

MICRO FOCUS INTERNATIONAL PLC

CONSOLIDATED INCOME STATEMENT (unaudited)

For the year ended 30 April 2008

| | Notes | 2008 (unaudited) \$'000 | 2007 (audited) \$'000 |
|--|-------|-------------------------------|-----------------------------|
| Revenue | 4,5 | 228,196 | 171,590 |
| Cost of sales | | (22,582) | (18,148) |
| Gross profit | | 205,614 | 153,442 |
| Selling and distribution costs | | (63,233) | (45,592) |
| Research and development expense | | (29,484) | (23,051) |
| Administrative expenses | | (38,105) | (27,532) |
| Operating profit | | 74,792 | 57,267 |
| Analysed as: | | | |
| Operating profit before exceptional items | | 81,294 | 62,128 |
| Exceptional items | 7 | (6,502) | (4,861)* |
| Operating profit | 6 | 74,792 | 57,267 |
| Finance costs | | (12) | (70) |
| Finance income | | 2,043 | 2,810 |
| Profit before tax | | 76,823 | 60,007 |
| Taxation | | (21,404) | (16,143) |
| Profit after tax | | 55,419 | 43,864 |
| Earnings per share expressed in cents per share | 8 | | |
| — basic | | 27.67 | 21.96 |
| — diluted | | 26.97 | 21.37 |
| Earnings per share expressed in pence per share | 8 | | |
| — basic | | 13.79 | 11.49 |
| — diluted | | 13.44 | 11.18 |

* Stock based compensation has been reclassified from exceptional to non-exceptional items, as disclosed in note 6

The accompanying notes are an integral part of these consolidated financial statements

MICRO FOCUS INTERNATIONAL PLC

CONSOLIDATED BALANCE SHEET (unaudited)

As at 30 April 2008

| | Notes | 2008 (unaudited) \$'000 | 2007 (audited) \$'000 |
|--|-------|-------------------------------|-----------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | | 65,784 | 42,533 |
| Other intangible assets | | 35,282 | 18,245 |
| Property, plant and equipment | | 4,359 | 2,543 |
| Deferred tax assets | | 15,577 | 10,813 |
| | | 121,002 | 74,134 |
| Current assets | | | |
| Inventories | | 192 | 255 |
| Trade and other receivables | 10 | 59,205 | 44,031 |
| Cash and cash equivalents | | 92,405 | 84,971 |
| | | 151,802 | 129,257 |
| Total assets | | 272,804 | 203,391 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 103,859 | 76,612 |
| Current tax liabilities | | 19,245 | 17,023 |
| Financial liabilities - borrowings | | - | 72 |
| | | 123,104 | 93,707 |
| Non-current liabilities | | | |
| Non-current deferred income | | 6,518 | 7,265 |
| Deferred tax liabilities | | 16,660 | 10,873 |
| Financial liabilities – borrowings | | - | 41 |
| | | 23,178 | 18,179 |
| Net assets | | 126,522 | 91,505 |
| SHAREHOLDERS' EQUITY | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Share capital | | 36,837 | 36,767 |
| Share premium | | 103,904 | 104,054 |
| Profit and loss reserve (deficit) | | 12,679 | (23,394) |
| Foreign currency translation reserve | | 187 | 1,163 |
| Other reserves (deficit) | | (27,085) | (27,085) |
| Total shareholders' equity | | 126,522 | 91,505 |

The accompanying notes are an integral part of these consolidated financial statements

MICRO FOCUS INTERNATIONAL PLC

CONSOLIDATED CASH FLOW STATEMENT (unaudited)

