Interim Results
For Six Months Ended 31 October 2013

Kevin Loosemore

Mike Phillips

3 December 2013

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Operational Review

Kevin Loosemore

Strategy

- Portfolio(s) of mature assets (fund of funds)
- Software products focused on linking the old to the new
- Operational excellence (Underlying Adjusted EBITDA Margin up from 43.0% to 44.8%)
- Strict Financial Model

Outstanding value for shareholders

Business Performance On Plan

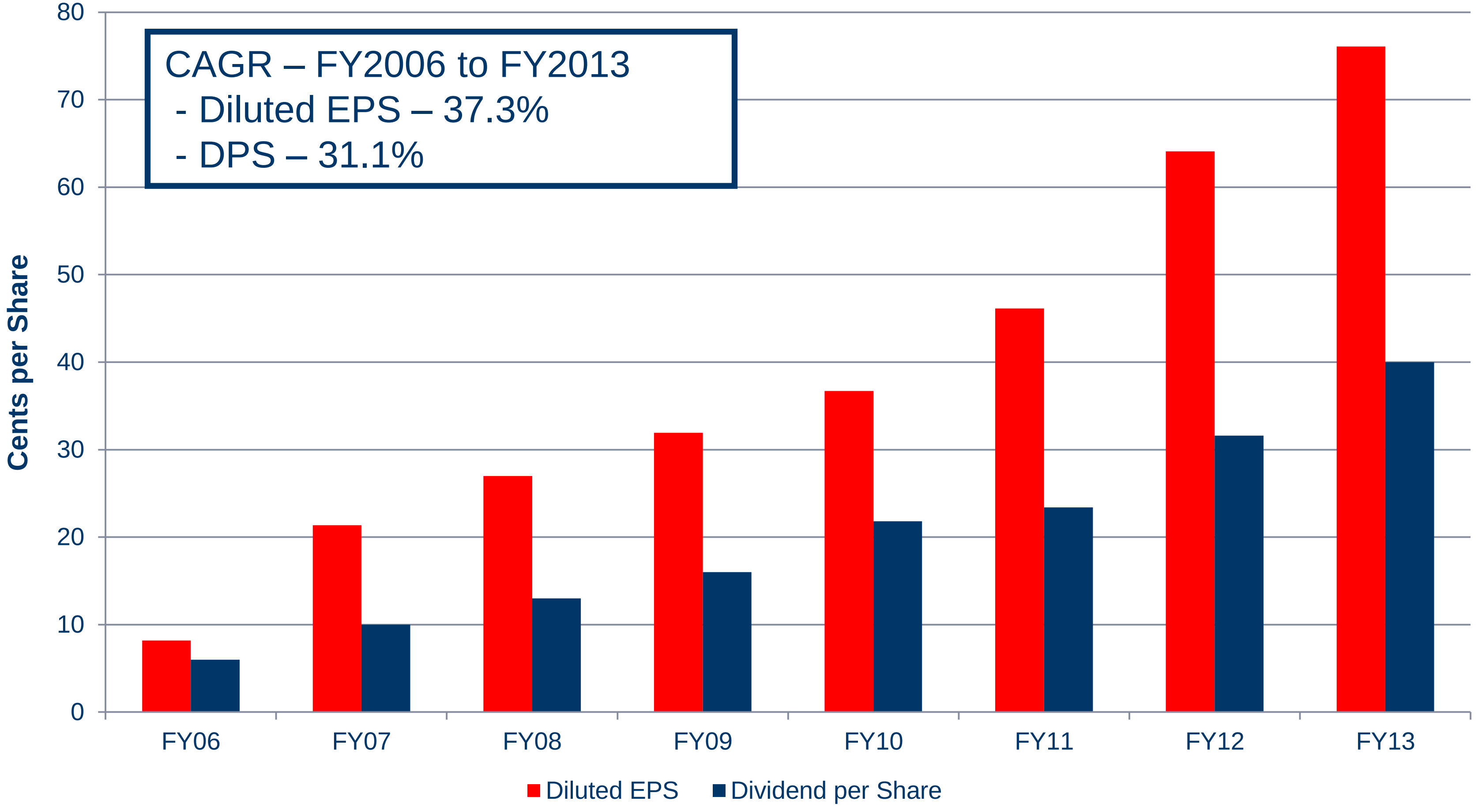
- Revenue growth of 2.4%
- Underlying Adjusted EBITDA growth of 8.3%

- Guidance at Preliminary Results
  - **0% - 5% weighted to H2 FY14**
  - **($202.7m - $212.8m)**

- Revised outlook for full year 2014
  - **3% - 6%**
  - **$418.3m - $430.5m***

*** Based on CCY at same rates as H1, FY13 revenues $406.1m**

Diluted Earnings Per Share and Dividend per Share



H1 2014 Highlights

- H1 FY14 in line with guidance and plan
- Broader licence growth shows strength of ‘portfolio’ approach
- EBITDA margin up & cash conversion consistently high
- Return of value (60p per share) & 17.6% dividend growth
- CORBA performance shows potential to create value through bolt on acquisitions
- Acquisitions of SoforTe during the period. In November, OpenFusion CORBA assets acquired from PrismTech and agreement to acquire the application life-cycle solution company AccuRev Inc.
- Investments for future growth

Selected Licence Fee Growth in H1 FY14 Shows Strength of Portfolio Approach

	H1 FY13 $'000	H1 FY14 $'000	Growth
Visual COBOL	3,867	7,030	82%
Enterprise Server	5,696	8,471	49%
Borland	7,973	9,930	25%

Visual COBOL

Freight company moves to the Cloud with Visual COBOL

"Using Micro Focus Visual COBOL, we can reuse our critical COBOL application, which for us is by far the lowest risk route in taking this application to the Cloud."

Acciona Trasmediterranea

Challenge

Trasmediterranea's mainframe-based COBOL and CICS applications were a costly solution for a seasonal business and the steady increase in recurring costs – along with the growing economic difficulties in Spain – required the company to reduce the operational costs that were preventing further investment in the applications and limiting the adoption of new technologies.

Solution

Reuse core mainframe COBOL applications and re-host to the Cloud, using:

- Micro Focus Visual COBOL for Visual Studio
- Micro Focus COBOL Server

Results

- IT cost reduction of 70%
- Return on investment within 18 months
- Modernization project completed in less than nine months, improving Time to Market by 25%
- More efficient modern application development environment
- Improved capability to manage variable customer workloads

Country*–Spain*

Caliber

Productivity gains and cost savings through open source agile development and transparent test processes

"The cost reductions we've achieved with this exercise are already significant. The amount of redundancy across the organization has reduced drastically and we expect to achieve full return on investment within two years."

Hollie Lopes,
Program test manager and software development center manager, Invertix

Challenge
Invertix is an experienced prime contractor and fast growth business that delivers quick-react operational innovations and efficiencies to DoD and IC clients. As it grew as a business and became a more integrated partner within its government clients, its research and development capabilities came under increased pressure. There was little or no automation in place and communication, both internally and to clients, was a real issue.

Solution
- Silk Test
- Silk Central Test Manager
- CaliberRM
- StarTeam

Results
- Achieved full ROI within two years
- Provided clarity and insight by producing over 200 weekly governance reports
- Increased productivity through central testing processes

Country–*USA*

Silk Mobile

Silk Mobile improves test time by 25%, enabling innovation

"We selected Silk Mobile for its easy-to-use interface which meant a fast uptake with our developers, as well as its deployment flexibility across multiple hardware platforms."

Jeremy Gold,
Software Architect,
ikeGPS

Challenge

The ikeGPS platform is an integrated hardware and software package based on Windows Mobile. It can generate instant CAD models and exact-scale, geo-located 3D models at the touch of a button. Short development sprints and complex test requirements made it increasingly difficult to meet demands using a heavily manual testing process.

Solution

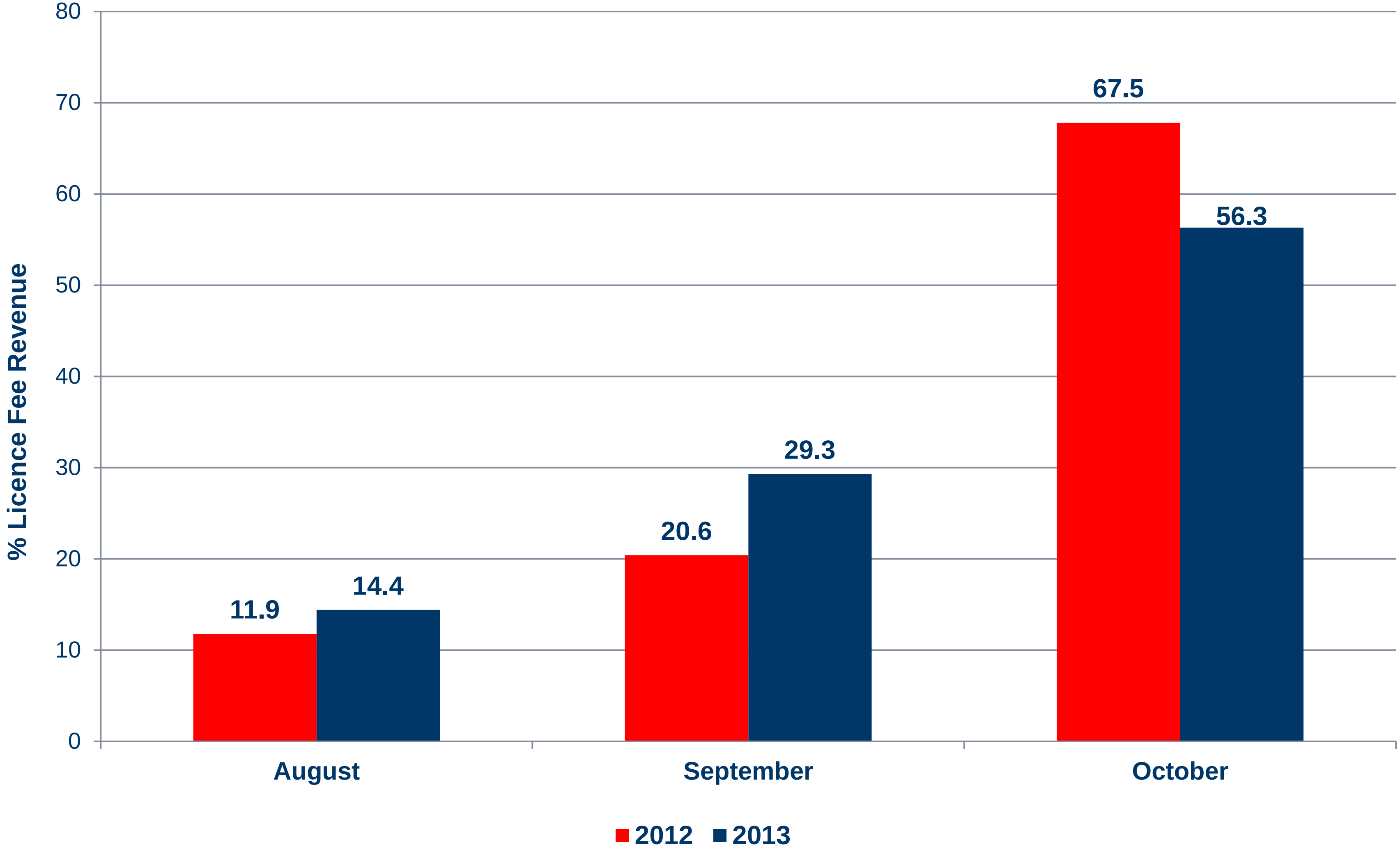
- Silk Mobile

Results

- Testing effort reduced by 25%
- ROI anticipated within six months
- Increased development resources to enhance products
- Automated testing framework eliminates human error

Country–*New Zealand*

Q2 Licence Fee Revenue Monthly Cadence (%) Shows a More Balanced Execution



Pipeline Up 15% YOY At Start Of H2 FY14

Sales Force Dynamics

	1 May 2013	1 Nov 2013	Change	Average Cost Base & Bonus
No of Direct Reps	126	149	18%	$205k
Inside Reps	55	69	25%	$92k
TOTAL	**181**	**218**	**20%**	
External Hires		15		$158k
Graduate Hires		50		$78k
Leavers		-30		

