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Micro Focus International plc
Preliminary results for the full year to 30 April 2007

Positive operational progress and significant increase in profitability

London, England - 28 June 2007 - Micro Focus International plc ("Micro Focus", "the Company" or "the Group", LSE: MCRO.L) announces preliminary results for the year to 30 April 2007. All figures are in US$ and cents.

Key financial highlights

- Revenue up 19% to $171.6m (2006: $143.7m)
- Operating profit before exceptional items* up 70% to $63.0m (2006: $36.9m)
- EBITDA** before exceptional items* up 68% to $65.3m (2006: $38.8m)
- Profit before tax up 166% to $60.0m (2006: $22.6m)
- Basic earnings per share 21.96 cents (2006: 8.25 cents)***
- Cash balance as at 30 April 2007 of $85.0m (2006: $56.1m)
  - $40.7m cash utilised post year end to fund the acquisition of Acucorp, Inc.
- Final proposed dividend of 7 cents per share; total dividend for the year up 67% to 10 cents per share (2006: 6 cents per share)
- Operating profit $57.3m (2006: $22.7m)
- EBITDA** $59.6m (2006: $24.5m)

* Exceptional items are detailed in note 7

** EBITDA is reconciled to operating profit in note 6

*** Earnings per share are detailed in note 8

Business Highlights

- Solid organic growth achieved for the year
- Direct sales into Global 2000 targets progressing well with larger value licence fee transactions ahead of expectations in the second half
- New customer wins in the year included Tesco, TNT, Australia National Tax Office and Nomura Securities
- Integration of HAL Knowledge Systems SpA ("HAL KS") now completed.
- Integration of Acucorp, Inc. ("Acucorp"), acquired post period end, progressing well

Stephen Kelly, Chief Executive Officer of Micro Focus, commented:

press release

"We are encouraged by Micro Focus' performance over the past year, reflecting the strong fundamentals of the business. Year-on-year organic revenue growth combined with a firm control of expenses has resulted in a significant increase in profits as compared with the prior year. The acquisition of HAL KS during the year together with the acquisition of Acucorp in May 2007 have further strengthened our capability to drive future growth. The full benefit of both acquisitions will be seen in the financial year to 30 April 2008.

Looking ahead, the impact of both the acquisitions we have made, combined with further expected organic growth, is expected to provide annual revenue growth similar to the rate achieved in the year to 30 April 2007. Margins are expected to remain at a similar level.

Management's emphasis will continue to be on licence fee sales to drive profitable growth. We are confident that a robust and sustainable market exists to support our growth strategy. Our key focus remains on organic growth."

About Micro Focus

Micro Focus, a member of the FTSE 250, provides innovative software that allows companies to dramatically improve the business value of their enterprise applications. Micro Focus Enterprise Application Modernization and Management software enables customers' business applications to respond rapidly to market changes and embrace modern architectures with reduced cost and risk. For additional information please visit www.microfocus.com.

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MICRO FOCUS

Chairman's statement

I am encouraged by our performance over the past year. We have achieved good revenue growth and have increased our margin performance and profitability. Micro Focus is now well positioned for the future.

The new executive Board members of Stephen Kelly (CEO), Nick Bray (CFO) and Mike Shinya (COO) have the skills, experience, commitment and drive necessary to lead our business strongly forward. Whilst we have refreshed and reinvigorated our Company with a number of new hires, the contribution of the existing executive talent within our Company has been considerable. Stephen, Nick and Mike aside, the remaining five members of the senior executive team have more than eighty years' combined experience with Micro Focus. Our Company has a thirty year heritage and over 60% of our employees have been with us for more than five years. The combination of both new and existing talent within our Company provides us with a formidable leadership team and skills base. I am also delighted to announce today the appointment of Dr Paul Pester as a Non-Executive Director with immediate effect. Dr Pester has extensive experience in the Financial Services sector and is an important addition to our Board.

The speed of the recovery achieved over the past twelve months reflects well on the team and highlights the strong fundamentals of the business. We have first rate technology solutions, a loyal and satisfied customer base and a market leading position in a substantial, sustainable and growing market place. We now have the team to take full advantage of the market opportunity.

Revenue growth combined with a firm control of expenses has resulted in a significant increase in profitability. We continue to make appropriate targeted investments in the areas of sales and marketing to support future growth whilst not sacrificing margins.

In line with our strategy, we have completed one acquisition during the year and a second in May 2007 designed to both consolidate our market position and provide further opportunities for profitable growth. We have firm financial foundations from which to grow and I am pleased to announce a 75% increase in the final dividend to 7 cents per share, giving a full year dividend of 10 cents a share. We finished the financial year with cash of $85.0m, and generated $58.2m of cash from operations in the period. Our business has a low capital requirement and our ability to generate cash is encouraging. We have since put a significant proportion of this cash to good use with $40.7m being used to fund the acquisition of Acucorp, Inc post year-end.

The Board would like to thank all our employees for their continued hard work and commitment throughout the past year. We have experienced significant change, have emerged much stronger as a result, and have an exciting opportunity ahead.

Our foundations are well established. We remain focused on profitable revenue growth and I am confident in the Company's ability to continue to deliver value to all of its stakeholders.