For the year ended 30 April 2008

| | Notes | 2008 (unaudited) \$'000 | 2007 (audited) \$'000 |
|---|-------|-------------------------------|-----------------------------|
| Cash flow from operating activities | | | |
| Net profit | | 55,419 | 43,864 |
| Adjustments for | | | |
| Net interest | | (2,031) | (2,740) |
| Taxation | | 21,404 | 16,143 |
| Depreciation | | 1,603 | 1,169 |
| Loss on disposal of property, plant and equipment | | 9 | 26 |
| Amortisation of intangibles | | 9,590 | 5,973 |
| Share-based compensation | | 1,337 | 849 |
| Changes in working capital: | | | |
| Inventories | | 118 | 76 |
| Trade and other receivables | | (9,469) | (5,532) |
| Payables and other non-current liabilities | | 18,208 | (1,658) |
| Cash generated from continuing operations | | 96,188 | 58,170 |
| Interest received | | 2,051 | 2,780 |
| Interest paid | | (12) | (70) |
| Tax paid | | (18,193) | (7,316) |
| Net cash from operating activities | | 80,034 | 53,564 |
| Cash flows from investing activities | | | |
| Payments for intangible assets | | (6,272) | (5,456) |
| Purchase of tangible fixed assets | | (3,183) | (830) |
| Acquisition of subsidiary | 12 | (41,576) | (4,832) |
| Net cash acquired with subsidiary | 12 | 678 | (1,218) |
| Net cash used in investing activities | | (50,353) | (12,336) |
| Cash flows from financing activities | | | |
| Proceeds from issue of ordinary share capital | | 71 | 125 |
| Repayment of borrowings | | (113) | (46) |
| Dividends paid to shareholders | 9 | (21,229) | (13,981) |
| Net cash used in financing activities | | (21,271) | (13,902) |
| Effects of exchange rate changes | | (976) | 1,579 |
| Net increase in cash and cash equivalents | | 7,434 | 28,905 |
| Cash and cash equivalents at 1 May 2007 | | 84,971 | 56,066 |
| Cash and cash equivalents at 30 April 2008 | | 92,405 | 84,971 |

The accompanying notes are an integral part of these consolidated financial statements

MICRO FOCUS INTERNATIONAL PLC

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

For the year ended 30 April 2008

| | Share capital \$'000 | Share premium \$'000 | Foreign currency translation reserve (deficit) \$'000 | Other Reserves (deficit) \$'000 | Profit and loss reserve (deficit) \$'000 | Total \$'000 |
|---------------------------------------|-------------------------|-------------------------|--|------------------------------------|---|-----------------|
| Balance as at 1 May 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 |
| Currency translation differences | - | - | (976) | - | - | (976) |
| Profit for the year | - | - | - | - | 55,419 | 55,419 |
| Dividends | - | - | - | - | (21,229) | (21,229) |
| Issue of share capital | 70 | - | - | - | - | 70 |
| Movement in relation to share options | - | (150) | - | - | 1,487 | 1,337 |
| Deferred tax on share options | - | - | - | - | 396 | 396 |
| Balance as at 30 April 2008 | 36,837 | 103,904 | 187 | (27,085) | 12,679 | 126,522 |

The accompanying notes are an integral part of these consolidated financial statements

MICRO FOCUS INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

For the year ended 30 April 2008

1. Basis of preparation

This unaudited preliminary consolidated financial information has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and International Financial Reporting Standards (“IFRS”), as endorsed by the European Union (“EU”). The accounting policies applied are consistent with those described in the Annual Report and Financial Statements 2007. The auditors have not yet signed their audit report but have confirmed that they are not aware of any matter that may give rise to a modification. 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.

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 2008.

The financial information set out in this preliminary announcement does not constitute the Company’s statutory accounts for the years ended 30 April 2008 or 2007, but is derived from those accounts.

Statutory accounts for the year ended 30 April 2007 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 2008 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 2007 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 26 June 2008.

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 April 2007, as described in those financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ending 30 April 2008, but have no material impact on the group.

- IFRIC 10, “Interims and impairment”, effective for annual periods beginning on or after 1 November 2006. This interpretation has not had any impact on the timing or recognition of impairment losses as the group already accounted for such amounts using principles consistent with IFRIC 10.
- IFRS 7, “Financial instruments: Disclosures”, effective for annual periods beginning on or after 1 January 2007.
- IAS 1, “Amendments to capital disclosures, effective for annual periods beginning on or after 1 January 2007.
- IFRIC 11, “IFRS 2 – Group and treasury share transactions”, effective for annual periods beginning on or after 1 March 2007

MICRO FOCUS INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

For the year ended 30 April 2008

2. Accounting policies continued

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year ending 30 April 2008 and have not been early adopted.

