TECHNOLOGY ONE

CHAIRMAN'S 2002 AGM ADDRESS

INTRODUCTION

Good morning ladies and gentlemen. Welcome to the 2002 Annual General Meeting of Technology One Limited.

I would like to take the opportunity today to provide a brief overview of the company's financial performance, as well as touch on a number of significant issues, including:

1. Research and Development
2. Organisational Change
3. The Company's Share Price
4. The Share Buy Back

I will then hand over to our executive team, Mr Ron McLean and Mr Mike Clahsen, to provide a Review of Operations, as well as the initiatives planned for this year.

Lastly I will then provide some comment on the Outlook for the 2003 year.

Let us start with the company's financial performance.

FINANCIAL PERFORMANCE

I am happy to announce our 7th year of consecutive record profits, and our 10th year of consecutive record revenues – a truly outstanding achievement for the company, given the continuing difficult trading conditions for the IT sector - an environment in which the many IT companies have announced substantially reduced revenues and profits.

Highlights of our results were:

- EBITDA* of $13.4 million, up 20 percent
- Revenue of $46.37 million, up 20 percent
- R&D Expenditure (fully expensed) of $8.14 million, representing 17% of Revenue
- Net Profit After Tax of $8.76 million, up 13 percent
- Earnings Per Share of 2.76 cents, up 11 percent
- Dividend Per Share of 2.00 cents, up 41 percent
- Adjusted Return on Equity of 55%
- Cash on Hand of $23 million
- Debt/Equity of 5% - no net debt

SIGNIFICANT ACHIEVEMENTS

There have been many significant achievements this year, and these will be covered later today, in the Review of Operations.

RESEARCH AND DEVELOPMENT

I would like to specifically comment on our R&D program.

Technology One has during this very difficult period, continued to invest strongly in its future, with a continuation of our aggressive R&D program, now running at 17% of revenue. Given that all our R&D is fully expensed, and is almost equal to our Net Profit After Tax, this is a significant commitment we are making in our future.

Today, Technology One has arguably one of the largest software IP (intellectual property) portfolios ever developed in Australia, through our extensive range of application solutions:

- Finance One - Financial Management and Accounting
- Retail One - Retail
- Sales One - Wholesale and Distribution
- People One - Human Resources and Payroll
- Proclaim One - Local Government
- Student One - Student Administration for Universities

This IP portfolio, coupled with our unique business model of both developing, and then marketing, selling, implementing and supporting directly our range of products, allows us to clearly differentiate ourselves from the majority of IT companies in the industry.

As part of our R&D program, we are continuing to improve our existing products, as well as investigating new product opportunities. We are also investing heavily to ensure that our products stay at the leading edge of technology, and do not become obsolete.

One of the most significant undertakings by the company in many years is our R&D program into a new generation Internet Architecture for all of our products, based on the concept of smart clients. The company is working closely with Microsoft and its .NET platform. We are an early adopter of this technology, and an important and strategic partner of Microsoft in this region. Early results are very exciting, paving the way to develop an advanced new generation of Internet Applications that combine the benefits of the Internet with an advanced graphical user interface. Our new Internet Applications will go far beyond the current limitations of HTML based solutions.

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ORGANISATIONAL RESTRUCTURE

One of the strengths of Technology One has been the ability of our people to manage change. We are constantly looking at ways to improve what we do, and how we do it.

With this in mind the company has commenced a significant organisational restructure of our Delivery Group. Following the theme "Act Locally, and Think Globally" each region will develop its own business case within an overall corporate strategy, and then be empowered to execute its approved business case. This will result in greater efficiencies and autonomy as each regional business focuses on the distinct opportunities within their region. This new structure is also better suited as we expand into new and more distant geographical regions.

The Company is also undertaking a significant restructure of our R&D group, to move to smaller teams, with a greater focus on our customers, and the tight integration of our Support Centre into each R&D team. This will allow us to improve our existing products to ensure they deliver engineering excellence for our customers. At the same time the restructure will move hard core R&D into a new separate group, to better manage the risks associated with these types of projects.

One of our greatest assets is our people, and the passion and commitment they bring to Technology One. Our new organisational structure will allow us to further capitalise on this passion and commitment.

What lies ahead is without doubt a very challenging, period as we move to this new organisational structure. I am convinced the new structure will take us to the next level, and create a whole new set of opportunities for us.

This topic will be covered in much more detail during the Review of Operations.

THE COMPANY'S SHARE PRICE

Let me say given all that has been achieved this year:

- Our strong financial performance;
- Our 7th consecutive year of record profits;

and all this achieved in what has been the most difficult trading conditions in the history of the IT industry, the state of our share price is clearly very disappointing to us all.