Kevin Loosemore, Chairman

press release

Chief Executive Officer's statement

Strategy Review

On joining the Company it was imperative to ensure that we had the correct strategy to drive profitable revenue growth. A detailed review undertaken over a period of six months confirmed and clarified the Board's view of the business. The key findings were:

- We are a market leader
- A firm market exists for all of our solution areas; COBOL Development Tools, Modernization and Application Portfolio Management ("APM")
- All solution areas combined can support solid growth over the long-term
- Our key focus is organic growth; although acquisition opportunities exist
- Our primary opportunity is through sales to larger organisations

Execution

Over the past twelve months, we have strengthened the management team, delivered a strong set of financial results and made our first acquisition to further our strategic aims. Whilst we still have many areas on which to improve, we have successfully executed ahead of our initial expectations.

The sales team has been strengthened and we will continue to invest to drive the business forward. Our marketing and delivery have been refined, including a strong focus on developing senior level contacts within our target customers. All marketing spend is considered to be investment and is measured and monitored as such. We have a clear focus on only making appropriate investments and, with excellence in sales execution as our priority, every other function is aligned to support this.

Our strategy review identified the major growth opportunity around larger value licence fee transactions into the Global 2000 ('G2000') companies. I am encouraged that we signed a number of such deals in the second half year contributing to total revenue growth of 19%, ahead of our expectations. New customer wins included Tesco, TNT, Australia National Tax Office and Nomura Securities. In addition to revenues from new customers, we derived further new revenues from our existing customer base including wins with Oracle, Barclays and JP Morgan.

Our channels to market are through Independent Software Vendors ("ISV"), System Integrators ("SI") distributors and through our own direct sales force. Whilst keeping a firm focus on all channels, we are placing an increasing emphasis on sales to G2000 customers through a combination of both direct and SI sales. It is pleasing to note that in the second half year we signed a number of larger value transactions in G2000 accounts in conjunction with IBM, Microsoft, EDS, Oracle and Accenture.

The strategy review also highlighted the higher growth rate potential of the APM and Modernization solution areas. Whilst we achieved growth across all solutions, it was encouraging to see the increase in our Modernization solution sales. We have invested significantly in the development of this solution over the past three years and we firmly believe that we have a market leading proposition, the full benefits of which are now gaining recognition and traction with our existing and prospective customers.

The vast majority of our growth in both revenues and profits during the year to 30 April 2007 was derived from the core business with limited benefit from the acquisition of HAL Knowledge Solutions SpA ("HAL KS"). The full benefit of the acquisition will be seen in the year ahead.

The Company benefits from having a business model with a high proportion of predictable and recurring revenues. Micro Focus has an enviable customer base with 48% of turnover derived from low risk maintenance revenues. Maintenance growth is driven by the retention of existing customers as well as the addition of new maintenance revenue associated with the sale of new licences. An encouraging performance in both of these areas over the past twelve months positions us well for further maintenance growth in the year ahead.

The revenue growth achieved, when combined with a firm control of expenses, has resulted in a significant improvement in operating profit before exceptional items.

Geographically, the picture was strong overall, although some areas call for closer attention in the year ahead. We were pleased with the performance in Japan, the UK rebounded under new leadership and Continental Europe produced positive improvements. Licence fee sales fell short of expectations in North America. Management changes were made recently and early signs are encouraging.

While organic revenue growth is our key focus, the strategy review highlighted the potential for further profitable revenue growth through acquisitions. With the strategy review completed in September 2006, I am pleased with the speed of execution resulting in the acquisition of HAL KS with effect from 1 November 2006 for $3.5m before related costs. HAL KS provides us with a strong offering in a growing solution area identified from the strategy review, Application Portfolio Management.

The acquisition of HAL KS provides market leading technology for APM. Since the acquisition we have integrated the company successfully into Micro Focus and improved its existing product offering with the launch of Micro Focus Enterprise View on 1 May 2007. Our objective for the year ahead is to leverage our extensive distribution footprint to drive further product sales.

The acquisition of Acucorp, Inc ("Acucorp"), effective from 4 May 2007, for $40.7m, provides technology that is highly complementary to Micro Focus' core business in the COBOL Development Tool space as well as providing the opportunity for Micro Focus to expand its reach into the small and medium-sized enterprise ("SME") markets. The integration is progressing positively and we expect a meaningful contribution to both revenues and profits in the year ahead as a result of this acquisition.

We have firm financial foundations to support a platform for growth. The cash balance at 30 April 2007 was $85.0m, up from $56.1m at 30 April 2006 as a result of improvements in the underlying trading performance.

Outlook

Future revenue growth will be largely dependent on driving licence sales. Whilst encouraged by the performance in the year to 30 April 2007, it would be premature to conclude that we can repeat the number and value of larger transactions achieved in the second half year. A number of such prospective new licence opportunities remain in our pipeline although by their very nature and size they are less predictable. We do expect to continue organic growth in the year ahead.

Following a successful year of licence fee sales we would expect to achieve growth in our maintenance revenues for the year ahead. The smallest proportion of our revenues is derived from our consultancy services and it is intended that these revenues will remain a similar proportion of total revenues for the year ahead.