- IFRIC 12, "Service concession arrangements", effective for annual periods beginning on or after 1 January 2008.
- IFRS 8, "Operating segments", effective for annual periods beginning on or after 1 January 2009, subject to EU endorsement.
- IFRIC 13, "Customer Loyalty Programmes" effective for annual periods beginning on or after 1 July 2008.
- IFRIC 14, "IAS19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", effective for annual periods beginning on or after 1 January 2008.
- IAS23, "Borrowing Costs"- amendment that applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009.

3. Functional 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 Company's functional currency.

4. Segmental information

| Geographical analysis of revenue | 2008 | 2007 |
|---|----------------|---------------|
| | \$'000 | \$'000 |
| North America | 96,482 | 70,634 |
| Europe and the Middle East | 96,018 | 71,808 |
| Rest of the world | 35,696 | 29,148 |
| Total | 228,196 | 171,590 |

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 | 2008 | 2007 |
|----------------|----------------|---------------|
| | \$'000 | \$'000 |
| Licence | 113,314 | 82,652 |
| Maintenance | 104,144 | 82,056 |
| Consultancy | 10,738 | 6,882 |
| Total | 228,196 | 171,590 |

MICRO FOCUS INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

For the year ended 30 April 2008

6. Reconciliation of operating profit to EBITDA

| | 2008 \$'000 | 2007 \$'000 |
|--|----------------|----------------|
| Operating profit | 74,792 | 57,267 |
| Exceptional items – reorganisation costs | 6,502 | 4,861 |
| Share-based compensation charge | 1,337 | 849 |
| Amortisation of purchased intangibles | 3,946 | 532 |
| Adjusted operating profit | 86,577 | 63,509 |
| Depreciation | 1,603 | 1,169 |
| Amortisation of software | 337 | 608 |
| Adjusted EBITDA | 88,517 | 65,286 |
| EBITDA | 80,678 | 59,576 |
| Exceptional items – reorganisation costs | 6,502 | 4,861 |
| Share-based compensation charge | 1,337 | 849 |
| Adjusted EBITDA | 88,517 | 65,286 |

The directors use EBITDA and EBITDA before exceptional items and share-based compensation (“Adjusted EBITDA”) as key performance measures of the business.

In prior periods, the directors considered share-based compensation to be of an exceptional nature due to the accelerated payments made at the time of the company’s flotation. The directors have reviewed the classification and believe that on an on-going basis these costs are no longer of an exceptional nature and have reclassified the expenditure accordingly.

The impact is to reduce exceptional items by \$1,337,000 (2007: \$849,000).

7. Exceptional items

| | 2008 \$'000 | 2007 \$'000 |
|----------------------|----------------|----------------|
| Reorganisation costs | 6,502 | 4,861 |

Current year reorganisation costs relate to restructuring programmes carried out in Europe and the USA relating to the acquisition of Acucorp, Inc. The prior year related to restructuring programmes carried out in Europe and the USA and at HAL Knowledge Solutions SpA. All exceptional items relate to administrative expenses.

MICRO FOCUS INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

For the year ended 30 April 2008

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 period. The weighted average number of shares used in the calculation was 200,268,000 (2007: 199,744,000).

The diluted earnings per share has been calculated after taking account of the share options. The weighted average number of shares used in the calculation was 205,484,000 (2007: 205,306,000).

Basic earnings per share, excluding exceptional items, share based compensation and amortisation of purchased intangibles ("adjusted earnings per share") was 32.08 cents (2007: 24.38 cents) Adjusted earnings per share is calculated after adjusting for the post-tax effect of exceptional items, share based compensation and amortisation of purchased intangibles of \$8.8 million (2007: \$4.8 million).

