

Appendix 4E

Preliminary final report

Name of entity

TECHNOLOGY ONE LIMITED

ABN

84 010 487 180

3 Months Ending

30 SEPTEMBER 2007

Results for announcement to the market

Important Statement on 3 Month Transitional Reporting Period

Please note that these results are for the 3 month transitional reporting period of 1 July 2007 to 30 September 2007. This is explained in significant detail in the Review of Operations section of the Financial Report, which is attached to this document.

It is important to note that the profit for this transitional period is not indicative of our expected performance over the next 12 month period nor can it be meaningfully interpreted or extrapolated for the reasons outlined in the Review of Operations.

We appreciate that there is a possibility that this transitional reporting period may cause confusion in the market; and as such we have devoted a significant portion of the Review of Operations on this subject.

Results \$A'000 (3 Months Transitional period to 30 September 2007, compared with 12 month period ending 30 June 2007)			
Revenues from ordinary activities	Down	**60,033	to 16,790
Profit from ordinary activities after tax attributable to members	Down	**14,293	to 488
Net profit for the period attributable to members	Down	**14,293	to 488

Dividends	Amount per security	Franked amount per security
Current period		
Final dividend	Nil	Nil
Interim dividend	N/A	N/A
Previous corresponding period		
Final dividend	2.23¢	2.23¢
Interim dividend	1.52¢	1.52¢

Brief explanation of any of the figures reported above:

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

Consolidated retained profits	Current period 3 Months Ending 30 Sept 2007 \$A'000	Previous corresponding Period 12 Months Ending 30 June 2007 \$A'000
Retained profits at the beginning of the financial period	14,281	10,661
Net profit attributable to members	488	14,781
Net transfers to and from reserves	6,638	(675)
Net effect of changes arising from adoption of revised/new accounting standards	-	-
Dividends and other equity distributions paid or payable	(6,650)	(10,486)
Retained profits at end of financial period	14,757	14,281

Earnings per security (EPS)	Current period 3 Months Ending 30 Sept 2007 \$A'000	Previous corresponding Period 12 Months Ending 30 June 2007 \$A'000
Basic EPS	0.16 Cents	4.97 Cents
Diluted EPS	0.16 Cents	4.88 Cents
**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.		
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	297,879,572	297,121,074

NTA backing	Current period 3 Months Ending 30 Sept 2007 \$A'000	Previous corresponding Period 12 Months Ending 30 June 2007 \$A'000
Net tangible asset backing per ordinary security	9.55 cents	11.66 cents
**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.		

Dividend Payable

No dividend has been declared for the 3 month period.

Dividend Reinvestment Plan

There is no dividend re-investment plan in operation.

Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	nil	3.75 ¢

Final dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Total	nil	6,638

Control gained over entities having material effect

Name of entity (or group of entities)	NIL
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Loss of control of entities having material effect

Name of entity (or group of entities)	NIL
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Details of associates and joint venture entities

Name of entity (or group of entities)	NIL
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Comments by directors

Earnings per Security

The Earnings per Share is down from the 30 June 2007 period, due to the 30 September results being for 3 months, compared with 12 months for the period ending 30 June 2007. As such this is a meaningless comparison.

****Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.**

Returns to Shareholders

As this is only a transitional reporting period, the Board has resolved not to pay a dividend from the 30 September 2007 profits.

Significant feature of operating performance

We have previously advised that this three month transitional reporting period can not be meaningfully interpreted or be extrapolated to provide a 12 month equivalent figure.

This is because the July to September period has historically been a very quiet period for TechnologyOne in terms of sales & consulting revenue, as prospective enterprise system customers focus on completing their financial year end and associated audit, delaying buying decisions and implementations for new projects. It is important to note that our strongest months in terms of sales and consulting revenue are the months of June and December in which we typically on average book 45% of our profit in these two months.

Also given that this is a very short period of only 3 months, the probability of new business moving out into future quarters is always very high, particularly with the new requirement, under the new Australian International Financial Reporting Standards (AIFRS), to secure a signed contract before revenue can be recognised.

Lastly it is important to note that although sales and consulting revenue is low in the July to September quarter; our expenses continued and accelerated during this period as we added substantial resources to meet the demand of future growth in the following three quarters.

As such the profit from this period is not indicative of our expected performance over a 12 month period, and for the reasons above it can not be extrapolated to provide a 12 month equivalent figure.

Refer to the "Review of Operations" section of the Directors' report, in the 30 September 2007 Financial Report, for further details

Results of Segments

Refer to Note 19 of the notes to the financial accounts for further detail.

Trends in Performance

It is important to note, that this three month transitional reporting period will have no impact on our financial results for our first full year ending 30 September 2008, and commencing 1 October 2007. Also this profit is not indicative of our expected performance over the next 12 month period.

Refer to the attached Annual Financial Report

Any other Significant Information

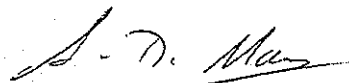
As previously advised to the market, the budget set by the Board of TechnologyOne for the new financial year (ie the period 1 October 2007 to 30 September 2008) is for profit growth of between 15% and 20% over the 2006/2007 financial results (ie over the last full 12 month financial period, being the period 1 July 2006 to 30 June 2007).

A number of very large contracts are expected to be secured in the second half of the new financial year, and as such we expect the first half results for the new financial year to be quieter than normal.

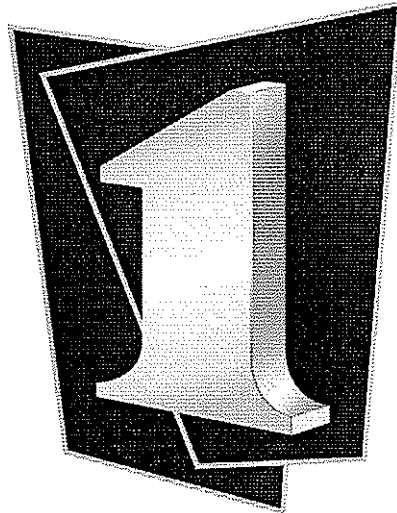
Compliance statement

This report is based on accounts which have been audited.

Signed:



A Di Marco
Executive Chairman
Date: 21 November 2007



technologyone

business software solutions

FINANCIAL REPORT

for

**Three Month Transitional Period Ending
30 September 2007**

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DIRECTORS' REPORT

The Board of Directors of Technology One Limited (TechnologyOne) (ABN 84 010 487 180) has pleasure in submitting its report in respect of the three month transitional reporting period, for the period 1 July 2007 to 30 September 2007.

Important Statement on 3 Month Transitional Reporting Period

Note that these results are for the 3 month transitional reporting period of 1 July 2007 to 30 September 2007. This is explained in significant detail in the Review of Operations.

It is important to note that the profit for this transitional period is not indicative of our expected performance over the next 12 month period nor can it be meaningfully interpreted or extrapolated for the reasons outlined in the Review of Operations.

We appreciate that there is a possibility that this transitional reporting period may cause confusion in the market; and as such we have devoted a significant portion of the Review of Operations on this subject.