During the year to 30 April 2007 we had the benefit of six months of trading from the HAL KS acquisition. On 8 December 2006 we had provided guidance that revenues would be in the range of $4.0m to $5.0m and can report that revenues were within this range, although at the lower end. We were disappointed to fall marginally short of our six month goal for the APM business of EBITDA break-even.

Whilst early days, the acquisition of Acucorp is progressing well. This acquisition is anticipated to provide revenues of approximately $17.0m in the year to 30 April 2008 with margins being consistent with the existing Micro Focus business. The restructuring is progressing as planned. The related restructuring charge is expected to be approximately $8.0m.

We have been encouraged by the margins achieved in the year to 30 April 2007. Our stated aim is to achieve profitable revenue growth and as such we will look to maintain margins at a consistent level for the year ahead.

In February 2007, we restructured the product group and established development Centres of Excellence for our solutions around Modernization (United States - Washington), Development Tools (United Kingdom - Newbury), and Application Portfolio Management (Italy - Milan). In addition, the purchase of HAL KS provided a team of twenty seven developers in Sofia, Bulgaria. This team has since been expanded to provide a high value development facility in support of the three Centres of Excellence. This development facility is expected to play a pivotal role in improving both our efficiency and productivity.

As a business, we have made encouraging progress over the past twelve months. It was pleasing to return to respectable organic revenue growth although we are fully conscious of the poor performance in the prior year. Looking ahead, the impact of both the acquisitions we have made, combined with further expected organic growth, is expected to provide annual revenue growth similar to the rate achieved in the year to 30 April 2007. Margins are expected to remain at a similar level. We have developed a clearly scoped out strategy and have a firm focus on execution and tight cost control.

Sustainable and profitable revenue growth is the key factor that will determine the long-term success of the Company. Management's emphasis will continue to be on licence fee sales to drive profitable growth.

Stephen Kelly, Chief Executive

Chief Financial Officer's review

Revenue for the year ended 30 April 2007 increased to $171.6m (2006: $143.7m).

Revenue by geographic region was as follows:

	2007		2006	
	$m	**%**	$m	%
North America	**70.6**	**41.1**	68.9	47.9
Europe and the Middle East	**71.8**	**41.8**	54.0	37.6
Rest of the World	**29.2**	**17.1**	20.8	14.5
Total revenue	**171.6**	**100.0**	143.7	100.0

Whilst revenue growth was achieved across all areas, the primary driver of growth was from our European operations. These operations, including France, Italy, Benelux and our European distributor network, are managed by an experienced Micro Focus "Go to market" leadership team. With clear focus and direction, they have stepped up to the challenge and exceeded our expectations. We strengthened our UK operation towards the end of 2006. It has been encouraging to see the turnaround in this operation since this time with the UK significantly increasing licence fees in the six month period to 30 April 2007 as compared to the six month period to 31 October 2006.

Our Rest of the World operations had a positive year with our Japanese business producing growth of over 17%. Our Japanese operation has an experienced team in place, who have delivered consistent year-on-year revenue growth over a considerable period of time.

Our North America operations produced results below expected performance levels. A new senior leadership team was established during quarter four and a number of new sales hires have since taken place. With appropriate leadership, resource and focus, we anticipate that this key territory will return to an acceptable level of performance in the year ahead.

Revenue for the year by category was as follows:

	2007		2006	
	$m	**%**	$m	%
Licence fees	**82.6**	**48.2**	68.0	47.3
Maintenance fees	**82.1**	**47.8**	71.9	50.0
Consultancy fees	**6.9**	**4.0**	3.8	2.7
Total revenue	**171.6**	**100.0**	143.7	100.0

It can be seen that turnover improved across all revenue streams for the year to 30 April 2007. Licence fees increased by $14.6m or 21.5% to $82.6m (2006: $68.0m). The growth in licence fee revenues was achieved by a combination of an increased volume of lower value orders as well as a number of larger value transactions. A number of large contracts remain in our pipeline although, by their very nature, they are unpredictable. The contribution from HAL KS was minimal, growth in the main being driven by core Micro Focus solution sales. Whilst growth was achieved across all solution areas, it was encouraging to see an increase in licence fee sales from our Modernization solution area.

Maintenance revenues increased by $10.2m or 14.2% to $82.1m (2006: $71.9m). Maintenance revenues are recognised evenly over the life of each contract, which is typically twelve months. As such, the profit and loss recognition of maintenance revenue lags the initial licence fee sale. Thus, it was encouraging to see the increase in maintenance revenues following the disappointing licence fee performance in the prior year to 30 April 2006. The major factors driving maintenance growth in the year to 30 April 2007 are as follows:

- A solid year of licence fee growth
- An improvement in the renewal rate of existing customers
- Modest annual price increases to existing customers; and
- A focus on closing "contracts in negotiation" and the introduction of an automatic renewal process for our customers

Consulting revenues showed a positive improvement as against the prior year driven by growth in both core Micro Focus revenues and the additional consulting revenues as a result of the acquisition of HAL KS, this company and solution having a higher mix of consulting revenues as compared to the Micro Focus COBOL Development Tools and Modernization solutions.

