements. The charge against profits for these plans equals the movement in the provision over the year less the amount of provision utilised due to benefit payments to members or, in the case of the unfunded ITP (an industry wide scheme for salaried employees) benefits in Sweden, transfer of liabilities to Alecta (the company that manages the ITP scheme).

The cost of the Tribon Group's defined contribution schemes is charged against profits on the basis of the contributions payable by the Tribon Group. Any excess of the contributions due over the contributions paid during the year is held as a short-term provision on the balance sheet at the end of the year. The insured ITP benefits in Sweden are treated as a defined contribution scheme for accounting purposes as permitted under FRS 17 on the basis that they are part of a multi-employer arrangement and the Tribon Group is unable to identify its share of the underlying assets and liabilities.

The Tribon Group has also disclosed, in note 19, the amounts relating to its defined benefit pension schemes (excluding the insured ITP) benefits as required under the transitional provisions of FRS 17.

Foreign currency

The functional currency of the Tribon Group is the Swedish Krona. Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas subsidiary undertakings are translated at the average exchange rate during the year, and their balance sheet at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas subsidiary undertakings are dealt with through reserves.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Research and development

Research and development expenditure is written off as incurred.

Financial instruments

The Tribon Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Tribon Group does not hold or issue derivative financial instruments for speculative purposes.

PART III

SECTION B

THREE YEARS ENDED 31 DECEMBER 2003

Consolidated profit and loss accounts

	<i>Notes</i>	<i>Year ended 31 December</i>		
		<i>2001</i> <i>£'000</i>	<i>2002</i> <i>£'000</i>	<i>2003</i> <i>£'000</i>
Turnover	1	13,773	15,468	14,396
Cost of sales		(9,755)	(8,492)	(7,580)
Gross profit		4,018	6,976	6,816
Other operating expenses (net)	3	(8,512)	(9,402)	(7,763)
Operating loss		(4,494)	(2,426)	(947)
Finance charges (net)	2	(82)	(125)	(168)
Loss on ordinary activities before taxation	1, 4	(4,576)	(2,551)	(1,115)
Tax on loss on ordinary activities	7	(260)	(177)	(195)
Retained loss for the year	16	(4,836)	(2,728)	(1,310)

All results are from continuing operations.

PART III

Consolidated statement of total recognised gains and losses

		<i>Year ended 31 December</i>		
	<i>Notes</i>	<i>2001</i> <i>£'000</i>	<i>2002</i> <i>£'000</i>	<i>2003</i> <i>£'000</i>
Loss for the financial year		(4,836)	(2,728)	(1,310)
Gain/(loss) on foreign currency translation	16	13	14	(35)
Total recognised gains and losses relating to the year		(4,823)	(2,714)	(1,345)

There are no material differences between the results of the Tribon Group disclosed in the consolidated profit and loss accounts and the results on an unmodified historical cost basis.

PART III

Consolidated balance sheets

	Notes	Year ended 31 December		
		2001 £'000	2002 £'000	2003 £'000
Fixed assets				
Tangible assets	8	1,334	993	714
Current assets				
Stock	10	28	23	—
Debtors due in less than one year	11	7,067	6,849	4,601
Debtors due in greater than one year	11	53	58	66
Cash at bank and in hand		696	1,669	1,423
		7,844	8,599	6,090
Creditors: amounts falling due within one year	12	(7,837)	(8,062)	(7,490)
		7	537	(1,400)
Creditors: convertible debt	13	—	(1,623)	(776)
Net current assets/(liabilities)		7	(1,086)	(2,176)
Total assets less current liabilities		1,341	(93)	(1,462)
Creditors: convertible debt	13	(1,174)	—	—
Provisions for liabilities and charges	14	(783)	(744)	(720)
Net liabilities		(616)	(837)	(2,182)
Capital and reserves				
Called-up share capital	15	526	596	596
Share premium account	16	6,150	8,573	8,573
Statutory reserve	16	16	16	16
Restricted reserves	16	35	(5)	(53)
Unrestricted reserves	16	(7,343)	(10,017)	(11,314)
Total shareholders' deficit – all equity	17	(616)	(837)	(2,182)

PART III

Consolidated cash flow statements

	<i>Notes</i>	<i>Year ended 31 December</i>		
		<i>2001</i>	<i>2002</i>	<i>2003</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net cash (outflow)/inflow from operating activities	20	(4,346)	(2,065)	509
Returns on investments and servicing of finance	21	(82)	(125)	(168)
Taxation	21	(163)	(220)	(109)
Capital expenditure and financial investment	21	(525)	(83)	(204)
Cash (outflow)/inflow before financing		(5,116)	(2,493)	28
Financing	21	4,697	2,941	7
(Decrease)/increase in cash in the year	22	(419)	448	35

PART III

1. Segmental information

Class of business:

The Tribon Group's turnover relates to its principal activity of software licence sales and maintenance.

Geographical segments:

	Europe and Africa £'000	Asia and Australasia £'000	North and South America £'000	Total £'000
<i>Turnover by destination:</i>				
Sales to third parties				
Year ended 31 December 2001	<u>6,711</u>	<u>6,556</u>	<u>506</u>	<u>13,773</u>
Year ended 31 December 2002	<u>5,669</u>	<u>8,933</u>	<u>866</u>	<u>15,468</u>
Year ended 31 December 2003	<u>6,166</u>	<u>7,347</u>	<u>883</u>	<u>14,396</u>
<i>Year ended 31 December 2001</i>				
	Europe and Africa £'000	Asia and Australasia £'000	North and South America £'000	Total £'000
<i>Turnover by origin:</i>				
Total sales – all to third parties	<u>6,711</u>	<u>6,556</u>	<u>506</u>	<u>13,773</u>
Loss on ordinary activities before taxation	<u>(2,346)</u>	<u>(2,070)</u>	<u>(160)</u>	<u>(4,576)</u>
<i>Year ended 31 December 2002</i>				
	Europe and Africa £'000	Asia and Australasia £'000	North and South America £'000	Total £'000
<i>Turnover by origin:</i>				
Total sales – all to third parties	<u>5,669</u>	<u>8,933</u>	<u>866</u>	<u>15,468</u>
Loss on ordinary activities before taxation	<u>(1,825)</u>	<u>(665)</u>	<u>(61)</u>	<u>(2,551)</u>
<i>Year ended 31 December 2003</i>				
	Europe and Africa £'000	Asia and Australasia £'000	North and South America £'000	Total £'000
<i>Turnover by origin:</i>				
Total sales – all to third parties	<u>6,166</u>	<u>7,347</u>	<u>883</u>	<u>14,396</u>
(Loss)/profit on ordinary activities before taxation	<u>(857)</u>	<u>(294)</u>	<u>36</u>	<u>(1,115)</u>

PART III

Segment net assets

	Europe and Africa £'000	Asia and Australasia £'000	North and South America £'000	Total £'000
Net assets/(liabilities)				
Year ended 31 December 2001	(1,910)	994	300	(616)
Year ended 31 December 2002	(2,452)	1,233	382	(837)
Year ended 31 December 2003	(2,849)	1,562	(895)	(2,182)

2. Finance charges (net)

	Year ended 31 December		
	2001 £'000	2002 £'000	2003 £'000
<i>Interest receivable and similar income</i>			
Bank deposits	53	30	11
Other foreign exchange gains	8	6	8
	<u>61</u>	<u>36</u>	<u>19</u>
<i>Interest payable and similar charges</i>			
Bank loans and overdraft	(109)	(106)	(116)
Other loans	(34)	(55)	(71)
	<u>(143)</u>	<u>(161)</u>	<u>(187)</u>
Finance charges (net)	<u>(82)</u>	<u>(125)</u>	<u>(168)</u>

3. Other operating income and expenses (net)

	Year ended 31 December		
	2001 £'000	2002 £'000	2003 £'000
Selling expenses	(7,149)	(6,532)	(5,511)
Administration costs	(1,775)	(2,870)	(2,252)
Other operating income	412	-	-
	<u>(8,512)</u>	<u>(9,402)</u>	<u>(7,763)</u>

PART III

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 December		
	2001	2002	2003
	£'000	£'000	£'000
Depreciation and amounts written off			
tangible assets – owned	512	423	382
Loss on disposal of tangible assets	–	–	101
Operating lease rentals			
– plant and machinery	283	472	526
– other	338	338	364
Auditors' remuneration for audit services			
– Company	29	16	26
– Group	43	37	43
Auditors' remuneration for non-audit services			
– Company	2	9	2
– Group	2	9	5

5. Employee numbers and staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 31 December		
	2001	2002	2003
	Number	Number	Number
Software development	80	71	69
Administration	22	20	18
Sales and marketing	68	75	73
	170	166	160
	£'000	£'000	£'000
Their aggregate remuneration comprised:			
Salaries	6,134	6,029	5,501
Social security costs	1,445	1,290	1,316
Other pension costs	1,131	1,040	1,015
	8,710	8,359	7,832

6. Directors' remuneration

Remuneration

The remuneration of the directors was as follows:

	Year ended 31 December		
	2001	2002	2003
	£'000	£'000	£'000
Aggregate emoluments	60	77	85
Money purchase pension contributions	8	9	11
Other social security costs	20	25	28
	88	111	124

PART III

6. Directors' remuneration (continued)

(a) Directors' emoluments and compensation

Year ended 31 December 2001

	<i>Basic salary/fees £'000</i>
Executive	
Henrik Wimmerstedt	30
Jan Prytz	30
	<u>60</u>
Non Executive	
Gösta Wiking	—
Tuave Johannesson	—
Staffan Hanstorp	—
	<u>—</u>

Year ended 31 December 2002

	<i>Basic salary/fees £'000</i>
Executive	
Henrik Wimmerstedt	31
Jan Prytz	32
	<u>63</u>
Non Executive	
Gösta Wiking	10
Tuave Johannesson	1
Staffan Hanstorp	3
	<u>14</u>

PART III

6. Directors' remuneration (continued)

Year ended 31 December 2003

	Basic salary/fees £'000
Executive	
Henrik Wimmerstedt	33
Jan Prytz	36
	<u>69</u>
Non Executive	
Gösta Wiking	10
Tuave Johannesson	3
Staffan Hanstorp	3
	<u>16</u>

(b) Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in Tribon granted to or held by the directors.

Details of options for directors who served during the year are as follows;

	Number at 1 January 2001	Granted	Exercised	Number at 31 December 2001	Exercise price £	Date from which exercisable	Expiry date
Tuave Johannesson	–	5,000	–	5,000	70.42	01/12/03	31/12/03

	Number at 1 January 2002	Granted	Exercised	Number at 31 December 2002	Exercise price £	Date from which exercisable	Expiry date
Tuave Johannesson	5,000	–	–	5,000	70.42	01/12/03	31/12/03

	Number at 1 January 2003	Granted	Lapsed	Number at 31 December 2003	Exercise price £	Date from which exercisable	Expiry date
Tuave Johannesson	5,000	–	5,000	–	70.42	01/12/03	31/12/03

PART III

6. Directors' remuneration (continued)

(c) Directors' pension contributions

<i>Directors' pension contributions</i>		<i>Year ended 31 December</i>			
	<i>Country</i>	<i>Type of Scheme</i>	<i>2001 £'000</i>	<i>2002 £'000</i>	<i>2003 £'000</i>
ITP plan	Sweden	ITP	8	9	11

(d) Directors' shareholdings

At 31 December 2001, the directors held beneficial interests in the share capital of Tribon as follows:

	<i>Number of Ordinary Shares of £0.78 each</i>
Gösta Wiking	9,500

At 31 December 2002, the directors held beneficial interests in the share capital of Tribon as follows:

	<i>Number of Ordinary Shares of £0.78 each</i>
Gösta Wiking	23,291

At 31 December 2003, the directors held beneficial interests in the share capital of Tribon as follows:

	<i>Number of Ordinary Shares of £0.78 each</i>
Gösta Wiking	23,541

PART III

7. Taxation

	Year ended 31 December		
	2001	2002	2003
	£'000	£'000	£'000
The tax charge comprises:			
Current tax	27	2	(13)
Foreign tax	233	175	208
Total tax on loss on ordinary activities	260	177	195

The standard rate of tax for the year based on the Swedish standard rate of corporation tax is 28 per cent. The actual tax charge for the current and previous years differs from the standard rate for the reasons set out in the following reconciliation:

	Year ended 31 December		
	2001	2002	2003
	£'000	£'000	£'000
Loss on ordinary activities before tax	(4,576)	(2,551)	(1,115)
Tax at 28 per cent thereon	(1,281)	(714)	(312)
Factors affecting charge for the year:			
Expenses not deductible for tax purposes	6	43	154
Withholding tax on overseas earnings	233	175	208
Prior year adjustment	23	—	—
Increase in losses carried forward	1,279	673	145
Current tax charge for the year	260	177	195

There is no provision for deferred tax liabilities. A deferred tax asset exists, largely reflecting unused trading losses, but has not been recognised because of insufficient certainty over future profitability and other possible restrictions on their use. The estimated value of the deferred tax asset not recognised, measured at the Swedish standard rate of 28 per cent in relation to the Swedish element, is £940,000 at 31 December 2003 (£1,110,000 at 31 December 2002 and £894,000 at 31 December 2001) and measured at local standard tax rates varying from 30 per cent to 41 per cent in relation to losses of subsidiaries in other countries is £1,900,000 at 31 December 2003 (£1,800,000 at 31 December 2002 and £1,400,000 at 31 December 2001).