Directors

The names and details of the Directors in office during or since the end of the financial period are:

Names and Qualifications	Experience and Special Responsibilities
Adrian Di Marco (Executive Chairman) B Sc, FAICD (appointed 8 December 1999)	Mr Di Marco founded TechnologyOne in 1987, after extensive experience in the software industry in the area of large scale fixed time and fixed price software development projects to meet client specific requirements. Mr Di Marco has over 25 years experience in the software industry. He has been responsible for all operational aspects of TechnologyOne, as well as the strategic direction of the Company.
Ron McLean (appointed 8 December 1999)	Mr McLean has over 30 years experience in the software industry, having held senior positions in companies in Australia and overseas, including the multi-national computer manufacturer NCR Corporation. Mr McLean joined the Board as a non-executive Director in 1992, was appointed as a General Manager in 1994, Chief Operating Officer in 1999 and Chief Executive Officer of Operations in 2003. Mr McLean resigned as Chief Executive Officer of Operations on 15 July 2004, and remains a non-executive director.
John Mactaggart (Chairman of Executive Remuneration Committee) FAICD (appointed 8 December 1999)	Mr Mactaggart has extensive experience across many industries, including export of animal products, food processing, industrial fasteners, manufacturing of building equipment and computer hardware and software. Mr Mactaggart is a Director of a number of companies. Mr Mactaggart through J.L. Mactaggart Holdings Pty Ltd is a founding shareholder of TechnologyOne. He has been a Fellow of the Australian Institute of Company Directors since 1991.
Kevin Blinco (Chairman of Audit Committee) B Bus, FCA, (appointed 1 April 2004)	Mr Blinco is a former Chairman and a Director of accounting firm Moore Stephens. His expertise is broadly respected and acknowledged throughout the business community. As a reflection of this he is the Director of numerous organisations and the external financial controller of several large family owned businesses. He is a former Fellow of the Institute of Chartered Accountants.

Names and Qualifications	Experience and Special Responsibilities
Richard Anstey AICD, FAIM, (appointed 2 December 2005)	Mr Anstey has over 30 years experience in the information technology & telecommunications industry and in associated investment banking roles. For the past 22 years he has been building and managing his own companies. The first, Tangent Group Pty Ltd, established a strong reputation for the development of software and strategic management consultancy for the banking and finance sector. After the sale of Tangent, he co-founded inQbator in 2000, an early stage investment group focussed upon the technology telecommunications and life sciences sector. inQbator manages a Federal Government backed seed fund and a portfolio of some 14 active companies across Australia. In 2006, Mr Anstey continued his career in venture capital by co-founding iQ Capital Management Pty Ltd, which manages iQ Fund 2. Mr Anstey is a member of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management, and a member of the Australian Venture Capital Association.

Company Secretary	Experience and Special Responsibilities
David Orchard (Company Secretary and Chief Financial Officer) BCom, CA, ACIS	Mr Orchard joined TechnologyOne in 1994 as the Financial Controller. This position was re-assessed to Chief Financial Officer on the company's Australian Securities Exchange listing in 1999. He became Company Secretary in 1995.

Unless indicated otherwise, all Directors held their position as a Director throughout the entire financial period and up to the date of this report.

Directors' Interests

Relevant interests of the Directors in the shares of the Company, as at date of this report are:

	Ordinary Shares
A Di Marco (Masterbah Pty Ltd)	55,378,500
R McLean (RONMAC Investments Pty Ltd)	500,000
J Mactaggart (JL Mactaggart Holdings Pty Ltd)	69,902,500
K Blinco (Assembly Road Pty Ltd)	201,285
R Anstey	15,000

Refer to Note 20 for further information concerning Directors' interests.

Directors' Meetings

The number of meetings of the Board of Directors and of Board Committees during the period were:

Board or Committee	Number of Meetings
Full Board	4
Audit	1
Executive Remuneration	1
Nomination	—

The attendance of Directors at meetings of the Board and its Committees were:

	Full Board	Audit	Executive Remuneration	Nomination
A Di Marco	4		1	
R McLean	4			
J Mactaggart	4	1	1	
K Blinco	4	1		
R Anstey	4	1		

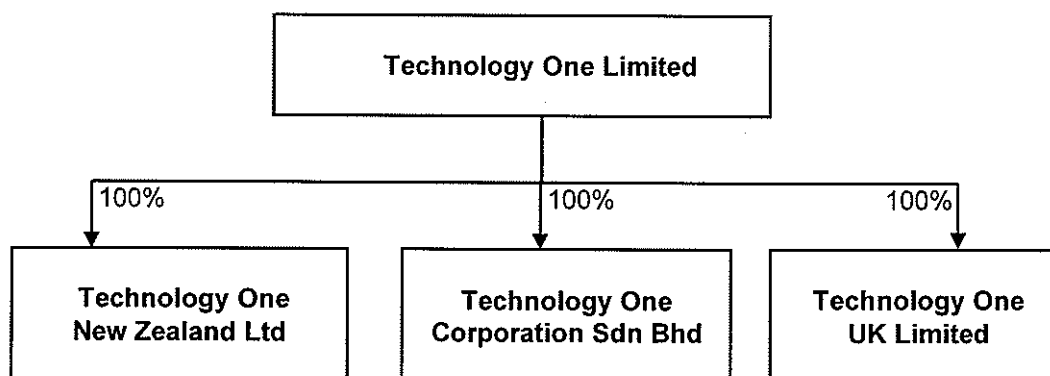
Where a Director did not attend all meetings of the Board or relevant Committee, the number of meetings for which the Director was eligible to attend is shown in brackets.

As at the date of this report, the Company had an Audit Committee of the Board of Directors, which met five times during the year. The details of the functions and memberships of the other Committees of the Board are presented in the Corporate Governance Statement.

Corporate Structure

Technology One Limited Group of Companies

As at 30 September 2007



Principal Activities

The principal activity of Technology One Limited (the Company) during the financial year was the development, marketing, sales, implementation and support of fully integrated enterprise business software solutions, including:

- TechnologyOne Financials
- TechnologyOne HR & Payroll
- TechnologyOne Supply Chain
- TechnologyOne Business Intelligence
- TechnologyOne Budgeting
- TechnologyOne Property/Rating and Local Government
- TechnologyOne Student Management
- TechnologyOne Works & Assets

The Company also provides custom software development services for large scale, purpose built applications.

Results

The Net profit before tax of the consolidated entity for the financial period was \$641,000 (\$488,000 Net Profit After Tax). It is important to note that this profit figure is not indicative of our performance over the next 12 month period nor can it be meaningfully interpreted or extrapolated to provide a 12 month equivalent figure. Please refer to the Review of Operations below for further details.

Dividends

The following dividends of the Company have been paid, declared or recommended since the end of the preceding financial year:

	On Ordinary Shares \$000
Final dividend (franked to 100%) for 2007 as recommended in last year's report	6,650

Review of Operations

On behalf of Technology One Limited (TechnologyOne), we are pleased to announce the company's results for the 3 month transitional reporting period of 1 July 2007 to 30 September 2007, showing a profit before tax of \$641,000.

It is important to note that this profit is not indicative of our expected performance over the next 12 month period nor can it be meaningfully interpreted or extrapolated for the reasons outlined below.

We appreciate that there is a possibility that this transitional reporting period can cause confusion in the market; and as such we have devoted a significant portion of this Review of Operations on this subject.

Interpretation of 3 Month Transitional Reporting Period Is Not Meaningful

We have previously advised that this three month transitional reporting period can not be meaningfully interpreted or be extrapolated to provide a 12 month equivalent figure.

This is because the July to September period has historically been a very quiet period for TechnologyOne in terms of sales and consulting revenue, as prospective enterprise system customers focus on completing their financial year end and associated audit, delaying buying decisions and implementations for new projects. It is important to note that our strongest months in terms of sales and consulting revenue are the months of June and December in which we typically on average book 45% of our profit in these two months.

Also given that this is a very short period of only 3 months, the probability of new business moving out into future quarters is always very high, particularly with the new requirement, under the new Australian International Financial Reporting Standards (AIFRS), to secure a signed contract before revenue can be recognised.

Lastly it is important to note that although sales and consulting revenue is low in the July to September quarter; our expenses continued and accelerated during this period as we added substantial resources to meet the demand of future growth in the following three quarters.

As such the profit from this period is not indicative of our expected performance over a 12 month period, and for the reasons above it can not be extrapolated to provide a 12 month equivalent figure.