The impact of exchange rate movements in the year was to improve revenues by approximately 2%. Improvements in Sterling and the Euro as compared to the US dollar were in part offset by a weakness in the Japanese Yen.

Costs

Whilst total costs, excluding exceptional items, were effectively flat year-on-year, it should be noted that this includes six months' costs for HAL KS in the year ended 30 April 2007. The restructuring of the core Micro Focus business, announced on 6 April 2006, delivered the expected level of savings. A firm control of expenses has been established and will be maintained.

Cost of sales for the year ended 30 April 2007 increased marginally by 3.4% to $18.1m (2006: $17.6m). The costs in this category predominantly relate to our consulting and helpline support operations. Costs within the consulting organisation increased in line with increased revenues although it should be noted that we intend, where possible, to increase the use of external consulting resources.

Selling and distribution costs reduced to $45.6m for the year ended 30 April 2007 (2006: $48.5m). We continue to make targeted investments in the areas of sales and marketing to drive future profitable revenue growth.

Research and development expenses for the year increased to $23.1m (2006: $21.7m). In February 2007, we restructured the product group and established development Centres of Excellence for our solutions.

Administrative expenses, excluding exceptional items of $5.7m (2006: $14.2m), increased to $21.8m (2006: $19.0m). This cost category contains $1.2m in relation to exchange losses in the year to 30 April 2007. In the prior year costs were reduced by exchange gains of $0.3m. As such, excluding the impact of this exchange movement, administrative expenses have increased by $1.3m or 6.7% driven primarily by higher bonus payments to staff as a result of significantly improved performance as compared to the prior year.

MICRO FOCUS

Operating profit

Operating profit for the year was $57.3m (2006: $22.7m). Operating profit before exceptional items was $63.0m (2006: $36.9m), the improvement being driven by the combination of improved revenues and reduced costs.

EBITDA

EBITDA before exceptional items increased by 68.4% to $65.3m (2006: $38.8m) as a result of the factors described above.

Net finance income

Finance income of $2.8m was achieved in the year to 30 April 2007 (2006: $1.0m). Finance expense in the prior year of $1.1m related to loans which were repaid following the IPO.

Taxation

Tax for the year ended 30 April 2007 was $16.1m (2006: $6.3m) based on increased profits. The Group's effective tax rate is 26.9% (2006: 28.1%). As a result of the significant increase in the share price in the year to 30 April 2007, a tax deduction has arisen on the stock options in issue. Excluding the effects of this beneficial tax deduction, the effective tax rate was 28.9%.

Profit after tax

Profit after tax for the year ended 30 April 2007 increased by 170.3% to $43.9m (2006: $16.2m) driven by a significant improvement in operating performance combined with lower exceptional charges.

Cash flow

For the year ended 30 April 2007, the Company generated a net cash inflow from operating activities of $53.6m (2006: $35.0m). At 30 April 2007, the Company's cash balance was $85.0m (2006: $56.1m). Since that time, the Company has acquired Acucorp for a cash consideration of $40.7m. Dividends of $14.0m were paid in the year.

press release

Dividend

The Board continues to adopt a progressive dividend policy reflecting the long-term earnings and cash flow potential of Micro Focus whilst targeting a level of dividend cover for the financial year ending 30 April 2007 of approximately 2.5 times on a pre-exceptional earnings basis. In line with the above policy, the directors recommend payment of a final dividend in respect of the year to 30 April 2007 of 7 cents per share, which taken together with the interim dividend of 3 cents per share paid in January 2007, gives a total dividend in respect of 2007 of 10 cents per share, an increase of 67% as compared to the prior year. Subject to shareholder approval, the final dividend will be paid on 1 October 2007 to shareholders on register on 7 September 2007.

Whilst the Group as a whole has a deficit in its profit and loss reserve, the directors of Micro Focus International plc have concluded that the Company has sufficient reserves to enable the payment of the final dividend.

Dividends will be paid in sterling based on an exchange rate of £ = $2.00, equivalent to 3.5 pence per share, being the rate applicable on 27 June 2007, the date of recommendation of the dividend by the Board.

Acquisition of HAL KS

On 2 November 2006, Micro Focus announced that it had agreed to acquire HAL KS, a leading provider of Application Portfolio Management software in order to enhance the Company's enterprise application modernization capabilities. The transaction successfully closed on 10 November 2006. HAL KS has been acquired by Micro Focus for a total consideration of $3.5m in cash, subject to a net asset adjustment.

In the year to 31 December 2005, HAL KS reported a net loss before tax of $4.5m and its gross assets as at 31 December 2005 were $9.5m. Following the acquisition, we have restructured the business to reduce costs, with a restructuring charge of $2.8m, falling in the current financial year. HAL KS was acquired with net balance sheet liabilities of approximately $4.5m.

MICRO FOCUS

For the six month period to 30 April 2007, revenues were in the expected range of $4.0m to $5.0m. The business made an EBITDA loss in the six month period to 30 April 2007.

Acquisition of Acucorp

On 4 May 2007, Micro Focus announced that it had acquired Acucorp for a total cash consideration of $40.7m, paid in full on completion, plus a working capital adjustment capped at a maximum value of $0.25m.