Products Acquired from Progress Software* – Demonstrates that Appropriate Acquisitions can Create Value

	H2 FY13 (CCY) $'000	H1 FY14 $'000*
Licence Fee	66	2,204
Maintenance Fee	3,276	8,781
Consulting Fee	0	34
TOTAL	**3,342**	**11,019**

*** Purchase price - $15m (acquisition completed on 15 February 2013)**

Acquisitions

- **SoforTe – (9-Oct-13)**
  - Mainframe COBOL Development technology
  - Technology purchase
  - $6.6m initial consideration with up to $1.3m deferred
- **OpenFusion CORBA assets from PrismTech – (29-Nov-13)**
  - Opensource CORBA products
  - $3.5m annual revenues
  - $6.8m initial consideration up to $1.8m deferred
- **AccuRev Inc. – (signed 29-Nov-13, completion 31-Dec-13)**
  - SCCM products and expertise
  - $11m annual revenues
  - $17.0m consideration
- All on a cash and debt free basis with normalized working capital
- Acquisition related expenditure of $2.5m charged to the Income Statement in H1

Investments in H1 FY2014 show Continued Commitment to Support Growth

	H1 FY14 $m
Sales Academy	2.6
Upgrade to Pivotal V6	0.4
Patent Applications	0.2
Product Playbooks	0.2
Sales Force Restructuring	3.9
Acquisition Costs	2.5*
TOTAL	**9.8**

Underlying adjusted EBITDA at constant currency increased 8.3% during the period

**includes cost of potential acquisitions not progressed*

Outlook

- Objective: Total Shareholder Returns > Cost of Capital
- Growth in H2 FY2014
- Group Revenue*:
  - +3% to +6% on a constant currency basis in FY2014

* Includes estimated $4m of revenues from SoforTe, OpenFusion CORBA assets from PrismTech, and AccuRev Inc.

Financial Review

Mike Phillips

Results at a glance

	H1 FY14 $m	H1 FY13 Restated $m	Change
Total Revenue at Constant Currency	207.5	202.7	2.4%
- Licence	83.7	82.2	1.8%
- Maintenance	118.7	112.1	5.9%
- Consultancy	5.1	8.4	-39.3%
Total Reported Revenue	207.5	206.6	0.4%
NON GAAP MEASURES			
Adjusted EBITDA			
Constant Currency	89.9	88.5	1.6%
Reported	89.9	91.5	-1.7%
Underlying Adjusted EBITDA			
Constant Currency	93.0	85.9	8.3%
Reported	93.0	88.9	4.6%
STATUTORY MEASURES			
Pre-tax profit			
Constant Currency	70.5	72.7	-3.0%
Reported	70.5	75.8	-7.0%
Net debt	164.5	96.2	71.0%
Earnings per share	Cents	Cents	
Diluted	37.52	35.31	6.3%
Adjusted diluted	43.98	39.74	10.7%
Dividend per share	14.00	11.90	17.6%

Key Highlights

- **Revenue growth of 2.4% at constant currency (CCY) in line with guidance**
  - Iona, acquired in February 2013, performed strongly delivering $11.0m
  - Excluding Iona and the impact of the declining Niche and consulting business, the remaining revenues were broadly flat at $185.0m (2012 CCY: $186.1m)
- **Revising full-year revenue guidance from 0% to 5% growth to 3% to 6% at CCY**
- **Licence revenue growth in Visual COBOL, Borland, CORBA and Mainframe Solutions, contributed to licence and maintenance growth of 4.2%**
- **Acquisition of SoforTe during the period. In November 2013, OpenFusion CORBA assets were acquired from PrismTech and agreement to acquire the application life-cycle solution company AccuRev Inc.**
- **Interim dividend increased by 17.6% to 14.0 cents per share (2012: 11.9 cents per share)**
- **Return of Value of 60 pence per share (equivalent to 93.3 cents per share) on 12 November 2013 at total cost of $140.2m**
- **Cash generated from operations as a percentage of Adjusted EBITDA less exceptional items was 96.1% (2012: 93.2% restated**
- **The results for prior periods have been restated to reflect the impact of a misstatement of revenue caused by invalid orders within our sales channel network in India.**

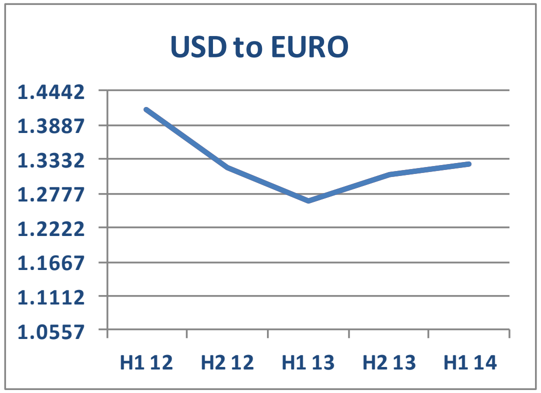
Restatement of Revenues: Due to invalid orders in India

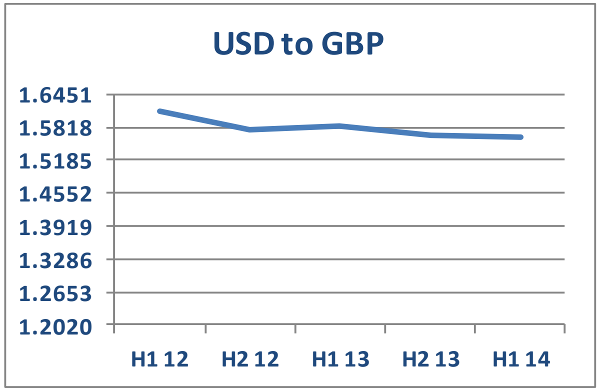
	FY 13	H2 FY13	H1 FY13	FY 12	H2 FY12	H1 FY12
Total revenue – as reported	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Licence	**168.6**	83.3	85.3	**176.6**	89.0	87.6
Maintenance	**229.7**	116.2	113.5	**230.9**	114.0	116.9
Consultancy	**15.7**	7.2	8.5	**27.3**	12.7	14.6
	414.0	206.7	207.3	**434.8**	215.7	219.1
Adjustment for Invalid Orders						
Licence	**(1.6)**	(1.0)	(0.6)	**(0.7)**	--	(0.7)
Maintenance	**(0.2)**	(0.1)	(0.1)	**(0.0)**	(0.0)	--
Total adjustment	**(1.8)**	(1.1)	(0.7)	**(0.7)**	(0.0)	(0.7)
Total revenue – as restated						
Licence	**167.0**	82.3	84.7	**175.9**	89.0	86.9
Maintenance	**229.5**	116.1	113.4	**230.9**	114.0	116.9
Consultancy	**15.7**	7.2	8.5	**27.3**	12.7	14.6
	412.2	205.6	206.6	**434.1**	215.7	218.4
Total revenue – at CCY (restated)	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Licence	**163.6**	81.4	82.2	**169.1**	86.6	82.5
Maintenance	**227.0**	114.9	112.1	**223.7**	111.6	112.1
Consultancy	**15.5**	7.1	8.4	**25.1**	12.0	13.1
	406.1	203.4	202.7	**417.9**	210.2	207.7

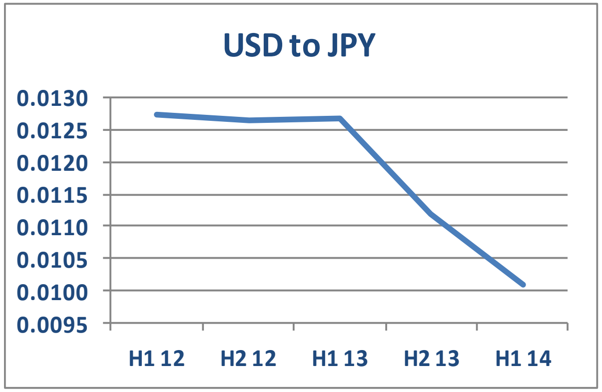
Currency Impact

The revenue and cost profile of the main currencies is:

	Revenue	Cost
US$	54.0%	30.1%
Euro	21.8%	20.2%
GBP	6.2%	30.3%
Yen	9.1%	2.9%







The impact of exchange rate movements can be seen by the changes to prior year reported numbers when they are stated at CCY. For the six months ended 31 October 2012 CCY revenues are 1.9% lower at $202.7m and profit before tax 4.1% lower than the reported numbers at $75.0m.

The greatest volatility in exchange rates is in the Japanese Yen ("JPY") to USD rate, where the average JPY:USD exchange rate in the six months to 31 October 2013 was 1 JPY:$0.01012, which is 20.1% lower than the average for the six months periods ended 31 October 2012 and 9.5% lower than the six months to 30 April 2013. If these rates were to continue for the rest of the year ending 30 April 2014 then the impact on the CCY number for the year ended 30 April 2013 would be a reductions in revenue of $6.1m to $406.1m, Adjusted EBITDA of $4.1m to $182.2m and profit before tax of $4.0m to $147.5m.

The exchange loss of $2.5m in the six months to 31 October 2013 arose mostly from the revaluation of short-term intercompany balances and Sterling denominated corporation tax payable (2012: gain of $0.8m).

Revenues: Six months to 31 October 2013

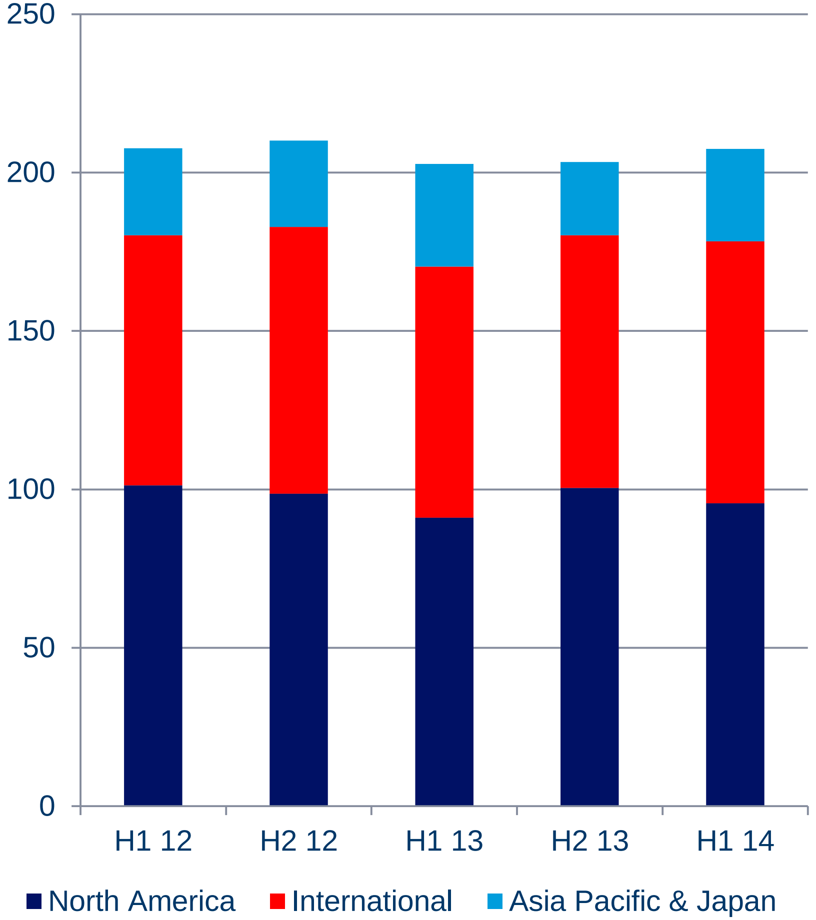
- **Total Revenues**
  - CCY revenues increased by 2.4% to $207.5m (2012: $202.7m restated)
  - Revenues of $11.0m from acquisition of Iona CORBA assets from Progress Software
  - Excluding Iona, and the impact of the declining Niche and consulting business, the remaining revenues were broadly flat at $185.0m (2012 CCY: $186.1m)
  - Like for like CCY revenues declined by 3.1% to $196.5m