No Impact on Financial Results for Year Ending 30 September 2008

It is important to note, that this three month transitional reporting period will have no impact on our financial results for our first full year ending 30 September 2008 which commenced 1 October 2007. Also the profit for this transitional period is not indicative of our expected performance over the next 12 month period.

No Change to Previous Guidance on Profit Growth

As previously advised to the market, the budget set by the Board of TechnologyOne for the new financial year (ie the period 1 October 2007 to 30 September 2008) is for profit growth of between 15% and 20% over the 2006/2007 financial results (ie over the last full 12 month financial period, being the period 1 July 2006 to 30 June 2007).

A number of very large contracts are expected to be secured in the second half of the new financial year, and as such we expect the first half results for the new financial year to be quieter than normal.

Background to Transitional Reporting Period

As previously disclosed to the market, TechnologyOne is transitioning its financial year end from 30 June to 30 September.

Our first full new reporting year will be for the financial year from 1 October 2007 to 30 September 2008.

To transition to this new financial year there is the requirement to have a 'once off' 3 month transitional reporting period for the period 1 July 2007 to 30 September 2007. The results announced today relate to this 3 month transitional reporting period.

Reason for a New Financial Year End Ending 30 September

The primary reason for the financial year end to move from 30 June to 30 September is that as a provider of enterprise software systems, with government as one of our major areas of focus, there is a strong tendency for many of our larger contracts to be closed in late May and June. The current situation of having a 30 June year end was further exacerbated with the introduction of the new Australian International Financial Reporting Standards (AIFRS) which has led to the challenge of securing signed contracts during this busy period. The new 30 September year end will improve this situation significantly as the July to September period is historically a very quiet period for TechnologyOne in terms of new and existing licences and will allow us to secure signed contracts in a more timely and orderly fashion.

Comparatives To Prior Year In This Report are Not Necessarily Meaningful

It is particularly important to note that by legislation, we are required to provide comparative financial data but this is for the previous full reporting period which is from 1 July 2006 to 30 June 2007.

As such in this report we are comparing a three month transitional reporting period (1 July 2007 to 30 September 2007) to a full 12 month prior period (1 July 2006 to 30 June 2007). Again this is a meaningless comparison, but we are required to do so.

Provision for Large Contract

In recent months TechnologyOne has become concerned about a very large project that we are undertaking. We are currently attempting to re-negotiate this contract, but because of the uncertainty of this project continuing, we have taken a prudent stance, and booked a substantial provision of \$750k, as well as not recognising revenue in this financial period, that under normal circumstances we would have been in a position to book. TechnologyOne has also incurred substantial costs as staff have remained deployed on site over the last three months as we have attempted to re-negotiate the contract.

Significant Achievements

As this has been a short period of only three months, the major achievement was the negotiation of a Share Purchase Agreement for the acquisition of the Electronic Content Management software company Avand Pty Ltd. The acquisition was subsequently completed in October 2007. This acquisition will extend the breath of our enterprise software; as well as adding an additional 100 new customers to our client base.

We expect this acquisition to be EPS neutral over the next 12 months, as we integrate this business and develop a 5 year strategy for this new product. In the medium term there should be significant opportunities to cross sell products between our respective customer bases.

Outlook

As previously announced to the market expected growth for the new financial year will be primarily driven by our Financials, Property/Rating, Business Intelligence and Works & Assets products. Our Student Management business is expected to continue to provide a significant contribution to profit once again this financial year, but with new sales expected to occur in the second half of the new financial year. Also as our existing customers move to our new Connected Intelligence series of products, sales of additional products into our existing customer base are also expected to increase substantially this year.

HR & Payroll will face another two years of significant investment, before this product will contribute to profit. Further down the track we expect this product to be a significant contributor to our profit.

We also expect to see continuing improvements in New South Wales, Victoria and the ACT. Lastly we expect to gather further traction in the UK market, and have set an aggressive target this year to come close to a break even position, which will be a great achievement by the end of our second full year in this market; and much earlier than originally planned.

Challenges of Continuing Growth

We will need to continue to manage the significant change issues associated with the introduction of the new House of Products model over the next 12 months. We will also need to carefully manage our cost base in line with our revenue growth, as we continue to invest strongly in our existing products to achieve 'best in class' status, geographical expansion as well as the implementation of new internal business systems and processes. The company will also continue to expand its senior management team.

Long Term

TechnologyOne has built a very strong business in providing world class enterprise applications. Our strategy has been to continue to expand the range of our enterprise applications and provide a compelling proposition to our potential customers based on functionality, integration, product breadth and depth, usability and user experience, and our unique Power of One value proposition.

Coupled with our continued aggressive R&D program to further expand the breadth and depth of our products, our new generation Connected Intelligence series of products, and continued geographical expansion into new markets such as the UK, this provides us with significant opportunities for long term and continued growth.

We are particularly excited about the long term opportunities in the area of both Business Intelligence, Works & Assets and in time for both our HR & Payroll and CRM products.

Our new House of Products business model will also allow us to drive significant growth opportunities from our expanded product range; as well as allow us to also undertake future acquisitions to further expand our range of products.

Lastly, we see long term opportunities to further expand the geographies we operate in, possibly to the USA and/or China.

Dividend

As this is a transitional reporting period, the Board has not declared a dividend.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company throughout the period.

Significant Events after Year End

On 31 October 2007 Technology One Limited acquired all (100%) of the issued capital of Avand Pty Ltd. Avand Pty Ltd is a Brisbane based developer and retailer of information management software. Refer Note 28.

Shares and Options

Details of shares and options held by directors are set out in Note 20 of the Financial Statements and form part of this report. Details of options issued to employees are set out in Note 14 of the Financial Statements and form part of this report.

Remuneration Report for Three Month Transitional Period

Details of remuneration provided to Directors and to the Key Management Personnel, for the three month transitional period, are as follows:

	Base Salary \$	Directors' Fee \$	Performance Related Bonus** \$	Super- annuation \$	Retirement Benefits \$	Long Term Emoluments Options Granted* \$	Total \$
Directors							
A Di Marco (Executive)							
1/7/07- 30/9/07	91,985	7,670	23,881	7,450	—	—	130,986
1/7/06- 30/6/07	361,990	30,680	337,141	28,833	—	—	758,644
R McLean (Non-executive)							
1/7/07- 30/9/07	—	7,670	—	—	—	—	7,670
1/7/06- 30/6/07	—	30,680	—	—	—	—	30,680
J Mactaggart (Non-executive)							
1/7/07- 30/9/07	—	7,670	—	—	—	—	7,670
1/7/06- 30/6/07	—	30,680	—	—	—	—	30,680
K Blinco (Non-executive)							
1/7/07- 30/9/07	—	7,670	—	—	—	—	7,670
1/7/06- 30/6/07	—	30,680	—	—	—	—	30,680
R Anstey (Non-executive)							
1/7/07- 30/9/07	—	7,670	—	—	—	—	7,670
1/7/06- 30/6/07	—	30,680	—	—	—	—	30,680
S Larwill (Non-executive) (Retired 3 November 2006)							
1/7/07- 30/9/07	—	—	—	—	—	—	—
1/7/06- 30/6/07	—	10,590	—	—	—	—	10,590
Total Remuneration: Directors							
1/7/07- 30/9/07	91,985	38,350	23,881	7,450	—	—	161,666
1/7/06- 30/6/07	361,990	163,990	337,141	28,833	—	—	891,954