In the year to December 2006, Acucorp generated an operating profit of $3.0m and its gross assets as at 31 December 2006 were $13.1m.

Revenues for the year to 30 April 2008 are anticipated to be approximately $17.0m. We are in the process of restructuring the business with the aim of increasing margins over time to a level consistent or better than our existing business. The consequent restructuring charge is expected to be approximately $8.0m in the year to 30 April 2008.

Nick Bray, Chief Financial Officer

press release

CONSOLIDATED INCOME STATEMENT (unaudited)
For the year ended 30 April 2007

	Notes	**2007**	2006
		$'000	$'000
Revenue	4,5	**171,590**	143,688
Cost of sales		**(18,148)**	(17,552)*
Gross profit		**153,442**	126,136
Selling and distribution costs		**(45,592)**	(48,500)
Research and development expense		**(23,051)**	(21,714)*
Administrative expenses		**(27,532)**	(33,189)*
Operating profit		**57,267**	22,733
Analysed as:			
Operating profit before exceptional items		**62,977**	36,946
Exceptional items	7	**(5,710)**	(14,213)
Operating profit	6	**57,267**	22,733
Finance costs		**(70)**	(1,137)
Finance income		**2,810**	962
Profit before tax		**60,007**	22,558
Taxation		**(16,143)**	(6,332)
Profit after tax		**43,864**	16,226
Earnings per share expressed in cents per share	8		
— basic		**21.96**	8.25
— diluted		**21.37**	8.17
Earnings per share expressed in pence per share	8		
— basic		**11.49**	4.68
— diluted		**11.18**	4.63

* Certain costs have been reclassified between cost of sales, research and development and administration expenses as disclosed in note 1R

CONSOLIDATED BALANCE SHEET (unaudited)

As at 30 April 2007

	Notes	**2007**	2006
		$'000	$'000
ASSETS			
Non-current assets			
Goodwill		**42,533**	42,404
Other intangible assets		**18,245**	7,637
Property, plant and equipment		**2,543**	2,386
Deferred tax assets		**10,813**	7,718
		74,134	60,145
Current assets			
Inventories		**255**	331
Trade and other receivables	10	**44,031**	37,629
Cash and cash equivalents		**84,971**	56,066
		129,257	94,026
Total assets		**203,391**	154,171
LIABILITIES			
Current liabilities			
Trade and other payables	11	**76,612**	70,516
Current tax liabilities		**17,023**	10,777
Financial liabilities - borrowings		**72**	117
		93,707	81,410
Non-current liabilities			
Non-current deferred income		**7,265**	6,720
Deferred tax liabilities		**10,873**	8,446
Financial liabilities – borrowings		**41**	94
		18,179	15,260
Net assets		**91,505**	57,501
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**36,767**	36,644
Share premium		**104,054**	103,641
Profit and loss deficit		**(23,394)**	(55,267)
Foreign currency translation reserve (deficit)		**1,163**	(432)
Other reserves		**(27,085)**	(27,085)
Total shareholders' equity		**91,505**	57,501

CONSOLIDATED CASH FLOW STATEMENT (unaudited)
For the year ended 30 April 2007

	2007	2006
	$'000	$'000
Cash flow from operating activities		
Net profit	**43,864**	16,226
Adjustments for		
Net interest	**(2,740)**	175
Taxation	**16,143**	6,332
Depreciation	**1,169**	1,006
Loss on disposal of property, plant and equipment	**26**	17
Amortisation of intangibles	**5,973**	5,433
Share-based compensation	**849**	(224)
Changes in working capital:		
Inventories	**76**	19
Trade and other receivables	**(5,532)**	12,615
Payables and other non-current liabilities	**(1,658)**	371
Cash generated from continuing operations	**58,170**	41,970
Interest received	**2,780**	666
Interest paid	**(70)**	(1,551)
Tax paid	**(7,316)**	(6,103)
Net cash from operating activities	**53,564**	34,982
Cash flows from investing activities		
Payments for intangible assets	**(5,456)**	(4,986)
Purchase of tangible fixed assets	**(830)**	(1,123)
Acquisition of subsidiary	**(4,832)**	-
Net cash acquired with subsidiary	**(1,218)**	-
Net cash used in investing activities	**(12,336)**	(6,109)
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	**125**	109,823
Repayment of borrowings	**(46)**	(111,250)
Dividends paid to shareholders	**(13,981)**	(3,987)
Net cash used in financing activities	**(13,902)**	(5,414)
Effects of exchange rate changes	**1,579**	(263)
Net increase in cash and cash equivalents	**28,905**	23,196
Cash and cash equivalents at 1 May 2006	**56,066**	32,870
Cash and cash equivalents at 30 April 2007	**84,971**	56,066