- **Revenue by type at CCY**
  - Licence fee revenues increased by 1.8% to $83.7m (2012: $82.2m restated)
  - Maintenance revenues increased by 5.9% to $118.7m (2012: $112.1m restated)
    - Represents 57.2% of total revenues (2012: 55.3%)
  - Consulting revenues declined by 39.3% to $5.1m (2012: $8.4m)

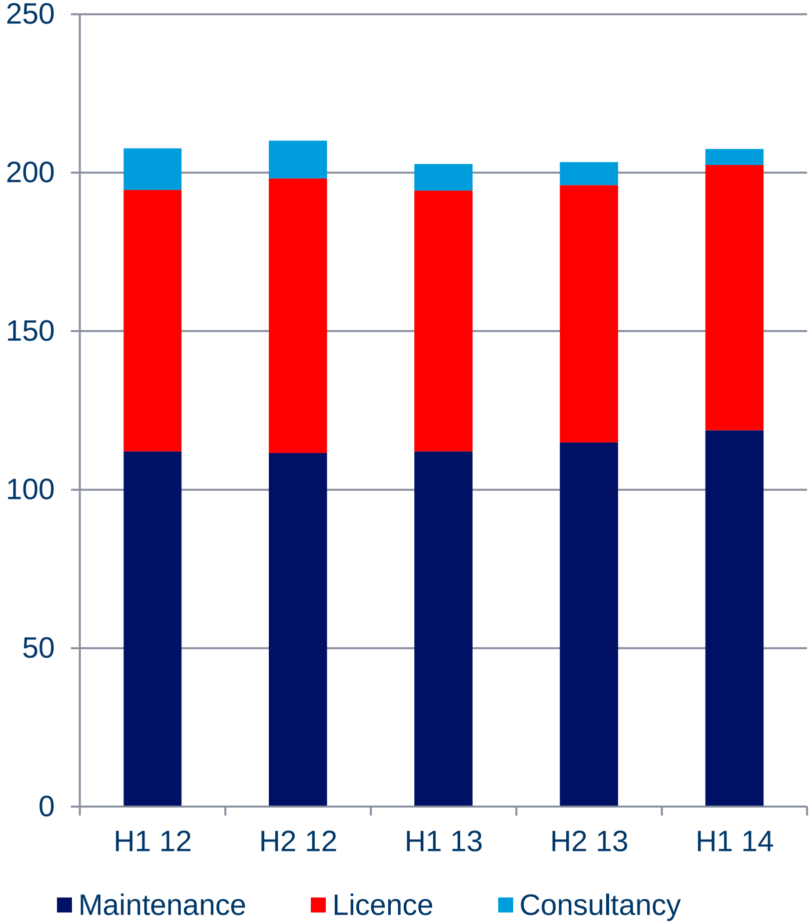
- **Revenue by geography at CCY**
  - North America increased by 4.9% to $95.6m (46.1% of Group)
  - International increased by 4.5% to $82.8m (39.9% of Group)
  - Asia Pacific and Japan declined by 10.2% to $29.1m (14.0% of Group)

Revenue at Constant Currency by Half Year

Revenue by region ($m)



Revenue by type ($m)



Profitability by Region - Reported

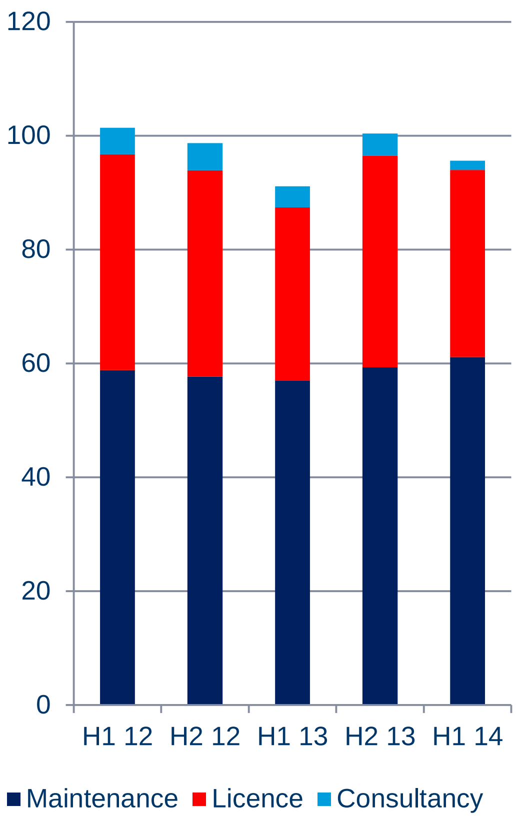
H1 FY14	North America	International	Asia Pacific & Japan	Total
	$m	$m	$m	$m
Segment revenue	95.6	82.8	29.1	207.5
Directly managed costs	(13.7)	(23.9)	(6.8)	(44.4)
Allocation of centrally managed costs	(35.7)	(29.4)	(10.3)	(75.4)
Total segment costs	**(49.4)**	**(53.3)**	**(17.1)**	**(119.8)**
Adjusted operating profit	**46.2**	**29.5**	**12.0**	**87.7**
Share based compensation charge				(5.0)
Amortization of purchased intangibles				(8.8)
OPERATING PROFIT				**73.9**

H1 FY13	North America	International	Asia Pacific & Japan	Total
Restated	$m	$m	$m	$m
Segment revenue	91.3	78.0	37.3	206.6
Directly managed costs	(15.8)	(25.2)	(9.2)	(50.2)
Allocation of centrally managed costs	(32.7)	(25.8)	(8.4)	(66.9)
Total segment costs	**(48.5)**	**(51.0)**	**(17.6)**	**(117.1)**
Adjusted operating profit	**42.8**	**27.0**	**19.7**	**89.5**
Share based compensation charge				(3.3)
Amortization of purchased intangibles				(7.8)
OPERATING PROFIT				**78.4**

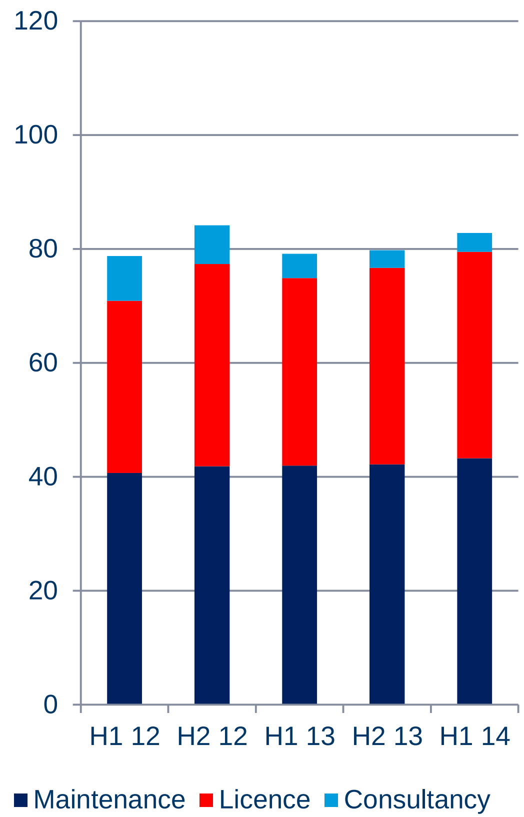
- **Regional Profit & Loss Accounts**
  - Directly managed costs under control of Regional Presidents
  - Centrally managed costs allocated to regions
  - Regional Presidents measured on Adjusted EBITDA for the Region

Revenue at Constant Currency by Half Year
Region Revenue by type

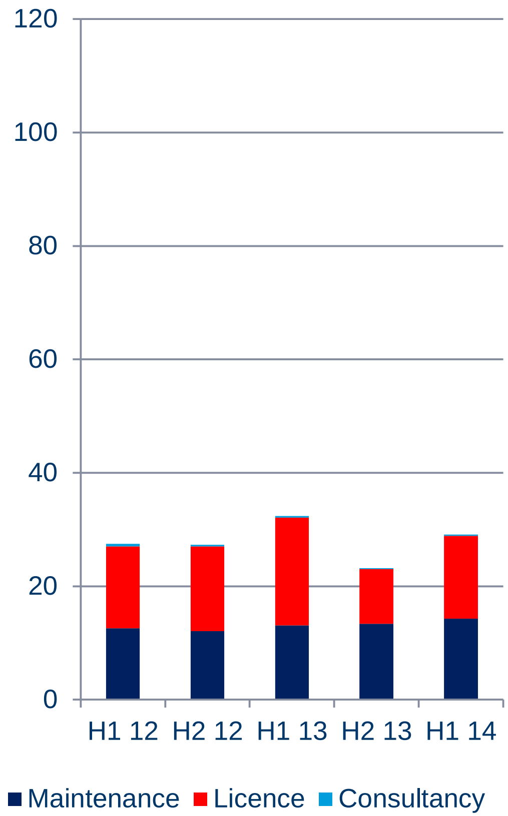
North America ($m)



International ($m)

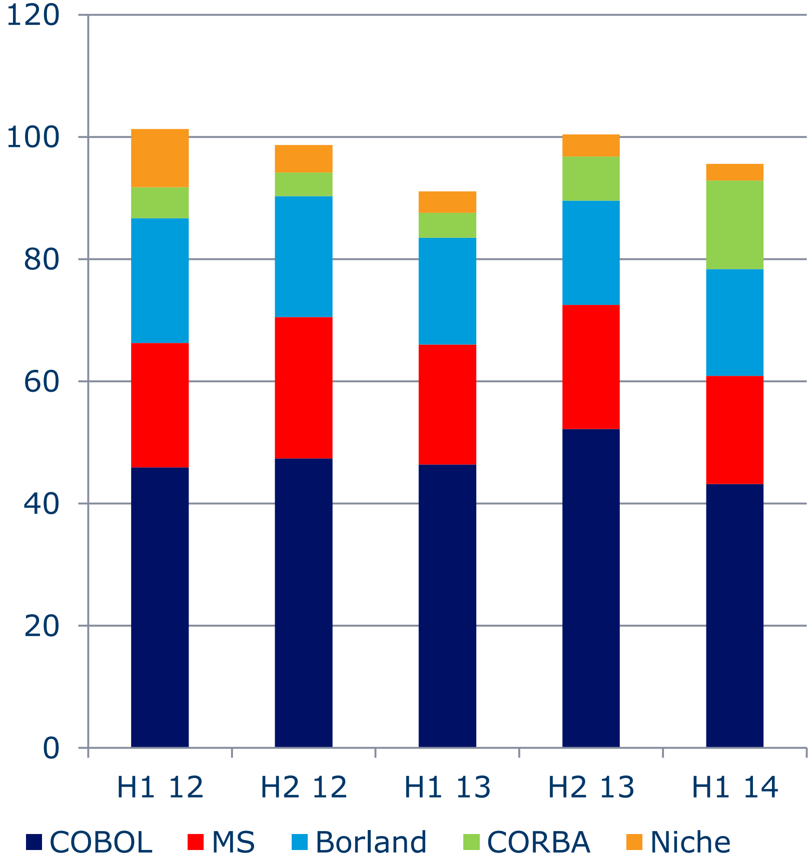


Asia Pacific ($m)