	Base Salary \$	Directors' Fee \$	Performance Related Bonus** \$	Super- annuation \$	Retirement Benefits \$	Long Term Emoluments Options Granted* \$	Total \$
Key Management Personnel							
R Down (Operating Officer, New Business Development)							
1/7/07- 30/9/07	47,303	—	—	4,314	—	24,966	76,583
1/7/06- 30/6/07	186,124	—	313,225	16,792	—	68,257	584,398
M Culverson (Operating Officer, Consulting Services)							
1/7/07- 30/9/07	39,883	—	—	3,637	—	19,381	62,901
1/7/06- 30/6/07	157,691	—	193,196	14,192	—	52,962	418,041
R Phare (Operating Officer, Sales and Marketing)							
1/7/07- 30/9/07	39,883	—	—	3,637	—	11,714	55,234
1/7/06- 30/6/07	156,926	—	193,196	14,124	—	32,109	396,355
P Cameron (Operating Officer, Research and Development)							
1/7/07- 30/9/07	44,717	—	—	4,078	—	13,883	62,678
1/7/06- 30/6/07	175,947	—	78,118	15,836	—	38,040	307,941
D Orchard (Chief Financial Officer and Company Secretary)							
1/7/07- 30/9/07	33,257	—	—	2,993	—	2,993	39,243
1/7/06- 30/6/07	127,522	—	—	11,478	—	6,911	145,911
Total Remuneration: Key Management Personnel							
1/7/07- 30/9/07	205,043	—	—	18,659	—	72,937	296,639
1/7/06- 30/6/07	804,210	—	777,735	72,422	—	198,279	1,852,646

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation

The percentage of remuneration comprising options was: R Down 32.6%, M Culverson 30.8%, R Phare 21.2%, P Cameron 22.1% and D Orchard 7.6%.

* The value of options granted as part of remuneration are estimates only. The estimates are based on the degree of probability of future performance hurdles being met, combined with the use of the binomial option pricing model.

** The objective of the Bonus program is to link the achievement of the Company's profit target with the remuneration received by the executives charged with meeting those targets in the current financial year. On this basis all incentives are short term. The incentive is based on the relevant division's, for each executive, net profit before tax (NPBT) figure. NPBT has been chosen as it is the key indicator of performance. It is calculated in accordance with statutory reporting requirements.

In accordance with the disclosure requirements of Section 300A(a)(c) of the Corporations Act the above key management personnel are the five relevant group executives who received the highest remuneration for the period.

Remuneration Practices

The Executive Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Executive Chairman (EC) and the Key Management Personnel (executives). The remuneration of the Directors is approved at an Annual General Meeting of the shareholders.

The Company's constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was in 1999, at the time of the company's ASX listing when shareholders approved an aggregate remuneration of \$300,000 per year. In the three month period ending 30 September 2007, Directors' fees of \$38,350 were paid. No additional fees are paid for each Board Committee on which a Director sits.

In considering the remuneration to be paid to executives, the following principles are applied:

- The Company should provide the packages needed to attract, retain and motivate highly talented and experienced executives.
- The Company should judge where to position itself relative to other companies. This involves being aware of comparable companies' pay, but to exercise caution.
- The Company should be sensitive to the wider scene, especially with regard to salary increases.
- Performance related elements should form a significant proportion of the package, should align interests with those of shareholders and should provide keen incentives.
- The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.
- Lastly the Company must take in specific and unique conditions that may apply in individual circumstances in order to attract and retain the right executive team in the long term.

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company, business unit and individual performance against targets.
- Align the interests of executives with those of shareholders.
- Link reward with the strategic goals and performance of the Company.
- Ensure total remuneration is competitive by market standards.

Remuneration consists of the following key elements:

- Fixed remuneration
- Incentive component (performance related bonus)
- Long term incentive component (options)

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles.

Incentive Component

The objective of the incentive program is to link the achievement of the Company's profit target with the remuneration received by the executives charged with meeting those targets. The target incentive component of the executives' remuneration ranges between 25% and 65% of their total remuneration. This relatively large component is evidence of the Company's requirement for executives to perform well, in order to attain their target remuneration.

The incentive is based on the relevant division's, for each executive, NPBT figure. NPBT has been chosen as it is the key indicator of performance. It is calculated in accordance with statutory reporting requirements.

Long Term Incentives

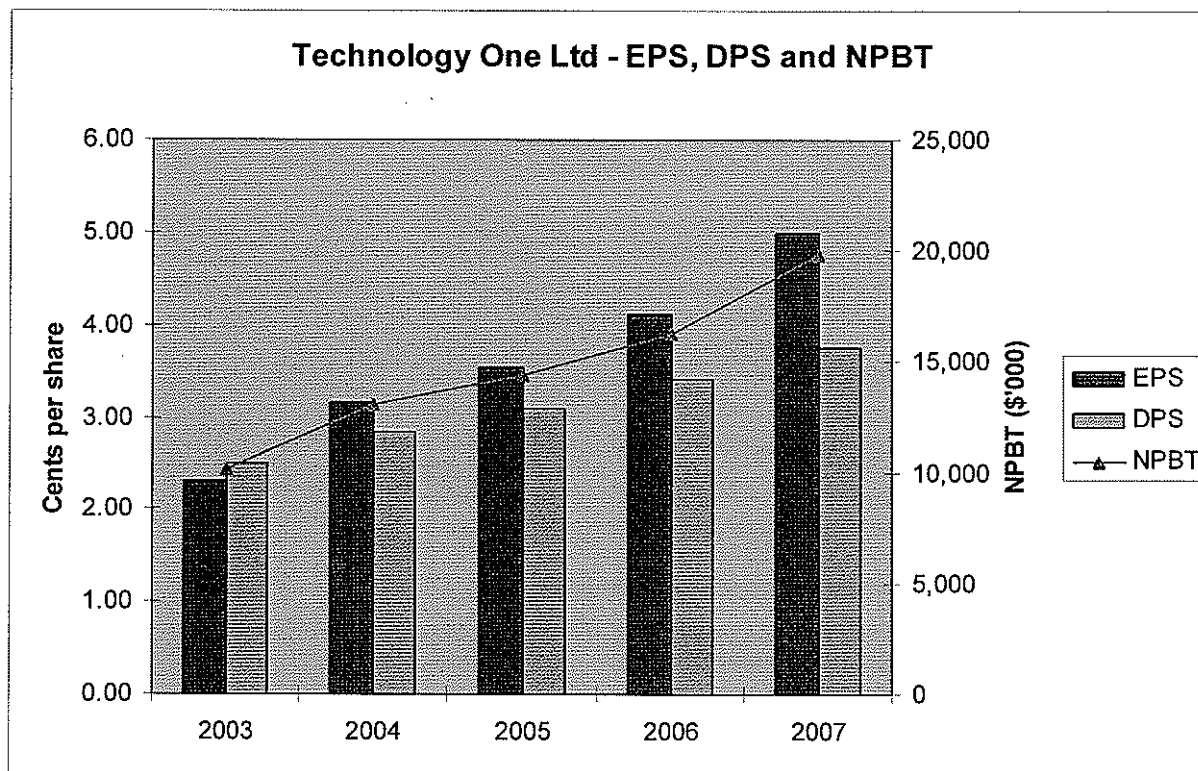
The objective of having long term incentives for executives is to reward executives in a manner which aligns this element of remuneration with the Company's interests. By having an equity interest in the Company, it aligns the executives' actions with the interests of shareholders. The executives must meet continued service conditions in order to exercise these options. The options become exercisable over five separate tranches, commencing in July 2007.

Share options are granted to executives at the discretion of the Executive Chairman based on the option plan approved by the Board. The exercise price of the options is set based on future expected share price movements. The options vest if and when the executive satisfies the period of service contained in each option grant. The contractual life of each option varies between two and five years. There are no cash settlement alternatives.

The Company does not have a policy governing employee risk management for personal exposures on equity instruments such as options.