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

For the year ended 30 April 2007

	Share capital $'000	Share premium $'000	Foreign currency translation reserve (deficit) $'000	Other reserves $'000	Profit and loss reserve (deficit) $'000	Total $'000
Balance as at 1 May 2005	1	3,376	(169)	-	(67,869)	(64,661)
Currency translation differences	-	-	(263)	-	-	(263)
Profit for the year	-	-	-	-	16,226	16,226
Dividends	-	-	-	-	(3,987)	(3,987)
Share for share exchange	27,085	-	-	(27,085)	-	-
Issue of share capital	9,558	100,265	-	-	-	109,823
Movement in relation to share options	-	-	-	-	363	363
Balance as at 30 April 2006	**36,644**	**103,641**	**(432)**	**(27,085)**	**(55,267)**	**57,501**
Currency translation differences	-	-	1,595	-	-	1,595
Profit for the year	-	-	-	-	43,864	43,864
Dividends	-	-	-	-	(13,981)	(13,981)
Issue of share capital	123	3	-	-	-	126
Movement in relation to share options	-	410	-	-	355	765
Deferred tax on share options	-	-	-	-	1,635	1,635
Balance as at 30 April 2007	**36,767**	**104,054**	**1,163**	**(27,085)**	**(23,394)**	**91,505**

NOTES TO THE FINANCIAL STATEMENTS (unaudited)
For the year ended 30 April 2007

1 Group Accounting Policies

A Basis of preparation

The consolidated financial statements of Micro Focus International plc have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.

Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards, this announcement does not itself contain sufficient information to comply with IFRSs. The Group expect to be issuing full financial statements that comply with IFRSs in July 2007.

The financial information set out in this preliminary announcement does not constitute the Company's statutory accounts for the years ended 30 April 2007 or 2006, but is derived from those accounts.

Statutory accounts for the year ended 30 April 2006 have been delivered to the Registrar of Companies; the auditors have reported on those accounts, their report was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

Copies of the annual results for the year ended 30 April 2007 will be sent to all shareholders and will also be available on the company's website at www.microfocus.com. Copies of the annual results for the year ended 30 April 2006 can be obtained by writing to The Company Secretary, Micro Focus International plc, Old Bath Road, Newbury, Berkshire, RG14 1QN.

This announcement was approved by the board of Micro Focus International plc on 27 June 2007.

A summary of the more important Group accounting policies is set out below.

B Consolidation

The financial statements of the Group comprise the financial statements of the Company and entities controlled by the Company, its subsidiaries, prepared at the balance sheet date. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

C Revenue recognition

The Group recognises revenue from sales of software licences to end-users or resellers upon persuasive evidence of an arrangement, delivery of the software and determination that collection of a fixed or determinable fee is reasonably assured. When the fees for software upgrades and enhancements, maintenance, consulting and training are bundled with the licence fee, they are unbundled using the Group's objective evidence of the fair value of the elements represented by the Group's customary pricing for each element in separate transactions. If evidence of fair value exists for all undelivered elements and there is no such evidence of fair value established for delivered elements, revenue is first allocated to the elements where fair value has been established and the residual amount is allocated to the delivered elements. If evidence of fair value for any undelivered element of the arrangement does not exist all revenue from the arrangement is deferred until such time that evidence of fair value exists or undelivered elements of the arrangement are delivered. If the arrangement includes acceptance criteria, revenue is not recognised until the Group can objectively demonstrate that the software or service can meet the acceptance criteria, or the acceptance period lapses, whichever is earlier.

The Group recognises licence revenue derived from sales to resellers, upon delivery to resellers, provided that all other revenue recognition criteria are met, otherwise revenue is deferred and recognised upon delivery of the product to the end-user.

Maintenance revenue is derived from providing technical support and software updates to customers. Maintenance revenue is recognised on a straight-line basis over the term of the contract, which in most cases is one year. Revenue from consulting and training services is recognised as the services are performed.

Amounts collected prior to satisfying the above revenue recognition criteria are included in deferred income.

D Segmental reporting

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group considers there to be only one business segment being the provision of enterprise application management and modernization solutions.

E Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the liability outstanding. The corresponding rental obligations, net of finance charges, are included in financial liabilities – borrowings.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

F Foreign currency translation

a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in US Dollars, which is the Group's functional currency.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

c) Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii) all resulting exchange differences are recognised as a separate component of equity.
On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate, with exception for goodwill arising before 1 May 2004 which is treated as an asset of the Company and expressed in the Company's functional currency.

G Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs incurred in the arrangement of new borrowing facilities are capitalised and netted against the capital element of the outstanding borrowing. These costs are then amortised over the life of the facility to which the costs relate on the effective interest basis.

H Property plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to write-off the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements - over the lease term
Furniture and fixtures - five to seven years
Computer equipment - one to five years

H Property plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

I Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each area of operation by each primary reporting segment.

As permitted under IFRS 1, the Group has elected to deem the UK GAAP net book value at 1 May 2004 as the IFRS cost of goodwill at transition date.

ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives of three to five years.

iii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to the developing of new computer software programmes and significant enhancement of existing computer software programmes are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Only direct costs are capitalised which include the software development employee costs and an appropriate portion of relevant overheads. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, typically being three years.

iv) Intangible assets – arising on business combinations

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each intangible asset. Intangible assets are amortised from the date they are available for use. The estimated useful lives will vary for each category of asset acquired and to date are as follows:

Technology - ten years

J Impairment of tangible and intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

K Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises software for resale and packaging materials. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

L Trade receivables
Trade receivables are recognised at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

M Employee benefit costs
a) Pension obligations
Group companies operate various pension schemes. All of the major schemes are defined contribution plans for which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Share-based compensation
The Group operated four equity-settled, share-based compensation plans during the year.

