



**Interim Results
For Six Months Ended 31 October 2014**

**Kevin Loosemore
Mike Phillips**

10 December 2014

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Agenda

- Overview
- Financial Review
- Operational Review
- Q&A



Overview

Kevin Loosemore

H1 FY15 Overview



- **H1 FY15 Revenue in line with prior period**
- **Underlying Adjusted EBITDA growth of 8.7% to \$98.3m (CCY 2013: \$90.4m)**
- **Patent Box tax benefit of \$7.6m taken in the period contributing to lower effective tax rate of 11.6% (2013: 17.7%)**
- **Diluted Adjusted Earnings Per Share increased by 34.0% to 58.9 cents (2013: 44.0 cents)**
- **Interim dividend increased by 10% to 15.4 cents (2013: 14.0 cents) in line with progressive dividend policy**
- **Micro Focus / Attachmate Group Merger announced and completed**
 - Creates top 15 global infrastructure software Group with leading brands – Attachmate, Borland, Micro Focus, NetIQ, Novell & SUSE
 - Combined pro-forma Revenues of c.\$1.33bn
 - Combined pro-forma Underlying Adjusted EBITDA of c.\$500m
 - 4,500 employees
- **New debt facility completed**
 - \$2.0bn in three loan tranches
 - Net debt of \$1.67bn, approx. 3.3x pro-forma Underlying Adjusted EBITDA, following completion and payment of Return of Value



Financial Review

Mike Phillips

Results at a Glance



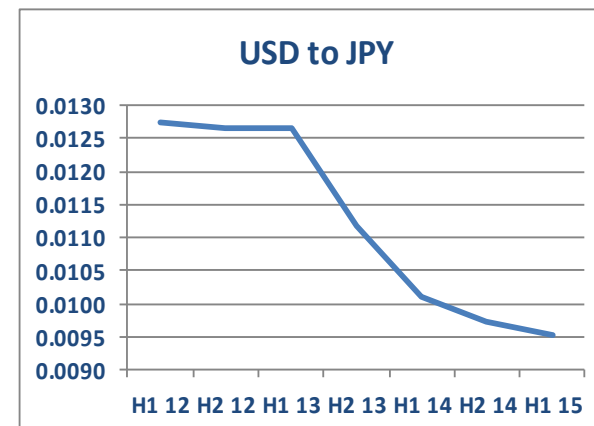
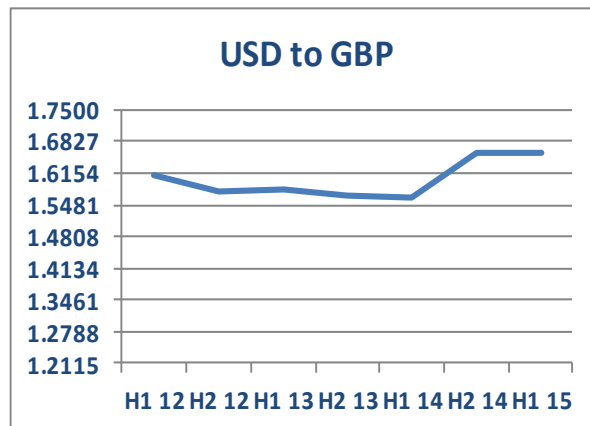
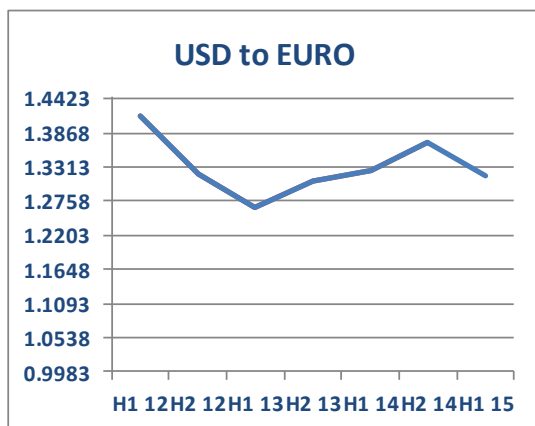
	H1 FY15 \$m	H1 FY14 \$m	Change
Total Revenue at Constant Currency			
- Licence	76.7	83.6	(8.3)%
- Maintenance	125.1	118.5	5.6%
- Consultancy	6.5	5.0	30.0%
	208.3	207.1	0.6%
Total Reported Revenue	208.3	207.5	0.4%
NON GAAP MEASURES			
Adjusted EBITDA			
Constant Currency	102.5	87.3	17.4%
Reported	102.5	89.9	14.0%
Underlying Adjusted EBITDA			
Constant Currency	98.3	90.4	8.7%
Reported	98.3	93.4	5.7%
STATUTORY MEASURES			
Pre-tax profit			
Constant Currency	57.1	67.7	(15.7)%
Reported	57.1	70.5	(19.0)%
Net debt	258.9	164.5	57.4%
Earnings per share	Cents	Cents	
Diluted	35.07	37.52	(6.5)%
Adjusted diluted	58.92	43.98	34.0%
Dividend per share	15.40	14.00	10.0%

Key Highlights

- **Revenue in line with comparative period with growth in Maintenance and Consultancy revenue offset by a decline in Licence fee revenue**
 - FY14 Acquisitions delivered revenues of \$6.4m
 - Like for like revenues declined by 2.5% (2013: growth of 0.4%).
- **Underlying Adjusted EBITDA growth of 8.7% to \$98.3m (CCY 2013: \$90.4m)**
- **Cash generated from operations of \$68.4m (2013: \$86.4m)**
 - Cash conversion ratio of 88.4% (2013: 96.1%)
 - Increases to 101.9% once payment in the period of \$10.4m of Income tax and NIC on April 2014 share option exercise taken into account
- **Exceptional costs of \$25.1m relating to the acquisition of The Attachmate Group**
- **Adjusted Diluted EPS Growth of 34.0% to 58.92 cps (2013: 43.98 cps)**
- **In line with progressive dividend policy, interim dividend increased by 10% to 15.4 cps (2103: 14.0 cps)**
- **Return of Value of 60 pps (equivalent to 94.02 cps) total cost of \$131.6m (£83.9m) completed on 1 December 2014**

The revenue and cost profiles of the main currencies are:

	H1 FY15		H1 FY14	
	Revenue	Cost	Revenue	Cost
US\$	53.3%	31.3%	54.0%	30.1%
Euro	24.6%	16.1%	21.8%	20.2%
GBP	5.5%	36.2%	6.2%	30.3%
Yen	7.8%	2.4%	9.1%	2.9%



The exchange gain of \$4.9m in the year arose mostly from the revaluation of short-term intercompany balances and Sterling denominated corporation tax payable (2013: loss of \$2.5m)

The USD to Euro exchange rate has moved by 9.2% from 30 April 14 (\$1.384) to 31 October 14 (\$1.2565)

The USD to GBP exchange rate has moved by 4.9% from 30 April 14 (\$1.682) to 31 October 14 (\$1.5989)

The USD to Yen exchange rate has moved by 7.6% from 30 April 14 (\$0.00975) to 31 October 14 (\$0.009012)

- **Revenue growth of 0.6% at constant currency (CCY)**
 - FY14 Acquisitions delivered revenues of \$6.4m
 - Like for like revenues declined by 2.5% (2013: growth of 0.4%).

- **Revenue by type at CCY**
 - Licence fee revenues declined by 8.3% to \$76.7m (2013: \$83.6m)
 - Maintenance revenues increased by 5.6% to \$125.1m (2013: \$118.5m)
 - Represents 60.1% of total revenues (2013: 57.2%)
 - Consulting revenues increased by 30.0% to \$6.5m (2013: \$5.0m)

- **Revenue by geography at CCY**
 - North America declined by 1.0% to \$94.5m (45.4% of Group) – like for like decline of 6.4%
 - International increased by 4.9% to \$87.6m (42.1% of Group) – like for like growth of 3.7%
 - Asia Pacific and Japan declined by 6.8% to \$26.2m (12.5% of Group) – like for like decline of 7.8%

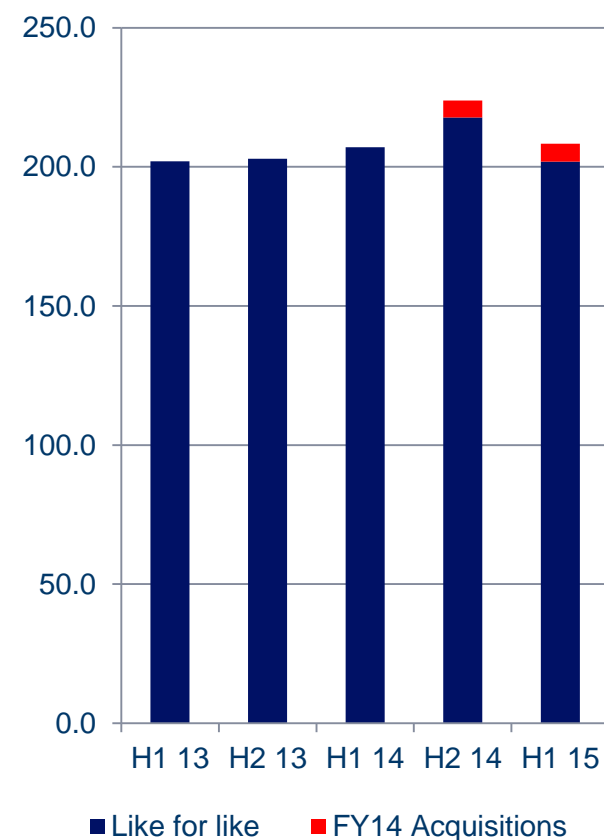
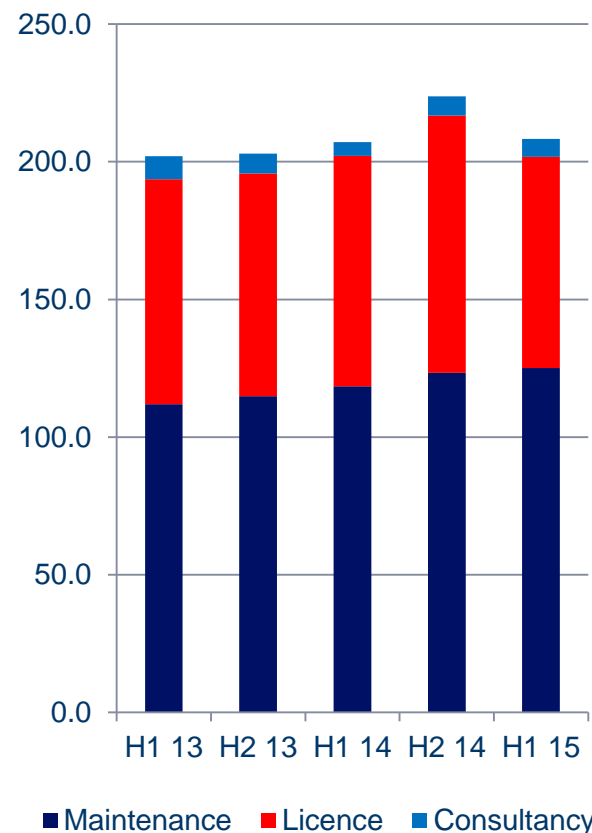
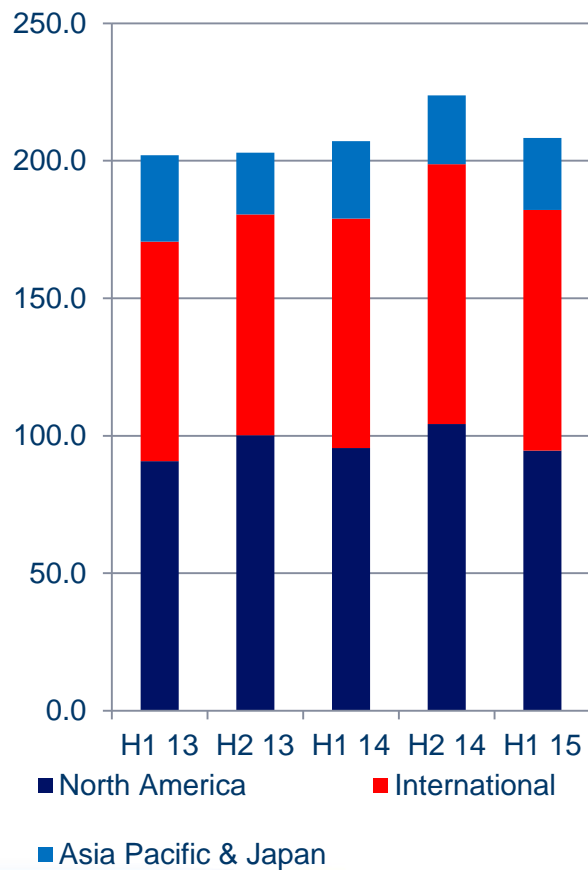
Revenue at Constant Currency by Half Year



Revenue by region (\$m)

Revenue by type (\$m)

Revenue - like for like and acquisitions (\$m)



Profitability by Region – Reported



H1 FY15	North America	International	Asia Pacific & Japan	Total
	\$m	\$m	\$m	\$m
Segment revenue	<u>94.5</u>	<u>87.6</u>	<u>26.2</u>	<u>208.3</u>
Directly managed costs	(16.7)	(25.1)	(6.3)	(48.1)
Allocation of centrally managed costs	(29.2)	(23.7)	(7.7)	(60.6)
Total segment costs	<u>(45.9)</u>	<u>(48.8)</u>	<u>(14.0)</u>	<u>(108.7)</u>
Adjusted operating profit	<u>48.6</u>	<u>38.8</u>	<u>12.2</u>	<u>99.6</u>
Share based compensation charge				(4.0)
Exceptional costs				(25.1)
Amortization of purchased intangibles				(6.9)
OPERATING PROFIT				<u>63.6</u>