The current share price is a not a reflection of the company's performance, but is a result of stock market dynamics:

- The IT sector going out of favour with investors, and

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- This has been coupled with a move across the board away from high PE stocks and a substantial re-rating down of these stocks, of which we were one.

We have no control over the dynamics of the stockmarket, and to attempt to fight against these forces would be as futile as swimming against a strong current.

Our approach going forward for our shareholders is to continue to run our business both responsibly and well, and to execute according to our strategy to target continued growth.

THE SHARE BUY BACK

We have recently announced an on the market Share Buy Back.

Let me state upfront this is not about financial engineering, to get a quick earnings per share uplift.

As with any investment we make, we are looking to maximize our returns, and therefore the time at which we will action the Share Buy Back will depend on a number of factors:

- Our share price;
- Prevailing stock market conditions;
- Stock Market outlook; and
- Alternative investment opportunities, of which we have a number under consideration.

The Share Buy Back is in place, ready to go, and once the Board feels these criteria have been satisfied we will initiate the Buy Back.

REVIEW OF OPERATIONS

I now have the pleasure of introducing other members of the Technology One Executive team, Mr Ron Mclean, and Mr Mike Clahsen, to provide a review of the operations for the 2002 financial year.

(Refer to powerpoint slides in presentation)

OUTLOOK

The single biggest challenge for us this year continues to be the trading environment for the IT industry.

As mentioned earlier, the IT industry is going through a difficult period – the most difficult period in its history. The current level of business is significantly below historical norms, something that we do not expect to improve within the next 2 years.

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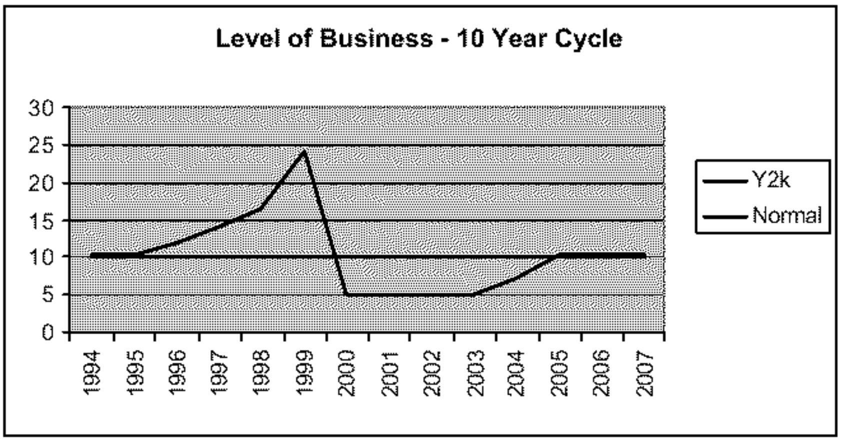
The following diagram shows where we believe we are in the cycle:



As such with the level of business continuing to be unusually low, competition will continue to be fierce. This is further impacted because of delays by customers to sign contracts promptly, leading to business slippage across year boundaries. Customers are also taking advantage of the current market conditions to negotiate extended payment terms and more onerous contractual conditions. Lastly, the industry is going through a process of consolidation, with a number of competitors being acquired by larger players.

Continuing growth this year will be a significant challenge, given the state of the IT industry, as well as achieving this on the back of 10 consecutive years of record revenues.

Given the current operating environment, we are this year very focused on streamlining our company. Unfortunately, the impact of this will not be fully seen on our P&L until next financial year.

What I do know, is that with these challenges also comes the opportunity for us to become a better and more streamlined organisation, something we are embracing, as evidenced by our organisational restructure.

Technology One will continue to investigate further possible acquisitions. Any acquisitions must be sustainable, synergistic and add long term value to the company's products and services. Acquisitions will not be made with a short term focus on earnings and profit alone.

The company will also continue to look at partnering with company's that can bring complimentary product offerings to the table that can assist us in meeting our growth objectives.

AFTERWORD

I would like to now specifically acknowledge the efforts of the Technology One people. Their skills, commitment and hard work have allowed us to continue our success, and to overcome the challenges in such a difficult market. The achievements of this year are a testament to the calibre of people at Technology One.

I would also like to acknowledge the hard work, support, and contribution of my fellow board members.

With our highly integrated strategy, our current momentum, our technological vision and strong financial position, we look forward to an exciting and rewarding future.

We will now return to the formal part of this meeting.

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