For shares or share options granted after 7 November 2002 and vested after 1 January 2005 the fair value of the employee services received in exchange for the grant of the shares or options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The shares are recognised when the options are exercised and the proceeds received allocated between share capital and share premium.

N Share capital, share premium and dividend distribution
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

O Deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

P Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Q Exceptional items
Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

R Reclassification of expenditure
The directors have reviewed the classification of certain expenditure within the Income Statement and believe, to be consistent with software industry accounting practices, in order to aid comparison, it is more appropriate to classify the following costs differently than was reported in prior periods.

i) Cost of customer support – these costs were previously included within Administrative Expenses and have been reclassified as Cost of Sales. The impact of the change is to increase Cost of Sales by $9.2m (2006: $10.0m) and decrease Administrative Expenses by a corresponding amount.

ii) Amortisation of development costs – these costs relating to capitalised salaries were previously amortised though Cost of Sales. The amortisation has been reclassified as Research and Development Expenditure. The impact of the change is to decrease Cost of Sales by $4.8m (2006: $4.6m) and increase Research and Development Expenditure by a corresponding amount.

2 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below.

a) Impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note J. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

b) Income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

c) Acquisitions
When making acquisitions, the Group has to make judgements and best estimates about the fair value allocation of the purchase price. Appropriate advice is sought from professional advisors before making such allocations. The valuation of goodwill is tested annually or whenever there are changes in circumstances indicating that the carrying amounts may not be recoverable. These tests require the use of estimates.

The Group makes judgements on specific items when applying its accounting policies. The judgement that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

c) Acquisitions (continued)
The Group invests in the development of future products in accordance with the accounting policy stated in note I iii). The assessment as to whether this expenditure will achieve a complete product for which the technical feasibility is assured is a matter of judgement, as is the forecasting of how the product will generate future economic benefit. Finally, the period of time over which the economic benefit associated with the expenditure occurred will arise is also a matter of judgement. These judgements are made by evaluating the development plan prepared by the research and development department and approved by management, regularly monitoring progress by using an established set of criteria for assessing technical feasibility and benchmarking to other products.

3 Risk factors

The Group's multi-national operations expose it to a variety of financial risks that include the effects of changes in credit risks, foreign currency exchange rates, liquidity and interest rates.

a) Credit risk
Financial instruments which potentially expose the Group to a concentration of credit risk consist primarily of cash equivalents and accounts receivable. Cash equivalents are deposited with high-credit quality financial institutions. The Group provides credit to customers in the normal course of business. Collateral is not required for those receivables, but ongoing credit evaluations of customers' financial conditions are performed. The Group maintains a provision for impairment based upon the expected collectibility of accounts receivable. The Group sells products and services to a wide range of customers around the world and, therefore, believes there is no material concentration of credit risk.

b) Foreign currency risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK Sterling, the Euro and the Japanese Yen. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. There were no hedging transactions in place at 30 April 2007.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

c) Interest rate risk
The Group's income and operating cash flows are substantially independent of changes in market interest rates. The interest rates of finance leases to which the Group is lessee are fixed at inception of the lease. These leases expose the Group to fair value interest rate risk.

The Group's cash flow interest rate risk arises from cash deposits. Deposits placed at variable rates expose the Group to cash flow interest rate risk.

4 Segmental information

Geographical analysis of revenue	**2007 $'000**	2006 $'000
North America	**70,634**	68,847
Europe and the Middle East	**71,808**	54,038
Rest of the World	**29,148**	20,803
	171,590	143,688

There is no material difference between revenue by origin above and revenue by destination.

5 Supplemental information

Set out below is an analysis of revenue recognised between the principal product categories, which the directors use to assess the future revenue flows from the current portfolio of customers.

Revenue	2007 $'000	2006 $'000
Licence fees	**82,652**	67,985
Maintenance fees	**82,056**	71,860
Consultancy fees	**6,882**	3,843
	171,590	143,688

6 Reconciliation of operating profit to EBITDA

	2007 $'000	2006 $'000
Operating profit	**57,267**	22,733
Depreciation	**1,169**	1,006
Amortisation of software	**608**	806
Amortisation of purchased intangibles	**532**	-
EBITDA	**59,576**	24,545
Exceptional items		
IPO related costs	**-**	6,909
Reorganisation costs	**4,861**	7,403
Share based compensation charge/(credit)	**849**	(224)
Management charges	**-**	125
EBITDA before exceptional items	**65,286**	38,758

In calculating EBITDA the amortisation of Development expenditure is not added back to operating profit, as the directors believe by doing so EBITDA provides a better measure of the cash generation of the business. Amortisation of Development expenditure in the year to 30 April 2007 was $4.8m (2006: $4.6m).

7 Exceptional items

	2007 **$'000**	2006 $'000
IPO related costs	**-**	6,909
Reorganisation costs	**4,861**	7,403
Share based compensation charge/(credit)	**849**	(224)
Management charges	**-**	125
	5,710	14,213

The prior year IPO-related costs include termination fees of $4.7m in respect of management charges previously paid by the Group to its shareholders prior to the IPO. They also include fees incurred during the process that did not directly relate to the raising of share capital.