H1 FY14	North America	International	Asia Pacific & Japan	Total
	\$m	\$m	\$m	\$m
Segment revenue	<u>95.6</u>	<u>82.7</u>	<u>29.2</u>	<u>207.5</u>
Directly managed costs	(16.8)	(28.6)	(8.2)	(53.6)
Allocation of centrally managed costs	(32.6)	(24.6)	(8.9)	(66.1)
Total segment costs	<u>(49.4)</u>	<u>(53.2)</u>	<u>(17.1)</u>	<u>(119.7)</u>
Adjusted operating profit	<u>46.2</u>	<u>29.5</u>	<u>12.1</u>	<u>87.8</u>
Share based compensation charge				(5.0)
Amortization of purchased intangibles				(8.9)
OPERATING PROFIT				<u>73.9</u>

- **Regional Profit & Loss Accounts**

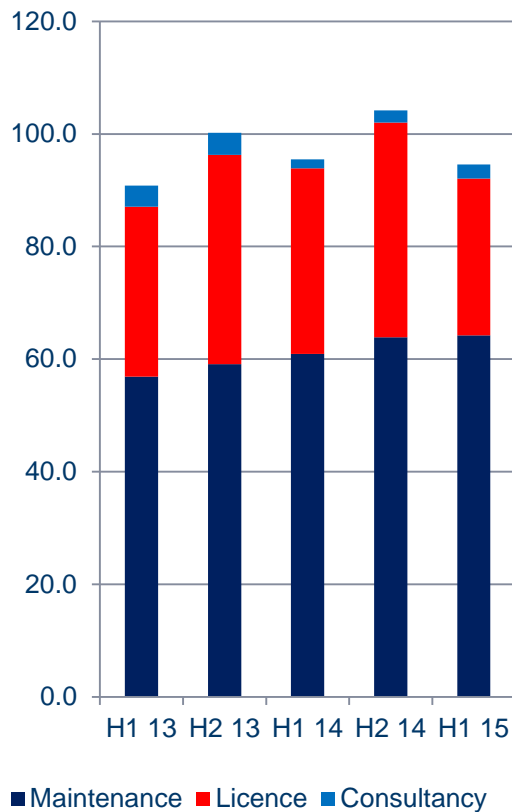
- Directly managed costs under control of Regional Presidents
- Centrally managed costs allocated to regions

Revenue at Constant Currency by Half Year

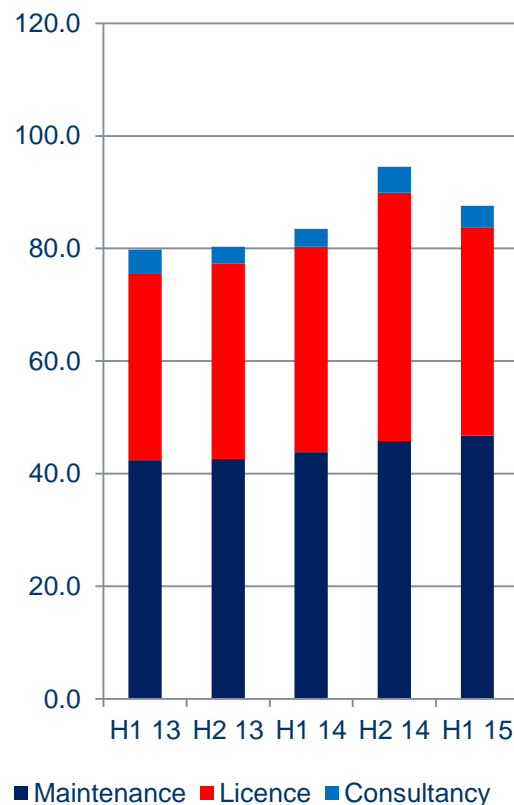


Region Revenue by type (\$m)

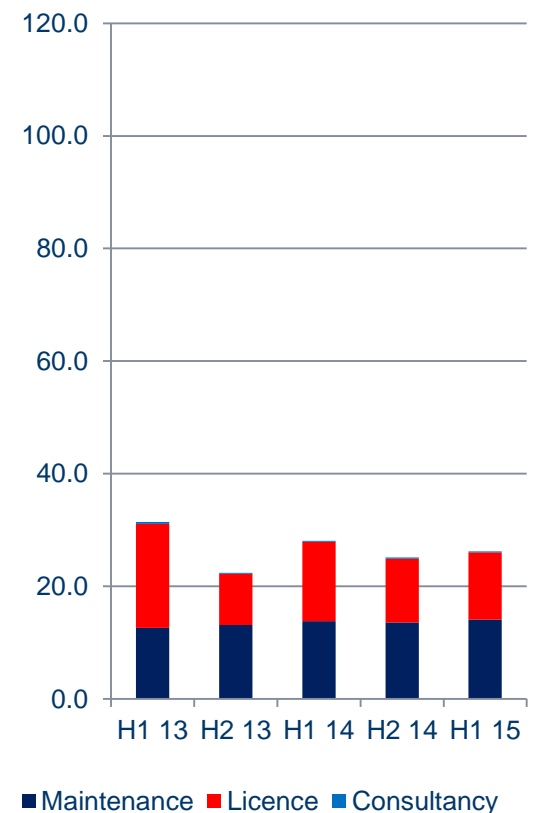
North America



International



Asia Pacific



Revenue at Constant Currency by Half Year

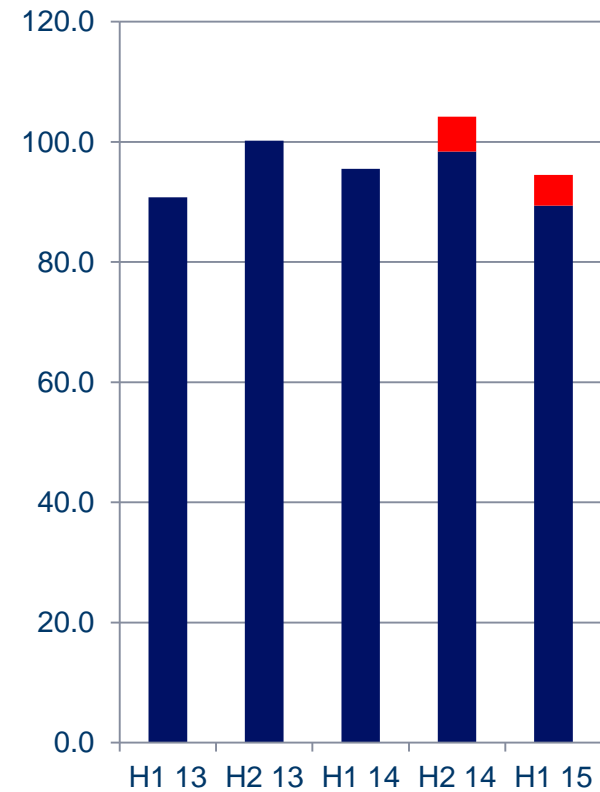
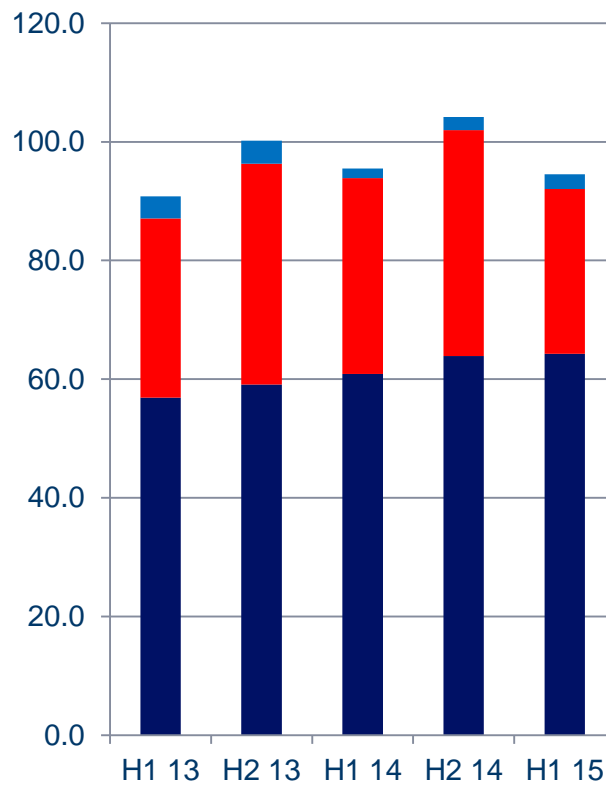
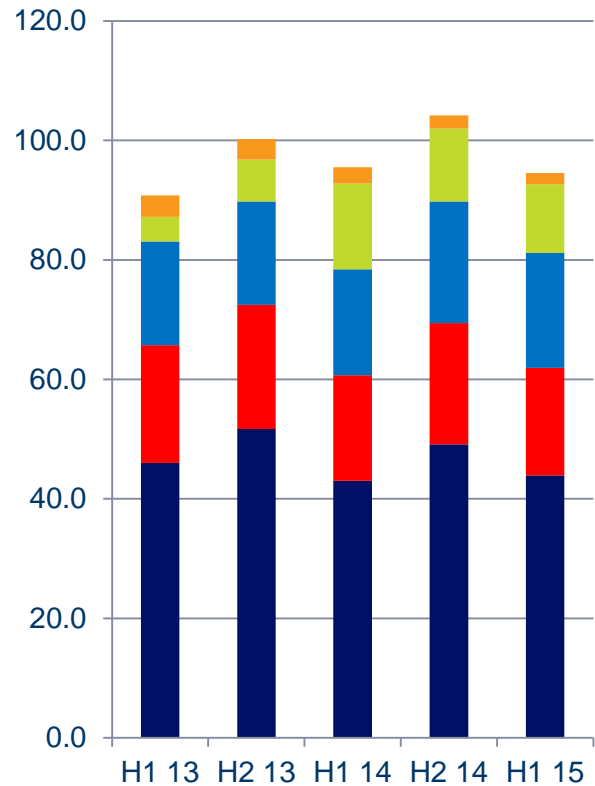


North America

Revenue by product (\$m)

Revenue by type (\$m)

Revenue - like for like and acquisitions (\$m)



■ COBOL ■ MS ■ Borland ■ CORBA ■ Niche

■ Maintenance ■ Licence ■ Consultancy

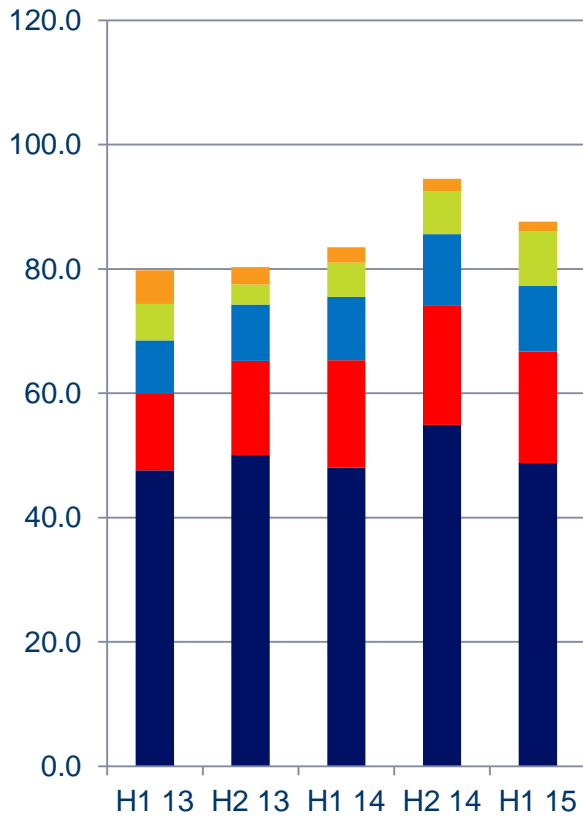
■ Like for like ■ FY14 Acquisitions

Revenue at Constant Currency by Half Year

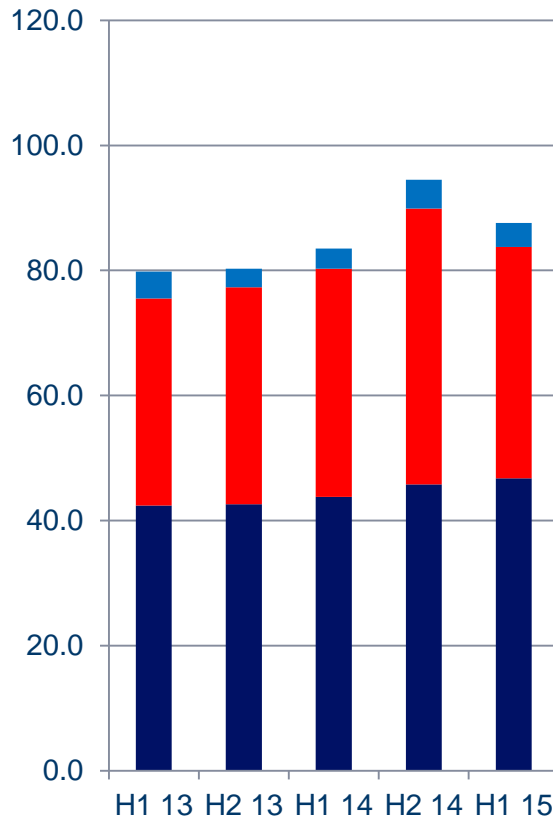


International

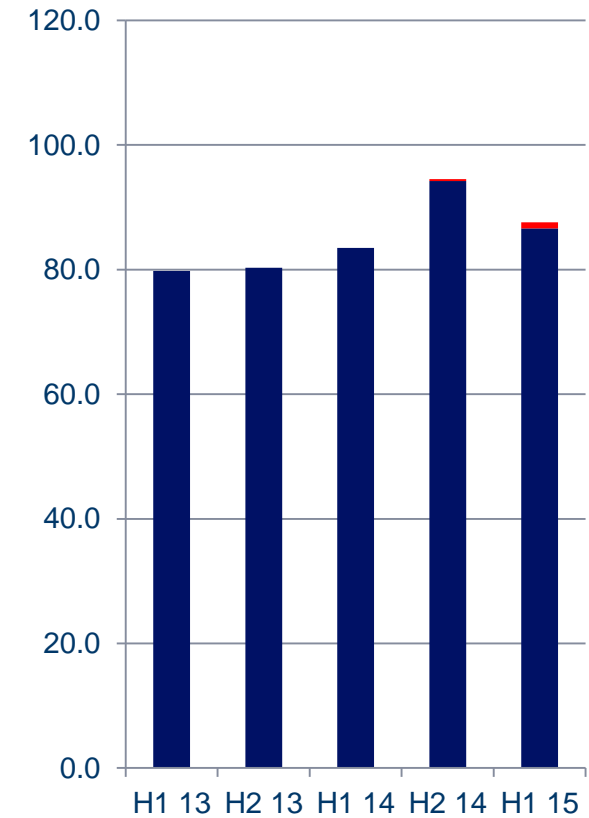
Revenue by product (\$m)