PART III

8. Tangible assets

	Leasehold improve- ments £'000	Computers and technical equipment £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2001	183	4,742	705	5,630
Additions	—	455	75	530
Disposals	(7)	(64)	—	(71)
At 31 December 2001	176	5,133	780	6,089
Additions	10	88	1	99
Reclassification	(89)	89	—	—
Disposals	(5)	(3,366)	—	(3,371)
At 31 December 2002	92	1,944	781	2,817
Additions	19	185	—	204
Disposals	(80)	(209)	—	(289)
At 31 December 2003	31	1,920	781	2,732
Accumulated depreciation				
At 1 January 2001	(42)	(4,179)	(88)	(4,309)
Charge for the year	(22)	(393)	(97)	(512)
Disposals	4	62	—	66
At 31 December 2001	(60)	(4,510)	(185)	(4,755)
Charge for the year	—	(325)	(98)	(423)
Transfers	56	(56)	—	—
Disposals	—	3,335	19	3,354
At 31 December 2002	(4)	(1,556)	(264)	(1,824)
Charge for the year	—	(284)	(98)	(382)
Disposals	4	184	—	188
At 31 December 2003	—	(1,656)	(362)	(2,018)
Net book value				
At 31 December 2001	116	623	595	1,334
At 31 December 2002	88	388	517	993
At 31 December 2003	31	264	419	714

PART III

9. Investments

Details of the subsidiary undertakings of Tribon as at 31 December 2003 are detailed below:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Ordinary shares ownership interest per cent</i>	<i>Principal activity</i>
Tribon Solutions GmbH	Germany	100	Sales and maintenance
Tribon Solutions (UK) Limited	England	100	Sales, maintenance and product development
Nippon Tribon K.K.	Japan	100	Sales and maintenance
Tribon Solutions Korea Limited	Korea	100	Sales and maintenance
Tribon Solutions Inc	USA	100	Sales and maintenance
Tribon Solutions (SEA) Pte Limited	Singapore	100	Head office and maintenance
Tribon dot com Sweden AB	Sweden	100	Dormant
Tribon Solutions Consultancy Shanghai Co Ltd	China	100	Sales and maintenance

Tribon has liaison offices in Russia, China and India.

10. Stocks

	<i>As at 31 December</i>		
	<i>2001 £'000</i>	<i>2002 £'000</i>	<i>2003 £'000</i>
Finished goods	28	23	–

In the opinion of the directors there is no material difference between the balance sheet value of stocks and their replacement cost.

11. Debtors

	<i>As at 31 December</i>		
	<i>2001 £'000</i>	<i>2002 £'000</i>	<i>2003 £'000</i>
Amounts falling due within one year:			
Trade debtors	3,274	3,791	3,397
Corporation tax	64	107	21
Other debtors	214	488	53
Prepayments and accrued income	3,515	2,463	1,130
	<u>7,067</u>	<u>6,849</u>	<u>4,601</u>
Amount falling due after more than one year:			
Other debtors	53	58	66

PART III

12. Creditors: amounts falling due within one year

	As at 31 December		
	2001 £'000	2002 £'000	2003 £'000
Bank loan	—	—	854
Bank overdraft	1,555	2,080	1,799
Trade creditors	937	683	607
Taxation and social security	283	377	313
Other creditors	129	182	116
Accruals and deferred income	4,933	4,740	3,801
	<u>7,837</u>	<u>8,062</u>	<u>7,490</u>

13. Creditors: convertible debt

	As at 31 December		
	2001 £'000	2002 £'000	2003 £'000
Convertible loans repayable:			
In one year or less	—	1,623	776
In more than one year but not more than two years	1,174	—	—
	<u>1,174</u>	<u>1,623</u>	<u>776</u>

During 1999 the Tribon Group issued convertible loans to key employees to the amount of £296,367. This loan could be converted into a maximum of 22,300 shares at the price of £13.29 per share between 31 March 2000 and 30 September 2002. None of these were converted.

During 2000 the Tribon Group issued convertible loans to key employees to the amount of £879,307. This loan could be converted into 16,879 shares at the price of £52.09 per share between 1 October 2003 and 15 December 2003. None of these were converted.

During 2002 the Tribon Group issued convertible loans to the amount of £776,361. This loan can be converted into 71,428 shares at the price of £10.87 per share between 31 December 2002 and 30 June 2004.

PART III

14. Provisions for liabilities and charges

	<i>Pensions</i> <i>£'000</i>
At 1 January 2001	
Charged to profit and loss account	745
Additional provision	38
At 31 December 2001	783
Charged to profit and loss account	54
Utilised in year	(93)
At 31 December 2002	744
Charged to profit and loss account	83
Utilised in year	(107)
At 31 December 2003	720

The provision for pensions is in respect of the Group's unfunded defined benefit pension schemes. Further details of these schemes are disclosed in note 19.

15. Called-up share capital

	<i>Authorised and issued share capital</i> <i>£'000</i>
At 1 January 2001	443
Issued in year	83
At 31 December 2001	526
Issued in year	70
At 31 December 2002	596
Issued in year	—
At 31 December 2003	596

During 2001, Tribon issued 107,642 £0.78 ordinary shares at a total premium of £3,798,000.

The following options over ordinary shares of £0.78 have been granted and were outstanding at 31 December 2001.

<i>Grant date</i>	<i>Number of shares subject to option</i>	<i>Exercise price £</i>	<i>Exercise period</i>
<i>Ordinary shares</i>			
11 September 2001	5,000	70.42	31 December 2003

PART III

During 2002, Tribon issued 89,478 £0.78 ordinary shares at a total premium of £2,423,000.

The following options over ordinary shares of £0.78 have been granted and were outstanding at 31 December 2002.

<i>Grant date</i>	<i>Number of shares subject to option</i>	<i>Exercise price £</i>	<i>Exercise period</i>
<i>Ordinary shares</i>			
11 September 2001	5,000	70.42	31 December 2003
28 June 2002	71,428	10.87	30 June 2004
	<u>76,428</u>		

The following options over ordinary shares of £0.78 have been granted and were outstanding at 31 December 2003.

<i>Grant date</i>	<i>Number of shares subject to option</i>	<i>Exercise price £</i>	<i>Exercise period</i>
<i>Ordinary shares</i>			
28 June 2002	<u>71,428</u>	10.87	30 June 2004

16. Reserves

	<i>Statutory reserve £'000</i>	<i>Share premium reserve £'000</i>	<i>Other restricted reserves £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 2001	16	2,352	126	(2,717)	(223)
Transfer	—	—	(109)	109	—
Shareholder contribution	—	—	—	106	106
Net premium on share issue	—	3,798	—	—	3,798
Gain/(loss) on foreign currency translation	—	—	18	(5)	13
Retained loss for the year	—	—	—	(4,836)	(4,836)
At 31 December 2001	16	6,150	35	(7,343)	(1,142)
Net premium on issue of shares	—	2,423	—	—	2,423
(Loss)/gain on foreign currency translation	—	—	(40)	54	14
Retained loss for the year	—	—	—	(2,728)	(2,728)
At 31 December 2002	16	8,573	(5)	(10,017)	(1,433)
(Loss)/gain on foreign currency translation	—	—	(48)	13	(35)
Retained loss for the year	—	—	—	(1,310)	(1,310)
At 31 December 2003	16	8,573	(53)	(11,314)	(2,778)

PART III

17. Reconciliation of movements in shareholders' deficit

	At 31 December		
	2001	2002	2003
	£'000	£'000	£'000
Loss for the year	(4,836)	(2,728)	(1,310)
Exchange gain/(loss)	13	14	(35)
	(4,823)	(2,714)	(1,345)
New shares issued	3,881	2,493	—
Shareholders' contribution	106	—	—
	(836)	(221)	(1,345)
Opening shareholders' deficit	220	(616)	(837)
Closing shareholders' deficit	(616)	(837)	(2,182)

18. Derivatives and other financial instruments

The disclosures in this note deal with financial assets and financial liabilities as defined in FRS13 "Derivatives and other financial instruments: Disclosures". Certain financial assets such as investments in subsidiaries are excluded from the scope of these disclosures.

The Tribon Group's financial instruments comprise cash and liquid resources, and various items, such as trade debtors and trade creditors, that arise directly from its operations. As permitted by FRS13, short-term debtors and creditors have also been excluded from the disclosures (except as indicated below).

It is, and has been, throughout the period under review, the Tribon Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Tribon Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing such risks on a regular basis as summarised below.

Foreign currency risk

Foreign currency risk arises from the Tribon Group undertaking a significant number of foreign currency transactions in the course of operations. Where such transactions are material, the board has a policy of entering into foreign currency contracts or currency matching to help manage currency risk. The Tribon Group's objectives in managing the currency exposure arising from its net investments overseas are to maintain a low cost of borrowing, and to retain some potential for currency related appreciation, while partially hedging against currency depreciation. Gains and losses arising from these structural currency exposures are recognised in the consolidated statement of total recognised gains and losses.

Interest rate risk

The principal financial liability is a bank overdraft. The Tribon Group policy is to keep the overdraft as low as possible to minimize the interest cost on the bank overdraft. This is achieved through minimising the amount of funds held at the overseas subsidiaries and branches

Interest rate profile

The Tribon Group has financial assets and liabilities denominated in both Swedish Krona and currency deposits. These comprise cash balances, overdrafts and deposits at short-term rates. The benchmarking rate for determining interest receivable on floating rate assets is linked to the base of the relevant country.

PART III

18. Derivatives and other financial instruments (continued)

Maturity of financial liabilities

At 31 December 2001 the maturity profile of the Tribon Group's financial liabilities was as follows:

	<i>Bank overdraft</i> 31 December 2001 £'000	<i>Convertible</i> loans 31 December 2001 £'000
In one year or less	1,555	–
In more than one year but not more than two years	–	1,174
	<u>1,555</u>	<u>1,174</u>

At 31 December 2002 the maturity profile of the Tribon Group's financial liabilities was as follows:

	<i>Bank overdraft</i> 31 December 2002 £'000	<i>Convertible</i> loans 31 December 2002 £'000
In one year or less	2,080	1,623

At 31 December 2003 the maturity profile of the Tribon Group's financial liabilities was as follows:

	<i>Bank overdraft</i> 31 December 2003 £'000	<i>Convertible</i> loans 31 December 2003 £'000	<i>Bank loans</i> 31 December 2003 £'000
In one year or less	1,799	776	854

Borrowing facilities

The Tribon Group has undrawn committed borrowing facilities as follows:

	31 December 2001 £'000	31 December 2002 £'000	31 December 2003 £'000
In one year or less – bank overdraft	774	249	530

PART III

18. Derivatives and other financial instruments (continued)

Fair values of financial assets and financial liabilities

The book values of the Tribon Group's financial assets and liabilities consist of cash of £1,423,000 (2002 – £1,669,000) (2001 – £696,000), overdraft of £1,799,000 (2002 – £2,080,000) (2001 – £1,555,000), bank loan of £854,000 (2002 – £nil) (2001 – £nil) and convertible loans of £776,000 (2002 – £1,623,000) (2001 – £1,174,000).