Company Performance

The graph below shows the performance of the Company (as measured by the Company's NPBT) and the comparison of the Company's NPBT with its earnings per share (EPS) and dividends per share (DPS) over the last five years.



	2004	2005	2006	2007	Sept 2007
Share price at year end	\$0.56	\$0.52	\$0.68	\$1.22	\$1.10

Employment Contracts

The Executive Chairman, Mr Di Marco, is employed under contract. The current employment contract commenced on 1 December 1999 and continues until terminated in accordance with the agreement. Under the terms of the present contract:

- Mr Di Marco may resign from his position and thus terminate this contract by giving not less than three months' written notice.
- The Company may terminate this employment agreement by either providing three months' written notice or by paying the appropriate proportion of the termination remuneration package in lieu thereof.

All other executives are employed on a continuing basis.

Apart from termination benefits which accrue under statute, or mentioned above (such as unpaid annual leave, long service leave), there are no retirement benefits for executive directors and executives.

Indemnification of Officers

Insurance and indemnity arrangements established in the previous year concerning officers of the company were renewed or continued during the three month period ending 30 September 2007.

An indemnity agreement has been entered into between TechnologyOne and each of the directors of the Company named earlier in this report and with each full-time executive officer and secretary of the company. Under the agreement, the Company has indemnified those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. There is a limit of \$20,000,000 for any one claim.

TechnologyOne paid an insurance premium in respect of a contract insuring each of the directors of the Company named earlier in this report and each full-time executive officer and secretary of the Company, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

Rounding of Amounts

The Company is a company of the kind specified in Australian Securities and Investment Commission Class Order 98/0100. In accordance with that class order, amounts in the Financial Statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Auditor's Independence Declaration to the Directors

The Directors received a declaration from the company's auditor, Ernst & Young. It is included at the end of the Financial Statements.

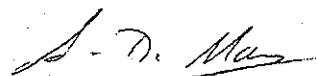
Non-Audit Services

Non-audit services provided by the company's auditor, Ernst & Young, in the current financial period and prior financial year included taxation and statutory compliance assistance in Australia, New Zealand and Malaysia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. Fees for these services were:

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$	12 Months Ended 30 June 2007 \$	3 Months Ended 30 September 2007 \$	12 Months Ended 30 June 2007 \$
Taxation advice	6,187	53,055	—	32,303
Compliance services – taxation and statutory	9,871	54,821	2,000	—
	<u>16,058</u>	<u>107,876</u>	<u>2,000</u>	<u>32,303</u>

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

This report has been made in accordance with a resolution of directors.



Adrian Di Marco
 Executive Chairman

Brisbane
 21 November 2007

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company is responsible for its corporate governance. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Directors have the authority to delegate any of their powers to committees consisting of such directors and external consultants, as the directors think fit. The Board has established an Audit Committee, an Executive Remuneration Committee and a Nominations Committee.

The format of the Corporate Governance Statement is in accordance with the Australian Stock Exchange Corporate Governance Council's 'Principles of Good Corporate Governance and Best Practice Recommendations'. In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period.

TechnologyOne's corporate governance practices were in place throughout the year ended 30 June 2007. As noted below, there are some recommendations with which the Company has not complied. These are at the end of the statement. Apart from these, the Company has complied with all of the principles.

The Directors have established guidelines for the operation of the Board. Set out below are the company's main corporate governance practices.

Unless otherwise stated, these practices were in place throughout the financial period.

The Corporate Governance Statement is available on the company's internet site: www.TechnologyOneCorp.com under the 'Investor Relations' area.

Board of Directors and its Committees

Board of Directors

The Directors are:

Adrian Di Marco	Executive Chairman (and Chief Executive Officer) – major shareholder
John Dugald Mactaggart	Non-executive Director – major shareholder
Ronald McLean	Non-executive Director – independent
Kevin Phillip Blinco	Non-executive Director – independent
Richard Charles Anstey	Non-executive Director – independent

The Board of Directors operates in accordance with the following broad principles:

- The Board should comprise at least three members, but no more than 10. The current Board membership is five. The Board may increase the number of Directors where it is felt that additional expertise in specific areas is required. The Company believes for its current size, a smaller Board allows it to be more effective and to react quickly to opportunities and threats.
- The Board should be comprised of Directors with an appropriate range of qualifications, expertise and experience.
- The Board shall meet regularly as required and have available all necessary information to participate in an informed discussion of agenda items.
- The Directors are entitled to be paid expenses incurred in connection with the execution of their duties as Directors. Each Director is therefore able to seek independent professional advice at the Company's expense, where it is in connection with their duties and responsibilities as Directors. The Company policy is that a Director wishing to seek independent legal advice should advise the Board, or if this is not possible the Chairman, at least 48 hours before doing so.

Appointment of Directors

If a vacancy exists, or where the Board considers it will benefit from the appointment of a new Director with particular skills, the Board will interview the candidates. Potential candidates will be identified by the Board although the Board will be entitled to seek the advice of an external consultant. The Board will then appoint the most suitable candidate, who upon acceptance will hold office until the next Annual General Meeting, where the appointee must retire and is entitled to stand for re-election.

Audit Committee

The Board has established an Audit Committee. The Committee is comprised of:

K Blinco B Bus, FCA, (Chairman)
J Mactaggart FAICD
R Anstey AICD, FAIM

The role of the Committee is to:

- Receive and review reports from the external auditor.
- Ensure that systems of internal control are functioning effectively and economically and that these systems and practices contribute to their achievement of the Company's corporate objectives.
- Direct follow-up action where considered necessary.
- Relate any matters of concern to the accountable authority.
- The Committee reviews the performance of the external auditor on an annual basis.

Executive Remuneration Committee

The Board has established an Executive Remuneration Committee. The Committee meets annually.

The Committee is comprised of:

J Mactaggart (Chairman)
A Di Marco
K Blinco
R McLean (Appointed 1 July 2007)

The terms of reference of the Committee are to:

- Advise the Board with regard to the Company's broad policy for executive remuneration.
- Determine, on behalf of the Board, the individual remuneration packages for each Executive.
- Give the Executives encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contribution.

Non-executive directors' remuneration is determined by the Board within the aggregate amount per annum which may be paid in directors' fees.

Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Shareholders' Role

The Board of Directors aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. The information is communicated to shareholders by the:

- Annual Report being distributed to all shareholders. The Board ensures the Annual Report contains all relevant information about the operations of the Company during the financial year, together with details of future developments and other disclosures required under the *Corporations Act 2001*.
- Half Year Results Report distributed to all shareholders.
- Disclosures forwarded to the Australian Stock Exchange under the Company's continuous disclosure obligations.

Non-Compliance with ASX Corporate Governance Guidelines

The Board of TechnologyOne believes in working to the highest standards of Corporate Governance. Notwithstanding this, the Board believes it is important to recognise there is not a 'one size fits all' to good Corporate Governance, and that it is important to consider the size of the Company, the industry it operates within, the corporate history and the Company's inherent strengths.

The ASX Corporate Governance Council has recognised this fact, and has allowed companies to explain where they do not comply with the Principles of Good Corporate Governance and Best Practice Recommendations.

The Company has complied with the majority of the ASX recommendations. The Board believes the areas of non-conformance shown below will not impact the Company's ability to meet the highest standards of Corporate Governance and will at the same time allow the Company to capitalise on its inherent strengths.

This section explains those areas of non-compliance.

Independent Chairman (Refer ASX Corporate Guidelines – Recommendation 2.2)

The Board is of the opinion it should maximise the vision, skills and industry knowledge of the Company's founder and major shareholder to continue to lead the Company forward. The Board believes Mr Di Marco is the best candidate to clearly communicate the Company's vision, strategy and to set market expectations. To this end it is seen as appropriate that Mr Di Marco should remain as Executive Chairman of the Company. There is no empirical evidence to support the preference of an Independent Chairman.