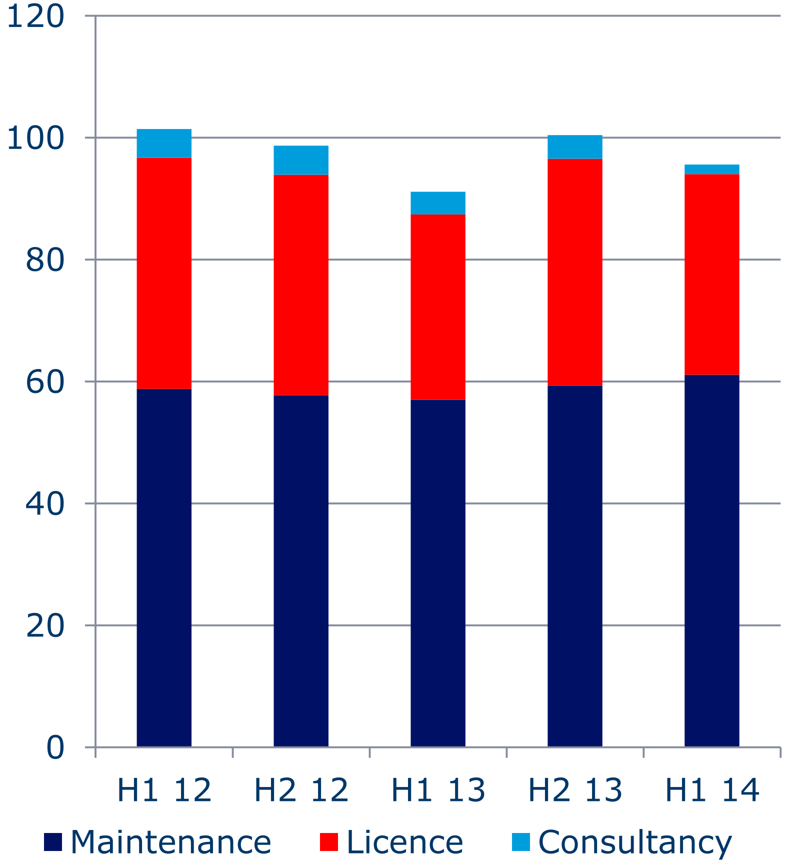


Revenue at Constant Currency by Half Year North America

Revenue by product ($m)

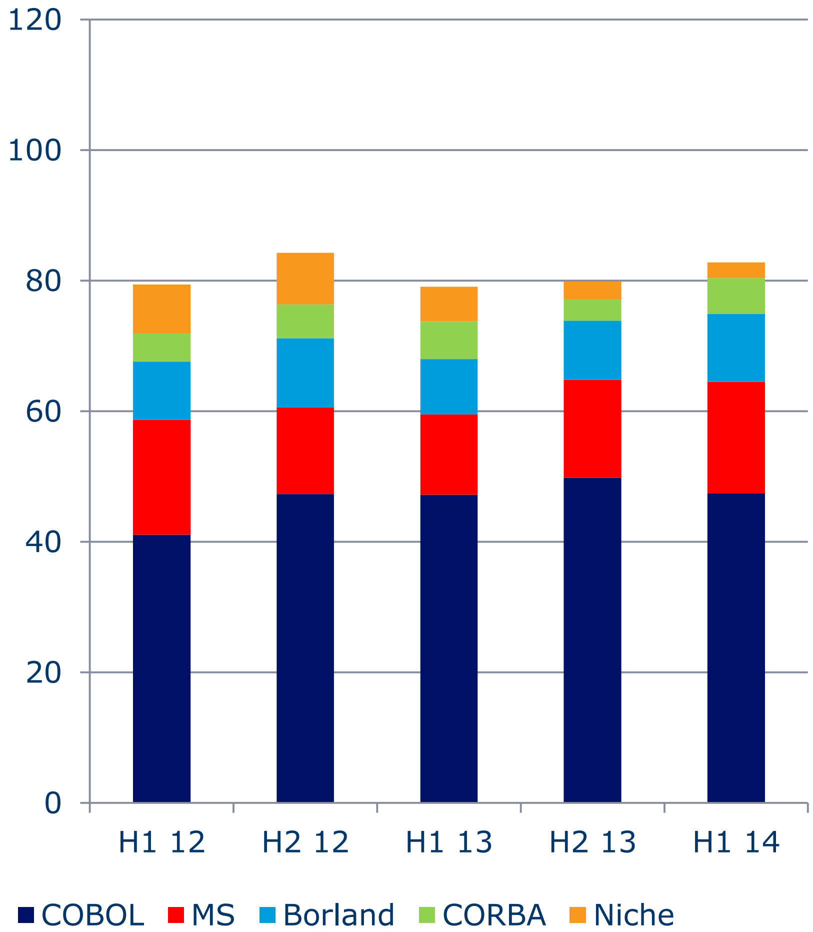


Revenue by type ($m)

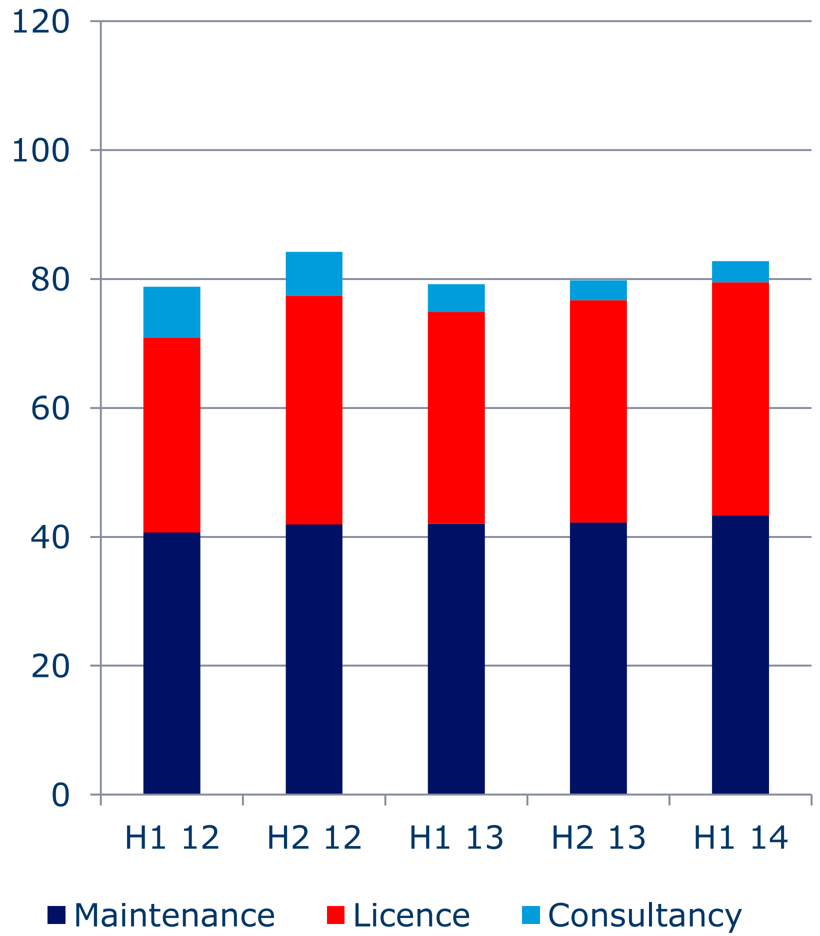


Revenue at Constant Currency by Half Year International

Revenue by product ($m)

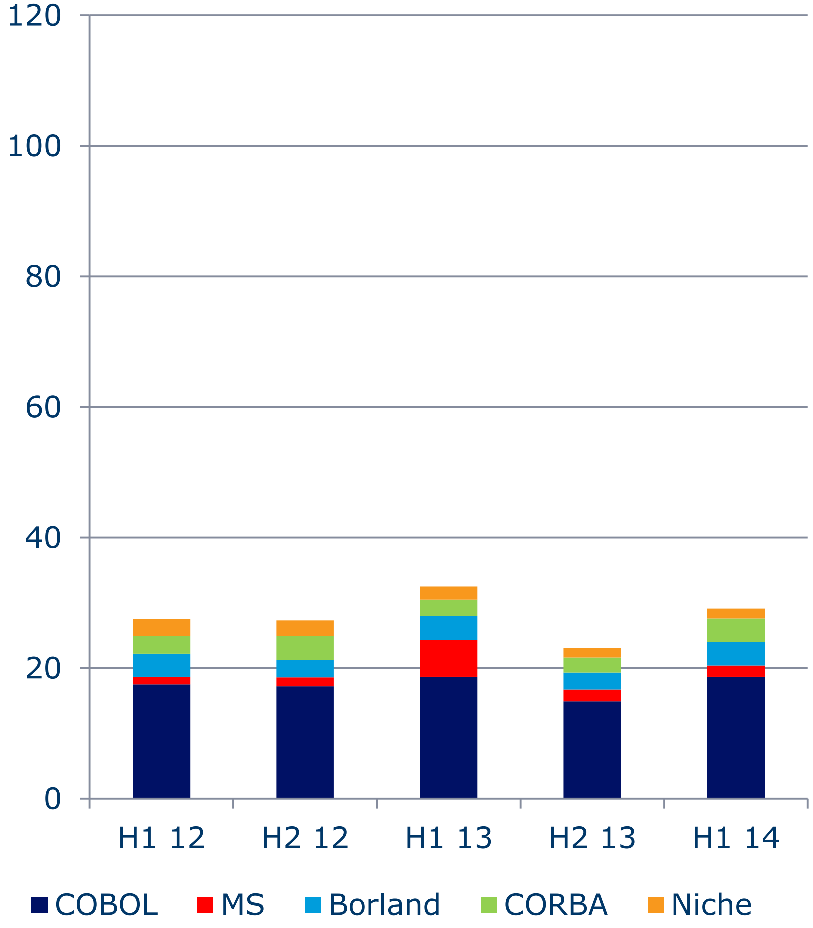


Revenue by type ($m)

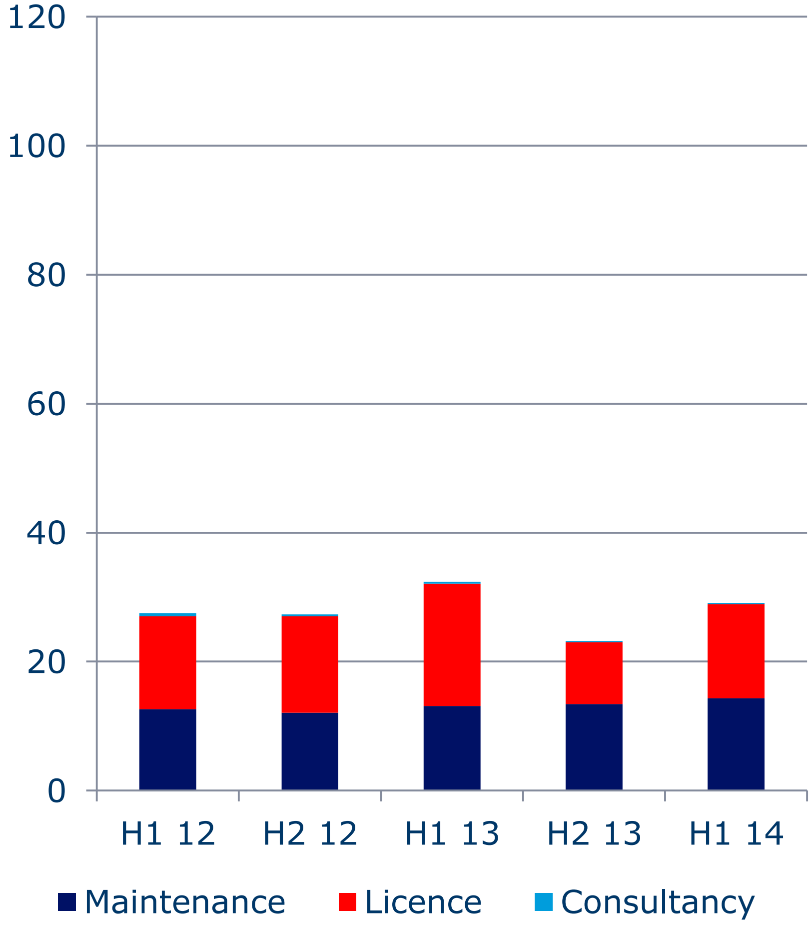


Revenue at Constant Currency by Half Year Asia Pacific and Japan

Revenue by product ($m)



Revenue by type ($m)