Cash at bank and overdraft accrue interest at variable rates linked to STIBOR. Accordingly the book value is equivalent to their fair values. Fair values for the remaining financial assets and liabilities have been assessed based on the net present value of future cash flows. Based on this assessment, the directors believe that there is no material difference between the book value and fair value of these financial instruments in the current or the preceding years.

19. Pension liability

The Tribon Group operates a number of pension schemes for its employees in Sweden, Germany, Korea, the UK and the US, in addition to state arrangements.

In Sweden, most of the Tribon Group's employees are members of the ITP, an industry-wide scheme for salaried employees. The benefits are generally provided through insurers such as Alecta. The Tribon Group pays monthly premiums to the insurers which vary by the age, service and salary of the employees. The ITP is a defined benefit scheme, but the Tribon Group is unable to identify its share of the underlying assets and liabilities in the scheme and so it has accounted for the ITP as if it were a defined contribution scheme, as permitted by FRS 17 for multi-employer arrangements such as this.

The Tribon Group also operates three unfunded defined benefit schemes, one in each of Sweden, Germany and Korea. No assets are held externally in respect of these schemes. Instead a provision is held on the balance sheet and the Tribon Group makes benefit payments as they fall due. The schemes in Sweden and Germany are closed to new entrants and to future accrual. The Swedish liabilities relate to certain historically earned ITP benefits and are being transferred to Alecta over the period to February 2006. This is being effected by the payment of premiums and a corresponding reduction in the provision held on the balance sheet.

The provisions held on the balance sheet were as follows:

	31 December 2001 £'000	31 December 2002 £'000	31 December 2003 £'000
Sweden	401	329	278
Germany	331	327	363
Korea	51	88	79
Total	783	744	720

These provisions are equal to the value of liabilities assessed in accordance with local legislative requirements as at each balance sheet date. The pensions charge for these plans equals the movement in the provision over the year less the amount of provision utilised due to benefit payments to members or, in the case of the Swedish plan, transfer of liabilities to Alecta.

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19. Pension liability (continued)

In addition, the Tribon Group operates a number of defined contribution arrangements for its employees around the world as well as contributing to state pension arrangements. The pension charge for the defined contribution schemes is calculated as the contributions payable. Short-term provisions of £124,000, £182,000 and £97,000 were held in respect of contributions outstanding as at 31 December 2003, 2002 and 2001 respectively.

The Tribon Group's pension charges were as follows:

	2001 £'000	2002 £'000	2003 £'000
Defined contribution (including insured ITP)	1,105	1,000	908
Defined benefit	26	40	107
Total	1,131	1,040	1,015

Additional disclosures regarding the Tribon Group's defined benefit schemes (excluding the insured ITP benefits) are required under the transitional provisions of FRS 17 "Retirement Benefits" and these are set out below. These show the amounts that would be required under that alternative standard.

Assets and liabilities

	31 December 2000 £'000	31 December 2001 £'000	31 December 2002 £'000	31 December 2003 £'000
Total market value of assets	-	-	-	-
Present value of scheme liabilities	(964)	(976)	(968)	(942)
Surplus/(deficit) in the scheme	(964)	(976)	(968)	(942)
Related deferred tax asset/(liability)	270	273	271	264
Net pensions liability	(694)	(703)	(697)	(678)

Assumptions

	31 December 2000	31 December 2001	31 December 2002	31 December 2003
Discount rate	5.7%	5.9%	5.4%	5.3%
Rate of increase in salaries	4.0%	4.0%	4.0%	4.0%
Rate of increase in pensions in payment	2.0%	2.0%	2.0%	2.2%
Inflation	2.0%	2.0%	2.0%	2.2%

PART III

19. Pension liability (continued)

Pensions expense for defined benefit schemes

	<i>Year ended 31 December</i>		
	2001	2002	2003
	£'000	£'000	£'000
Current service cost	6	6	6
Past service cost	—	—	—
Gain on settlements and curtailments	—	(27)	(45)
Charge/(credit) to operating profit	6	(21)	(39)
Expected return on pension scheme assets	—	—	—
Interest on pension scheme liabilities	55	57	55
Charge to net interest payable and similar charges	55	57	55
Charge to profit on ordinary activities	61	36	16

Statement of total recognised gains and losses

	<i>Year ended 31 December</i>		
	2001	2002	2003
	£'000	£'000	£'000
Gain/(loss) on assets relative to expected return	—	—	—
Losses arising on the scheme liabilities	(7)	(14)	(61)
Changes in assumptions	31	(59)	(28)
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	24	(73)	(89)

Movement in deficit during the year

	<i>Year ended 31 December</i>		
	2001	2002	2003
	£'000	£'000	£'000
Deficit at start of year	(694)	(703)	(697)
Current service cost	(6)	(6)	(6)
Past service costs	—	—	—
Gain on settlements and curtailments	—	27	45
Credit to net interest payable and similar charges	(55)	(57)	(55)
Actuarial gain/(loss)	28	(74)	(96)
Employer contributions	24	116	131
Deficit at year end	(703)	(697)	(678)

PART III

19. Pension liability (continued)

	Year ended 31 December		
History of experienced gains and losses	2001	2002	2003
Gain/(loss) on assets relative to expected return:			
Amount (£'000)	—	—	—
Percentage of scheme assets	0%	0%	0%
Experience gains/(losses) arising on the scheme liabilities:			
Amount (£'000)	(7)	(14)	(61)
Percentage of the present value of the scheme liabilities:			
Amount (£'000)	0.7%	1%	6%
Percentage of the present value of the scheme liabilities	(2%)	8%	9%

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss reserve would have been as follows:

	£'000	£'000	£'000
Net assets excluding pension liability	(616)	(837)	(2,182)
Pension deficit	(703)	(697)	(678)
Net assets including pension liability	(1,319)	(1,534)	(2,860)
Profit and loss reserve excluding pension liability	(7,343)	(10,017)	(11,314)
Pension deficit	(703)	(697)	(678)
Profit and loss reserve including pension liability	(8,046)	(10,714)	(11,992)

20. Reconciliation of operating loss to operating cash flows

	Year ended 31 December		
	2001	2002	2003
	£'000	£'000	£'000
Operating loss	(4,494)	(2,426)	(947)
Depreciation charge	512	423	382
Decrease in stocks	8	5	23
(Increase)/decrease in debtors	(555)	256	2,154
Increase/(decrease) in creditors	145	(284)	(1,180)
Increase/(decrease) in provision	38	(39)	(24)
Loss on disposal of fixed assets	—	—	101
Net cash (outflow)/inflow from operating activities	(4,346)	(2,065)	509

PART III

21. Analysis of cash flows

	Year ended 31 December		
	2001 £'000	2002 £'000	2003 £'000
<i>Returns on investments and servicing of finance</i>			
Interest received	61	36	19
Interest paid	(143)	(161)	(187)
Net cash outflow	(82)	(125)	(168)
<i>Taxation</i>			
Corporation tax paid	(163)	(220)	(109)
Net cash outflow	(163)	(220)	(109)
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets	(530)	(99)	(204)
Receipts from sale of tangible fixed assets	5	16	—
Net cash outflow	(525)	(83)	(204)
<i>Financing</i>			
Issue of ordinary share capital	3,881	2,493	—
Repayment of convertible loan	—	—	(847)
Issue of convertible loan	710	448	—
Bank loan received	—	—	854
Shareholder contribution	106	—	—
Net cash inflow	4,697	2,941	7

22. Analysis and reconciliation of net debt

	1 January 2001 £'000	Cash flow £'000	Exchange movement £'000	31 December 2001 £'000
Cash at bank and in hand	1,493	(857)	60	696
Bank overdraft	(1,993)	438	—	(1,555)
Net cash	(500)	(419)	60	(859)
Convertible loans	(465)	(709)	—	(1,174)
Net debt	(965)	(1,128)	60	(2,033)

PART III

22. Analysis and reconciliation of net debt (continued)

	<i>1 January</i> 2002 £'000	<i>Cash flow</i> £'000	<i>Exchange</i> <i>movement</i> £'000	<i>31 December</i> 2002 £'000
Cash at bank and in hand	696	973	–	1,669
Bank overdraft	(1,555)	(525)	–	(2,080)
Net cash	(859)	448	–	(411)
Convertible loans	(1,174)	(449)	–	(1,623)
Net debt	(2,033)	(1)	–	(2,034)
	<i>1 January</i> 2003 £'000	<i>Cash flow</i> £'000	<i>Exchange</i> <i>movement</i> £'000	<i>31 December</i> 2003 £'000
Cash at bank and in hand	1,669	(246)	–	1,423
Bank overdraft	(2,080)	281	–	(1,799)
Net cash	(411)	35	–	(376)
Convertible loans	(1,623)	847	–	(776)
Bank loan	–	(854)	–	(854)
Net debt	(2,034)	28	–	(2,006)
	<i>Year ended 31 December</i>			
	2001 £'000	2002 £'000	2003 £'000	
(Decrease)/increase in cash in the year	(419)	448	35	
(Increase)/decrease in convertible loans	(709)	(449)	847	
(Increase)/decrease in bank loan	–	–	(854)	
Change in net debt resulting from cash flows	(1,128)	–	28	
Translation difference	60	–	–	
Movement in net debt in year	(1,068)	(1)	28	
Net debt at beginning of year	(965)	(2,033)	(2,034)	
Net debt at end of year	(2,033)	(2,034)	(2,006)	

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23. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2001		As at 31 December 2002		2003	
	<i>Land and buildings £'000</i>	<i>Other £'000</i>	<i>Land and buildings £'000</i>	<i>Other £'000</i>	<i>Land and buildings £'000</i>	<i>Other £'000</i>
Expiry date						
– within one year	–	60	–	144	–	98
– between two and five years	338	303	338	328	364	428
	<u>338</u>	<u>363</u>	<u>338</u>	<u>472</u>	<u>364</u>	<u>526</u>

24. Related party transactions

No material related party transactions took place during the years ended 31 December 2001, 2002 or 2003.

25. Controlling party

Nordico III KB controls Tribon as a result of controlling directly 88.8 per cent of the issued share capital in Tribon.

Yours faithfully

Deloitte & Touche LLP
Chartered Accountants"

PART IV

UNAUDITED INTERIM REPORT OF AVEVA GROUP PLC FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

The following is the full text of the unaudited interim report of AVEVA Group plc for the six months ended 30 September 2003, as announced on 5 November 2003:

CHAIRMAN'S STATEMENT

Introduction

I am pleased to report AVEVA's results for the six months ended 30 September 2003. These are solid results with satisfactory increases in turnover, profit, earnings per share and cash. As in the past two years, we expect the balance of our business to be heavily biased towards the second half year, reflecting a trading pattern which has become established for AVEVA.

Results, finance and dividend

Turnover increased by 2 per cent to £16.8 million (2002: £16.5 million) with recurring revenues accounting for 59 per cent of total revenue (2002: 60 per cent). Profit before tax increased by 11 per cent to £1.36 million (2002: £1.23 million) and earnings per share were up by 9 per cent at 5.25p (2002: 4.78p). Profit before tax and amortisation of intangible assets arising from acquisitions increased by 8 per cent to £1.67 million (2002: £1.54 million) and earnings per share on a similar basis were 7.06p (2002: 6.59p).