Revenue by type (\$m)



Revenue - like for like and acquisitions (\$m)



■ COBOL ■ MS ■ Borland ■ CORBA ■ Niche

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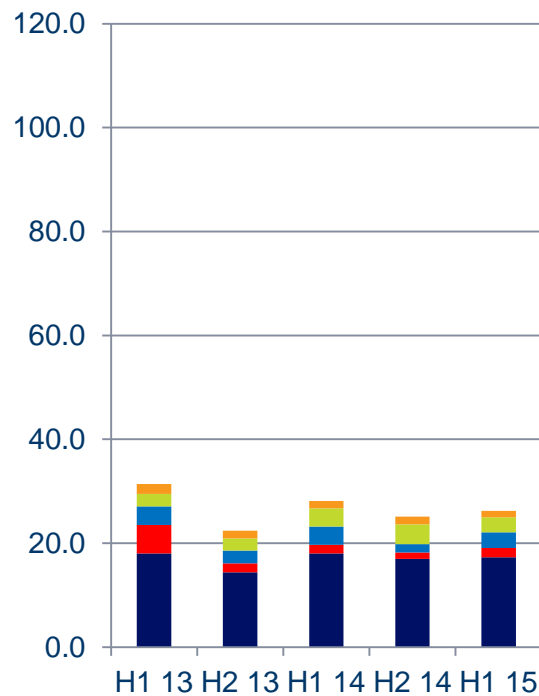
■ Like for like ■ FY14 Acquisitions

Revenue at Constant Currency by Half Year

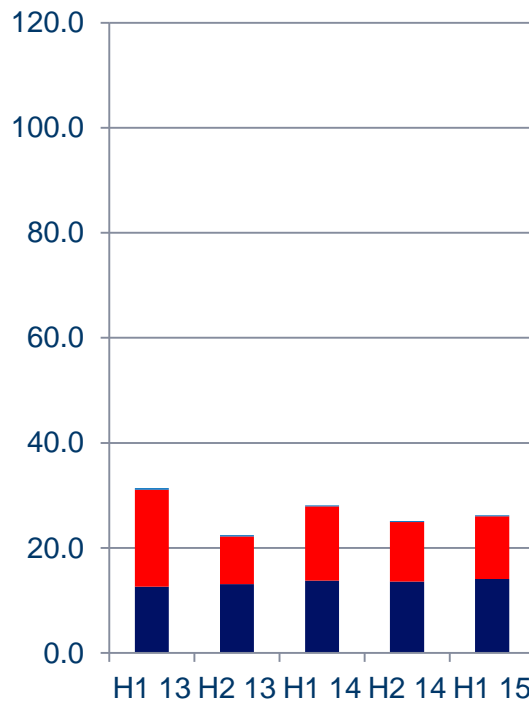


Asia Pacific and Japan

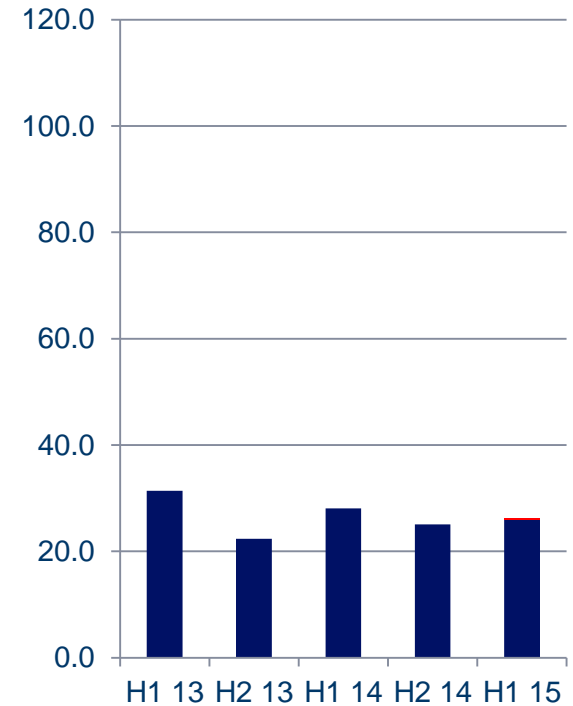
Revenue by product (\$m)



Revenue by type (\$m)



Revenue - like for like and acquisitions (\$m)



■ COBOL ■ MS ■ Borland ■ CORBA ■ Niche

■ Maintenance ■ Licence

■ Like for like ■ FY14 Acquisitions

Revenue by Product Portfolio at CCY: Six months ended 31 October 2014

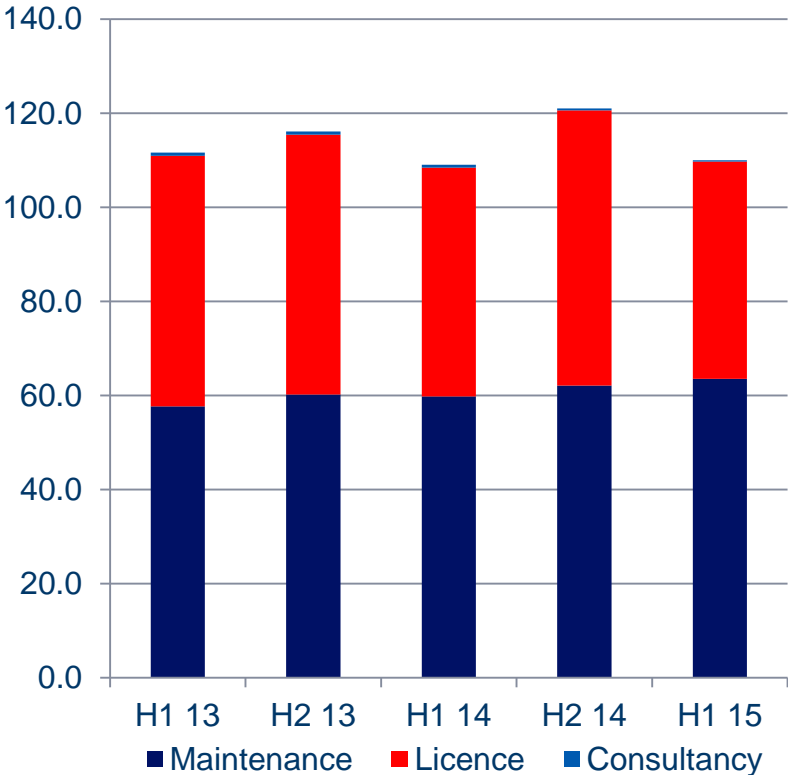


- **Excluding Niche revenues increased by 1.6% to \$203.7m (2013: \$200.5m)**
 - Growth in Maintenance and Consultancy offsets decline in Licence
- **COBOL grew by 0.9% to \$110.0m (2013: \$109.0m)**
 - Growth in Maintenance partially offset by declines in Licence and Consultancy
 - Maintenance renewal rate of 92% (2013: 91%)
- **MS grew by 2.7% to \$37.7m (2013: \$36.7m)**
 - Growth in Maintenance and Consultancy partially offset by decline in Licences
 - Maintenance renewal rate of 94% (2013: 85%)
- **Borland (Test) increased by 4.5% to \$32.8m (2013: \$31.4m)**
 - Growth in Maintenance and Consultancy partially offset by decline in Licences
 - AccuRev revenue of \$4.7m
 - Maintenance renewal rate of 86% (2013: 82%)
- **CORBA declined by 0.9% to \$23.2m (2013: \$23.4m)**
 - Licences grew but offset by decline in Maintenance and Consultancy
 - OpenFusion generated \$1.5m
 - Maintenance renewal rate of 76% (2013: 82%)
- **Niche declined by 30.3% to \$4.6m (2013: \$6.6m)**
 - All revenue streams declined
 - Maintenance renewal rate of 78% (2013: 61%)

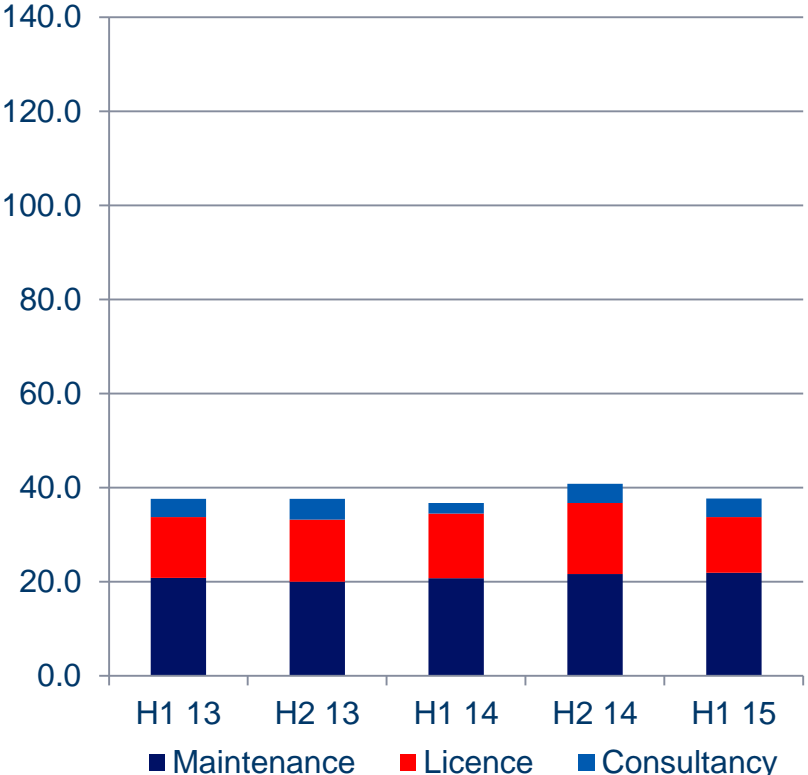
Revenue Performance by Product Portfolio



COBOL Development (\$m)



Mainframe Solution (\$m)