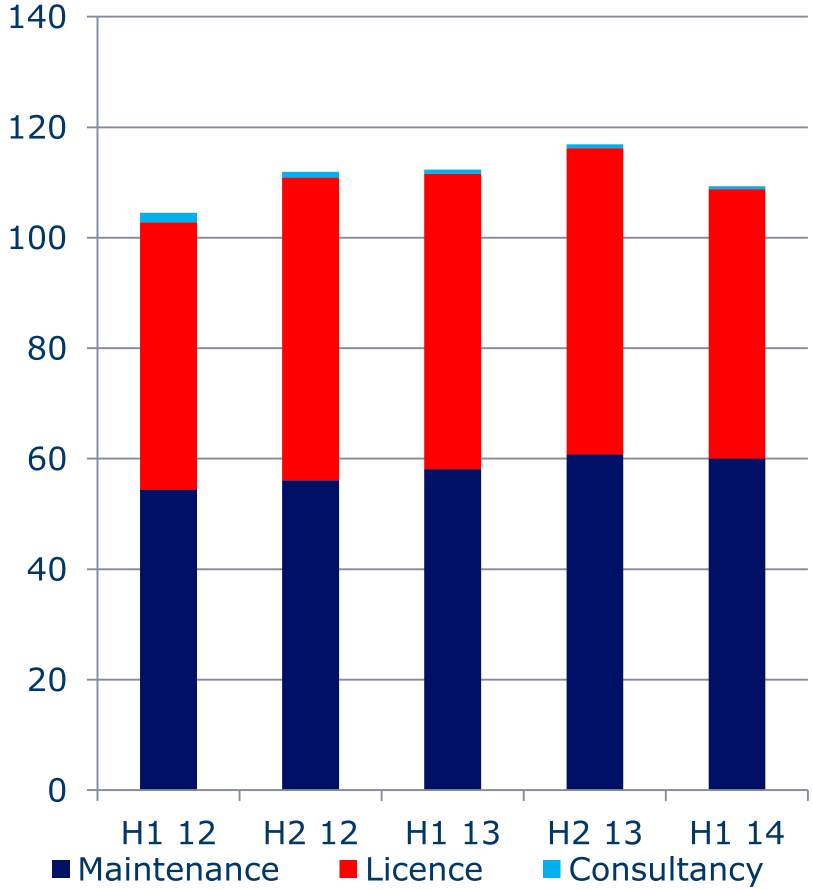


Revenue by product at CCY: Six Months to 31 October 2013

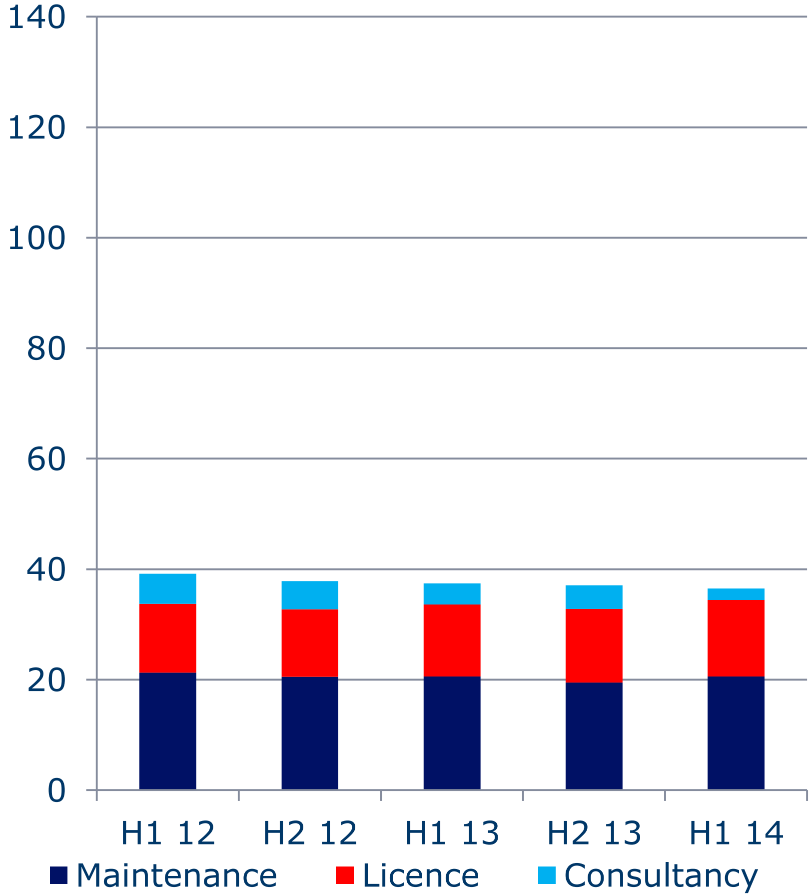
- **Excluding Niche revenues increased by 4.7% to $200.9m (2012: $191.9m)**
  - Growth in Licence and Maintenance partially offset by planned reduction in Consultancy
- **COBOL declined by 2.7% to $109.3m (2012: $112.3m)**
  - Growth in Maintenance partially offset by declines in Licence and Consultancy
  - Maintenance renewal rate of 91%
- **MS declined by 2.7% to $36.5m (2012: $37.5m)**
  - Growth in Licence offset by planned reduction in Consultancy
  - Maintenance renewal rate of 85%
- **Borland (Test) increased by 6.1% to $31.5m (2012: 29.7m)**
  - Increase in Licence and Consultancy offset by decline in Maintenance
  - Maintenance renewal rate of 82%
- **CORBA increased by 90.3% to $23.6m (2012: $12.4m)**
  - Iona products generated $11m, ahead of expectations
  - Growth in Licence, Maintenance and Consultancy
  - Maintenance renewal rate of 82%
- **Niche declined by 38.9% to $6.6m (2012: $10.8m)**
  - Growth in Licence offset by decline in Maintenance and Consultancy
  - Maintenance renewal rate of 61%

Revenue Performance by Product Portfolio

COBOL Development ($m)



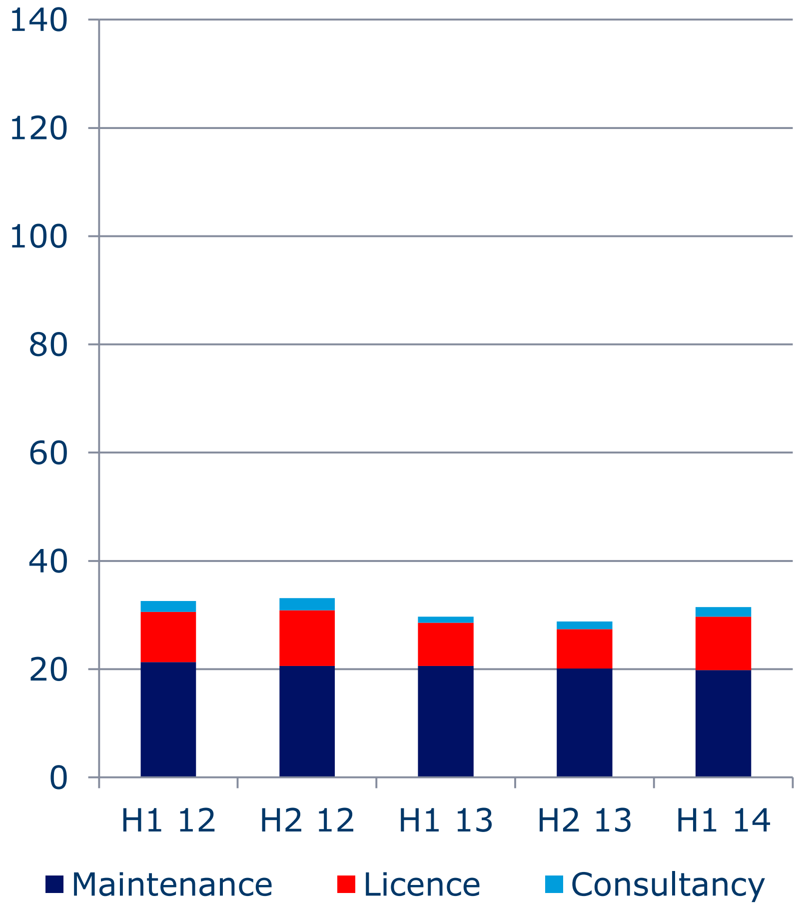
Mainframe Solution ($m)



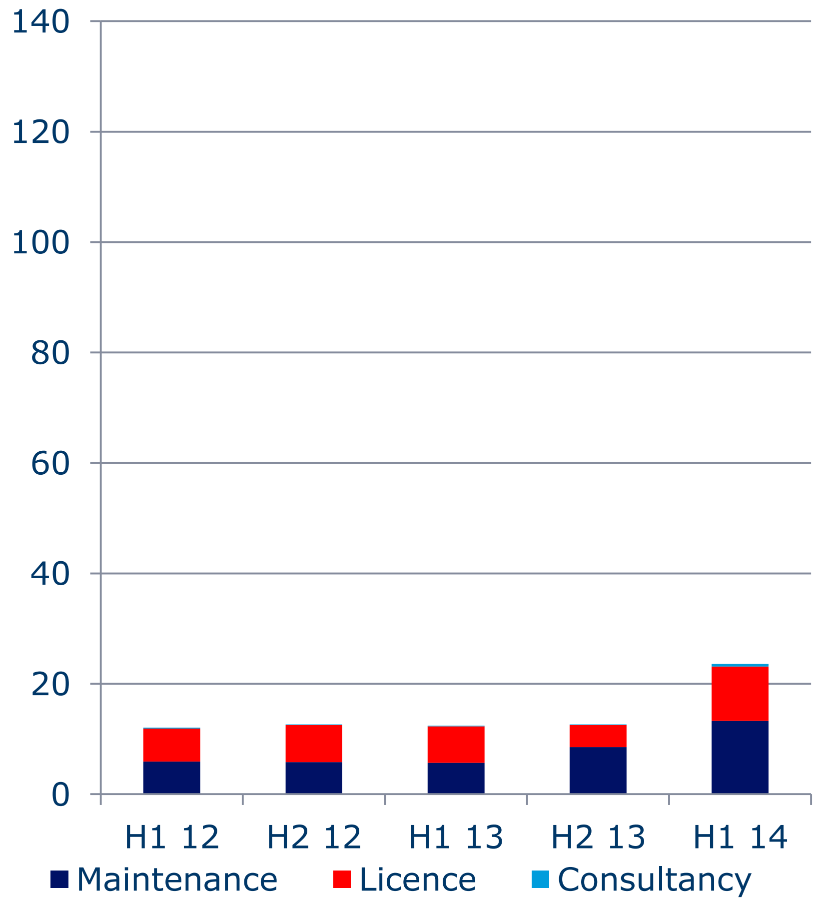
CCY revenues by half year in $m by product portfolio

Revenue Performance by Product Portfolio

Borland ($m)



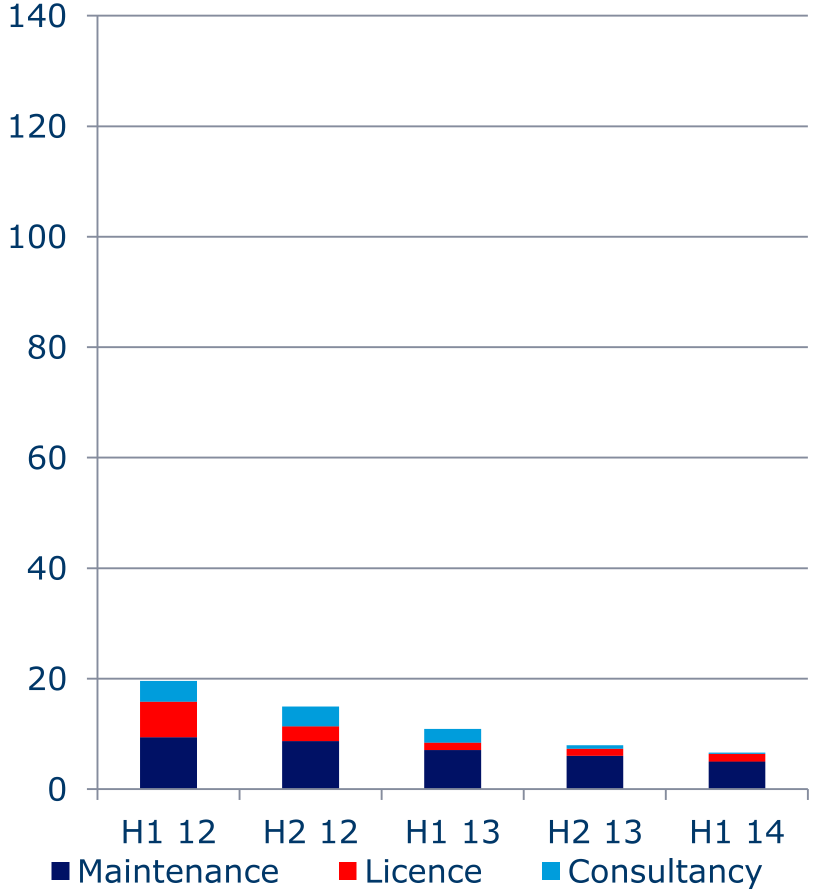
CORBA ($m)