Net cash as at 30 September 2003 was £4.6 million (2002: £3.0 million).

The Board has approved an interim dividend of 1.80p (2002: 1.80p) to be paid on 30 January 2004 to all shareholders on the register on 9 January 2004. As previously, a decision on the dividend for the full year will be taken in the light of the results achieved for the year as a whole.

Operations

Trends

The industry background continues to be challenging with the investment decisions of our customers – the builders and operators of major process plant – being influenced by world economic events and trends.

Increasingly, execution of multinational engineering projects is migrating from 'developed' mature economies to 'developing' nations in Asia-Pacific, Russia and Eastern Europe.

A licence sale made in one geographic market may be used in various locations around the world dependent on where the projects are being executed.

AVEVA is well placed to respond to these changes as it now trades from 22 offices in 16 countries with agency representation in a further 17 countries.

Geographic

After an improved performance last year, North American revenues were disappointing in the half year. There are two factors which have contributed towards this: the execution of some international projects has migrated to other geographic markets and the US domestic market remains depressed and highly competitive.

In contrast, Asia-Pacific performed very strongly with a 12 per cent growth in revenue, albeit starting from a smaller base. The investment AVEVA has made in a direct sales and support infrastructure is starting to show benefits. We have also been helped by the increasing migration of major projects into the region and general economic strength, particularly in Korea and China. Some major contract gains were made totalling US\$2.5 million including an order for AVEVA's new VNET software and services over two years for the world's largest single petrochemical

PART IV

processing facility in Nanhai, China, in a project led by Shell and BSF, a consortium comprising Bechtel, Sinopec and Foster Wheeler.

Europe (including the UK) also performed strongly during the half year with revenues up by 11 per cent including contributions from new business in Eastern and Southern European countries. Elsewhere, Russian engineering companies and plant operators are becoming increasingly active within international markets. AVEVA now has representation in Russia and has gained its first major order for software and services from a Russian customer.

Markets

Sales into the oil and gas sector have been strong in most geographic markets; Russia and East European countries stand out as being particularly buoyant in this sector while the USA was noticeably quiet. In power generation, Asia-Pacific was strong generally and particularly China – a market in which AVEVA is the clear leader. With the exception of the large order mentioned above the petrochemicals sector was steady and in pharmaceuticals, the anticipated pick up in activity was slower to come through than expected.

Products and services

At a major industry convention in Houston, Texas, early in 2003 AVEVA 'showcased' key new software products including VNET Navigator and the enhanced 'next generation' of its core PDMS 3D design offering. These products were released to the market on schedule in June and have been well received. AVEVA believes that its current product range is very strong and highly competitive.

The partnership alliance signed with Autodesk in October brings together leading 2D and 3D technologies and will result in a combined product being offered by the AVEVA channel next summer. News of the alliance has been favourably received by both existing and potential customers.

Managed Services performed steadily. Although no new contracts were signed during the period, reasonable prospects are currently under discussion.

Board and management

In July 2003, Tony Christian left the company and the Board. Over the previous five years, he had played an important role in broadening AVEVA's product portfolio beyond the core 3D design software and the introduction of its managed services offering. The Board wishes Tony well for the future.

Outlook

The favourable market response to our new product offerings together with the good forward visibility provided by a strong base of recurring revenues gives AVEVA confidence in its ability to achieve satisfactory results for the year as a whole.

Richard King
Chairman

5 November 2003

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Consolidated profit and loss account for the six months ended 30 September 2003

		6 months ended 30 September		Year ended 31 March
		2003	2002	2003
		(unaudited)	(unaudited)	(audited)
	Notes	£'000	£'000	£'000
Turnover	2	16,837	16,462	36,008
Cost of sales		(6,561)	(6,846)	(13,047)
Gross profit		10,276	9,616	22,961
Other operating expenses		(8,900)	(8,332)	(17,343)
Operating profit		1,376	1,284	5,618
Finance (expense)/income (net)		(13)	(50)	(38)
Profit on ordinary activities before taxation		1,363	1,234	5,580
Tax on profit on ordinary activities		(463)	(420)	(1,922)
Profit on ordinary activities after taxation		900	814	3,658
Profit retained for the period		592	508	2,703
Basic earnings per share	4	5.25p	4.78p	21.46p
Diluted earnings per share	4	5.19p	4.72p	21.24p
Dividend per equity share	3	1.80p	1.80p	5.60p

Consolidated statement of total recognised gains and losses for the six months ended 30 September 2003

	6 months ended 30 September		Year ended 31 March
	2003	2002	2003
	(unaudited)	(unaudited)	(audited)
	£'000	£'000	£'000
Profit for the period	900	814	3,658
Translation loss arising on consolidation	(177)	(569)	(437)
Total recognised gains and losses relating to the period	723	245	3,221
Prior year adjustment	—	—	—
Total recognised gains and losses recognised since last Annual Report	723	245	3,221

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Consolidated balance sheet as at 30 September 2003

	At 30 September 2003 (unaudited) £'000	2002 (unaudited) £'000	At 31 March 2003 (audited) £'000
Fixed assets			
Goodwill	1,447	1,714	1,580
Intangible assets	2,153	2,505	2,329
Tangible assets	5,336	3,848	4,674
	<u>8,936</u>	<u>8,067</u>	<u>8,583</u>
Current assets			
Stocks	758	1,213	758
Debtors	13,987	12,591	16,244
Cash at bank and at hand	5,046	2,972	5,129
	<u>19,791</u>	<u>16,776</u>	<u>22,131</u>
Creditors			
Amounts falling due within one year	(8,637)	(8,013)	(11,548)
Net current assets	<u>11,154</u>	<u>8,763</u>	<u>10,583</u>
Total assets less current liabilities	<u>20,090</u>	<u>16,830</u>	<u>19,166</u>
Creditors			
Amounts falling due after more than one year	(70)	–	(112)
Provision for liabilities and charges	<u>(523)</u>	<u>(583)</u>	<u>(472)</u>
Net assets	<u>19,497</u>	<u>16,247</u>	<u>18,582</u>
Capital and reserves			
Called-up share capital	1,725	1,704	1,705
Share premium account	7,798	7,311	7,318
Profit and loss account	9,974	7,232	9,559
Shareholders' funds – all equity	<u>19,497</u>	<u>16,247</u>	<u>18,582</u>

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Consolidated cash flow statement for the six months ended 30 September 2003

		6 months ended 30 September		Year ended 31 March
		2003	2002	2003
		(<i>unaudited</i>)	(<i>unaudited</i>)	(<i>audited</i>)
	Notes	£'000	£'000	£'000
Net cash (outflow)/inflow from				
operating activities	5	2,180	(485)	3,232
Returns on investment and servicing of finance		(13)	(50)	(38)
Taxation		(1,062)	(1,520)	(2,123)
Capital expenditure and financial investment		(1,237)	(669)	(1,735)
Equity dividends paid		(647)	(613)	(922)
Cash (outflow)/inflow before financing		(779)	(3,337)	(1,586)
Financing		441	11	(11)
(Decrease)/increase in cash in the period		(338)	(3,326)	(1,597)

PART IV

NOTES

1. Basis of preparation

The financial information contained in this interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The interim financial information is unaudited but has been reviewed by the auditor. The financial information for the year ended 31 March 2003 has been extracted from the statutory accounts of AVEVA Group plc for that period, which have been delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237 (2) or 237 (3) of the Companies Act 1985.

The financial information has been prepared using the same accounting policies as the audited accounts for the year ended 31 March 2003.

The interim report for the six months ended 30 September 2003 was approved by the Board on 4 November 2003.

2. Analysis of turnover

	6 months ended 30 September		Year ended 31 March
	2003	2002	2003
	(<i>unaudited</i>)	(<i>unaudited</i>)	(<i>audited</i>)
	£'000	£'000	£'000
By destination:			
United Kingdom	1,381	2,370	6,346
Rest of Europe, Middle East and Africa	7,048	5,199	11,029
Americas	4,344	5,278	10,102
Asia-Pacific	4,064	3,615	8,531
	<u>16,837</u>	<u>16,462</u>	<u>36,008</u>

3. Interim ordinary dividend

The proposed interim dividend of 1.80p per ordinary share will be payable on 30 January 2004 to shareholders on the register on 9 January 2004.

4. Earnings per share

	6 months ended 30 September		Year ended 31 March
	2003	2002	2003
	(<i>unaudited</i>)	(<i>unaudited</i>)	(<i>audited</i>)
Profit on ordinary activities after tax	£900,000	£814,000	£3,658,000
Ordinary shares of 10p each in issue	17,134,320	17,039,607	17,042,245
Diluted ordinary shares of 10p each	17,343,550	17,249,072	17,222,785

The number of shares in the table above represent the weighted average number of shares during the periods shown.

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5. Reconciliation of operating profit to net cash inflow from operating activities

	6 months ended		Year ended
	30 September		31 March
	2003	2002	2003
	(unaudited)	(unaudited)	(audited)
	£'000	£'000	£'000
Operating profit	1,376	1,284	5,618
Depreciation and amortisation charges	865	921	1,661
(Profit)/loss on disposal of fixed assets	7	(12)	(4)
Decrease/(increase) in stocks	—	—	200
Decrease/(increase) in debtors	1,565	(28)	(2,798)
Decrease/(increase) in creditors	(1,633)	(2,650)	(1,445)
Net cash inflow from operating activities	2,180	(485)	3,232

INDEPENDENT REVIEW REPORT TO AVEVA GROUP PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 September 2003 which comprises the Consolidated Profit and Loss Account, Consolidated Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Consolidated Cash Flow Statement and related notes 1 to 5. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2003.

Ernst & Young LLP
Cambridge

5 November 2003

PART V

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited pro forma net assets statement of the Enlarged Group which has been prepared to illustrate the effect the Acquisition and the Placing and Open Offer might have had on the net assets of the AVEVA Group on the assumption that the Acquisition and the Placing and Open Offer were completed as at 31 December 2003. The pro forma statement has been prepared for illustrative purposes only and may not, because of its nature, give a true picture of the financial position of the AVEVA Group or its results. The figures in respect of the AVEVA Group have been extracted, without material adjustment, from the unaudited consolidated balance sheet of the Group at 30 September 2003 as set out in Part IV of this document, being the most recent set of publicly available financial statements. The figures in respect of the Tribon Group at 31 December 2003 have been extracted, without material adjustment, from the accountants' report on the Tribon Group contained in Part III of this document.

	AVEVA Group as at 30 September 2003 £'000	Adjustments		Pro forma statement of net assets of the Enlarged Group £'000
		Tribon Group as at 31 December 2003 £'000	Other ^{(1),(2)} £'000	
Fixed assets				
Goodwill	1,447	—	23,682	25,129
Intangible assets	2,153	—	—	2,153
Tangible assets	5,336	714	—	6,050
	8,936	714	23,682	33,332
Current assets				
Stocks	758	—	—	758
Debtors falling due within one year	13,987	4,601	—	18,588
Debtors falling due after more than one year	—	66	—	66
Cash at bank and in hand	5,046	1,423	(300)	6,169
	19,791	6,090	(300)	25,581
Creditors: amounts falling due within one year	(8,637)	(7,490)	—	(16,127)
	11,154	(1,400)	(300)	9,454
Creditors: convertible debt	—	(776)	—	(776)
Net current assets/(liabilities)	11,154	(2,176)	(300)	8,678
Total assets less current liabilities	20,090	(1,462)	23,382	42,010
Creditors: amounts falling due after more than one year	(70)	—	—	(70)
Provisions for liabilities and charges	(523)	(720)	—	(1,243)
Net assets/(liabilities)	19,497	(2,182)	23,382	40,697

PART V

Notes:

1. Adjustments to cash at bank are as follows:

	£'000
Proceeds of the Placing and Open Offer	17,200
Less cash consideration payable in respect of the Acquisition	(15,000)
Less estimated expenses	(2,500)
	<u>(300)</u>

The £0.3 million will be funded from existing cash resources.