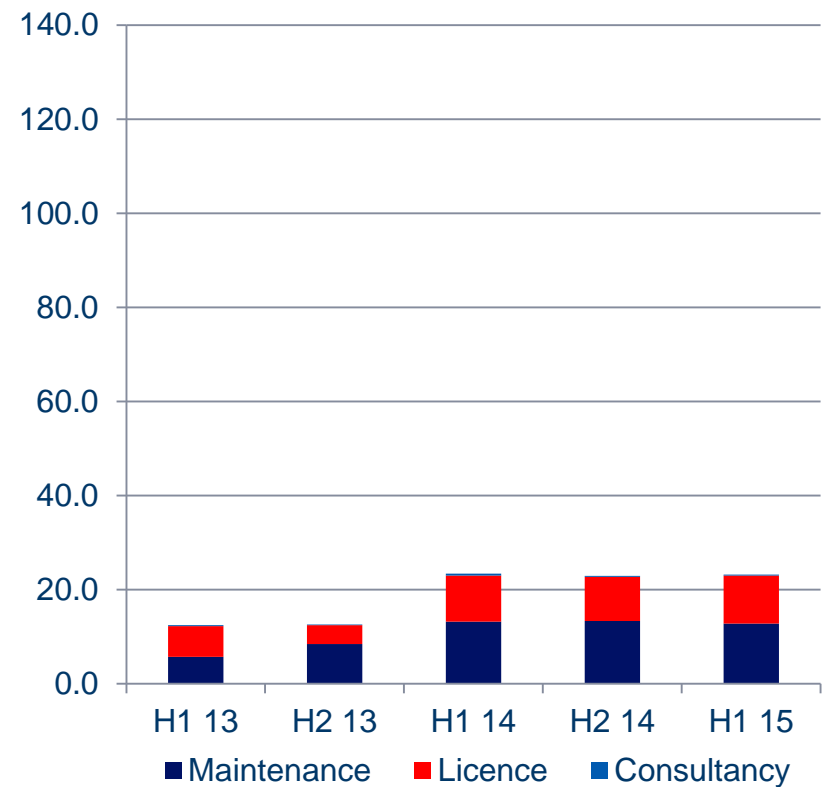
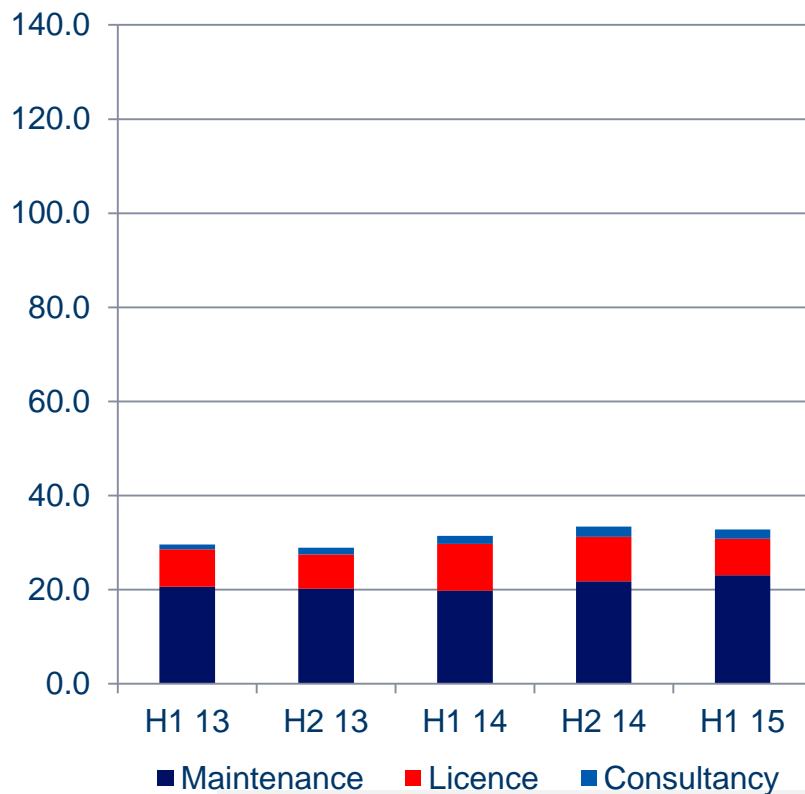
Constant currency revenues by half year in \$m by product portfolio

Revenue Performance by Product Portfolio



Borland (\$m)

CORBA (\$m)

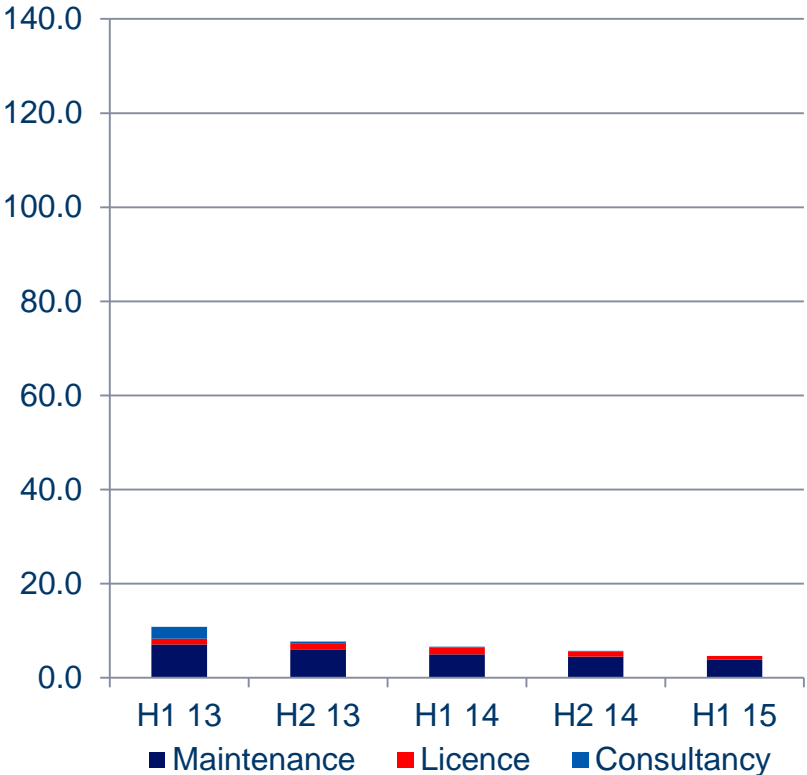


Constant currency revenues by half year in \$m by product portfolio

Revenue Performance by Product Portfolio



Niche (\$m)



Constant currency revenues by half year in \$m by product portfolio

Income Statement: for six months ended 31 October 2014



- **Underlying Adjusted Operating Costs at CCY decreased to \$110.0m (2013: \$116.7m)**

	FY14 CCY
Main Savings	\$m
Investments made in 1H 14 on potential acquisitions	2.5
India investigation in 1H 14	1.0
Lower Marketing Costs	0.6
Lower salary costs	0.3
Lower commission and bonuses	1.6
Insurance claim on India issue	0.7
Lower third party costs related to lower licence revenues	0.7
Additional costs of generating higher consulting revenues	(0.7)
	6.7

- **Underlying Adjusted EBITDA increased by 8.7% to \$98.3m (2013: \$90.4m CCY)**
 - Underlying Adjusted EBITDA margin of 47.2% (2013: 43.7% CCY)
- **Adjusted EBITDA increased by 17.4% to \$102.5m (2013: \$87.3m CCY)**
 - Adjusted EBITDA margin of 49.2% (2013: 42.2% CCY)
 - FX gain of \$4.9m (2013: loss \$2.5m)
 - Net amortization of development costs of \$0.8m (2013: Net amortization of \$0.6m)
- **EPS and dividend**
 - Diluted EPS declined by 6.5% to 35.07 cents (2013: 37.52 cents)
 - Adjusted diluted EPS increased by 34.0% to 58.92 cents (2013: 43.98 cents)
 - Interim dividend of 15.4 cents, a growth of 10.0% (2013: 14.0 cents)

Underlying Adjusted EBITDA



	H1 FY15	H1 FY14	FY14 CCY
	\$m	\$m	\$m
Revenue	208.3	207.1	430.9
Adjusted EBITDA	102.5	87.3	188.1
Foreign Exchange loss / (credit)	(4.9)	2.5	4.4
Net Amortization/(Capitalization) of Development Costs	0.7	0.6	0.0
Underlying Adjusted EBITDA	98.3	90.4	192.5
Underlying Adjusted EBITDA Margin	47.2%	43.7%	44.7%

- **Underlying Adjusted EBITDA introduced alongside Adjusted EBITDA to augment understanding for Investors and Analysts.**
- **Underlying Adjusted EBITDA is the primary guidance number.**

Summary Balance Sheet



	31 Oct 2014	31 Oct 2013	30 April 2014
	\$m	\$m	\$m
Non-current assets	456.9	434.4	465.0
Inventories	0.1	0.3	0.1
Trade and other receivables	84.8	82.1	107.1
Derivative financial instruments	-	4.2	-
Cash and cash equivalents	30.0	30.6	32.8
Total assets	571.8	551.6	605.0
Liabilities			
Current liabilities			
Trade and other payables	67.4	199.7	77.9
Borrowings	288.9	195.1	293.8
Provisions	1.5	7.0	4.4
Current tax liabilities	42.2	44.6	42.2
Deferred income	124.6	123.1	150.2
Non-current liabilities			
Deferred income	11.0	8.9	12.6
Long-term provisions	5.4	1.5	4.9
Deferred tax liabilities	33.6	34.7	35.3
Total liabilities	574.6	614.6	621.3
Net liabilities	(2.8)	(63.0)	(16.3)

- **Balance Sheet**

- Net Debt at 31 October 2014 of \$258.9m down from \$261.0m at 30 April 2014
- 2014 Final Dividend paid \$40.2m
- Return of Value in December 2014 of \$131.6m

- **Cash Flow**

- Net cash generated from operating activities of \$68.4m (2013: \$86.4m)
- Cash flow conversion of Adjusted EBITDA less exceptional items was 88.4% (2013: 96.1%)
 - Cash conversion increases to 101.9% once \$10.4m of cash paid in respect of PAYE and NIC in relation to stock options is taken into account
 - \$7.5m of cash exceptional costs paid in the period

- **Effective tax rate “ETR” in the period is 11.6% (2013: 17.7%)**
- **ETR change from prior period is driven by two significant items:**
 - Recognition of tax benefits from the UK Patent Box regime of \$7.6m (see following slide)
 - Exceptional costs relating to the Attachmate acquisition
 - Excluding the items above, the ETR would have been 17.6% (2013: 17.7%):

ETR before exceptional costs and Patent Box	17.6 %
Effect on ETR of Attachmate exceptional fees	+3.5 %
Effect on ETR of current year Patent Box benefit (\$2.9m)	(3.6)%
Effect on ETR of prior year Patent Box benefit (\$4.7m)	<u>(5.9)%</u>
ETR for the period including significant items	<u>11.6 %</u>

- **Ongoing HMRC claim**
 - Ongoing claim which is being challenged by HMRC
 - No income statement benefit taken
 - Cash benefit to date is \$27.2m
 - Maximum interest exposure of \$2.4m and no penalties anticipated

- **UK Government Patent Box Legislation - benefit of \$7.6m:**
 - Reduced effective tax rate from 1 April 2013 on profits arising from qualifying IP rights
 - Group has been granted three patents which result in qualifying IP rights
 - Patents were applied for on 14 August 2013 with two granted in the year ended 30 April 2014 and one in the period ended 31 October 2014
 - Prior year benefit to 30 April 2014 of \$4.7m recognized in the interim results together with the estimated current period benefits of \$2.9m
- **Anticipated future benefits from current patents**
 - In the full year ending 30 April 2015 the benefit is currently estimated to be \$6.0m resulting in an anticipated total benefit to be recognized of \$10.7m (including the prior year benefit of \$4.7m)
 - The Patent Box legislation includes phasing in rules which gradually increase the amount of the relief from 60% at 1 April 2013 to 100% at 1 April 2017
 - Taking account of the phasing-in of the benefit and anticipated changes in the UK tax rate, a \$6.0m benefit in the year ending 30 April 2015 would be expected to increase to \$6.6m in the year ending 30 April 2016, \$7.4m in the year ending 30 April 2017 and \$8.1m in the year ending 30 April 2018 on a like-for-like basis
- **H2 investment in additional patent applications**
 - Current qualifying patents relate to product lines within the CDMS product portfolios
 - Further investment in the second half of the year ending 30 April 2015 to apply for patents relating to other product lines within the CDMS, Borland and CORBA product portfolios

- **Future changes to the UK Patent Box regime**
 - Joint proposal put forward by UK and German Governments for a change to the UK Patent Box legislation
 - Future regime is expected to place more emphasis on where the R&D is being performed although limited details are available on the proposed changes at this stage
 - Changes expected to take effect from June 2016 but any patents within the regime prior to June 2016 would not be subject to changes until June 2021
 - Under this proposal the Micro Focus benefit from the current qualifying patents would be expected to continue under the existing regime until June 2021
 - However, changes to the regime could impact the calculation of the Patent Box benefit for any new patents to the extent they are granted after June 2016
 - The Group will continue to monitor any proposed changes to the legislation

- **The Board is confident in the ability of the business to support borrowings**
- **Return of Value approved by shareholders in the period ended 31 October 2014**
 - \$131.6m in cash, paid on 1 December 2014
 - 60 pence per share, equivalent to 94.02 cents per share
 - B and C share scheme accompanied by a 0.9285 share consolidation
- **Target Net Debt to Facility EBITDA multiple of 2.5 times**
 - Post Completion and Return of Value, net debt to pro-forma Underlying Adjusted EBITDA of 3.3 times, equivalent to 3.2 times pro-forma Facility EBITDA
 - Expected to be achieved by November 2016

- The existing indebtedness of both the Attachmate Group and of Micro Focus International plc has been refinanced as part of the acquisition. The net indebtedness of the Enlarged Group following Completion and Return of Value was approximately US\$1.67bn.
- The New Facilities comprise:
 - Facility B, a syndicated senior secured tranche B term loan facility of US\$1,275m, with an interest rate of 4.25% above LIBOR (subject to a LIBOR floor of 1.00%), repaying at 1.00% per annum, with an original issue discount of 1.00% and a 7 year term;
 - Facility C, a syndicated senior secured tranche C term loan facility of US\$500m, with an interest rate of 3.75% above LIBOR (subject to a LIBOR floor of 0.75%), repaying at 10.00% per annum, with an original issue discount of 1.5% and a 5 year term; and
 - the Revolving Facility, a senior secured revolving credit facility of US\$225m, with an interest rate of 3.50% above LIBOR on amounts drawn (and 0.50% on amounts undrawn) thereunder and an original issue discount of 0.5%.