Current year reorganisation costs relate to restructuring programmes carried out in Europe and the USA and at HAL Knowledge Systems SpA. The prior year reorganisation costs related to a cost reduction programme including those associated with the redundancy of employees and the onerous lease cost of a building vacated as part of the programme.

All exceptional items relate to administrative expenses.

8 Earnings per share

The calculation of basic earnings per share has been based on the earnings attributable to ordinary shareholders of the Company and the weighted average number of shares for each year.

The diluted earnings per share has been calculated after taking account of share options.

	2007			2006		
	Earnings $'000	**Weighted average number of shares** '000	**Per share amount** cents	**Earnings** $'000	**Weighted average number of shares** '000	**Per share amount** cents
Basic EPS						
Earnings attributable to ordinary shareholders	**43,864**	**199,744**	**21.96**	16,226	196,709	8.25
Effect of dilutive securities						
Share options		**5,562**			2,002	
Diluted EPS						
Earnings attributable to ordinary shareholders	**43,864**	**205,306**	**21.37**	16,226	198,711	8.17
Supplementary EPS to exclude exceptional items						
Basic EPS	**43,864**	**199,744**	**21.96**	16,226	196,709	8.25
Exceptional items	**5,710**			14,213		
Tax relating to exceptional items	**(1,223)**			(2,154)		
Basic EPS excluding exceptional items	**48,351**	**199,744**	**24.21**	28,285	196,709	14.38
Diluted EPS	**43,864**	**205,306**	**21.37**	16,226	198,711	8.17
Exceptional items	**5,710**			14,213		
Tax relating to exceptional items	**(1,223)**			(2,154)		
Diluted EPS excluding exceptional items	**48,351**	**205,306**	**23.55**	28,285	198,711	14.23

9 Dividends

	2007 $'000	2006 $'000
Equity – ordinary		
2006 final paid $0.04 per ordinary share	**7,983**	-
2007 interim paid $0.03 (2006: $0.02) per ordinary share	**5,998**	3,987
	13,981	3,987

Whilst the Group as a whole has a deficit in its profit and loss reserve, the directors of Micro Focus International plc have concluded that the Company had sufficient reserves to enable the payment of the final dividend relating to the year ended 30 April 2006 and the interim dividend relating to the year ended 30 April 2007. The directors are proposing a final dividend in respect of the year ended 30 April 2007 of 7 cents per share which will utilise $14.0m of shareholders' funds and again the directors have concluded that the Company has sufficient reserves to pay this dividend. It has not been included as a liability in these financial statements.

10 Trade and other receivables

	2007 $'000	2006 $'000
Trade debtors	**35,634**	29,377
Prepayments	**4,581**	3,959
Accrued income	**3,816**	4,293
	44,031	37,629

11 Trade and other payables

	2007 $'000	2006 $'000
Trade payables	**4,374**	1,944
Other tax and social security payable	**185**	2,468
Accruals	**21,750**	20,511
Deferred income	**50,303**	45,593
	76,612	70,516

12 Acquisition of subsidiary

On 2 November 2006, the Group acquired 100% of the share capital of HAL Knowledge Solutions SpA, for a consideration of $4.8m (inclusive of $1.3m related costs). The fair values of net assets are based on provisional assessments pending final determination of some assets and liabilities.

The acquired business contributed revenues of $4.0m to the Group from the date of acquisition to 30 April 2007. The business made an EBITDA loss in the 6 months to 30 April 2007.

All intangible assets were recognised at their respective fair values with the resulting excess over the net assets acquired recognised as goodwill.

	Carrying value at acquisition $'000	**Provisional fair value $'000**
Intangible assets	1,547	10,929
Property, plant and equipment	356	356
Trade and other receivables	4,355	4,355
Cash and cash equivalents	377	377
Trade and other payables	(9,567)	(9,718)
Borrowings	(1,596)	(1,596)
Net (liabilities)/assets	(4,528)	4,703
Goodwill		129
Consideration		4,832
Consideration satisfied by:		
Cash		4,832

The fair value adjustments contain some provisional amounts which will be finalised in the 2008 accounts.

Goodwill includes non-identified intangible assets which do not meet the separable and reliably measurable criteria including business processes, know-how and work force related industry specific knowledge and technical skills.

The outflow of cash and cash equivalents on the acquisition is calculated as follows:

	$'000
Cash consideration	3,472
Acquisition costs	1,360
Cash acquired	(377)
	4,455

The intangible assets acquired as part of the acquisition can be analysed as follows:

	$'000
Software	25
Technology	10,904
	10,929

13 Post balance sheet event

On 4 May 2007, Micro Focus announced that it had agreed to acquire Acucorp, Inc. (Acucorp) for a total cash consideration of $40.7m paid in full on completion, plus a working capital adjustment capped at a maximum value of $0.25m.

In the year to 31December 2006, Acucorp generated an operating profit of $3.0m and its gross assets at 31 December 2006 were $13.1m. Following the acquisition, Micro Focus plans to restructure the business and aims to increase margins over time to a level consistent with Micro Focus' existing business.