2. Adjustments have been made to reflect goodwill arising on consolidation as follows:

	£'000
Consideration	19,000
Plus estimated expenses of the Acquisition and Placing and Open Offer	2,500
Plus net liabilities of the Tribon Group at 31 December 2003	2,182
Goodwill arising	<u>23,682</u>

3. The Placing and Open Offer will provide £15.0 million of the total consideration with the remainder being satisfied by the issue of £4.0 million of shares to the Vendors.
4. Amounts stated in SEK have been converted into £ sterling at the rate of £1 : SEK12.8806 being the rate ruling at 31 December 2003 applied in translating the balance sheet of the Tribon Group at 31 December 2003 from SEK into £ sterling for the purposes of the accountants' report contained in Part III of this document.
5. No account has been taken of the trading of the AVEVA Group since 30 September 2003.
6. No account has been taken of the trading of the Tribon Group since 31 December 2003.
7. The unaudited pro forma statement of net assets of the Enlarged Group does not constitute statutory accounts within the meaning of section 240 of the Act.
8. No account has been taken of any fair value adjustments which may be required to account for the acquisition of Tribon by AVEVA.

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Set out below is the text of a report on the pro forma statement of net assets of the Enlarged Group by Deloitte & Touche LLP, the reporting accountants:

“Deloitte.

The Directors
AVEVA Group plc
High Cross
Maddingley Road
Cambridge
CB3 0HB

The Directors
Hoare Govett Limited
250 Bishopsgate
London
EC2M 4AA

Deloitte & Touche LLP
Leda House
Station Road
Cambridge
CB1 2RN

21 April 2004

Dear Sirs

AVEVA GROUP PLC (“AVEVA” OR THE “COMPANY”)

We report on the unaudited pro forma combined net assets statement (“the pro forma financial information”) set out in Part V of the prospectus of the Company dated 21 April 2004 (the “Circular”) issued by AVEVA. The pro forma financial information has been prepared for illustrative purposes only to provide information about how the proposed acquisition of Tribon Solutions AB (“Tribon”) and the related placing and open offer might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the directors of AVEVA to prepare the pro forma financial information in accordance with paragraph 12.29 of the Listing Rules of the UK Listing Authority (the “Listing Rules”).

It is our responsibility to form an opinion, as required by the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom our reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and the Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of AVEVA.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

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Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of AVEVA; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 12.29 of the Listing Rules.

Yours faithfully

Deloitte & Touche LLP
Chartered Accountants

PART VI

PRINCIPAL FEATURES OF THE LTIP AND AMENDMENT TO THE EXECUTIVE SCHEME

1. The LTIP

The Board is proposing that AVEVA should adopt the LTIP. The terms of the LTIP are set out in full in its rules (the "Rules"), the principal features of which are as follows:

1.1 *The Remuneration Committee*

The Remuneration Committee is a committee of the Board with delegated authority to exercise the Board's powers under the Rules. The Remuneration Committee will decide whether and when AVEVA will grant options under the LTIP and to which selected employees and the nature of the performance conditions that must be satisfied before such awards may be exercised. Alternatively, the Remuneration Committee may request that the trustees (the "Trustees") of any trust (the "Trust") established for the benefit of the employees of AVEVA and its subsidiaries grant options under the LTIP on a similar basis. In subsequent paragraphs any reference to the "Grantor" will be a reference to either the Remuneration Committee or the Trustees, and whether it is one or the other will depend on whether the Remuneration Committee or the Trustees were responsible for the grant of the option in question.

1.2 *Eligible employees*

Options may be granted under the LTIP to any full-time director or employee, who is required to devote substantially the whole of his working time to the business of AVEVA and its subsidiaries.

The employees who receive options are called "Option Holders".

1.3 *Option price*

An option will entitle the Option Holder to acquire Ordinary Shares, at a price per Ordinary Share (the "Exercise Price") equal to the nominal value of an Ordinary Share. This price will be the same regardless of whether the Ordinary Shares to be acquired by an Option Holder on the exercise of his option are new issue Ordinary Shares or existing Ordinary Shares acquired by AVEVA or any trust funded by AVEVA by purchase on the open market.

1.4 *Grant of options*

Options may only normally be granted within the period of 42 days after:

- the day immediately following the date of the announcement by AVEVA of its final or interim results for any period; or
- the announcement or introduction of any relevant alteration to tax legislation; or
- any day on which the Remuneration Committee determines that exceptional circumstances have arisen; or
- the date on which the LTIP is adopted by the AVEVA Board.

It is the intention of AVEVA that options will be granted to existing employees at approximately the same time each year, but AVEVA may make grants to new recruits at other times.

No consideration will be required for the grant of an option.

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1.5 *Performance and other conditions*

Options will be granted subject to certain conditions of exercise ("Conditions of Exercise") determined at the time of grant. These Conditions of Exercise must be objective in nature. It is the Board's intention that the Remuneration Committee, in exercising its discretion, should have regard to the various relevant guidelines published by the associations representing institutional investors and that the Conditions of Exercise should be rigorous and demanding in nature. The Remuneration Committee will request that any trustee granting options under the LTIP shall approach the subject of the Conditions of Exercise on a similar basis.

If the LTIP is adopted at the Extraordinary General Meeting, it is the intention of the Remuneration Committee to grant options under the LTIP during the year ending 31 March 2005 subject to a Condition of Exercise. The extent to which options will be capable of exercise will depend on the extent to which that Condition of Exercise has been satisfied.

The Condition of Exercise proposed will be based on the ranking of the Company in terms of its total shareholder return measured against other companies in a relevant London Stock Exchange index, such as the techMARK 100 Index. The option will 'vest' in accordance with the following scale:

<u>Total shareholder return ranking</u>	<u>Percentage vesting of shares subject to option</u>
75 per cent and above	100 per cent
Median to 75 per cent	Pro rata on a straight line basis
Median	33 per cent
Below median	Nil

The Condition of Exercise will be measured over a period of at least three years.

There will be no retesting of the Condition of Exercise.

Although it is the intention of the Remuneration Committee that options granted under the LTIP will be subject to the Condition of Exercise as described above for the year ending 31 March 2005, the Remuneration Committee will take note of practical experience, professional advice, market trends and investor feedback in determining the Conditions of Exercise to be applied for option grants in subsequent years.

The Rules expressly allow an option to be granted subject to a condition that exercise of the option is only valid where the option holder produces evidence that another option (whether granted under this or any other plan or scheme) has not been exercised and that this other option has been waived and released so that it is no longer capable of exercise.

1.6 *Exercise of options*

An option may only be exercised by the person to whom it was granted, or his personal representative(s), and is not transferable.

An Option Holder may normally exercise his option only on satisfaction of the Conditions of Exercise determined at the time of grant.

If an Option Holder ceases employment in circumstances where his option does not lapse, he may exercise that option to the extent that the Conditions of Exercise have been satisfied as at the date of such cessation of employment. If the Conditions of Exercise have not been met at that date, the Grantor has a discretion to permit exercise within a limited

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period where the Option Holder ceases employment on account of injury or disability, redundancy, retirement (including early retirement), or the disposal of the participating subsidiary or the business in which the Option Holder is employed or (if the Grantor so decides) for some other reason. It is the Board's intention that this discretion is exercised only in exceptional circumstances. The personal representative(s) of a deceased Option Holder may exercise an option for a period of one year following his death.

Options will lapse if an Option Holder leaves the service of AVEVA or a participating subsidiary other than in the circumstances referred to above or, where the circumstances referred to above apply, if the options are not exercised within the prescribed periods.

Options are also exercisable within a limited period in the event of the take-over, reconstruction or winding-up of AVEVA (to the extent that the Conditions of Exercise have been satisfied at the date of such event), and, following a take-over, may alternatively, with the agreement of the acquiring company, be rolled over to become options over the acquiring company's shares. In the absence of exercise or roll-over, the options will lapse at the end of the relevant exercise period.

If the Remuneration Committee becomes aware that the Company is or is expected to be affected by any demerger, dividend in specie, super dividend or other transaction which, in the opinion of the Remuneration Committee, would affect the current or future value of any options, the Remuneration Committee, acting fairly and reasonably and objectively may, in their absolute discretion, allow some or all options to be exercised. The Remuneration Committee shall specify the period in which such options shall be exercisable and whether such options shall lapse at the end of the specified period.

1.7 *Issues of shares and reorganisations*

The rights of Option Holders following any rights issue or capitalisation issue or other variation of capital will be adjusted in such manner as the Grantor determines.

1.8 *Rights of shares and listing*

All Ordinary Shares that AVEVA allots and issues through the LTIP will rank *pari passu* with the Ordinary Shares then in issue, save as regards rights attaching by reference to a record date prior to the exercise date. AVEVA will apply to the UK Listing Authority for any Ordinary Shares issued pursuant to the LTIP to be admitted to the Official List.

1.9 *LTIP limits*

The number of Ordinary Shares issuable on the exercise of options granted under the LTIP is limited by reference to a document described as the Share Scheme Management Strategy which is appended to the Rules. This document provides that the number of Ordinary Shares which may be issued or committed to be issued on the exercise of any options granted under the LTIP or the Executive Scheme shall not, when aggregated with the number of Ordinary Shares which have been issued or committed to be issued in the previous ten years under the LTIP, the Executive Scheme and any other employees' share scheme adopted by AVEVA, exceed ten per cent of the ordinary share capital of AVEVA in issue immediately prior to that day.

In determining the above limit any Ordinary Shares issued to the trustees of any employee trust adopted by AVEVA shall be included, but no account shall be taken of:

- any Ordinary Shares the right to acquire which has been released, lapsed or otherwise become incapable of exercise;

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- any Ordinary Shares where the right to acquire those Ordinary Shares was granted on or before Ordinary Shares were admitted to the London Stock Exchange; and
- any Ordinary Shares awarded by AVEVA before Ordinary Shares were admitted to the London Stock Exchange.

Any option granted in excess of the limit will be void to the extent that it exceeds the limits prescribed in the Rules.

No option may be granted more than ten years after the date on which AVEVA adopts the LTIP.

1.10 *Shares to be allocated on exercise*

When an Option Holder exercises his option, the Rules permit the option to be satisfied either by the issue of new Ordinary Shares or by procuring the transfer to the Option Holder of existing Ordinary Shares. Existing Ordinary Shares may be Ordinary Shares held by the Company in treasury (where it has the authority to do so) or by the trustees of an employee trust.

1.11 *Amendments*

The Grantor has the power to amend the LTIP at any time, but the following provisions may not be amended to the advantage of current or prospective Option Holders in the LTIP without the prior consent of AVEVA in general meeting:

- (i) the employees who are eligible to be Option Holders;
- (ii) the limitations on the number or value of the Ordinary Shares subject to the LTIP;
- (iii) the basis for determining an Option Holder's entitlement to, and the terms of, Ordinary Shares provided through the LTIP and the adjustment thereof in the event of a variation of capital;

save that the Grantor may make minor amendments to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Option Holders, or for AVEVA, or for members of the Group.

1.12 *Miscellaneous*

Benefits under the LTIP will not be pensionable.

The Board recommends that you vote in favour of the resolution to approve the adoption of the LTIP and considers the said resolution to be in the best interests of AVEVA and of Shareholders as a whole.

2. **Right to subscribe at less than market value**

Under the proposed LTIP eligible employees will be granted Options to acquire Ordinary Shares at an exercise price which is not determined by reference to the market value of such Ordinary Shares. Instead, the exercise price will be equal to the nominal value of an Ordinary Share.

Under the Rules of the LTIP, Options may be granted by either the Remuneration Committee or the Trustees of any trust established for the benefit of the employees of AVEVA and its subsidiaries to any full-time director or employee who is required to devote substantially the whole of his working time to the business of AVEVA and its subsidiaries. The principal terms of the LTIP are described in paragraph 1 of this Part VI.

