

Growth in the coming years will come from maximising these two assets:

- Increasing our portfolio of enterprise application either through R&D or acquisitions. Areas of particular interest being explored include Asset Intensive Industries, General Professional Services and Customer Relationship Management (CRM).
- Cross selling our extended range of applications into our existing customer base, providing them a very cost effective and totally integrated suite of applications.
- Extending our customer base by going into new geographical areas. Of particular interest is the UK market where the company is quite advanced in its plans.

Competition

Whilst competition continues to be fierce in the enterprise market space, Technology One continues to be well positioned for growth. Opportunities include:

- The recent spate of large acquisitions by companies such as Microsoft and Oracle has left them with the considerable task of rationalising their product range, without alienating their customers.
- Our Connected Intelligence platform will provide us with a strong market leadership position.
- Our Strategy for Continuing Growth outlined above provides us with some significant opportunities.

Outlook

With the very strong first half results, we are clearly in a very good position to meet market expectations of full year profit growth of between 5-10%.

Dividend

The Board continues to remain focused on rewarding our loyal shareholders and has therefore increased the first half year dividend to 1.4 cents, an increase of 12% over the same period last year.

Afterword

I would like to once again acknowledge the creative work of the Technology One team. It is an honour to lead such a talented group of people who share the vision of becoming one of the world's great software companies.



R&D Centre and Head Office, Brisbane

Technology One is one of Australia's largest and most successful publicly listed software companies.

Technology One's focus is the design, development, implementation and support of intelligent enterprise wide software solutions. The company delivers totally integrated, powerful business solutions that seamlessly connect their clients with their employees, suppliers and customers.

Based on state of the art technology, Technology One's solutions are backed up by an aggressive research and development program to ensure they continue to meet their Clients' needs now and in the future.

Technology One's solutions include:

- Financial Management and Accounting
- Payroll and Human Resource Management
- Supply Chain Management
- Integrated Local Government Solutions
- Integrated Tertiary and Higher Education Solutions
- Retail Management and Point of Sale
- Wholesale Distribution
- Project and Asset Maintenance
- Budgeting and Business Intelligence
- Custom Software Development

Half Year Results Summary 1 July 2004 - 31 December 2004



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HALF YEAR FINANCIAL SUMMARY

	H1 2005 \$(000)	H1 2004 \$(000)	2005 v 2004 Variance \$(000)	Increase %
Total Revenue	26,311	24,586	1,725	7
Revenue ¹	25,660	24,125	1,535	6
Expenses ²	14,204	13,407	797	6
EBITDAR ³	11,456	10,718	738	7
R&D ⁴	4,965	4,862	103	2
EBITDA ⁵	6,491	5,856	635	11
Depreciation and Amortisation	479	433	46	11
Amortisation of Intangibles	333	361	(28)	(8)
EBIT ⁶	5,679	5,062	617	12
Net Interest Income	651	461	190	41
NPBT ⁷	6,330	5,523	807	15
NPAT ⁸ Pre Amortisation	4,827	4,185	642	15
NPAT ⁸ Reported	4,494	3,824	670	18
Earnings Per Share - Reported (Cents)	1.50	1.28	0.22	17
Dividend Per Share (Cents)	1.40	1.25	0.15	12
Adjusted Return on Shareholders' Equity	24%	19%		
Cash and Cash Equivalents	24,585	19,822	4,763	24
Net Operating Cash Flow	5,620	4,264	1,356	32
Debt/Equity	3%	3%		
EBITDA ⁵ Margin	25%	24%		
NPBT ⁷ Margin	24%	22%		
R&D ⁴ as Percentage of Total Revenue	19%	20%		