9. Dividends

| | 2008 \$'000 | 2007 \$'000 |
|--|----------------|----------------|
| Equity – ordinary | | |
| 2007 final paid 7 cents (2007: 4 cents) per ordinary share | 14,016 | 7,983 |
| 2008 interim paid 3.6 cents (2007: 3 cents) per ordinary share | 7,213 | 5,998 |
| Total | 21,229 | 13,981 |

Whilst the Group as a whole had a deficit in its profit and loss account at 30 April 2007 and throughout most of the year to 30 April 2008, the directors of Micro Focus International plc concluded that the Company had sufficient reserves to enable payment of the final dividend relating to the year ended 30 April 2007 and the interim dividend relating to the year ended 30 April 2008. The directors are proposing a final dividend in respect of the year ended 30 April 2008 of 9.4 cents per share which will utilise \$18.8 million of shareholders' funds. The directors have concluded that the Company has sufficient reserves to pay the proposed final dividend. It has not been included as a liability in these financial statements.

10. Trade and other receivables

| | 2008 \$'000 | 2007 \$'000 |
|-------------------|----------------|----------------|
| Trade receivables | 51,459 | 35,392 |
| Prepayments | 3,659 | 4,581 |
| Accrued income | 4,087 | 4,058 |
| Total | 59,205 | 44,031 |

MICRO FOCUS INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

For the year ended 30 April 2008

11. Trade and other payables

| | 2008 \$'000 | 2007 \$'000 |
|---------------------------------------|----------------|----------------|
| Trade payables | 4,964 | 4,374 |
| Other tax and social security payable | 4,477 | 185 |
| Accruals | 26,053 | 21,750 |
| Deferred income | 68,365 | 50,303 |
| Total | 103,859 | 76,612 |

12. Acquisition of subsidiary

A. Acquisition of Acucorp, Inc

On 4 May 2007, the Group acquired 100% of the share capital of Acucorp, Inc., for \$41.6 million, inclusive of \$0.7 million related costs, paid in full on completion.

A fair value review was carried out on the assets and liabilities of the business, resulting in the identification of intangible assets. The fair values are based on a provisional assessment pending final determination of some assets and liabilities.

The acquired business contributed revenues of \$21.4 million and a profit of \$4.1 million (after exceptional costs of \$6.5 million) to the Group for the period from acquisition, 4 May 2007 to 30 April 2008.

Details of the net assets acquired and goodwill are as follows:

| | Carrying value at acquisition \$'000 | Provisional fair value \$'000 |
|-------------------------------|--|-------------------------------------|
| Intangible fixed assets | 70 | 20,245 |
| Property, plant and equipment | 445 | 445 |
| Inventories | 55 | 55 |
| Trade and other receivables | 4,517 | 4,517 |
| Cash and cash equivalents | 678 | 678 |
| Tax receivable | 1,188 | 1,188 |
| Trade and other payables | (8,371) | (8,371) |
| Net deferred tax assets | 262 | (431) |
| Net (liabilities)/assets | (1,156) | 18,326 |
| Goodwill | | 23,321 |
| Consideration | | 41,647 |
| Consideration satisfied by: | | |
| Cash paid | | 41,647 |

MICRO FOCUS INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (unaudited)

For the year ended 30 April 2008

12. Acquisition of subsidiary (continued)

Outflow of cash to acquire business, net of cash acquired:

| | |
|--------------------|---------------|
| | \$'000 |
| Cash consideration | 40,928 |
| Acquisition costs | 719 |
| Cash acquired | (678) |
| Total | 40,969 |

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

| | |
|------------------------|---------------|
| | \$'000 |
| Trade name | 1,175 |
| Software | 7,818 |
| Customer relationships | 10,960 |
| Non-compete agreements | 292 |
| Total | 20,245 |

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.

B. Analysis of outflow of cash in respect of acquisitions

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

| | |
|---|---------------|
| | \$'000 |
| Acucorp, Inc | 41,647 |
| Refund in respect of prior years' acquisition | (71) |
| Net cash outflow | 41,576 |

13. Post balance sheet event

The Company announced on 1 May 2008, that it had reached agreement on a recommended cash offer of \$7.20 per share for the entire issued and to be issued share capital of NetManage, Inc. ("NetManage"), the NASDAQ-listed software provider.

The price represents a premium of approximately 73% per share based on the closing price of \$4.15 per NetManage share at the close of business on 30 April 2008, which was the last day of trading prior to the announcement. The offer values the existing issued share capital of NetManage at approximately \$73.3 million including the value of all outstanding options.

The transaction was completed on 18 June 2008.