CCY revenues by half year in $m by product portfolio

Revenue Performance by Product Portfolio

Niche ($m)



CCY revenues by half year in $m by product portfolio

Income Statement: Six months to 31 October 2013

- **Underlying Adjusted Operating Costs at CCY reduced to $116.7m (2012: $118.9m)**

Investments and increased costs:	$m	Main savings:	$m
Sales Academy	2.6	Staff costs due to restructuring	6.1
CRM system	0.4	Costs related to lower Consulting revenue	2.7
Patent applications	0.2	Temporary staff costs	0.4
Product Playbooks	0.2	Sales kick-off costs	1.3
Sales restructuring	3.9	External marketing costs	1.3
Acquisition costs	2.5	Property costs	0.3
Provision for India invalid orders	1.0	R&D Tax Credit	0.9
	10.8		13.0

- **Underlying Adjusted EBITDA increased by 8.3% to $93.0m (2012: $85.9m CCY)**
  - Underlying Adjusted EBITDA margin of 44.8% (2012: 42.4% CCY)
- **Adjusted EBITDA increased by 1.6% to $89.9m (2012: $88.5m CCY)**
  - Adjusted EBITDA margin of 43.3% (2012: 43.7% CCY)
  - FX loss of $2.5m (2012: gain $0.8m)
  - Net amortization of development costs of $0.6m (2012: Net capitalization of $1.8m)
- **EPS and dividend**
  - Diluted EPS increased by 6.3% to 37.52 cents (2012: 35.31 cents)
  - Adjusted diluted EPS increased by 10.7% to 43.98 cents (2012: 39.74 cents)
  - Interim dividend per share up by 17.6% to 14.0 cents (2012: 11.9 cents)

Underlying Adjusted EBITDA

	H1 FY14	H1 13 restated	H1 13 restated CCY
	$m	$m	$m
Revenue	207.5	206.6	202.7
Adjusted EBITDA	89.9	91.5	88.5
Foreign Exchange loss / (credit)	2.5	(0.8)	(0.8)
Net Amortization/(Capitalization) of Development Costs	0.6	(1.8)	(1.8)
Underlying Adjusted EBITDA	**93.0**	**88.9**	**85.9**
Underlying Adjusted EBITDA Margin	**44.8%**	**43.0%**	**42.4%**

Summary balance sheet

	31-Oct-13	31-Oct-12 Restated
	$m	$m
Non-current assets	**434.4**	424.4
Inventories	**0.3**	0.8
Trade and other receivables	**82.1**	78.2
Derivative financial instruments	**4.3**	2.4
Cash and cash equivalents	**30.6**	30.5
Total assets	**551.7**	**536.3**
Liabilities		
Current liabilities		
Trade and other payables	**199.7**	188.6
Borrowings	**195.1**	126.7
Provisions	**7.0**	2.7
Current tax liabilities	**44.6**	35.9
Deferred income	**123.2**	118.4
Non-current liabilities		
Deferred income	**8.9**	10.3
Long-term provisions	**1.5**	6.4
Deferred tax liabilities	**34.7**	38.9
Total Liabilities	**614.7**	**527.9**
Net (liabilities)/assets	**(63.0)**	**8.4**

Balance Sheet & Cash Flow

- **Balance Sheet**
  - Net Debt at 31 October 2013 of $164.5m down from $177.7m at 30 April 2013
  - 2013 Final Dividend paid $43.1m
  - Acquisition of SoforTe, initial consideration of $6.6m
  - Return of Value in November 2013 of $140.2m
  - Acquisition of OpenFusion, AccuRev Inc and deferred consideration of SoforTe of $26.9m
  - Proforma Debt of $331.6m

- **Cash Flow**
  - Net cash generated from operating activities of $86.4m (2012: $85.4m)
  - Cash flow conversion of Adjusted EBITDA less exceptional items is 96.1% (2012: 93.2% restated)

Taxation

- **Effective tax rate in the period is 17.7% (2012: 20.7%)**
  - The Group's medium term tax rate is now expected to be between 17% and 19%
- **Ongoing HMRC claim**
  - Ongoing claim which is being challenged by HMRC
  - No income statement benefit taken
  - $25.0m liability included within corporation tax creditor
  - Maximum interest exposure of $1.6m and no penalties anticipated
- **UK Government Patent Box Legislation introduced 1 April 2013**
  - Reduced rate of tax on profits arising from qualifying IP rights
  - Potentially significant tax benefit opportunity linked to Micro Focus patents
  - Cost of $0.5m anticipated to be incurred in FY2014, $0.2m incurred in H1 FY14
- **UK "Above the Line" R&D tax credit regime**
  - Impact of this is that R&D tax credits previously reported within the corporation tax expense, will now be recorded directly against the relevant R&D expense as a grant.
  - This has resulted in the period in an increase of
    - $0.9m to Underlying Adjusted EBITDA
    - $0.3m to Adjusted EBITDA
    - $0.7m to corporation tax expense

Return of Value

- **The Board is confident in the ability of the business to support borrowings**
- **Return of Value approved by shareholders in H1 FY14**
  - Amounting to approximately $140.2m in cash, paid on 12 November 2013
  - 60 pence per share, equivalent to 93.3 cents per share
  - D share scheme accompanied by a 12 for 13 share consolidation
- **Target Net Debt to RCF EBITDA multiple of 1.5 times by 30 April 2015**
  - On a pro-forma basis following the Return of Value and acquisitions we are at 1.63 times
  - Seasonal increased cash generation in H2 will reduce the multiple by the year end
- **Intention to make Further Returns of Value in 2014**
  - Subject to absence of significant acquisition, share buy-back opportunity or unforeseen circumstances
  - Similar level of Return of Value

Key Highlights

- **Revenue growth of 2.4% at constant currency (CCY) in line with guidance**
  - Iona, acquired in February 2013, performed strongly delivering $11.0m
  - Excluding Iona and the impact of the declining Niche and consulting business, the remaining revenues were broadly flat at $185.0m (2012 CCY: $186.1m)
- **Revising full-year revenue guidance from 0% to 5% growth to 3% to 6% at CCY**
- **Licence revenue growth in Visual COBOL, Borland, CORBA and Mainframe Solutions, contributed to licence and maintenance growth of 4.2%**
- **Acquisition of SoforTe during the period. In November 2013, OpenFusion CORBA assets were acquired from PrismTech and agreement to acquire the application life-cycle solution company AccuRev Inc.**
- **Interim dividend increased by 17.6% to 14.0 cents per share (2012: 11.9 cents per share)**
- **Return of Value of 60 pence per share (equivalent to 93.3 cents per share) on 12 November 2013 at total cost of $140.2m**
- **Cash generated from operations as a percentage of Adjusted EBITDA less exceptional items was 96.1% (2012: 93.2% restated**
- **The results for prior periods have been restated to reflect the impact of a misstatement of revenue caused by invalid orders within our sales channel network in India.**

Appendix

Product highlights - CDMS

Visual COBOL 2.2

- New tools for COBOL developers within Eclipse and Visual Studio
- Faster performance for .NET and the Java Virtual Machine
- Support for industry leading Java Application Servers

Enterprise Developer

- SoforTe acquisition to further strengthen existing capabilities

Rumba+ Mobile

- First terminal emulator and user interface (UI) modernization application for tablet devices
- Modern look and feel to legacy business applications – turns green-screen applications into touch-screen apps
- No need to change application code or use specialist development skills

Enterprise Analyser

- Latest enhancements make analysis information more visible and more user friendly
- More intuitive designs and interfaces for improved understanding and interpretation

Product highlights – Borland

Caliber 11.1/11.2

- New releases strengthen links across the SDLC via active collaboration
- Localised Chinese version

StarTeam 14.0

- Platform enhancements
- Borland Connect was integrated into StarTeam which allows big customers to map change packages from any source into StarTeam.

Silk Performer 10.0

- Introduction of Cloudburst v2. Cloudburst was a 10-step non-visible process. V2 is a 3 step instant process with the ability of sales staff to watch and harvest key customer profiles

Silk Test 14.0

- SAP certification. Large German SAP customers demanded that we certify.
- Support for Chrome & Firefox versions to help the x-browser testing story

Silk Central 13.0

- New customer and competitive enhancements focused on improved reporting and features

Micro Focus Meeting Customer Needs

Visual COBOL

Caja de Valores, Argentina
- 70% cost savings and 50% performance improvement

Acciona Transmed, Spain
- *IT cost reduction of 70%*
- *ROI within 18 months*

Enterprise Developer

Steria, France
- *ROI achieved in one year*
- *Modern IDE to attract development talent*
- *Reduced MIPS usage*

BMW, Germany
- *Modernisation of central legacy application*

Caliber

Nasdaq OMX, US
- *Improved developer productivity*
- *Better quality applications for customers*

Invertix, US
- *Achieved full ROI within two years*

Rumba

Aviva Italy
- Enhanced service capability/better security

Allianz UK
- Efficient, productive mainframe and server access to 4,000 users

Enterprise Server

ICWA, Australia
- *Platform costs reduced by 75%*
- *ROI within 12 months*

Irish Life, Ireland
- *Up to 80% operating cost reduction*

Silk

ikeGPS, New Zealand
- *Testing effort reduced 25%*
- *ROI within six months*

USA Technologies
- *Improved customer satisfaction with peak-hour optimization*
- *Reduced field service and development costs*

Visual COBOL

Visual COBOL delivers 70% cost savings and 50% performance improvement

"Unrivalled application platform stability, improved customer satisfaction and significant cost savings: Visual COBOL was the right choice for our business."

Alejandro Wyss, CIO,
Caja de Valores S.A.

Challenge

Caja de Valores, Argentine's Central Securities Depository, plays a key role in the capital market. It provides secure purchase, sale, clearance, and custody services for the Argentinean market place. The organization wanted to lower its IT costs associated with running its investment management portfolio which operated on a Bull Mainframe platform, consuming 400 MIPS. Caja de Valores also wanted to reduce its ongoing operational costs, as it saw the attractive economic benefits of a distributed and more modern application platform.

Solution

Application re-platform, using:

- Visual COBOL for Eclipse
- COBOL Server

Results

- Realized 70% IT cost savings
- ROI applied to application modernization initiatives
- Improved service availability
- 50% performance improvement for batch and on-line transactions
- Improved developer efficiency

***Country**–Argentina*

Enterprise Developer

Steria saves costs and increases productivity

"We are maximizing our developers' productivity by providing an integrated development environment in Eclipse, combining Java and COBOL development, and saving our customer MIPS consumption on the mainframe."

Denis Gaudefroy,
Business Development Director,
Steria

Challenge
As a managed service provider, Steria maintains mainframe applications for several clients, through a dedicated shared service center, in Nantes, France. This includes application development, which can be difficult and time-consuming. Mainframe applications are typically complex with outdated development environments, so much time is spent compiling programs or waiting for jobs to execute.