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The Board seeks the approval of shareholders that the Grantor under the Rules of the LTIP, and for the purposes only of that LTIP, be permitted to grant options to acquire Ordinary Shares in favour of eligible employees with an exercise price per Ordinary Share equal to the nominal value of that Ordinary Share.

The Board recommends that you vote in favour of the resolution to permit the grant of Options under the LTIP with an exercise price per Ordinary Share equal to the nominal value of that Ordinary Share and considers the said resolution to be in the best interests of AVEVA and of Shareholders as a whole.

A copy of the draft Rules of the LTIP will be available for inspection at the offices of Ashurst, Broadwalk House, 5 Appold Street, London EC2A 2HA during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until the close of the Extraordinary General Meeting and will be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting.

3. Amendment to the Executive Scheme

The Executive Scheme was adopted in 1996. Rule 5 of the rules of the Executive Scheme limits the number of Ordinary Shares which may be issued pursuant to options granted under the Executive Scheme (excluding options granted prior to flotation) and other schemes as follows:

- over any ten year period or, if shorter, the period since AVEVA was listed on the London Stock Exchange, the number of Ordinary Shares issued or issuable under any share scheme shall not exceed 10 per cent of the issued ordinary share capital;
- over any ten year period or, if shorter, the period since AVEVA was listed on the London Stock Exchange, the number of Ordinary Shares issued or issuable under the Executive Scheme and any other share option scheme (excluding any Inland Revenue approved savings related option scheme) shall not exceed 5 per cent of the issued ordinary share capital; and
- over any three year period or, if shorter, the period since AVEVA was listed on the London Stock Exchange, the number of Ordinary Shares issued or issuable under the Executive Scheme or any other share option scheme and shares issued under any profit sharing scheme shall not exceed 3 per cent of the issued ordinary share capital.

The Board proposes that Rule 5 in its present form is deleted and replaced with the words:

"The number of Shares which may be allocated on exercise of any Options granted under the Scheme shall not exceed the limits prescribed by Paragraphs 3.1 to 3.4 of the Share Scheme Management Strategy as appended to the LTIP".

The Share Scheme Management Strategy is appended to the Rules and imposes the limits specified in the paragraph entitled "LTIP limits" contained in this Part VI of this document. It also explains the strategy adopted by the Board of Directors for the use of share-based incentives while staying within these limits.

The Board recommends that you vote in favour of the resolution to amend the Executive Scheme and considers the said resolution to be in the best interests of AVEVA and of Shareholders as a whole.

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ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear in paragraph 2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and its Directors

2.1 The Directors and their respective functions are as follows:

Richard Ashton King, *Non-executive Chairman*
Richard Longdon, *Chief Executive*
Paul Ronald Taylor, *Finance Director*
David William Mann, *Non-executive Director*
Colin Alexander Garrett, *Non-executive Director*

2.2 The business address of all of the Directors is High Cross, Madingley Road, Cambridge CB3 0HB, which is also the Company's registered office. The Company is incorporated in England and Wales.

2.3 The Company is the holding company of a group of companies. Its principal subsidiaries are set out below:

<i>Name of undertaking</i>	<i>Country of incorporation or registration</i>	<i>Description and proportion of shares and voting rights held</i>
AVEVA Solutions Limited	Great Britain	100 per cent ordinary shares of £1 each
AVEVA Inc.	USA	100 per cent common stock of US\$1 each
AVEVA GmbH	Germany	100 per cent ordinary shares of €25,565 each
AVEVA SA	France	100 per cent ordinary shares of €30 each
AVEVA East Asia Limited	Hong Kong	100 per cent ordinary shares of HK\$1 each
Cadcentre Property Limited	Great Britain	100 per cent ordinary shares of £1 each
Cadcentre Pension Trustee Limited	Great Britain	100 per cent ordinary shares of £1 each
AVEVA Engineering IT Limited	Great Britain	100 per cent ordinary shares of £1 each
AVEVA A/S	Norway	100 per cent ordinary shares of NOK 500 each
AVEVA KK	Japan	100 per cent ordinary shares of 50,000 Yen each
AVEVA Sendirian Berhad	Malaysia	49 per cent ordinary shares of MYR1 each

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<i>Name of undertaking</i>	<i>Country of incorporation or registration</i>	<i>Description and proportion of shares and voting rights held</i>
AVEVA Asia Pacific Sendirian Berhad	Malaysia	100 per cent ordinary shares of MYR1 each
AVEVA Korea Limited	South Korea	100 per cent ordinary shares of KRW 500,000
AVEVA Managed Services Limited	Great Britain	100 per cent ordinary shares of £1 each
Cadcentre Limited	Great Britain	100 per cent ordinary shares of £1 each
AVEVA Consulting Limited	Great Britain	100 per cent ordinary shares of £1 each
AVEVA Information Technology India Private Limited	India	100 per cent ordinary shares of 10 Rupees each
Cadcentre Engineering IT Limited	Great Britain	100 per cent ordinary shares of £1 each

3. Share capital

- 3.1 The authorised and issued share capital of the Company as at the date of this document and as it will be following the proposed increase in the authorised share capital at the Extraordinary General Meeting and completion of the Placing and Open Offer and the Acquisition (ignoring any Ordinary Shares which may be issued on the exercise of options under the Share Option Schemes and the effect of not allotting fractions) is as follows:

<i>Ordinary Shares</i>	<i>Present</i>		<i>Following the Acquisition, Placing and Open Offer</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
Authorised:	22,000,000	2,200,000	30,000,000	3,000,000
Issued and fully paid:	17,470,300	1,747,030	21,905,067	2,190,507

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5.2 *Dividends and distribution of assets on liquidation*

Subject to the terms on which any Ordinary Shares are issued, members are entitled to participate in the profits of the Company paid out as dividends in proportion to the amounts paid up or credited as paid up on the Ordinary Shares held by them during the period in respect of which the dividend is paid. Any dividend remaining unclaimed for a period of 12 years after becoming payable will (if the Board so resolves) be forfeited and will cease to remain owing by the Company.

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members, but if any division is resolved otherwise than in accordance with such rights, the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 110 of the Insolvency Act 1986. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine, but no member shall be compelled to accept any assets on which there is a liability.

5.3 *Transfers*

- (a) The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers of certificated shares shall be effected by instrument in writing in any usual or common form or any other form which the Directors may approve. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share unless it is in respect of a transfer of a share which is fully paid up, of only one class of shares, in favour a single or not more than four joint transferees, is duly stamped (if required) and is delivered for registration at the registered office of the Company accompanied by the relevant share certificate and such other evidence as the Board may reasonably require to prove the title of the transferor provided that where such shares are admitted to the Official List, such discretion may not be exercised in a way which the UK Listing Authority regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The registration of transfers may be suspended by the Directors for any period (not exceeding 30 days in any year). Notice of closure of the register shall be given in accordance with the requirements of the Act.
- (b) Notwithstanding any other provision of the Articles to the contrary, any shares in the Company may be held in uncertificated form and title to such shares may be transferred by means of a relevant system (in each case as defined in the Uncertificated Securities Regulations 2001) such as CREST.

6. **Directors' and other interests**

- 6.1 As at 20 April 2004 (being the latest practicable date prior to the printing of this document), the interests (all of which are beneficial) of the Directors and their immediate families in the share capital of the Company which have been notified to the Company

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pursuant to section 324 or 328 of the Act or which are required to be entered in the register maintained under section 325 of the Act or which are interests of a connected person of a Director and which would, if the connected person were a Director, be required to be disclosed as aforementioned and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows:

<i>Director</i>	<i>Prior to Admission of New Ordinary Shares</i>		<i>Following Admission of New Ordinary Shares⁽¹⁾</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Richard King	131,250	0.75	131,250	0.60
Richard Longdon	380,476	2.18	380,476	1.74
Paul Taylor	8,000	0.05	8,000	0.04
David Mann	17,800	0.10	17,800	0.08
Colin Garrett	—	—	—	—

(1) These percentages are on the basis of nil take up by the Directors and their immediate families of their entitlements to New Ordinary Shares pursuant to the Placing and Open Offer in accordance with the irrevocable undertakings given.

- 6.2 Under the Share Option Schemes the Directors have been granted the following options over Ordinary Shares which remain outstanding:

<i>Name of Director</i>	<i>Number of Ordinary Shares under option</i>	<i>Option price (pence)</i>	<i>Exercise period⁽¹⁾</i>
Richard Longdon	100,000	524.7	31/03/04 to 18/01/08
Paul Taylor	71,000	524.7	31/03/04 to 18/01/08

(1) The earliest exercise date is the announcement date of the results in respect of the year then ended. All options are subject to certain conditions relating to performance criteria.

All such options were granted for nil consideration.

- 6.3 Save as disclosed in this paragraph 6, none of the Directors has any interest, beneficial or non-beneficial, in the share capital of the Company or any of its subsidiaries.
- 6.4 No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or during any earlier financial year and remains in any respect outstanding or unperformed.
- 6.5 Richard Longdon has a service contract with the Company dated 28 November 1996, terminable on 12 months' notice given by either party to the other. Under the contract Mr Longdon is entitled to receive annual remuneration of £210,000. The Board may award a performance bonus which, for the year ending 31 March 2004, will be capped at 60 per cent of basic salary. Additionally he is a member of a life assurance scheme and pension scheme. There are no predetermined special provisions with regard to compensation in the event of loss of office.
- 6.6 Other than as set out in paragraph 6.5 above, there are no existing or proposed service contracts between Directors and any member of the Group other than contracts expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one year.

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- 6.7 The emoluments of the Directors will not be varied as a result of the transaction.
- 6.8 The aggregate remuneration paid and benefits in kind (under any description whatsoever) granted to the Directors by members of the Group during the year ended 31 March 2003 amounted to £563,000.
- 6.9 Save as set out below, the Company is not aware of any person who is interested directly or indirectly in three per cent or more of the Company's issued share capital as at 20 April 2004 (being the last practicable date prior to the publication of this document):

<i>Shareholder</i>	<i>Prior to Admission of New Ordinary Shares</i>		<i>Following Admission of New Ordinary Shares⁽¹⁾</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Framlington Investment Management	1,501,000	8.59	1,731,923	7.91
Standard Life Investment Management	1,420,000	8.13	1,638,461	7.48
INVESCO Asset Management	1,254,000	7.18	1,446,923	6.61
Merrill Lynch Investment Managers	1,234,000	7.06	1,423,846	6.50
M&G Investment Management	951,000	5.44	1,097,307	5.01
Hermes Pensions Management	905,000	5.18	1,044,230	4.77
F&C Management	734,000	4.20	846,923	3.87
Legal & General Investment Management	658,000	3.77	759,230	3.47
Schroder Investment Management	631,000	3.61	728,076	3.32
UBS Global Asset Management	627,000	3.59	723,461	3.30
3i Asset Management	525,000	3.01	605,769	2.77

⁽¹⁾ These percentages assume full take up by such Shareholders of their entitlements to New Ordinary Shares pursuant to the Open Offer, but disregard any participation that such shareholders may have as placees of New Ordinary Shares.

Save as set out in this paragraph, the Company is not aware of any person who is interested, directly or indirectly, in three per cent or more of the issued share capital of the Company.

- 6.10 The Company is not aware of any person who exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company.

