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ASX RELEASE

TechnologyOne Releases a Record Profit: Up 16%

Listed software developer Technology One Limited (ASX: TNE) today announced a record full year net profit after tax of \$12.3 million, an increase of 16% over the prior year.

TechnologyOne Executive Chairman Mr Adrian Di Marco said this was an exceptionally strong result as the company continued to invest significant funds in an aggressive research and development program, as well as expanding its products, services and geographical reach to support long term growth.

"What is particularly good about our results is that Initial Licence Fees are up 58% to \$12.8 million, representing an increase of \$4.7 million over the previous corresponding period," Mr Di Marco said.

"This is a strong testimony to the take-up of our new Connected intelligence (Ci) suite of products, that are providing us with a strong competitive advantage over our customers," he said.

"With the success of the Ci products, we are now finding opportunities in the lucrative Tier One market space, with five large deals with government and higher education clients signed in the year."

Analysis of Performance

Highlights of TechnologyOne's full year results, under the new AIFRS standards, are as follows:

- Net Profit After Tax (NPAT) up 16% to \$12.3 million, an increase of \$1.7million
- Revenue up 21% to \$65.2 million; an increase of \$11.3million
- Net Profit Before Tax up 13% to \$16.3 million; an increase of \$1.8 million
- R&D up 24% to \$12.7 million; an increase of \$2.5 million (representing 19% of revenue)
- Expenses excluding research and development (R&D) and depreciation up 24% to \$36.4 million, an increase of \$7.1 million
- Initial Licence Fees to new clients up 58% to \$12.8 million, representing an increase of \$4.7 million over the previous corresponding period.

"We are replicating our mid-tier market success in the top-end Tier One market by capitalising on opportunities to provide a better return on investment and enhanced enterprise software solutions to clients who are dissatisfied with the traditional Tier One multinational vendors," Mr Di Marco said.

"TechnologyOne is leading the 'second wave' of Tier One suppliers, following on from the first foray by large multinational corporations, who swept through and left a dissatisfied client base with poor implementations, budget overruns, and market consolidation.

"We are now rolling into ten years from the first Y2K decisions with a far more astute prospective client base, who are now looking for replacement systems.



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"Our success in the past 12 months, includes landmark contracts with the Government of Papua New Guinea, New Zealand Ministry of Justice, and Ministry of Economic Development, Adelaide Bank and Queensland University of Technology (QUT), demonstrating the scalability and depth of functionality delivered 'out of the box' of our integrated solutions.

"This depth of functionality for large clients is backed by our unique 'Power of One' value proposition whereby we develop, market, sell, implement and support our own world class, integrated solutions."

TechnologyOne is on track to migrate its client base to the company's next generation technology platform, Connected Intelligence (Ci) by 2008. Over 150 customers have now committed to the Ci platform, with 120 now live with TechnologyOne Financials Ci.

"Ci is a significant sales differentiator for the company, particularly in the Tier One market, because our applications can deliver richer, more tailored functionality and increased productivity gains for employees," Mr Di Marco said.

"We provide a safe upgrade path for many of our customers who have traditionally been burnt by large IT purchases from vendors who require massive upgrades and/or customisations and at times offer little or no ongoing support in this region."

Outlook For Continuing Strong Growth

Mr Di Marco said TechnologyOne's current pipeline of opportunities is very strong, and the company is expecting continuing strong profit growth in 2007 of between 15% and 20%.

"New Zealand, New South Wales and Victoria are the key regions that will fuel this growth, as well as opportunities in the Higher Education Sector which are also very strong," he continued.

"Longer term, we see further opportunities in local government as this market continues to consolidate.

"We have also begun building a solid sales pipeline in the UK since opening our first office in March, and expect to begin realising the results of this in the medium term."

About Technology One Limited

Technology One Limited (TechnologyOne) has been providing comprehensive and deeply integrated enterprise business software solutions for over 20 years. The company's unique value proposition, The Power of One, is that it develops, markets, sells, implements and supports its own world class, fully integrated software solutions including Financials, HR & Payroll, Supply Chain, Business Intelligence, Budgeting, Property, Student Management and Works & Assets. The company's new generation Connected Intelligence (Ci) solution suite is based on leading edge, state of the art technology and backed up by a substantial research and development program to ensure it continues to provide its clients with a significant competitive advantage and long term security.

Key Facts

- TechnologyOne has been continually profitable since 1992, returning compound annual growth of 30% Net Profit After Tax, and 27% Revenue
- TechnologyOne is a major Australian Publicly Listed Company
- The company has 12 offices, and a presence in seven countries

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