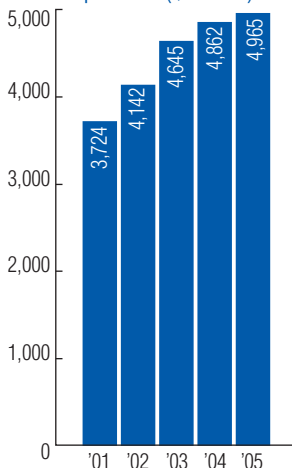
1. Excl interest

2. Excl R&D, Depreciation and Amortisation

3. Earnings Before Interest, Tax, Depreciation, Amortisation and R&D

4. Research and Development

Research and Development (\$000's)*



*Results for the first half of each financial year

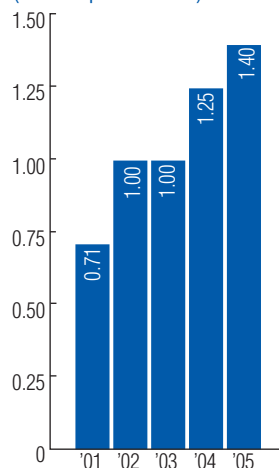
5. Earnings Before Interest, Tax, Depreciation and Amortisation

6. Earnings Before Interest and Tax

7. Net Profit Before Tax

8. Net Profit After Tax

Dividend (cents per share)*



“On behalf of Technology One, I am pleased to announce the Company’s results for the half year ending 31 December 2004, showing a Profit After Tax of \$4.49 million, up 18% over the same period last year.”

**Adrian Di Marco,
Executive Chairman**

Analysis of Performance

Revenue for the half year was up 7% to \$26.31 million. Cash Flow remained strong, with Operating Cash Flow of \$5.62 million taking our Cash and Cash Equivalents to \$24.56 million. Our adjusted Return on Equity (ROE) is 24%.

The strength of our product strategy was highlighted with Initial Licence Fees up 18% to \$5.36 million. In particular, our human resources and payroll solution gained significant traction with 20 new clients signed. Our local government and tertiary and higher education solutions also recorded strong Revenue growth.

New Business

Technology One’s current products continued to be very successful in winning substantial new business from our large multinational competitors. Numerous deals were signed (39), including high profile organisations like the Government of Samoa, Papua New Guinea Harbours Ltd, Australian Central Credit Union, City of Holdfast Bay, James Cook University, Nando’s Chickenland Malaysia Sdn Bhd, New Zealand Ministry of Defence, Royal Flying Doctor Service (Central Region), Goodman Fielder and Todd Energy Limited (NZ).

In the half year we continued to perform strongly in a number of our core markets:

- General Commercial - securing 27 new customers
- Local Government - securing seven additional Councils
- State and Federal Government - securing four new agencies
- Higher Education - securing a large and prestigious contract with James Cook University
- Payroll/HR - securing 20 new clients, taking the number of customers of our People One application to 73.

Research & Development (R&D)

R&D continues to be a significant and important investment by Technology One. In this half, \$4.97 million, representing 19% of Revenue, was invested in R&D across our extensive portfolio of enterprise applications. The company continued world best practice and fully expensed all R&D as incurred.

Strategic Initiatives in R&D

Finance One Release 11.0, our first Connected Intelligence (CI) application, was released and successfully implemented at a number of sites. Initial reports are very promising. We plan to complete a major upgrade, Release 11.1, in the next few months, which will become the major platform for all new Finance One sales going forward.

The migration of our remaining enterprise applications to our CI platform will occur over the next two years. This is a significant undertaking but will give us a continuing strong market leadership position.

In the last six months we have also completed the first release of our new Work One application, which provides a sophisticated Asset and Project Management solution for our existing clients, and allows us to pursue a new market segment. As with all new applications, we expect there to be significant challenges over the next few years as we establish Work One.

The company has also started to extend its powerful XLOne reporting tool across all its enterprise applications. The new product called XLOne Enterprise will be available with Release 11.1.

Significant Changes

The company has introduced a Product Service Delivery group to bring a sharper focus on delivery of our products to our customers.

The Product Service Delivery group will work with each of our products to ensure the necessary infrastructure is in place to allow our team of talented consultants to deliver excellence in implementing our products. This group will be responsible for Training Materials, Implementation Methodologies, Account Management Methodologies, Project Management Methodologies and specialist skills to support our consultants do their job better. This group will also liaise with our R&D teams to ensure our products continue to meet our client’s needs.

Our Strategy for Continuing Growth

Technology One today has developed two significant assets - our extensive portfolio of enterprise applications (Financial Management and Accounting, Payroll/Human Resources, Supply Chain, Retail, Rating and Property and Student Administration) and our own distribution and support channel direct to our extensive range of customers.