Update on the Attachmate acquisition

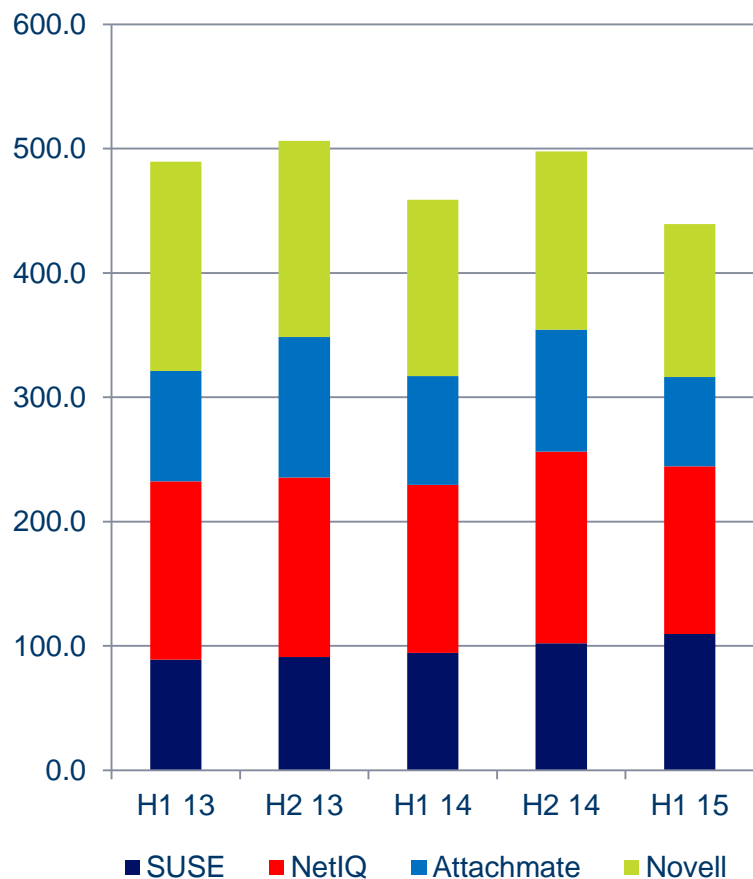


- Completion of the acquisition and re-listing of the new ordinary shares took place on 20 November 2014
- Attachmate's results will be consolidated into Micro Focus International plc from that date
 - 5 months and 7 business days includes the strongest quarter (January to March) and the weakest month (April)
 - Fair Value exercise will include a Deferred Revenue 'Haircut' of between 6% and 7% that will unwind over several years
 - Between \$35m and \$40m, with \$15m to \$17m in FY15, \$14m to \$16m in FY16 and remainder in the years beyond
 - Pro-forma full year revenue of c.\$1.33bn and Underlying Adjusted EBITDA of \$500m
- Integration workstreams are progressing and the Enlarged Group executive committee met for the first time post completion on 3/4 December. Focus is on:
 - delivery of FY15 financials for the Enlarged Group
 - FY16 Planning

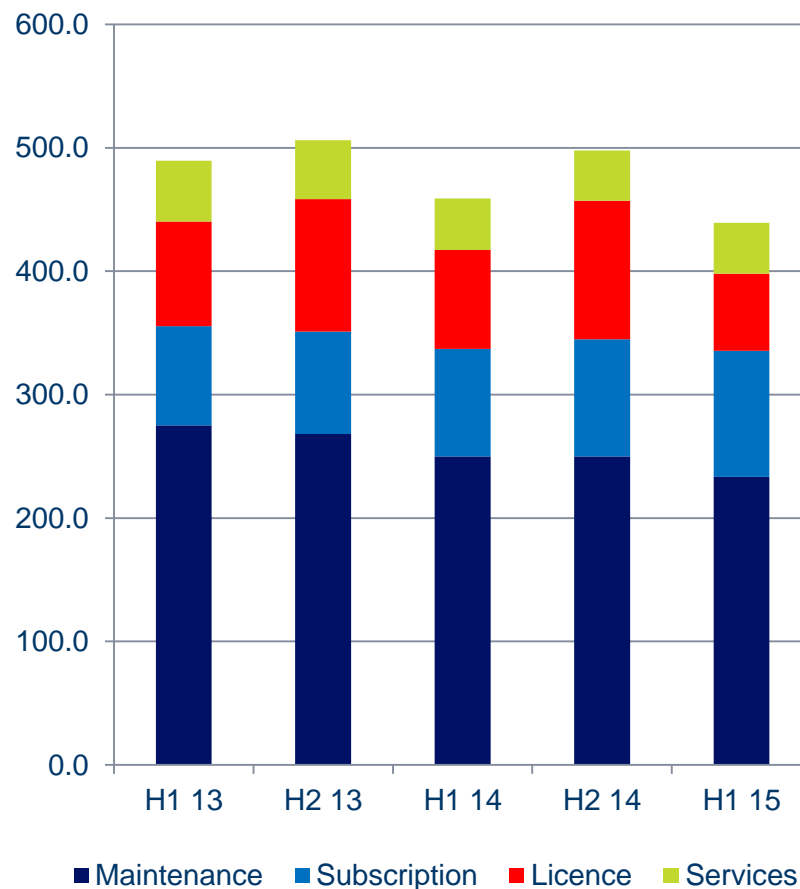
Reported revenue for the Attachmate Group (Year ended March IFRS numbers. H1 15 Unaudited)



Revenue by product portfolio (\$m)



Revenue by type (\$m)

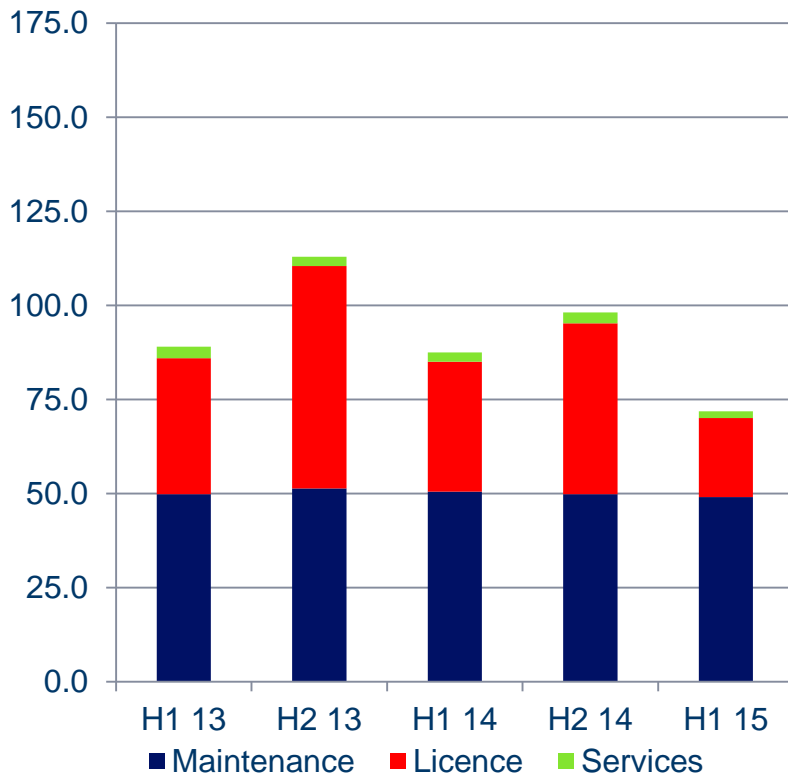


Revenue Performance by Product Portfolio

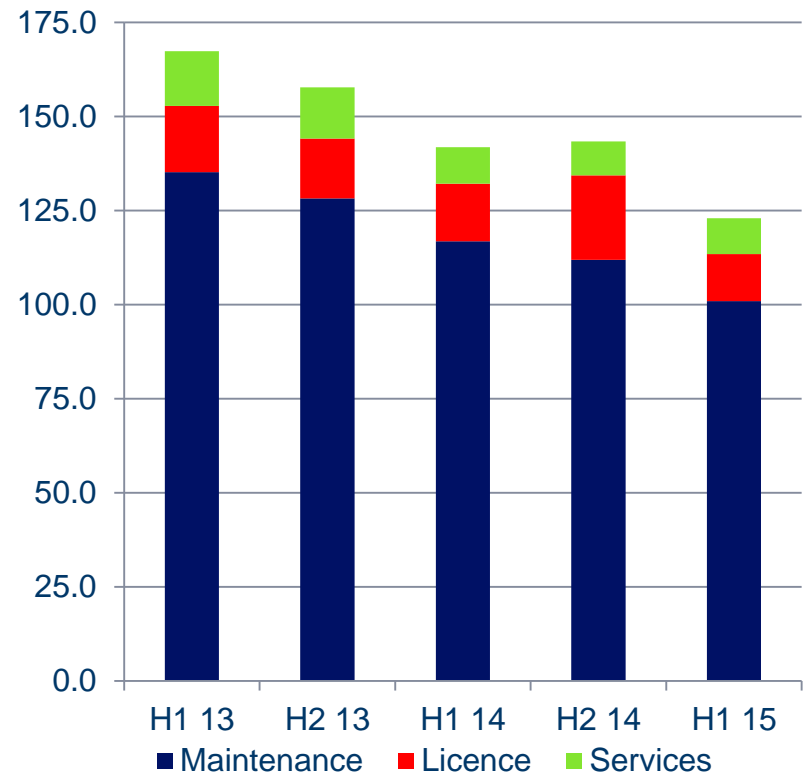
(Year ended March IFRS numbers. H1 15 Unaudited)



Attachmate (\$m)



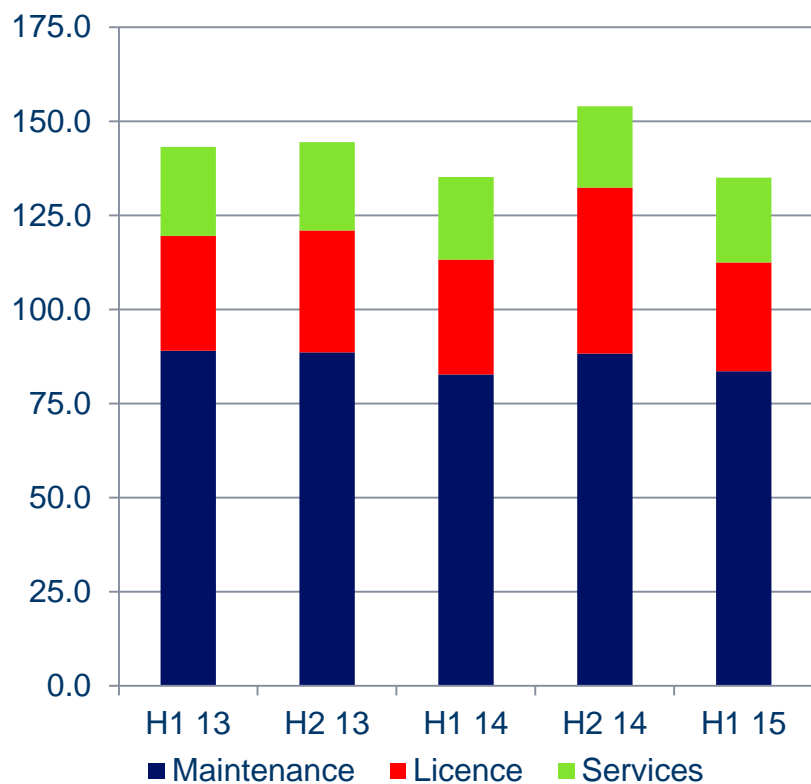
Novell (\$m)



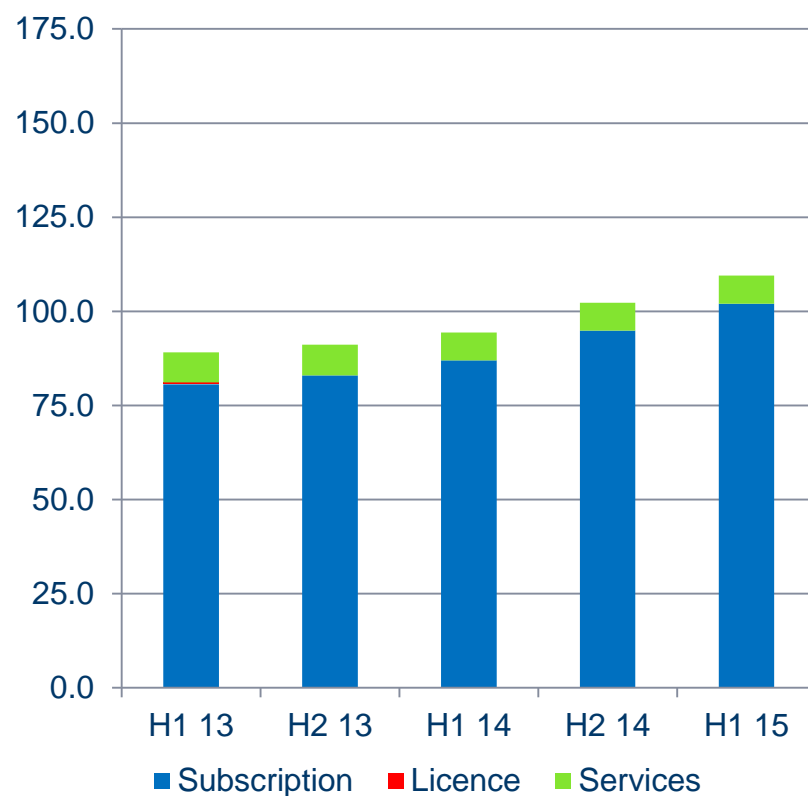
Revenue Performance by Product Portfolio

(Year ended March IFRS numbers. H1 15 Unaudited)

NetIQ (\$m)



SUSE (\$m)