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6.11 The Directors:

- (a) are or have been directors or partners of the following companies and partnerships at some time in the previous five years:

<i>Director</i>	<i>Position</i>	<i>Company/Partnership</i>	<i>Position still held</i>
Richard King	Director	Xaar plc	Yes
	Director	Sentec Limited	Yes
	Director	Cambridge Research & Innovation Ltd	No
	Director	Cambridge Technology Management Ltd	No
	Director	Lionheart Management Services Ltd	No
	Director	Forward Group plc	No
	Director	Graseby plc	No
	Director	Tadpole Technology plc	No
David Mann	Director	Charteris Plc	Yes
	Director	Flomerics Group plc	Yes
	Director	Flomerics Ltd	Yes
	Director	Ansbacher Holdings Ltd (Guernsey)	Yes
	Director	Ansbacher & Co Ltd	Yes
	Director	Room Solutions Ltd	Yes
	Director	Briset House Ltd	Yes
	Director	CITO Management Services Ltd	Yes
	Director	Industrial Control Services plc	No
	Director	Eurolink Managed Services plc	No
	Director	Druid Group plc	No
	Director	Deltaworth Limited	No
Colin Garrett	Director	Colin Garrett Associates Limited	Yes
	Director	3G Comms Ltd	Yes
	Director	Speed Services plc	No
	Director	Protagona plc	No
	Director	ZBD Displays Ltd	Yes
	Director	Vocalis Group plc	No
	Director	Mettoni Group plc	No
	Director	Intec Business Colleges plc	Yes
	Director	Sentec Ltd	Yes
	Director	Pelikon Limited	Yes
	Director	3G land line limited	Yes
	Director	Edger 372 Limited	Yes

- (b) have no unspent convictions relating to indictable offences;
- (c) have had no bankruptcies or individual voluntary arrangements;
- (d) have not been directors with an executive function of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors of such company;
- (e) have not been partners of any partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangements of such partnership;
- (f) have not been partners of any partnership at the time of or within 12 months preceding a receivership of any assets of such partnership;
- (g) have not had any of their assets subject to any receivership; and

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- (h) have not received any public criticisms by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

7. Taxation

The following paragraphs are intended only as a general guide to the UK tax position at the date of this document for individual and corporate Shareholders who are resident or ordinarily resident in the UK for tax purposes holding Ordinary Shares beneficially as investments and are based (except where otherwise stated) on current UK legislation and published Inland Revenue practice. If any person is in doubt as to his tax position or is subject to tax in a jurisdiction other than the UK, he should consult his independent professional adviser without delay.

7.1 *Taxation of chargeable gains*

A holder of Ordinary Shares who is not resident nor, in the case of a non-corporate holder, ordinarily resident in the UK for UK taxation purposes is not subject to UK taxation of chargeable gains unless, in the case of a non-corporate holder, he carries on a trade, profession or vocation in the UK through a branch or agency and, in the case of a corporate holder, carries on a trade in the UK through a permanent establishment and the assets disposed of are situated in the UK and are used in or held for the purposes of the branch or agency or the permanent establishment (as the case may be) or are acquired for use by that branch or agency or that permanent establishment (as the case may be).

In some circumstances individuals becoming temporarily non UK resident after 16 March 1998 could become subject to UK taxation on chargeable gains in the year of return to the UK on chargeable gains realised in the intervening years.

(i) *Open Offer Shares acquired up to maximum entitlement*

For the purposes of tax on chargeable gains, the issue of Open Offer Shares to Qualifying Shareholders up to their maximum entitlement under the Open Offer should be regarded as a reorganisation of the share capital of the Company.

On the above basis, to the extent that a Qualifying Shareholder takes up Open Offer Shares up to his maximum entitlement, the Open Offer Shares so acquired and the Qualifying Shareholder's existing holding of Ordinary Shares will, for the purposes of tax on chargeable gains, be treated as the same asset and as having been acquired at the same time as the existing holding was acquired. The amount paid for the Open Offer Shares will be added to the allowable expenditure for the Qualifying Shareholder's existing holding and the aggregated amount will, on a subsequent disposal of any shares comprised in the composite holding of Ordinary Shares and Open Offer Shares (the "Composite Holding"), be apportioned between the number of shares disposed of and the number remaining by reference to the market value of Ordinary Shares at the date of the disposal.

(ii) *Tax on subsequent disposal*

If Qualifying Shareholders sell some or all of the Open Offer Shares subscribed by them they may, depending on their circumstances, incur a liability to UK taxation on chargeable gains.

For periods after April 1998 indexation allowance is available only for the purposes of corporation tax and is not available to individuals, personal representatives or trustees.

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The following paragraphs accordingly deal separately with the positions of corporate and non-corporate Qualifying Shareholders:

(a) *Corporate Qualifying Shareholders*

Qualifying Shareholders within the charge to corporation tax will continue to obtain the benefit of indexation allowance on the Composite Holding, although in calculating the amount of any indexation allowance on any subsequent disposal of, or of any part of, the Composite Holding, the expenditure incurred in subscribing for the Open Offer Shares will be treated as incurred only when the Qualifying Shareholder made or became liable to make payment for those shares.

(b) *Non-corporate Qualifying Shareholders*

For individuals, personal representatives and trustees, indexation allowance has been frozen as at April 1998 (although indexation relief for holding periods up to April 1998 has been preserved) and has been replaced by a system of taper relief. Taper relief operates by reducing the amount of any gain realised on the disposal of an asset (after taking into account indexation relief, if applicable) by a percentage dependent on the period of ownership of that asset since April 1998 and on whether the asset qualifies as a business or non-business asset for that period. On a subsequent disposal of, or of any part of, the Composite Holdings, although the Open Offer Shares will be treated as the same asset as the Qualifying Shareholder's existing holding, indexation allowance will not be given in respect of any amount paid for Open Offer Shares. On such a subsequent disposal, taper relief for the Composite Holding will be calculated according to the period of ownership of a Qualifying Shareholder's existing holding of Ordinary Shares, such period beginning on the day of acquisition of the existing holding or 5 April 1998, if later.

7.2 *Taxation of dividends*

- (i) Under current United Kingdom tax legislation the Company is not required to withhold tax from dividend payments it makes.
- (ii) An individual Shareholder who is a resident for tax purposes in the UK is entitled to a tax credit in respect of any dividend received equal to one ninth of the amount of cash dividend received.
- (iii) Such individual Shareholder's liability to UK tax is calculated on the sum of the dividend and the tax credit which, with certain other investment income, will be regarded as the top part of the individual's income and which will be subject to UK income tax at the rates of tax described below. The tax credit therefore equals 10 per cent of the sum of the dividend and the tax credit. The tax credit will be available to offset the Shareholder's liability (if any) to income tax on the sum of the dividend and tax credit.

An individual Shareholder liable to income tax at the basic rate or a rate which is lower than the basic rate will be liable to tax on dividend income received at the rate of 10 per cent. This means that the tax credit will satisfy the income tax liability of such Shareholders.

An individual Shareholder will be liable to tax on dividend income received at the rate of 32.5 per cent on the gross dividend to the extent that the gross dividend, when treated as the top slice of that Shareholder's income, falls above the threshold for higher rate income

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tax. After taking into account the 10 per cent tax credit, a higher rate taxpayer will therefore be liable to additional income tax of 22.5 per cent of the gross dividend, equal to 25 per cent of the net dividend.

With limited exceptions (relating to shares held in Individual Savings Accounts or Personal Equity Plans, where the tax credit relates to a dividend payment prior to 5 April 2004) where the tax credit exceeds the tax liability of UK resident individual Shareholders, they cannot claim repayment of the tax credit from the Inland Revenue.

- (iv) Subject to certain exceptions for traders in securities and overseas insurance companies, a corporate Shareholder resident for tax purposes in the UK will not normally be liable to corporation tax on any dividend received. These Shareholders will not be able to claim repayment of tax credits attaching to dividends.
- (v) Shareholders not resident in the UK for tax purposes may be subject to tax on dividend income under any law to which they are subject outside the UK. Non-resident Shareholders should consult their own tax advisers concerning the possible application of such provisions as well as the procedure for claiming payment and what relief or credit may be claimed for such credit which will depend upon the existence and the terms of any applicable double tax treaty between the United Kingdom and the country in which the Shareholder is resident. However, changes to the amount of tax credit associated with the dividends paid by the Company on or after 6 April 1999 have affected (and will often eliminate) the amount of any repayment claim which can be made.

7.3 Stamp duty and stamp duty reserve tax ("SDRT")

No liability to stamp duty or SDRT will generally arise on the application for Open Offer Shares or in the allotment and issue of Open Offer Shares by the Company to Qualifying Shareholders pursuant to the Open Offer unless the Open Offer Shares are acquired for the purposes of an arrangement for the provision of clearance services or the issue of depository receipts.

Subsequent dealings in Open Offer Shares will be subject to stamp duty or SDRT in the normal way.

8. Material contracts

- 8.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group in the two years immediately preceding the date of this document and are, or may be, material or are contracts which contain provisions under which a member of the Group has an obligation or entitlement which is material to the Group at the date of this document:

- (a) The Acquisition Agreement between the Company and the Vendors relating to the purchase of the whole of the share capital of Tribon.

Completion of the Acquisition Agreement is conditional upon, *inter alia*, the passing of Resolution 1 at the Extraordinary General Meeting, the Placing Agreement becoming unconditional in all respects (save as to any condition relating to Admission or the Acquisition Agreement) and not being terminated in accordance with its terms prior to Admission, and Admission.

Completion will occur as soon as reasonably practicable following the satisfaction of the last of the conditions save that if the conditions are not satisfied (or waived) on or before 30 June 2004 then either party may terminate the Acquisition Agreement. If Completion has not taken place by 1 June 2004 then interest at a rate of 6 per cent

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per annum shall accrue on the total consideration from such date until the date of Completion (unless any delay is caused by any of the Vendors).

The total consideration payable under the Acquisition Agreement is approximately £19.0 million to be satisfied as to approximately £15.0 million in cash and approximately £4.0 million by the issue of Consideration Shares. As part of the cash consideration the Company will purchase at par value a convertible bond of SEK 10 million (£0.8 million) issued by Tribon to Nordico III KB (one of the Vendors) and procure that Tribon pays all outstanding interest under the convertible bond to Nordico III KB as at Completion. The cash element of the purchase price will be reduced by an amount equal to the amount of the interest on the convertible bond which accrues (at a rate of six per cent per annum) from the date of the Acquisition Agreement up to Completion.

The Consideration Shares shall be subject to certain undertakings of the Vendors not to sell, transfer or dispose of any of their Consideration Shares (save in certain specified circumstances) prior to the date nine months from Completion. Subject to these undertakings the Vendors may sell their Consideration Shares but the proceeds of such sale shall be subject to set-off for claims under the Acquisition Agreement until 31 May 2005.

The Acquisition Agreement provides for warranties as regards the financial position of Tribon, its business and various other matters, all given severally by each of the Vendors in proportion to the number of shares in Tribon held by each of them and subject to certain limitations. In particular, liability under such warranties is limited in time until 31 May 2005 and amount such that the Vendors shall not be liable for any individual claim unless it exceeds £10,000 or an aggregate of qualifying claims until they exceed £100,000. The aggregate liability of the Vendors in respect of all claims shall not exceed the market value from time to time or, in the case of any that have been sold, proceeds of sale of the Consideration Shares.

The warranties are given by the Vendors as at the date of the Acquisition Agreement but in the event that a breach of warranty would have arisen between such date and Completion (such breach not being remedied by the earlier of Completion or ten business days after notification from the Company) which would have resulted in a claim under the warranties in excess of £1.5 million were the warranties to be repeated at Completion, then the Company has the right to rescind the Acquisition Agreement.

- (b) The Placing Agreement between the Company and Hoare Govett under which Hoare Govett has agreed, to act as agent for the Company to make the Open Offer to Qualifying Shareholders, to use reasonable endeavours to procure subscribers for the Open Offer Shares to the extent not otherwise subscribed pursuant to the Open Offer (including the Open Offer Shares which the Directors have irrevocably undertaken not to take up under the Open Offer) and the Firm Placing Shares and, failing which, to subscribe itself at the Issue Price for such Open Offer Shares and Firm Placing Shares.

