

## Chairman's statement

I am encouraged by the performance achieved over the past six months. We have returned to revenue growth and have significantly increased our profitability.

Most importantly, we have been establishing a new management team which has the depth and skills necessary to drive this business forward. It is pleasing to see that Stephen Kelly (CEO, appointed 1 May 2006), Nick Bray (CFO, appointed 3 January 2006) and Mike Shinya (COO, appointed 1 August 2006) have established themselves so quickly.

On 6 April 2006 the Company announced a cost reduction programme to improve overall returns while maintaining the fabric of the business and the Company's sales capability. Since then, revenue growth combined with a firm control of expenses has resulted in a significant increase in profitability and we continue to invest to support future growth. I am pleased to announce a 50% increase in the interim dividend to 3 cents per share.

The board would like to thank all of Micro Focus' employees for their continued hard work and commitment throughout the past six months. We have experienced significant change but we emerge much stronger as a result.

The first half-year results are encouraging and Micro Focus remains focused on growth. I remain confident in the Company's ability to deliver value to all of its stakeholders.

**Kevin Loosemore** *Chairman*