- **Revenue in line with comparative period with growth in Maintenance and Consultancy revenue offset by a decline in Licence fee revenue**
 - FY14 Acquisitions delivered revenues of \$6.4m
 - Like for like revenues declined by 2.5% (2013: growth of 0.4%).
- **Underlying Adjusted EBITDA growth of 8.7% to \$98.3m (CCY 2013: \$90.4m)**
- **Cash generated from operations of \$68.4m (2013: \$86.4m)**
 - Cash conversion ratio of 88.4% (2013: 96.1%)
 - Increases to 101.9% once payment in the period of \$10.4m of Income tax and NIC on April 2014 share option exercise taken into account
- **Exceptional costs of \$25.1m relating to the acquisition of The Attachmate Group**
- **Adjusted Diluted EPS Growth of 34.0% to 58.92 cps (2013: 43.98 cps)**
- **In line with progressive dividend policy, interim dividend increased by 10% to 15.4 cps (2103: 14.0 cps)**
- **Return of Value of 60 pps (equivalent to 94.02 cps) total cost of \$131.6m (£83.9m) completed on 1 December 2014**



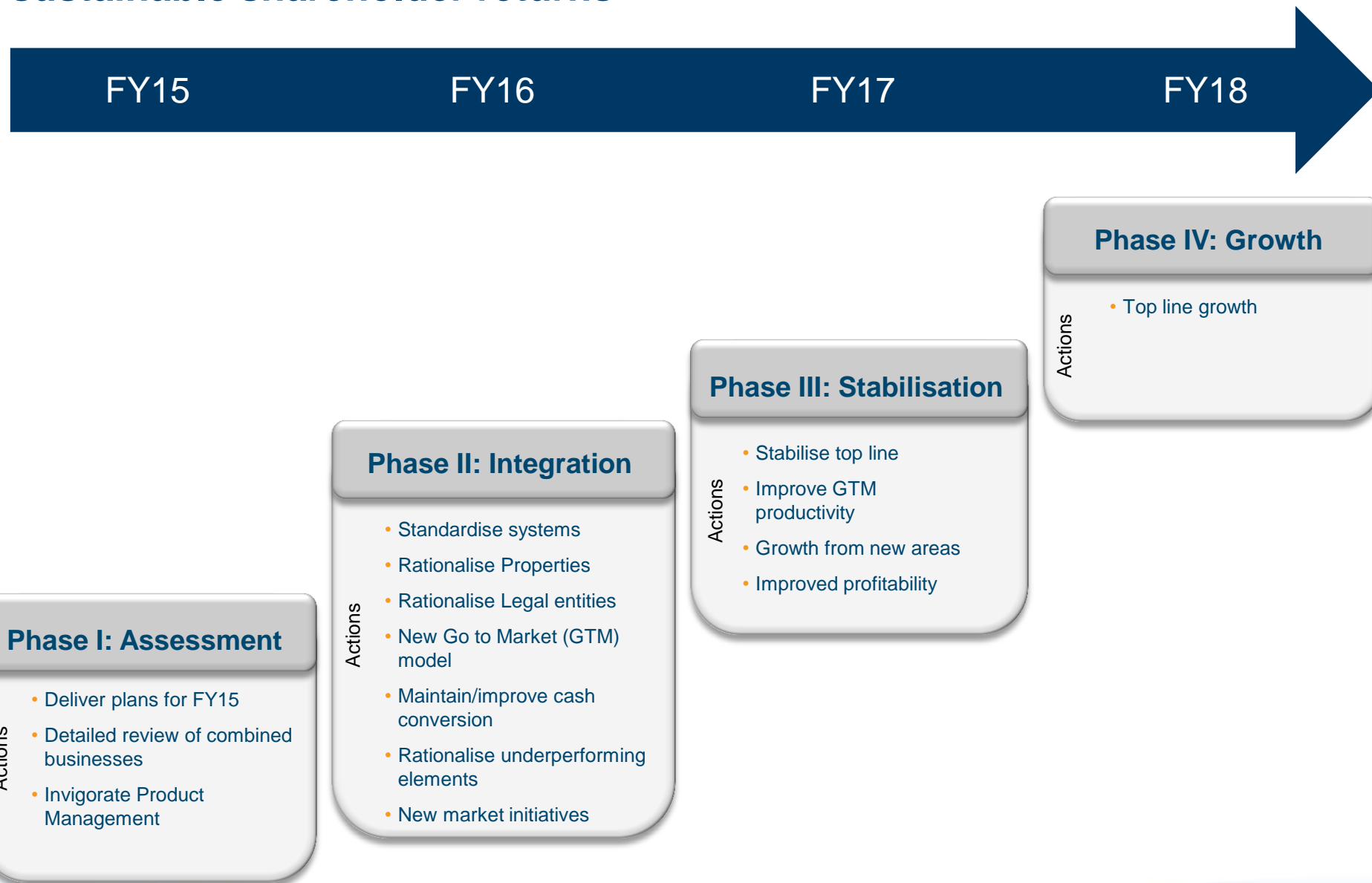
Operational Review

Kevin Loosemore

Does Growth Really Matter?

- Yes, but.....
- Share price from 130p in 2005 to over 1100p in 2014
- Total returns of £533m in last 44 months
- Objective is modest growth over the medium term

Implementation: Four phase plan whilst delivering sustainable shareholder returns

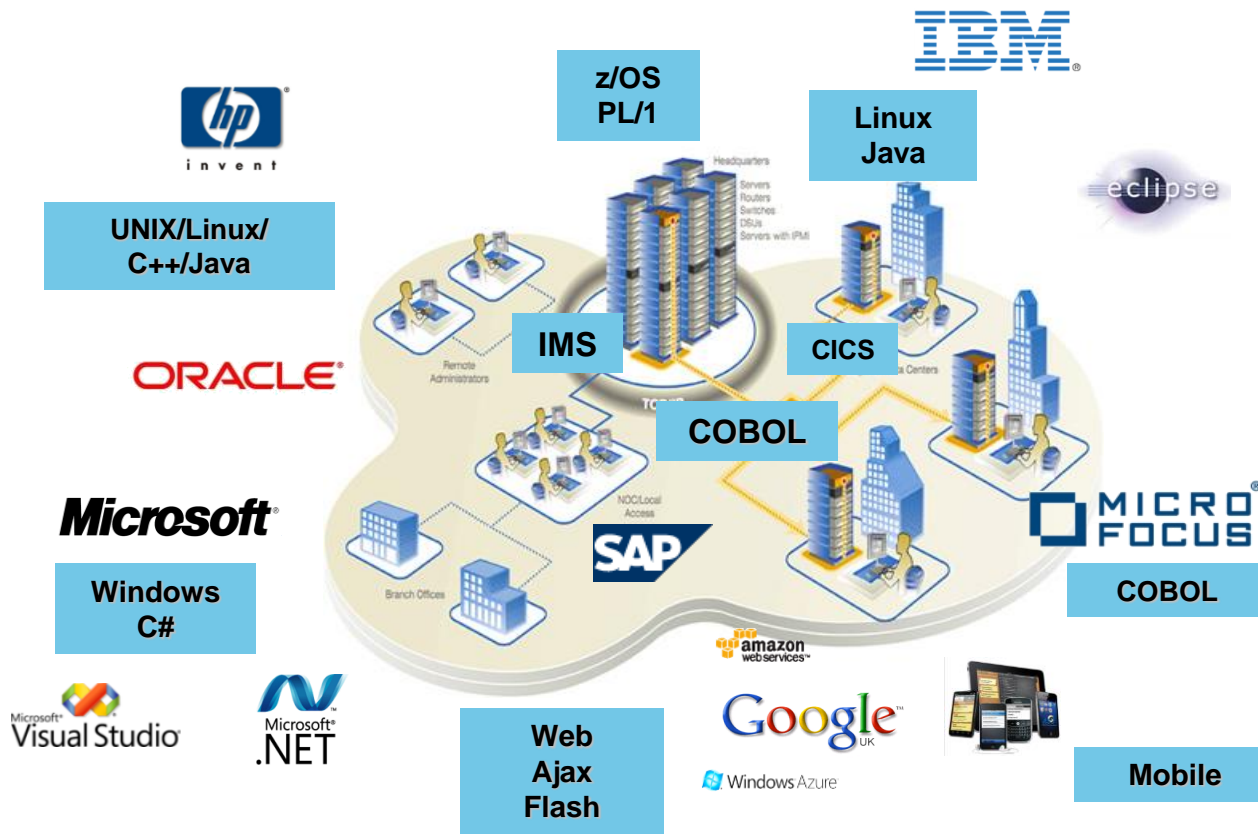


We are a Software Company


We Make Software and We Sell Software

- Everything will be organised to help us do this:
 - Our systems
 - The way we interact with partners
 - How we do Consulting / Services



40+ Years of Innovation has Delivered Incredible Returns but at the Cost of Huge Levels of Complexity....




...your business logic & data remain your competitive advantage, the key is unlocking this value to exploit the latest technology innovation



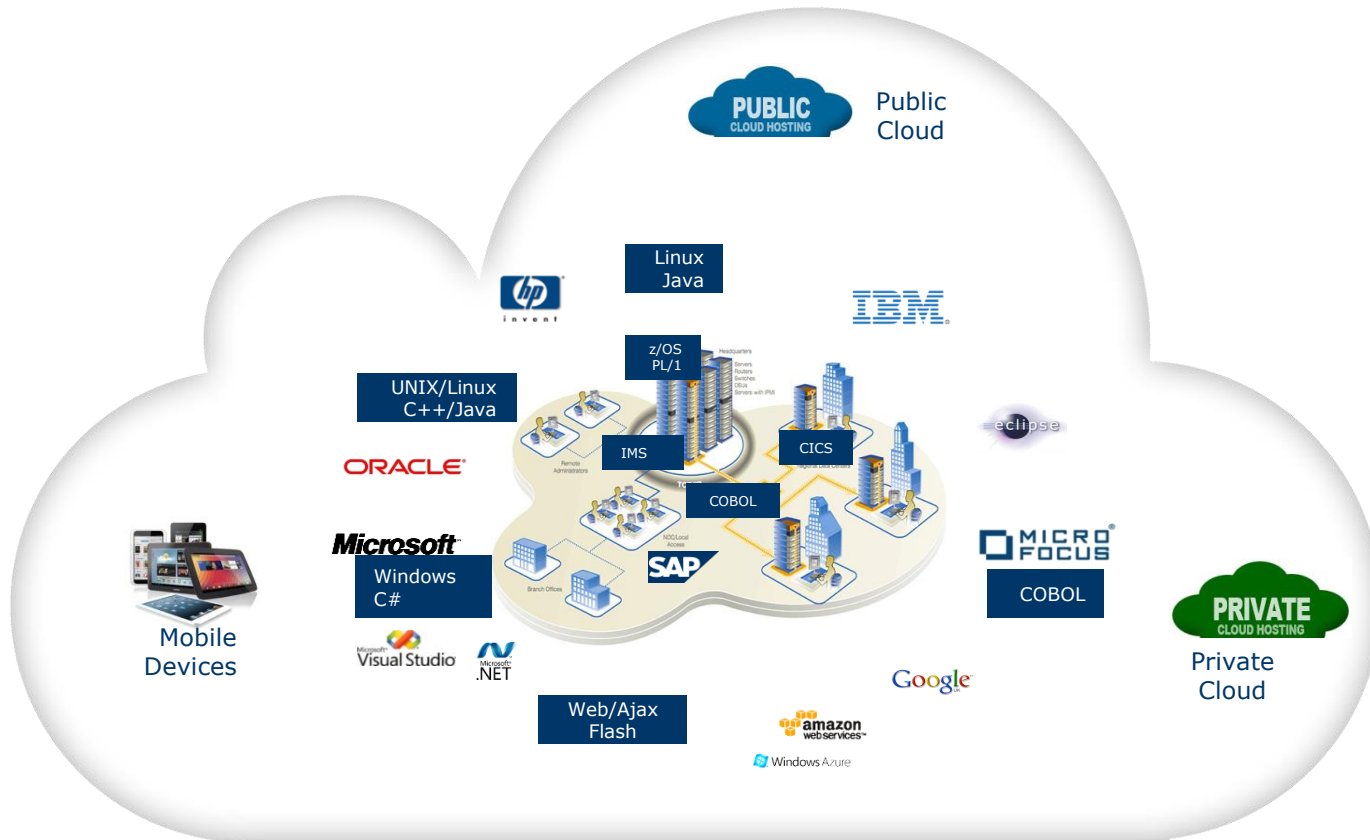
Our customers' business logic and data remain their competitive advantage, the key is unlocking this value to exploit the latest technology innovation



Micro Focus bridges the old and the new enabling customers to exploit the latest industry innovation AND leverage prior investments



We can look at the opportunity and challenges customers face in three markets: mainframe; distributed and virtual/cloud....