Solution
Create an offline development platform, using:
- Micro Focus Enterprise Developer for zEnterprise
- Micro Focus Enterprise Analyzer

Results
- ROI achieved within one year
- Significant client cost savings
- Modern IDE to attract development talent
- Offline development reduced MIPS consumption

Country*–France*

Rumba

OnWeb enables Aviva Italia's partners to use its insurance applications in real-time

"Our partners are vital to Aviva's success in Europe. The OnWeb solution really helps to enhance the service level provided to partners such as Unicredit Banca, without compromising mainframe stability."

Aviva Italia

Challenge

Aviva needed to speed up its partners' access to policies and enable real-time insurance policy quotes.

Solution

- Micro Focus OnWeb®

Results

- Fast integration of SSO function
- Improving customer service through secure connections to existing mainframe transactions
- Rapid transformation of CICS maps into web pages
- Partners and Aviva working on the same information in real-time
- Enhanced service capability and better security

***Country**–Italy*

Enterprise Server

Switching platforms drives innovation

"In our research Micro Focus came up again and again as the platform of choice for mainframe application lift-and-shift projects offering excellent legacy COBOL compatibility and mainframe feature emulation. We were not disappointed."

Barry Ryan,
Chief Architect, Irish Life

Challenge
Irish Life wanted to modernize its IT applications, platforms and processes to tackle long-term cost challenges and ensure they were competitive, cost-effective and agile enough to support future business demands.

Solution
Optimized operating environment and modernized core mainframe applications, using:
- Micro Focus Enterprise Developer
- Micro Focus Enterprise Server

Results
Up to 80% operating cost reduction
- Seamless transition
- Increased flexibility
- Application refresh
- Improved, more agile development environment and processes

Country–*Ireland*

Silk Performer

SilkPerformer ensures USA Technologies services meet demand spikes, satisfying customers and end-users

"Our vending devices generally have system peaks around lunch and dinner times. Since we strive for fast card authorization – no more than two to three seconds – SilkPerformer helps us quickly identify and resolve bottlenecks. More importantly, we can isolate and fix problems more easily than before."

Art Royce, Director of QA, USA Technologies

Challenge

A leading provider of cashless, wireless POS payment systems for the vending, commercial laundry, and business center markets needed to scale testing to meet a growing network and millions of monthly transactions, and comply with industry and government standards.

Solution

- *Micro Focus SilkPerformer®*

Results

- *Improved customer and end-user satisfaction with peak-hour optimization*
- *Achieved consistency across compliance and testing*
- *Reduced field service and development costs*

Country–*USA*

Enterprise Developer

Car manufacturer modernizes central legacy application

"We have succeeded in meeting the highly ambitious schedule of one year, including all testing."

Peter Dietrich,
Member of the board of management,
MsgGillardon

Challenge

Internal analysis showed the incumbent Unisys system would not meet BMW's IT development plan for its key contracts administration system. The analysis also identified potential for cost reductions by standardizing hardware and operating processes.

Solution

Migrated from a Unisys host to Suse Linux using:

- *Micro Focus Enterprise Developer*
- *Micro Focus Enterprise Server*

Results

- *Modernization of central legacy application*
- *Enhanced performance*
- *Clear annual savings*

Country–*Germany*

Rumba

Cost-effective access to mainframe applications

"For many years Rumba has given us great performance. It runs effortlessly and without any problems. Our regular market assessments have always come out in favor of continued use of Rumba and our recent upgrade is testament to our ongoing commitment. We envisage using Rumba far into the future."

Adam Rates,
Senior IT Manager, Allianz UK

Challenge

Allianz Insurance is one of the largest general insurers in the UK. Its core policy administration system for the broker business is a mainframe-based application developed in-house, which includes modules for managing new business, renewals, claims, etc. Until the late 1990s, these applications were accessed using dumb terminals. However, with the advent of the PC, it wasn't practical or cost-effective to provide both, so a solution was sought.

Solution

bringing "green-screen" technology to the modern end-user using:

- *Micro Focus Rumba*

Results

- *Provided efficient, productive mainframe and server access to around 4,000 users*
- *Positive ROI for continued Rumba use*
- *Effortless upgrade*
- *Standardized Rumba estate*

***Country**–UK*

Enterprise Server

Core system modernization reduces platform costs by 75%

"The project was a success. Micro Focus helped us leverage our core systems for another decade on a scalable, low risk, low maintenance and low-cost base technical environment. It has delivered on all the factors outlined in our business case."

Glenn Myers,
CIO, ICWA

Challenge
The Insurance Commission of Western Australia (ICWA) is the sole compulsory Third Party Insurer for motor vehicle personal injuries in Western Australia as well as managing all insurance requirements for government departments. Its 360 staff uses around 1,200 ageing COBOL programs to manage thousands of claims every year. The outsourced mainframe was expensive to maintain and offered limited agility and flexibility.

Solution
Deploying its mainframe workload to a Micro Focus COBOL/CICS platform running on Linux Intel servers, using:

- *Micro Focus Enterprise Developer*
- *Micro Focus Enterprise Server*

Results

- *Platform costs reduced by 75%*
- *Completed within 12 months*
- *ROI achieved within 12 months*
- *Substantially reduced batch processing time*
- *Massively reduced disaster recovery time*
- *Service-Oriented Architecture aligned*

Country*–Australia*

Financial Review

APPENDIX II

Consolidated Income Statement

	6 months to 31 Oct 2013 (unaudited) $'000	6 months to 31 Oct 2012 (unaudited) restated $'000	Year to 30 April 2013 (audited) restated $'000
Revenue	**207,541**	206,638	412,167
Cost of sales	**(14,484)**	(17,329)	(34,069)
Gross profit	**193,057**	189,309	378,098
Selling and distribution costs	**(59,513)**	(62,573)	(117,558)
Research and development expenses	**(27,384)**	(24,715)	(52,599)
Administrative expenses	**(32,243)**	(23,638)	(48,503)
Operating profit	**73,917**	78,383	159,438
Finance costs	**(3,584)**	(2,702)	(8,307)
Finance income	**118**	96	413
Profit before tax	**70,451**	75,777	151,544
Taxation	**(12,464)**	(15,627)	(29,767)
Profit for the year	**57,987**	60,150	121,777
Other comprehensive income*			
Currency translation differences	**1,737**	(2,630)	(2,458)
Other comprehensive income for the period	**1,737**	(2,630)	(2,458)
Total comprehensive income for the period	**59,724**	57,520	119,319
Profit attributable to:			
Owners of the parent	**59,724**	57,520	119,319
Earnings per share expressed in cents per share	**cents**	cents	cents
- basic	**38.85**	36.66	77.83
- diluted	**37.52**	35.31	75.23
Earnings per share expressed in pence per share	**pence**	pence	pence
- basic	**24.97**	22.80	49.43
- diluted	**24.12**	21.96	47.78

* Items that may be subsequently reclassified to profit or loss

Consolidated Balance Sheet

	As at 31 October 2013 (unaudited) $'000	As at 31 October 2012 (unaudited) restated $'000	As at 30 April 2013 (audited) restated $'000
ASSETS			
Non-current assets			
Goodwill	**288,269**	274,270	284,661
Other intangible assets	**87,952**	91,383	93,644
Property, plant and equipment	**21,086**	22,384	21,157
Deferred tax assets	**37,113**	36,375	38,134
	434,420	424,412	437,596
Current assets			
Inventories	**269**	801	144
Trade and other receivables	**82,101**	78,199	92,496
Derivative financial instruments	**4,223**	2,393	-
Cash and cash equivalents	**30,648**	30,558	37,943
	117,241	111,951	130,583
TOTAL ASSETS	**551,661**	536,363	568,179
Liabilities			
Current liabilities			
Trade and other payables	**199,719**	188,595	56,939
Borrowings	**195,100**	126,742	215,634
Provisions	**7,002**	2,708	8,992
Current tax liabilities	**44,607**	35,925	41,795
Deferred income	**123,162**	118,423	138,306
	569,590	472,393	461,666
Non-current liabilities			
Non-current deferred income	**8,902**	10,265	9,646
Long-term provisions	**1,458**	6,358	2,009
Deferred tax liabilities	**34,691**	38,920	37,042
	45,051	55,543	48,697
TOTAL LIABILITIES	**614,641**	527,936	510,363
NET (LIABILITIES) / ASSETS	**(62,980)**	8,427	57,816
EQUITY			
Ordinary shares	**37,799**	37,797	37,797
Share premium account	**18,013**	15,061	16,083
Retained earnings	**(190,078)**	(114,038)	(65,613)
Foreign currency translation reserve (deficit)	**(5,612)**	(7,521)	(7,349)
Other reserves (deficit)	**76,898**	77,128	76,898
TOTAL (DEFICIT) / EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**(62,980)**	8,427	57,816

Group Income Statement: Key Ratios

As reported	6 Months to 31 October 2013		6 Months to 31 October 2012 restated		Year to 30 April 2013 restated	
	$'000	% of revenue	$'000	% of revenue	$'000	% of revenue
Revenue	**207,541**		206,638		412,167	
Cost of sales	**(14,484)**	**7.0%**	(17,329)	8.4%	(34,069)	8.3%
Selling and distribution costs	**(59,513)**	**28.7%**	(62,573)	30.3%	(117,558)	28.5%
Research and development expenses	**(27,384)**	**13.2%**	(24,715)	12.0%	(52,599)	12.8%
Administrative expenses	**(32,243)**	**15.5%**	(23,638)	11.4%	(48,503)	11.8%
Total costs	**(133,624)**		(128,255)		(252,729)	
Operating profit	**73,917**		78,383		159,438	

EBITDA Reconciliation

	6 Months to 31 October 2013	6 Months to 31 October 2012 restated	Year to 30 April 2013 restated
	$’000	**$’000**	**$’000**
Operating profit	**73,917**	78,383	159,438
Share-based compensation charges	**5,004**	3,251	6,639
Amortization of purchased intangibles	**8,845**	7,851	16,123
Adjusted operating profit	**87,766**	89,485	182,200
Depreciation	**1,856**	1,669	3,483
Amortization of software	**254**	387	643
Adjusted EBITDA	**89,876**	91,541	186,326
EBITDA	**93,815**	97,244	198,043
Amortization of capitalized development costs	**(8,943)**	(8,954)	(18,356)
Share-based compensation charges	**5,004**	3,251	6,639
Adjusted EBITDA	**89,876**	91,541	186,326
Adjusted EBITDA less Exceptional items	**89,876**	91,541	186,326
Cash generated from continuing operations	**86,358**	85,352	192,440
Cash conversion ratio = Cash generated from continuing operations / Adjusted EBITDA less Exceptional items	**96.1%**	93.2%	103.3%

Cash Generated from Operating Activities

	6 Months to 31 October 2013	6 Months to 31 October 2012 restated	Year to 30 April 2013 restated
	$'000	$'000	$'000
Cash flows from operating activities			
Net profit for the period	**57,987**	60,150	121,777
Adjustments for net interest payable	**3,466**	2,606	7,894
Taxation	**12,464**	15,627	29,767
Depreciation	**1,856**	1,669	3,483
(Gain)/Loss on disposal of property, plant and equipment	**35**	(428)	370
Amortization of intangibles	**18,042**	17,192	35,122
Share-based compensation	**5,004**	3,251	6,639
Provisions	**(3,730)**	(115)	(780)
Exchange movements	**(46)**	2,689	50
Changes in working capital:			
Inventories	**(125)**	(341)	316
Trade and other receivables	**10,517**	13,370	2,379
Payables and other non-current liabilities	**(19,112)**	(30,318)	(14,577)
Cash generated from operating activities	**86,358**	85,352	192,440