The obligations of Hoare Govett under the Placing Agreement are conditional upon, *inter alia*, the passing of Resolution 1, the Acquisition Agreement having been entered into, not having been terminated and having become unconditional in all respects save for any condition relating to Admission or the Placing Agreement, the Facility Agreements having been entered into, not having been terminated and having become unconditional in all respects save for any condition relating to Admission or

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the Placing Agreement, and Admission becoming effective by not later than 9.00 am on 26 May 2004 (or such later time or date as the Company and Hoare Govett may agree being not later than 8.00 am on 21 June 2004).

If any of the conditions in the Placing Agreement are not fulfilled (or where permitted waived) in all respects by the specified time and date or if no specific date has been specified by 9.00 am on 26 May 2004, or by such later date as Hoare Govett and the Company may agree (being not later than 8.00 am on 21 June 2004), the obligations of Hoare Govett under the Placing Agreement shall terminate.

For the services provided under the Placing Agreement, the Company shall pay to Hoare Govett, irrespective of whether or not Admission takes place, a commission of an amount equal to 2.5 per cent of the product of the Issue Price multiplied by the total number of the Open Offer Shares and the Firm Placing Shares. However, if Hoare Govett terminates the Placing Agreement as a result of certain *force majeure* events, the commission payable shall be reduced to 1.5 per cent.

Under the Placing Agreement, the Company has given certain representations and warranties to Hoare Govett regarding, *inter alia*, the accuracy of the information contained in this document and an indemnity in relation to the Placing and Open Offer.

Hoare Govett may terminate its obligations under the Placing Agreement if, *inter alia*, there is a material breach of any of the provisions of the Placing Agreement by the Company or any of the warranties contained in the Placing Agreement cease to be true and accurate and not misleading in any material respect at any time prior to Admission. Hoare Govett may also terminate on the occurrence of certain *force majeure* events including a material adverse change in either the condition or business affairs of the Group, or a fundamental change in economic, political or market conditions or any outbreak of hostilities or similar crisis which, in either case, (in the reasonable opinion of Hoare Govett) makes it inadvisable or impracticable to proceed with the Placing and Open Offer. Hoare Govett may also terminate if trading in securities in general or in the securities of the Company is suspended or materially limited or if there is a disruption material in the context of the Placing and Open Offer to commercial banking, securities settlement or clearances services in the UK.

- (c) Irrevocable undertakings dated 21 April 2004 from all the Directors, in each case undertaking not to take up their entitlements under the Open Offer totalling 82,694 Open Offer Shares and representing 3.1 per cent of the Open Offer Shares. Under the terms of such undertakings the Directors have also undertaken to vote in favour of the Resolutions.
- (d) A revolving loan facility agreement between the Company, AVEVA Solutions Limited ("Solutions") and Barclays Bank PLC (the "Bank") dated 21 April 2004 pursuant to which the Bank has agreed to make a revolving credit facility of up to £3.0 million available to Solutions for its working capital requirements for a term of three years. The indebtedness owing under the facility is secured by existing guarantees, cross-guarantees and debentures from the Company, Cadcentre Property Limited, AVEVA GmbH and AVEVA Inc.

Interest shall accrue on advances under the facility at the aggregate rate of 1.25 per cent per annum and the cost of sterling deposits. A non-utilisation fee at a rate of 0.625 per cent per annum shall be payable on the undrawn portion of the facility.

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The Company and Solutions have given certain standard representations, warranties and covenants to the Bank and on the occurrence of certain events of default, the Bank can demand repayment of all amounts outstanding under the facility.

- (e) A short term facilities agreement between Solutions and the Bank dated 21 April 2004 pursuant to which the Bank agrees to make short term facilities (including a sterling money market loan and a sterling overdraft) of up to £3.0 million available to Solutions. The term of the facilities is until 31 March 2005 and all indebtedness under the facilities is repayable on written demand by the Bank.

The indebtedness owing under the facility is secured as set out in paragraph 8.1(d) above but, as additional security, Cadcentre Property Limited has granted a first legal charge of the leasehold property at High Cross, Madingley Road to the Bank.

The rate of interest on drawings under the sterling money market loan will be 0.875 per cent per annum added to the cost of funds to the Bank. Interest on the overdraft is charged at 1 per cent per annum over the bank's base rate from time to time.

- 8.2 No contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Tribon Group in the two years immediately preceding the date of this document and are, or may be, material or are contracts which contain provisions under which a member of the Tribon Group has an obligation or entitlement which is material to the Tribon Group at the date of this document.

9. Litigation

- 9.1 No member of the Group has been involved in any legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position and, so far as the Company is aware, no such proceedings are pending or threatened by or against any member of the Group.
- 9.2 No member of the Tribon Group has been involved in any legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Tribon Group's financial position and, so far as the Company is aware, no such proceedings are pending or threatened by or against any member of the Tribon Group.

10. Working capital

The Company is of the opinion that, taking into account available bank and other facilities and the net proceeds of the Placing and Open Offer, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

11. Miscellaneous

- 11.1 Save as disclosed in the fourth paragraph contained in the section entitled "Current trading and prospects of the Enlarged Group" contained in Part I of this document there has been no significant change in the financial or trading position of the Group since 30 September 2003, the date to which the last unaudited interim results for AVEVA were prepared.
- 11.2 Save as disclosed in the paragraph entitled "Tribon" contained in the section entitled "Current trading and prospects of the Enlarged Group" contained in Part I of this document there has been no significant change in the financial or trading position of the Tribon Group since 31 December 2003, the date to which the accountants' report in Part III of this document was prepared.

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- 11.3 The total costs and expenses relating to the Acquisition, Placing and Open Offer payable by the Company (including underwriting commissions which amount to £0.4 million) are estimated to amount to £2.5 million (excluding VAT). The estimated net proceeds accruing to the Company from the Placing and Open Offer amount to £14.7 million.
- 11.4 The Issue Price of 473.0 pence (which is payable in full on application) represents a premium of 463.0 pence to the nominal value of 10 pence per Ordinary Share.
- 11.5 (a) Hoare Govett has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name and letter reproduced in Part II of this document and to the references to its name and such letter in the form and context in which they appear.
- (b) Deloitte & Touche LLP have given and have not withdrawn their written consent to the issue of this document with the inclusion herein of their name and to their accountants report on the Tribon Group reproduced in Part III of this document and to their report on the proforma statement of net assets reproduced in Part V of this document and to the references to their name and such reports in the form and context in which they appear and have authorised the contents of the reports referred to above for the purposes of Regulation 6(1)(e) of the Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001 (SI.2001/No. 2956) made pursuant to section 79(3) of the Financial Services and Markets Act 2000.
- 11.6 The registrars of the Company and the receiving agents for the Placing and Open Offer are Capita IRG Plc of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- 11.7 The auditors of the Company are Ernst & Young LLP of Compass House, 80 Newmarket Road, Cambridge CB5 8DZ who audited the accounts of the Company for the year ended 31 March 2003. The auditors of the Company for the two years ended 31 March 2002 were Arthur Andersen, Registered Auditors, Betjemen House, 104 Hills Road, Cambridge CB2 1LH.
- 11.8 The financial information contained in this document does not constitute statutory accounts within the meaning of section 240 of the Act. Statutory accounts of the Company and its subsidiaries for the three years ended 31 March 2003 have been delivered to the Registrar of Companies and the auditors gave reports under section 235 of the Act on such accounts which were not qualified and did not contain any such statement under section 237(2) or (3) of the Act.
- 12. Documents available for inspection**
- Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Ashurst, Broadwalk House, 5 Appold Street, London EC2A 2HA. until the date of the Extraordinary General Meeting:
- (a) the memorandum and articles of association of the Company;
- (b) the unaudited interim report of the Company for the six months ended 30 September 2003;
- (c) the audited consolidated accounts of the Company for the two financial years ended 31 March 2003;
- (d) the audited consolidated accounts of Tribon for the two financial years ended 31 December 2003;
- (e) the accountants' report on Tribon contained in Part III of this document, the statement of adjustments relating thereto and the letter from Deloitte & Touche LLP

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on the pro-forma statement of net assets of the Enlarged Group contained in Part V of this document;

- (f) the material contracts referred to in paragraph 8 above;
- (g) the service contract referred to in paragraph 6 above;
- (h) the written consents referred to in paragraph 11 above;
- (i) the rules of the Executive Scheme (incorporating the proposed amendment);
- (j) the Share Scheme Management Strategy referred to in Part VI;
- (k) the rules of the proposed LTIP the principal features of which are set out in Part VI; and
- (l) this document.

Dated 21 April 2004

AVEVA GROUP PLC

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of AVEVA Group plc will be held at High Cross, Madingley Road, Cambridge CB3 0HB on 14 May 2004 at 10.00 am, for the purpose of considering and, if thought fit, passing the following resolution numbered 1 as a special resolution and the following resolutions numbered 2 to 4 (inclusive) as ordinary resolutions:

Special resolution

1. THAT:

- (a) the agreement dated 21 April 2004 between (1) Nordico III KB, Lennart Olson, Bruce Douglas, Rikard Roth, Gösta Wiking and Kalvnäset Invest AB (the "Sellers") and (2) the Company (the "Acquisition Agreement") as described in the prospectus dated 21 April 2004 to which the notice convening this meeting is attached (the "Prospectus"), a copy of which agreement marked "A" has been produced to the meeting and initialled by the Chairman for the purpose of identification only, be and is hereby approved and the directors be and they are hereby authorised at their discretion to make such non-material modifications and amendments, waivers, variations or extensions of any of the terms of the Acquisition Agreement or any other document referred to therein or connected therewith in whatever way they may consider to be or become necessary or desirable and to do, undertake and execute all such acts, things and documents as they may consider necessary or desirable to complete the transaction described therein;
- (b) the authorised share capital of the Company be and it is hereby increased from £2,200,000 to £3,000,000 by the creation of 8,000,000 ordinary shares of 10 pence each;
- (c) in addition to the existing authority conferred by the ordinary resolution passed at the annual general meeting of the Company held on 11 July 2003, the directors be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act"), to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £443,476.70 pursuant to or in connection with the Acquisition and Placing and Open Offer (as defined and on the basis set out in the Prospectus), such authority to expire on 30 September 2004 save that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired;
- (d) the directors be and they are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) of the Company for cash pursuant to the authority referred to in paragraph (c) above as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £364,511.20 pursuant to or in connection with the Placing and Open Offer (as defined in the Prospectus) and this power shall expire on 30 September 2004 save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

Ordinary resolutions

2. THAT the AVEVA Group Long Term Incentive Plan (the "LTIP") in the form summarised in Part VI of the document to which notice convening this meeting is attached and set out in the draft rules produced to the meeting and for the purpose of identification initialled by the Chairman (the "Rules") is hereby approved and adopted and the directors of the Company be and are hereby authorised to do all acts, matters and things which they may consider necessary or desirable in order to carry the LTIP into effect, including the making of non-material or consequential amendments thereto but not including material amendments thereto;
3. THAT the Company may grant to a director or employee of the Company or any subsidiary undertaking of the Company an option to subscribe for shares in the capital of the Company subject to and in accordance with the Rules of the AVEVA Group Long Term Incentive Plan where the price per share payable on exercise shall be less than the market value of that share;
4. THAT Rule 5 of the Cadcentre Group plc Executive Share Option Scheme be deleted in its present form and replaced with the words:
"The number of Shares which may be allocated on exercise of any Options granted under the Scheme shall not exceed the limits prescribed by Paragraphs 3.1 to 3.3 inclusive of the Share Scheme Management Strategy as appended to the LTIP".

By Order of the Board
Paul Taylor
Company Secretary

21 April 2004

Registered office: High Cross, Madingley Road, Cambridge CB3 0HB.

Notes:

A member entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend (and on a poll to vote) instead of him or her. Forms of proxy need to be deposited with the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time of the meeting. Completion of a form of proxy will not preclude a member attending and voting in person at the meeting.

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of calculating how many votes a person entitled to attend and vote may cast), a person must be entered on the register of holders of the ordinary shares of the Company by no later than 6.00 pm on 12 May 2004. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