Micro Focus helps to bridge the old and the new in all three environments...

by enabling customers to:



Exploit advances in technology such as virtualization, cloud and mobile without the cost and risk of starting again with the application suite



Protect prior investments in their data and business logic whilst unlocking new opportunities & use cases



Optimize where they build, test and deploy business applications

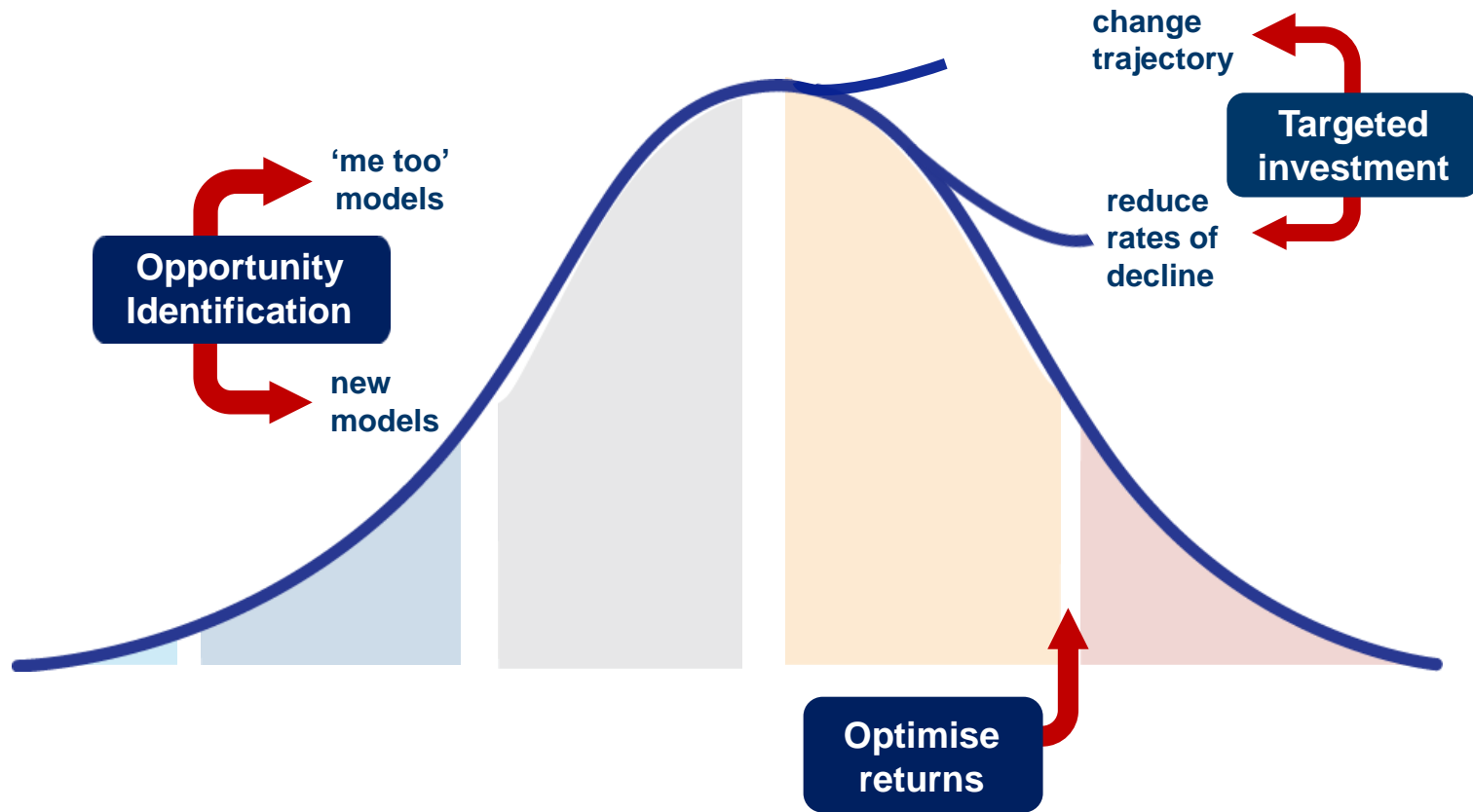


Execute with a balance of speed, flexibility and risk, that is right for their business

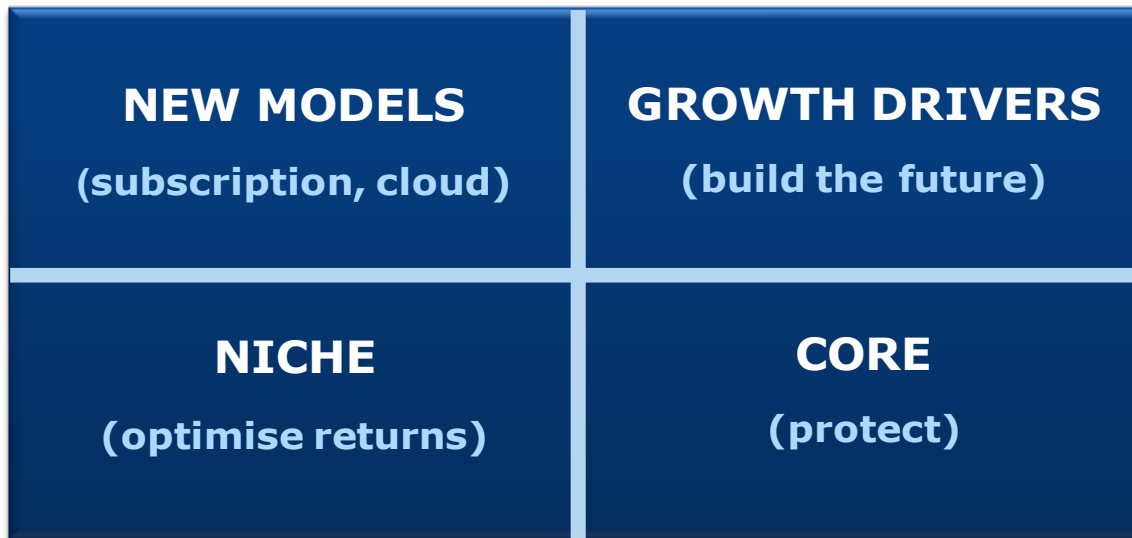
Micro Focus has products relevant to a number of customers' Critical Solution Areas and growth opportunities

- Cloud
- Mobile
- Application Modernisation
- Storage (file and data) management
- Operational Efficiency

We will Apply our Portfolio Methodology to Decide the Appropriate Strategy for Each Product



Our structured approach to product will enable us to optimise performance

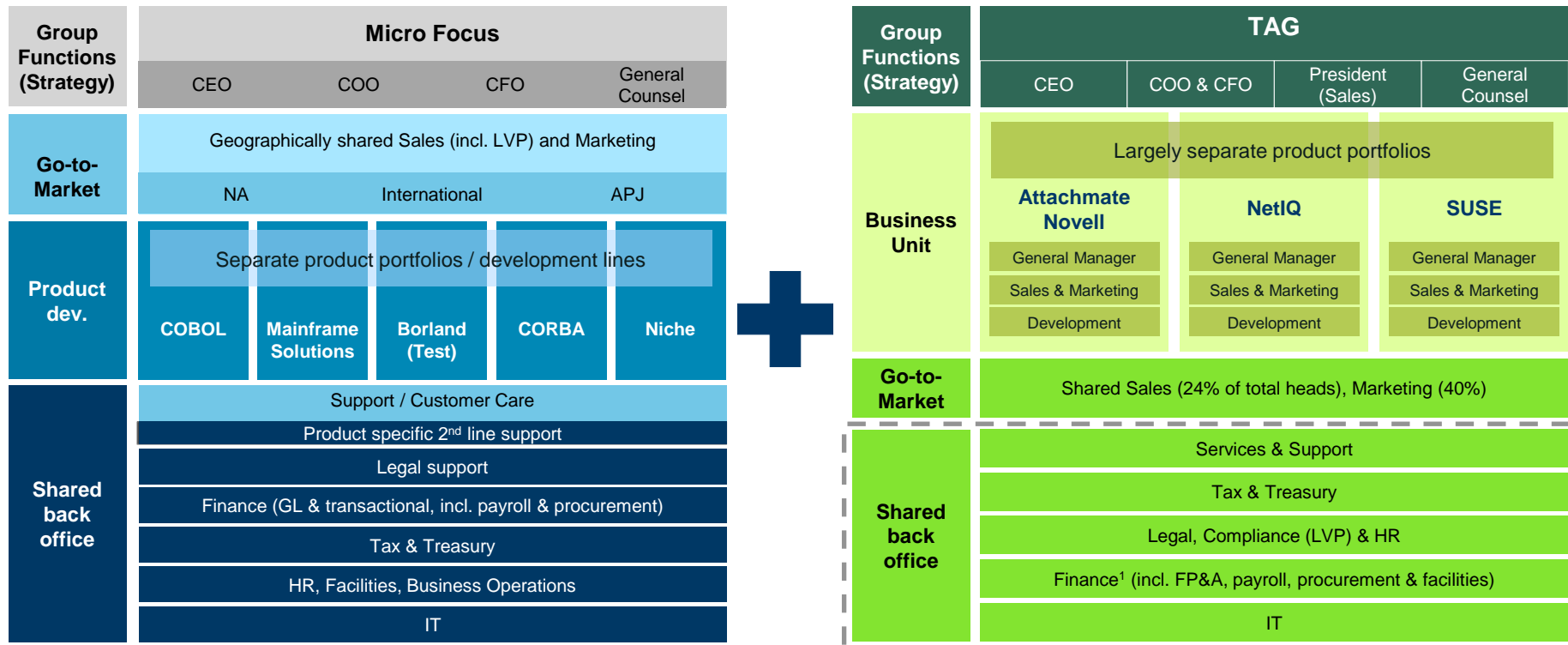


There are many opportunities to combine products that could provide scope for increased revenues:

- DATABRIDGE and COBOL Migration for Unisys
- Reflection & Rumba with NetIQ Adv Auth Framework
- Novell, NetIQ and MF Mobile solutions
- Novell Svc Desk with NetIQ Aegis and Ap Mgr
- Novell Storage Mgr with NetIQ IDM
- 7500 COBOL users on old versions of UNIX

FOCUS – Plans are being developed to move from two distinct organisations to one to be effective 1 May 2015

- Current standalone operating models:



FOCUS – Work is underway to Develop One Set of Systems and Operating Processes to Improve Operational Efficiency

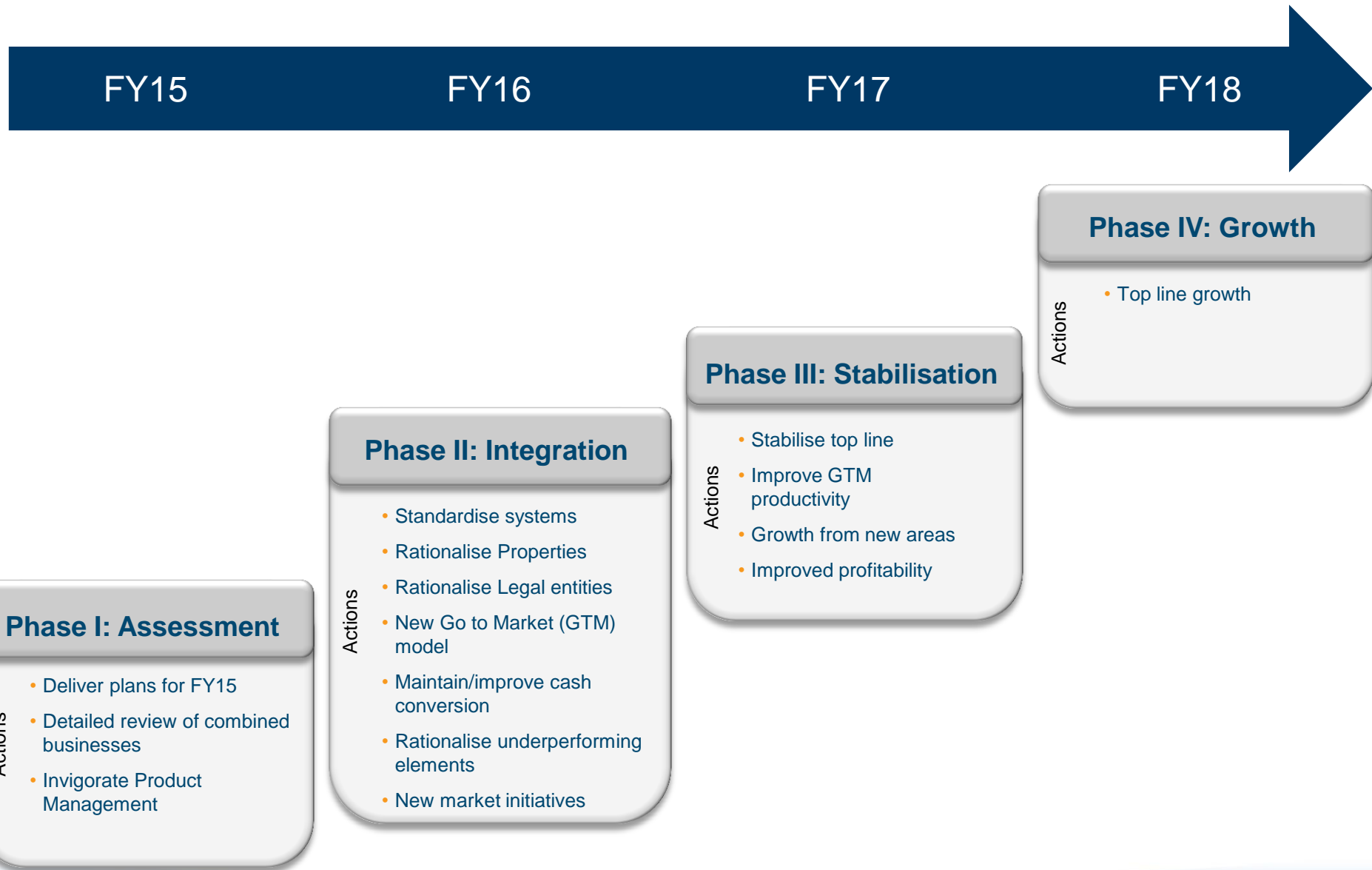


IT Systems – an example of work to be done:

- CRM Systems (quoting; partner management, reporting, etc.)
 - SFDC
 - Siebel x 2
 - Oracle
 - Pivotal

- ERP Systems (invoice to cash; financials)
 - Oracle
 - SAP
 - JD Edwards
 - Sun

Implementation: Four Phase Plan whilst delivering sustainable shareholder returns