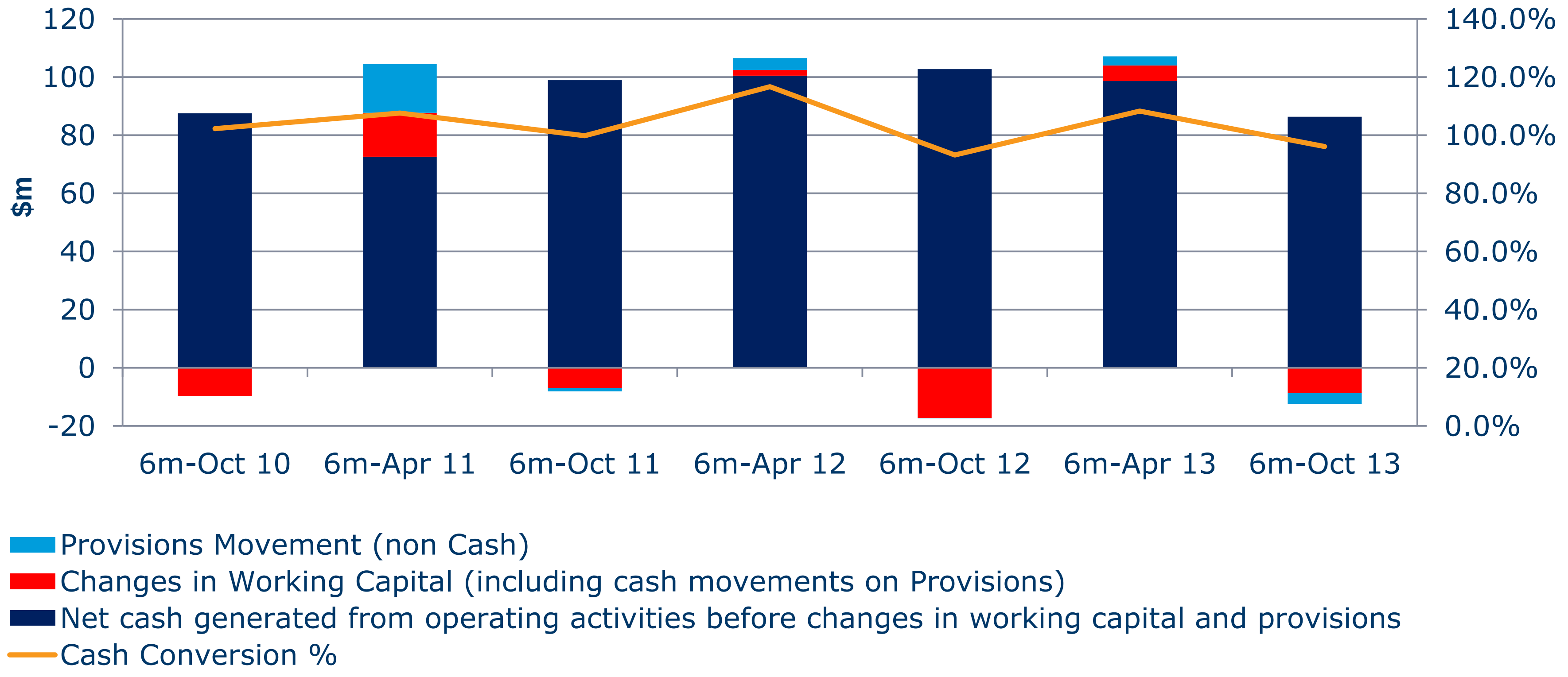
Consolidated Cash Flow and Net Debt Position

	6 Months to 31 October 2013	6 Months to 31 October 2012 restated	Year to 30 April 2013 restated
	$'000	$'000	$'000
Cash generated from operating activities	**86,358**	85,352	192,440
Interest paid	**(2,202)**	(1,588)	(5,076)
Tax paid	**(10,508)**	(11,836)	(22,072)
Net cash generated from operating activities	**73,648**	71,928	165,292
Cash flows from investing activities			
Payments of intangible assets	**(8,510)**	(10,745)	(20,327)
Purchase of property, plant and equipment	**(1,374)**	(1,522)	(3,312)
Interest received	**118**	96	413
Payments for the acquisition of business	**-**	-	(15,000)
Payments for the acquisition of company	**(6,578)**	-	-
Net cash used in investing activities	**(16,344)**	(12,171)	(38,226)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital	**520**	730	730
Proceeds from bank borrowings	**45,000**	36,000	212,307
Repayment of bank borrowings	**(62,000)**	(53,000)	(142,307)
Foreign exchange gain on hedging contracts	**-**	-	2,393
Bank loan costs	**(4,915)**	(876)	(1,210)
Return of value paid to shareholders	**-**	-	(131,171)
Costs associated with Return of Value	**(205)**	(281)	(491)
Proceeds from sales of fractional shares	**-**	1	3
Dividends paid to owners	**(43,072)**	(39,665)	(57,160)
Net cash used in financing activities	**(64,672)**	(57,091)	(116,906)
Effects of exchange rate changes	**73**	(2,518)	(2,627)
Net increase in cash and cash equivalents	**(7,295)**	148	7,533
Cash and cash equivalents at beginning of period	**37,943**	30,410	30,410
Cash and cash equivalents at end of period	**30,648**	30,558	37,943
Debt outstanding at end of period	**(195,100)**	(126,742)	(215,634)
Net debt at end of period	**(164,452)**	(96,184)	(177,691)

Revenues by geography at constant currency

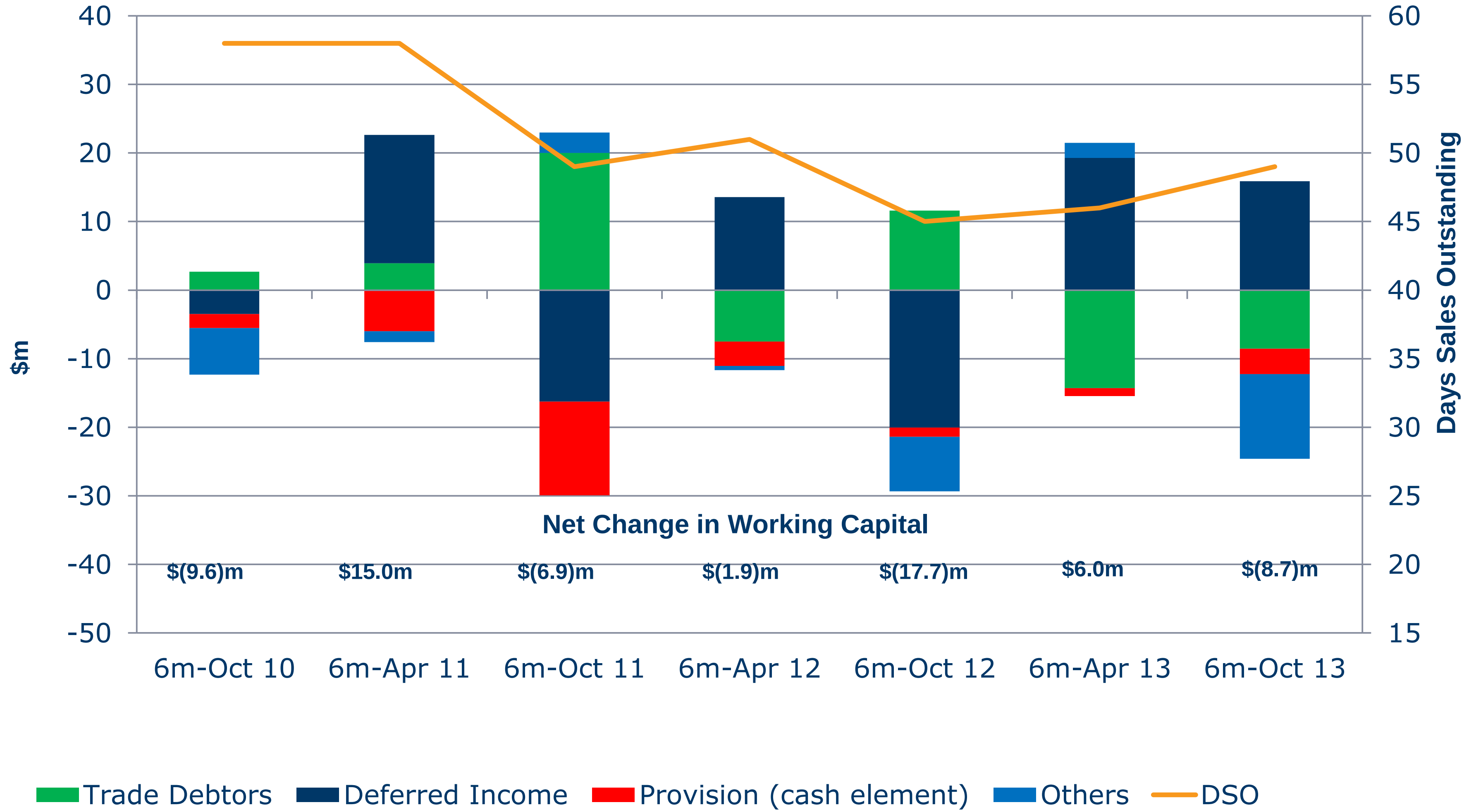
Geographic Analysis Revenue (at constant currency)	Six months ended 31 October 2013 (unaudited)		Six months ended 31 October 2012 (unaudited)		Year ended 30 April 2013 (unaudited)	
	$m	%	$m	%	$m	%
COBOL Development						
North America	**43.2**	**39.5%**	46.4	41.3%	98.6	43.0%
International	**47.4**	**43.4%**	47.3	42.1%	97.0	42.3%
Asia Pacific	**18.7**	**17.1%**	18.6	16.6%	33.6	14.7%
COBOL Development	**109.3**	**100.0%**	112.3	100.0%	229.2	100.0%
Mainframe Solution						
North America	**17.7**	**48.5%**	19.6	52.3%	39.9	53.5%
International*	**17.1**	**46.8%**	12.3	32.8%	27.3	36.6%
Asia Pacific	**1.7**	**4.7%**	5.6	14.9%	7.4	9.9%
Mainframe Solution	**36.5**	**100.0%**	37.5	100.0%	74.6	100.0%
Test						
North America	**17.5**	**55.6%**	17.5	58.9%	34.6	59.1%
International	**10.4**	**33.0%**	8.5	28.6%	17.6	30.1%
Asia Pacific	**3.6**	**11.4%**	3.7	12.5%	6.3	10.8%
Test	**31.5**	**100.0%**	29.7	100.0%	58.5	100.0%
CORBA						
North America	**14.5**	**61.4%**	4.1	33.1%	11.3	45.0%
International	**5.5**	**23.3%**	5.8	46.8%	9.0	35.9%
Asia Pacific	**3.6**	**15.3%**	2.5	20.1%	4.8	19.1%
CORBA	**23.6**	**100.0%**	12.4	100.0%	25.1	100.0%
Niche						
North America	**2.7**	**40.9%**	3.5	32.4%	7.1	38.0%
International	**2.4**	**36.4%**	5.3	49.1%	8.1	43.3%
Asia Pacific	**1.5**	**22.7%**	2.0	18.5%	3.5	18.7%
Niche	**6.6**	**100.0%**	10.8	100.0%	18.7	100.0%
TOTAL						
North America	**95.6**	**46.1%**	91.1	44.9%	191.5	47.2%
International	**82.8**	**39.9%**	79.2	39.1%	159.0	39.1%
Asia Pacific	**29.1**	**14.0%**	32.4	16.0%	55.6	13.7%
TOTAL	**207.5**	**100.0%**	202.7	100.0%	406.1	100.0%

Cash Conversion



- **Normal H1 increase in working capital**

Changes in Working Capital



FY13 H1 Borland Portfolio and Product restatement

FY13 H1 as per FY13 Interim Report

Test

1 Compuware & Test Partner $4.6m (FY14 $2.5m)

2 Brazil Java CFR $1.8m

Niche

3 TM ART $0.1m (FY14 $0.1m)

4 Visibroker $12.4m (FY14 $12.6m)

FY13 H1 as per FY14 Interim Report

Test

3 TM ART $0.1m (FY14 $0.1m)

Niche

1 Compuware & Test Partner $4.6m (FY14 $2.5m)

2 Brazil Java CFR $ 1.8m

Corba

4 Visibroker $12.4 (FY14 $12.6m)