Outlook

Kevin Loosemore

- Consistent Double Digit Shareholder Returns
- Revenue Drags in FY16:
 - Deferred Revenue Adjustments
 - Multi Year Maintenance Unwind
 - Change
- Return to Growth in FY18
- Low Single Digits Revenue Growth in the Medium Term

Financial Review

APPENDIX

Consolidated Income Statement



	Period ended 31 October 2014 (unaudited) \$'000	Period ended 31 October 2013 (unaudited) \$'000	Year ended 30 April 2014 (audited) \$'000
Revenue	208,319	207,541	433,058
Cost of sales	(14,699)	(14,484)	(29,912)
Gross profit	193,620	193,057	403,146
Selling and distribution costs	(54,596)	(59,513)	(120,669)
Research and development expenses	(29,171)	(27,384)	(57,833)
Administrative expenses	(46,192)	(32,243)	(68,924)
Operating profit	63,661	73,917	155,720
Analyzed as:			
Operating profit before exceptional items	88,751	-	-
Exceptional items	(25,090)	-	-
Operating profit	63,661	73,917	155,720
Finance costs	(6,791)	(3,584)	(8,197)
Finance income	263	118	318
Profit before tax	57,133	70,451	147,841
Taxation	(6,609)	(12,464)	(25,759)
Profit for the year	50,524	57,987	122,082
Other comprehensive income*			
Currency translation differences	(1,666)	1,737	2,176
Other comprehensive income for the period	(1,666)	1,737	2,176
Total comprehensive income for the period	48,858	59,724	124,258
Profit attributable to:			
Owners of the parent	48,858	59,724	124,258
Earnings per share expressed in cents per share	cents	cents	cents
- basic	36.17	38.85	84.75
- diluted	35.07	37.52	82.35
Earnings per share expressed in pence per share	pence	pence	pence
- basic	21.66	24.97	52.92
- diluted	21.00	24.12	51.43

Consolidated Balance Statement



	As at 31 October 2014 (unaudited) \$'000	As at 31 October 2013 (unaudited) \$'000	As at 30 April 2014 (audited) \$'000
ASSETS			
Non-current assets			
Goodwill	308,524	288,269	308,182
Other intangible assets	84,602	87,952	92,533
Property, plant and equipment	20,398	21,086	21,599
Deferred tax assets	43,382	37,113	42,631
	456,906	434,420	464,945
Current assets			
Inventories	108	269	133
Trade and other receivables	84,784	82,101	107,139
Derivative financial instruments	-	4,223	-
Cash and cash equivalents	29,993	30,648	32,800
	114,885	117,241	140,072
TOTAL ASSETS	571,791	551,661	605,017
Liabilities			
Current liabilities			
Trade and other payables	67,367	199,719	77,876
Borrowings	288,908	195,100	293,830
Provisions	1,452	7,002	4,382
Current tax liabilities	42,219	44,607	42,177
Deferred income	124,588	123,162	150,168
	524,534	569,590	568,433
Non-current liabilities			
Non-current deferred income	10,958	8,902	12,629
Long-term provisions	5,453	1,458	4,920
Deferred tax liabilities	33,641	34,691	35,286
	50,052	45,051	52,835
TOTAL LIABILITIES	574,586	614,641	621,268
NET (LIABILITIES)	(2,795)	(62,980)	(16,251)
EQUITY			
Ordinary shares	37,863	37,799	37,802
Share premium account	14,785	18,013	14,546
Retained earnings	(125,502)	(190,078)	(140,324)
Foreign currency translation reserve (deficit)	(6,839)	(5,612)	(5,173)
Other reserves (deficit)	76,898	76,898	76,898
TOTAL (DEFICIT) ATTRIBUTABLE TO OWNERS OF THE PARENT	(2,795)	(62,980)	(16,251)

Group Income Statement: Key Ratios



As reported	Period ended 31 October 2014		Period ended 31 October 2013		Year ended 30 April 2014	
	\$'000	% of revenue	\$'000	% of revenue	\$'000	% of revenue
Revenue	208,319		207,541		433,058	
Cost of sales	(14,699)	7.1%	(14,484)	7.0%	(29,912)	6.9%
Selling and distribution costs	(54,596)	26.2%	(59,513)	28.7%	(120,669)	27.9%
Research and development expenses	(29,171)	14.0%	(27,384)	13.2%	(57,833)	13.4%
Administrative expenses	(46,192)	22.2%	(32,243)	15.5%	(68,924)	15.9%
Total costs	(144,658)		(133,624)		(277,338)	
Operating profit	63,661		73,917		155,720	

EBITDA Reconciliation



	Period ended 31 October 2014	Period ended 31 October 2013	Year ended 30 April 2014
	\$'000	\$'000	\$'000
Operating profit	63,661	73,917	155,720
Exceptional items	25,090	-	-
Share-based compensation charges	3,953	5,004	12,837
Amortization of purchased intangibles	6,925	8,845	18,923
Adjusted operating profit	99,629	87,766	187,480
Depreciation	1,965	1,856	3,846
Amortization of software	859	254	640
Adjusted EBITDA	102,453	89,876	191,966
EBITDA	82,882	93,815	197,613
Amortization of capitalized development costs	(9,472)	(8,943)	(18,484)
Exceptional items	25,090	-	-
Share-based compensation charges	3,953	5,004	12,837
Adjusted EBITDA	102,453	89,876	191,966
Adjusted EBITDA less Exceptional items	77,364	89,876	191,966
Cash generated from continuing operations	68,361	86,358	206,775
Cash conversion ratio = $\frac{\text{Cash generated from continuing operations}}{\text{Adjusted EBITDA less Exceptional items}}$	88.4%	96.1%	107.7%

Cash Generated from Operating Activities



	Period ended 31 October 2014	Period ended 31 October 2013	Year ended 30 April 2014
	\$'000	\$'000	\$'000
Cash flows from operating activities			
Net profit for the period	50,524	57,987	122,082
Adjustments for net interest payable	6,528	3,466	7,879
Taxation	6,609	12,464	25,759
Operating profit	63,661	73,917	155,720
Research and development tax credits	(1,131)	-	-
Depreciation	1,965	1,856	3,846
Loss on disposal of property, plant and equipment	15	35	123
Amortization of intangibles	17,256	18,042	38,047
Impairment of intangibles	984	-	-
Share-based compensation	3,953	5,004	12,837
Provisions	1,555	(3,730)	1,699
Exchange movements	(406)	(46)	712
Changes in working capital:			
Inventories	25	(125)	11
Trade and other receivables	22,477	10,517	(13,175)
Payables and other non-current liabilities	(41,993)	(19,112)	6,955
Cash generated from operating activities	68,361	86,358	206,775

Consolidated Cash Flow and Net Debt Position



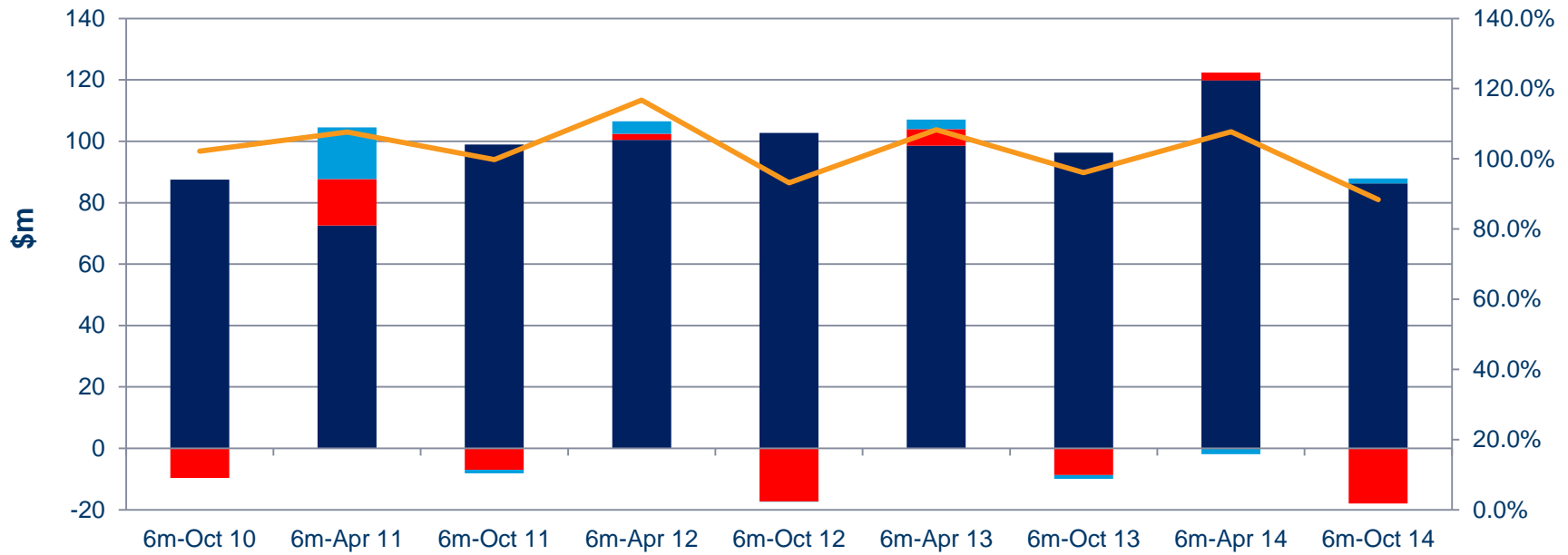
	Period ended 31 October 2014	Period ended 31 October 2013	Year ended 30 April 2014
	\$'000	\$'000	\$'000
Cash generated from operating activities	68,361	86,358	206,775
Interest paid	(3,114)	(2,202)	(5,572)
Tax paid	(5,161)	(10,508)	(26,049)
Net cash generated from operating activities	60,086	73,648	174,974
Cash flows from investing activities			
Payments of intangible assets	(10,525)	(8,510)	(19,055)
Purchase of property, plant and equipment	(1,762)	(1,374)	(2,908)
Interest received	255	118	317
Payments for the acquisition of business	-	(6,578)	(35,195)
Net cash acquired with acquisitions	-	-	3,261
Net cash used in investing activities	(12,032)	(16,344)	(53,580)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital	(146)	520	1,028
Proceeds from bank borrowings	50,000	45,000	215,000
Repayment of bank borrowings	(58,000)	(62,000)	(134,000)
Foreign exchange gain on hedging contracts	-	-	4,470
Bank loan costs	(590)	(4,915)	(5,248)
Return of value paid to shareholders	-	-	(144,664)
Costs associated with Return of Value	-	(205)	(536)
Dividends paid to owners	(40,215)	(43,072)	(62,633)
Net cash used in financing activities	(48,951)	(64,672)	(126,583)
Effects of exchange rate changes	(1,910)	73	46
Net increase in cash and cash equivalents	(2,807)	(7,295)	(5,143)
Cash and cash equivalents at beginning of period	32,800	37,943	37,943
Cash and cash equivalents at end of period	29,993	30,648	32,800
Debt outstanding at end of period	288,908	(195,100)	(293,830)
Net debt at end of period	(258,915)	(164,452)	(261,030)

Revenues by Geography at Constant Currency



Geographic Analysis Revenue (at constant currency)	Period ended 31 October 2014		Period ended 31 October 2013		Year ended 30 April 2014	
	\$m	%	\$m	%	\$m	%
COBOL Development						
North America	43.9	39.9%	43.0	39.4%	92.1	40.1%
International	48.8	44.4%	48.0	44.1%	102.9	44.7%
Asia Pacific	17.3	15.7%	18.0	16.5%	35.0	15.2%
COBOL Development	110.0	100.0%	109.0	100.0%	230.0	100.0%
Mainframe Solution						
North America	18.0	47.7%	17.7	48.3%	38.0	48.9%
International	17.9	47.5%	17.3	47.1%	36.6	47.4%
Asia Pacific	1.8	4.8%	1.7	4.6%	2.9	3.7%
Mainframe Solution	37.7	100.0%	36.7	100.0%	77.5	100.0%
Test						
North America	19.2	58.6%	17.7	56.4%	38.1	58.8%
International	10.6	32.3%	10.2	32.5%	21.6	33.3%
Asia Pacific	3.0	9.1%	3.5	11.1%	5.1	7.9%
Test	32.8	100.0%	31.4	100.0%	64.8	100.0%
CORBA						
North America	11.5	49.6%	14.4	61.5%	26.6	57.5%
International	8.8	37.9%	5.5	23.5%	12.4	26.8%
Asia Pacific	2.9	12.5%	3.5	15.0%	7.3	15.7%
CORBA	23.2	100.0%	23.4	100.0%	46.3	100.0%
Niche						
North America	1.9	41.3%	2.7	40.9%	4.9	39.8%
International	1.5	32.6%	2.5	37.9%	4.5	36.6%
Asia Pacific	1.2	26.1%	1.4	21.2%	2.9	23.6%
Niche	4.6	100.0%	6.6	100.0%	12.3	100.0%
TOTAL						
North America	94.5	45.4%	95.5	46.1%	199.7	46.3%
International	87.6	42.0%	83.5	40.3%	178.0	41.3%
Asia Pacific	26.2	12.6%	28.1	13.6%	53.2	12.4%
TOTAL	208.3	100.0%	207.1	100.0%	430.9	100.0%

Cash Conversion



- Provisions Movement (non Cash)
- Changes in Working Capital (including cash movements on Provisions)
- Net cash generated from operating activities before changes in working capital and provisions
- Cash Conversion %

Changes in Working Capital