Separation of Chairman and CEO Roles (Refer ASX Corporate Guidelines – Recommendation 2.3)

The Company's Chief Executive Officer, is also the Company's Executive Chairman. There are four Operating Officers who are responsible for the day to day operations, who report to the Executive Chairman. The Board believes this provides the necessary balance required.

INCOME STATEMENT FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2007

	Note	Consolidated		Parent	
		3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
Sales revenue	2	16,790	76,823	15,511	68,782
Other revenue	2	342	1,544	674	4,944
Total operating revenue		17,132	78,367	16,185	73,726
Sales and marketing expense		(1,884)	(9,058)	(1,614)	(7,355)
Occupancy expense		(382)	(1,544)	(306)	(1,270)
Administration expense		(4,748)	(13,635)	(4,748)	(13,631)
Product distribution and servicing expense		(4,763)	(18,947)	(4,336)	(17,032)
Other expense		(533)	(1,194)	(500)	(1,060)
Finance expense		(36)	(94)	(36)	(94)
Equity based compensation expense		(77)	(286)	(77)	(286)
Profit from continuing activities before research and development expense		4,709	33,609	4,568	32,998
Research and development expense		(4,068)	(13,837)	(4,022)	(13,830)
PROFIT FROM CONTINUING ACTIVITIES BEFORE INCOME TAX EXPENSE		641	19,772	546	19,168
Income tax expense attributable to continuing activities	3	(153)	(4,991)	(126)	(4,823)
NET PROFIT		488	14,781	420	14,345
Basic Earnings Per Share (cents per share)	18	0.16	4.97		
Diluted Earnings Per Share (cents per share)	18	0.16	4.88		
Dividend Per Share (cents per share)		—	3.75		

The accompanying notes form an integral part of this Income Statement.

****Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.**

BALANCE SHEET AS AT 30 SEPTEMBER 2007

	Note	Consolidated		Parent	
		3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
CURRENT ASSETS					
Cash assets	5	21,426	25,878	16,845	22,371
Investments available for sale	24(ii)	4,175	2,931	4,175	2,931
Receivables	6	10,441	16,911	9,468	15,165
Earned and unbilled revenue		2,734	4,671	2,083	3,742
Other	7	869	805	3,978	3,103
Total Current Assets		39,645	51,196	36,549	47,312
NON-CURRENT ASSETS					
Property, plant and equipment	8	4,260	3,519	4,157	3,401
Intangible assets and goodwill	9	9,592	9,599	9,592	9,599
Deferred income tax asset	3	1,431	772	1,633	997
Other	7	—	—	1,006	950
Total Non-Current Assets		15,283	13,890	16,388	14,947
TOTAL ASSETS		54,928	65,086	52,937	62,259
CURRENT LIABILITIES					
Payables	10	3,856	6,068	3,645	5,391
Provisions	11	4,239	3,800	4,123	3,646
Income tax payable		1,886	2,161	1,790	2,043
Unearned revenue		4,274	5,944	4,233	5,918
Interest-bearing liabilities	12	649	706	649	706
Total Current Liabilities		14,904	18,679	14,440	17,704
NON-CURRENT LIABILITIES					
Provisions	13	829	883	829	883
Interest-bearing liabilities	12	1,089	1,212	1,089	1,212
Total Non-Current Liabilities		1,918	2,095	1,918	2,095
TOTAL LIABILITIES		16,822	20,774	16,358	19,799
NET ASSETS		38,106	44,312	36,579	42,460
EQUITY					
Contributed equity	14	23,556	23,341	23,556	23,341
Reserves	15	(207)	6,690	605	7,109
Retained earnings		14,757	14,281	12,418	12,010
TOTAL EQUITY		38,106	44,312	36,579	42,460

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

The accompanying notes form an integral part of this Balance Sheet.

STATEMENT OF CASH FLOWS FOR THE 3 MONTHS ENDED 30 SEPTEMBER 2007

	Note	Consolidated		Parent	
		3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
Cash flows from operating activities					
Receipts from customers		23,095	78,272	21,057	69,851
Payments to suppliers and employees		(17,839)	(58,675)	(16,934)	(51,858)
Interest received		337	1,308	323	1,228
Income taxes paid		(1,087)	(3,061)	(1,014)	(3,110)
Other revenue		—	71	—	144
Interest and other costs of finance paid		(36)	(94)	(36)	(94)
GST paid on plant and equipment acquisitions		(108)	(106)	(108)	(101)
Net operating cash flows	5 (b)	4,362	17,715	3,288	16,060
Cash flows from investing activities					
Payments for plant and equipment		(1,190)	(1,054)	(1,190)	(1,006)
Purchase of financial assets – listed securities		(1,200)	—	(1,200)	—
Proceeds from sale of plant and equipment		11	7	11	5
Net investing cash flows		(2,379)	(1,047)	(2,379)	(1,001)
Cash flows from financing activities					
Proceeds from conversion of share options		215	360	215	360
Payments for share buy-back		—	—	—	—
Dividends paid		(6,650)	(10,486)	(6,650)	(10,486)
Net financing cash flows		(6,435)	(10,126)	(6,435)	(10,126)
Net increase/(decrease) in cash held		(4,452)	6,542	(5,526)	4,933
Cash at the beginning of the financial period		25,878	19,336	22,371	17,438
Cash at the end of the financial period	5 (a)	21,426	25,878	16,845	22,371

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

The accompanying notes form an integral part of this Statement of Cash Flows.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Reserves					Total \$000
	Share Capital \$000	Retained Earnings \$000	Dividend \$000	FOREX \$000	Share Option \$000	
CONSOLIDATED						
At 1 July 2006	22,981	10,661	5,963	(547)	132	66
Net gains/(losses) on available-for-sale financial assets	—	—	—	—	—	(13)
Currency translation differences	—	—	—	128	—	—
Total income and expense for the year recognised directly in equity	—	—	—	128	—	(13)
Net profit for the year	—	14,781	—	—	—	—
Total income/(expense) for the year	—	14,781	—	128	—	(13)
Transfer to dividend reserve	—	(11,161)	11,161	—	—	—
Dividend paid	—	—	(10,486)	—	—	—
Exercise of share options	360	—	—	—	—	—
Cost of equity based compensation	—	—	—	—	286	—
At 30 June 2007	23,341	14,281	6,638	(419)	418	53
PARENT						
At 1 July 2006	22,981	8,826	5,963	—	132	66
Net gains on available-for-sale financial assets	—	—	—	—	—	(13)
Total income and expense for the year recognised directly in equity	—	—	—	—	—	(13)
Net profit for the year	—	14,345	—	—	—	—
Total income/(expense) for the year	—	14,345	—	—	—	(13)
Transfer to dividend reserve	—	(11,161)	11,161	—	—	—
Dividend paid	—	—	(10,486)	—	—	—
Exercise of share options	360	—	—	—	—	—
Cost of equity based compensation	—	—	—	—	286	—
At 30 June 2007	23,341	12,010	6,638	—	418	53

The accompanying notes form an integral part of this Statement of Changes in Equity.

STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2007

	Share Capital \$000	Retained Earnings \$000	Dividend \$000	Reserves			Total \$000
				FOREX \$000	Share Option \$000	Investment Revaluation \$000	
CONSOLIDATED							
At 1 July 2007	23,341	14,281	6,638	(419)	418	53	44,312
Net gains/(losses) on available-for-sale financial assets	—	—	—	—	—	44	44
Currency translation differences	—	—	—	(393)	—	—	(393)
Total income and expense for the period recognised directly in equity	—	—	—	(393)	—	44	(349)
Net profit for the period	—	488	—	—	—	—	488
Total income/(expense) for the period	—	488	—	(393)	—	44	139
Transfer to dividend reserve	—	(12)	12	—	—	—	—
Dividend paid	—	—	(6,650)	—	—	—	(6,650)
Exercise of share options	215	—	—	—	—	—	215
Cost of equity based compensation	—	—	—	—	90	—	90
At 30 September 2007	23,556	14,757	—	(812)	508	97	38,106
PARENT							
At 1 July 2007	23,341	12,010	6,638	—	418	53	42,460
Net gains on available-for-sale financial assets	—	—	—	—	—	44	44
Total income and expense for the period recognised directly in equity	—	420	—	—	—	—	420
Net profit for the period	—	420	—	—	—	44	464
Total income/(expense) for the period	—	(12)	12	—	—	—	—
Transfer to dividend reserve	—	—	(6,650)	—	—	—	(6,650)
Dividend paid	—	—	—	—	—	—	—
Exercise of share options	215	—	—	—	—	—	215
Cost of equity based compensation	—	—	—	—	90	—	90
At 30 September 2007	23,556	12,418	—	—	508	97	36,579

The accompanying notes form an integral part of this Statement of Changes in Equity.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards.

The financial report of Technology One Limited (the Company) for the period ended 30 September 2007 was authorised for issue in accordance with a resolution of the directors on 21 November 2007.

The financial report has been prepared on the basis of historic costs, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available to the Company under class order 98/0100. The Company is an entity to which the class order applies.

The financial report presented is for the three month period to 30 September 2007. The Company applied and was granted a change of financial year end to 30 September by the Australian Securities and Investments Commission, as disclosed as a subsequent event to the 30 June 2007 financial report. Comparative results and performance disclosures relate to the annual reporting period ended 30 June 2007 and comparative amounts related to the position of the Company relate to 30 June 2007. The Company will in 2008 report its half year results to 31 March 2008 and its annual result to 30 September 2008.

b) Statement of Compliance

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the reporting period ending 30 September 2007. These are outlined in the table below:

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 <i>Service Concession Arrangements</i> .	1 January 2008	The Company currently has no service concession arrangements or public-private-partnerships (PPP), so the amendments are not expected to have any impact on the Company's financial report.	1 October 2008
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i> .	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However the amendments may have an impact on the Company's segment	1 October 2009

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
	127, AASB 134, AASB 136, AASB 1023 & AASB 1038]			disclosures as segment information included in internal management reports is more detailed than is currently reported under AASB 114 <i>Segment Reporting</i> .	
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of revisions to AASB 123 <i>Borrowing Costs</i> .	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Company has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Company's financial report.	1 October 2009
AASB 8	Operating Segments	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 October 2009
AASB 123 (amended)	Borrowing Costs	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 January 2009	Refer to AASB 2007-6 above.	1 October 2009
AASB Interpretation 12	Service Concession Arrangements	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Refer to AASB 2007-2 above.	1 October 2008
IFRIC Interpretation 14	IAS 19 - The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan.	1 January 2008	The Company does have a defined benefit pension plan and as such this interpretation may have an impact on the Company's financial report. The Company has not yet determined the extent of the impact, if any.	1 October 2008

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

c) Comparative Information

Where applicable, certain comparative numbers have been restated in order to comply with the current period presentation of the financial report. Refer also Note 1(a).

d) Summary of Significant Accounting Policies

Revenue Recognition

Software Licence Fee Revenue

Revenue from licence fees due to software sales is recognised on the transferring of significant risks and rewards of ownership of the licensed software under an agreement between the company and the customer.

Implementation and Consulting Services Revenue for Licensed Software

Revenue from implementation and consulting services attributable to licensed software is recognised in proportion to the stage of completion.

Post Sales Customer Support Revenue for Licensed Software

Post sales customer support (PSCS) revenue for licensed software comprises fees for ongoing upgrades, minor software revisions and helpline support. PSCS revenue is allocated between annual fees for helpline support and fees for rights of access to ongoing upgrades and minor software patches. At each reporting date the unearned portion of help line support fees is assessed and deferred to be recognised over the period of service. Fees for rights of access to ongoing upgrades and minor software revisions are recognised at the commencement of the period to which they relate on the basis that the company has no ongoing obligations or required expenditure related to this revenue.

Project Services Revenue

Revenue from project services agreements is recognised in proportion to their stage of completion, typically in accordance with the achievement of contract milestones and/or hours expended.

Unearned Services Revenue

Amounts received from customers in advance of provision of services are accounted for as a liability called Unearned Revenue.

Earned and Unbilled Revenue

Amounts recorded as Earned and Unbilled Revenue represent revenues recorded on Software Licence fees and PSCS fees not yet invoiced to customers. These amounts have met the revenue recognition criteria of the Company, but have not reached the payment milestones contracted with customers.

Principles of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Technology One Limited and its controlled entities, referred to collectively throughout these financial statements as the Company.

All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the period, the results are included only from the date control commenced or up to the date control ceased.

Financial statements of foreign controlled entities are prepared in accordance with overseas accounting principles and are, for consolidation purposes, adjusted to comply with group policy and AIFRS.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and Development Costs

Research and development expenses include payroll, employee benefits and other employee-related costs associated with product development. Technological feasibility for software products is reached shortly before the products are released for commercial sale to customers. Costs incurred after technological feasibility is established are not material, and accordingly, all research and development costs are expensed when incurred.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the assets as follows:

	Life	Method
Office furniture and equipment	3-11 years	Straight line
Computer software	3-4 years	Straight line
Motor vehicles	4-5 years	Straight line

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Foreign Currency Transactions

Both the functional and presentation currency of Technology One Limited is Australian dollars (AUD).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences in the consolidated financial report are taken to the income statement.

The functional currency of the overseas subsidiaries, Technology One New Zealand Ltd is New Zealand dollars (NZD), Technology One Corporation SDN BHD is Malaysian Ringitt (RM) and Technology One UK Limited is English Pounds (GBP).

As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Technology One Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination’s synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Provision for Employee Benefits

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave. No provision is made for non-vesting sick leave.

All on-costs, including payroll tax, workers' compensation premiums and fringe benefits tax are included in the determination of provisions. Annual leave and the current portion of the long service leave provision are measured at their nominal amounts.

The non-current portion of long service leave is measured at the present value of estimated future cash flows, discounted by 6.16% the interest rate applicable to 10 year Commonwealth Government bonds.

Employee superannuation funds exist to provide benefits for the employees and their dependants on retirement, death or disability. The contributions made to these funds by the company are expensed in the year to which they relate as all contributions are made to defined contribution funds.

Recoverable Amounts of Non-Current Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased Assets

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating

Operating leases under which the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are included in the determination of the operating profit in equal instalments over the lease term.

Financing

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised leased assets are amortised over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Income Statement.

Share-Based Payment Transactions

The Company provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares. The cost of share-based payment transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. Refer to Note 14.

The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). No expense is recognised for awards that do not ultimately vest.

Intangible Assets

Intangible assets acquired separately are capitalised at cost, and if acquired as a result of a business combination, capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to all classes of intangible assets. The useful lives of the intangible assets are assessed to be either finite or infinite. Where amortisation is charged on intangible assets with finite lives, this expense is taken to the income statement through the 'depreciation and amortisation expense' line item. Intangible assets with finite lives are tested for impairment where an indicator of impairment exists. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the intangible asset is derecognised.

Purchase cost of the intellectual property known as People One (TechnologyOne HR & Payroll), has been capitalised and has been amortised over a period of five years and now has a written down value of nil.

Purchase cost of the intellectual property known as Retail One (TechnologyOne Supply Chain) has been capitalised and is being amortised over a period of 10 years.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Available For Sale Financial Assets - Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Investments held which are classified as available-for-sale are measured at fair value where such investments comprise tradeable securities. Fair value is determined by reference to quoted market prices in an active, liquid and observable market.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Income Statement.

Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial Instruments included in Equity

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Financial Instruments included in Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial Instruments included in Assets

Trade debtors are initially recorded at the amount of contracted sales proceeds.

Provision for doubtful debts is recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. Any provision established is based on a review of all outstanding amounts at balance date.

Bank deposits are carried at cost. Interest revenue is recognised on an effective yield basis.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Share Buy-Back

The price paid for the repurchase of contributed equity is taken as a direct charge to equity. The price paid is measured at the fair value of consideration given. Any costs associated with the buy-back are taken as a direct charge to equity.

Tax Consolidations

As Proclaim Software Pty Ltd was de-registered in July 2006, there is no longer a consolidated tax group.

e) Significant Accounting Judgements, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill

The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill is discussed in Note 9.

Long service leave

A liability for long service is recognized and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

	Consolidated		Parent	
	3 Months Ended 30 Sept 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 Sept 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 2. REVENUES AND EXPENSES				
Revenues and expenses from continuing operations				
Sales revenue				
Software licence fees	2,179	19,728	1,972	17,335
Implementation and consulting services	5,733	22,498	4,940	19,741
Post sales customer support	6,170	25,594	5,891	22,703
Project services	2,708	9,003	2,708	9,003
Total sales revenue	16,790	76,823	15,511	68,782
Other revenue				
Interest received – cash	341	1,129	327	1,049
Interest received – available for sale investments	—	184	—	184
Royalty received – from related parties	—	—	—	2,658
Management fees received – from related parties	—	—	346	820
Other	1	231	1	233
Total other revenue	342	1,544	674	4,944
Total revenue	17,132	78,367	16,185	73,726
Depreciation of:				
- Office furniture and equipment	138	584	129	536
- Computer software	13	56	13	56
- Motor vehicles	1	10	1	10
	152	650	143	602
Amortisation of:				
- Leased office furniture and equipment	235	632	235	632
- Leased computer software	33	93	33	93
- Intellectual property	7	28	7	28
	275	753	275	753
Employee benefit expenses:				
Wages and salaries	9,573	33,471	9,034	31,186
Defined contribution plan expense	816	2,828	794	2,756
Payroll tax	554	1,887	554	1,887
Provision for annual leave	263	472	291	427
Provision for long service leave	132	400	132	400
Equity based compensation	90	286	90	286
Other	719	1,853	592	1,322
	12,147	41,197	11,487	38,264
Other expense items:				
Provision for doubtful debts	651	53	707	30
Foreign exchange loss	—	78	—	78
Rental expenses on operating leases	383	1,411	322	1,190
Loss on sale of fixed assets	7	23	7	23
Management and marketing fees	—	—	172	1,313

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 3. INCOME TAX				
The major components of income tax expense are:				
Income Statement				
Current income tax	746	5,504	694	5,269
Adjustments in respect of current income tax of previous years	67	(48)	67	(50)
Deferred Income Tax				
Relating to origination and reversal of temporary differences	(660)	(465)	(635)	(396)
Income tax expense reported in the Income Statement	153	4,991	126	4,823
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:				
Accounting profit before income tax	641	19,772	546	19,168
At the Company's statutory income tax rate of 30% (2007: 30%)	192	5,932	165	5,750
Adjustment in respect of current income tax of previous years	67	(48)	67	(50)
Research and development tax concession	(133)	(948)	(133)	(948)
Recognition of previously unrecognised tax asset	(15)	(64)	(15)	(64)
Non-deductible foreign loss	—	(36)	—	—
Expenditure not allowable for income tax purposes	42	155	42	135
Income tax reported in the Income Statement	153	4,991	126	4,823
Future income tax benefit – deductible temporary differences not recorded	1,002	1,017	1,002	1,017

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

	Balance Sheet		Income Statement	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 3. INCOME TAX (continued)				
Deferred income tax at 30 September relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Unearned revenue	(833)	(1,389)	(556)	(105)
Accelerated depreciation for tax purposes	(52)	16	68	(93)
Other	(134)	(182)	(49)	84
	<u>(1,019)</u>	<u>(1,555)</u>		
CONSOLIDATED				
Deferred tax assets				
Employee provisions	1,521	1,408	(113)	(273)
Provisions – other	458	370	(88)	(130)
Accrued expenses	79	145	66	55
Copyright – software	318	318	—	—
Lease liability (net)	67	56	(11)	26
Other	7	30	23	(30)
	<u>2,450</u>	<u>2,327</u>		
Deferred tax expense			<u>(660)</u>	<u>(465)</u>
Net Deferred Tax Asset	<u>1,431</u>	<u>772</u>		
PARENT				
Deferred tax liabilities				
Unearned revenue	(624)	(1,099)	(475)	(93)
Accelerated depreciation for tax purposes	(49)	20	69	(97)
Other	(90)	(150)	(60)	83
	<u>(763)</u>	<u>(1,229)</u>		
PARENT				
Deferred tax assets				
Employee provisions	1,485	1,359	(126)	(248)
Provisions – other	447	348	(98)	(122)
Accrued expenses	79	145	66	55
Copyright – software	318	318	—	—
Lease liability (net)	67	56	(11)	26
	<u>2,396</u>	<u>2,226</u>		
Deferred tax expense			<u>(635)</u>	<u>(396)</u>
Net Deferred Tax Asset	<u>1,633</u>	<u>997</u>		

Tax consolidation

As Proclaim Software Pty Ltd was de-registered in July 2006, there is no longer a consolidated tax group.

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

Consolidated		Parent	
3 Months Ended 30 September 2007	12 Months Ended 30 June 2007	3 Months Ended 30 September 2007	12 Months Ended 30 June 2007
\$000	\$000	\$000	\$000

NOTE 4. DIVIDENDS PAID AND PROPOSED

(a) Dividends Paid

Final dividend 2007 2.23 cents (2006: 2.1 cents) – fully franked	6,650	5,967	6,650	5,967
Interim dividend Sept 2007 nil (2007: 1.52 cents) – fully franked	—	4,519	—	4,519
	<u>6,650</u>	<u>10,486</u>	<u>6,650</u>	<u>10,486</u>

(b) Dividends Proposed

No final dividend has been proposed for the period ended 30 September 2007.

(c) Franking Credit Balance

The amount of franking credits available for the subsequent financial period are:

Franking account balance as at the end of the financial year	284	2,119	284	2,119
Franking credits that will arise from the payment of income tax payable as at the end of the financial period	1,792	2,109	1,792	2,109
Franking account balance	<u>2,076</u>	<u>4,228</u>	<u>2,076</u>	<u>4,228</u>

The tax rate at which paid dividends have been franked is 30% (2007: 30%). Dividends proposed will be franked at the rate of 30% (2007: 30%).

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000

NOTE 5. CASH ASSETS

(a) Cash is defined to include the following:

Cash at bank	10,028	14,562	6,799	12,479
Money market accounts at call	11,398	11,316	10,046	9,892
	<u>21,426</u>	<u>25,878</u>	<u>16,845</u>	<u>22,371</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Money market accounts at call are made for varying periods of between one day and three months, depending on immediate cash requirements of the Company, and earn interest at the respective money market deposit rates. The fair value of cash assets at 30 September 2007 and 30 June 2007 are their carrying values.

(b) Reconciliation of net operating cash flows to net profit

Net profit	488	14,781	420	14,345
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Adjustments for non-cash expense items

Depreciation and amortisation	427	1,403	418	1,355
Loss on sale of assets	7	23	7	23
Equity based remuneration expense	90	286	90	286
Transfers to/(from) provisions:				
Employee entitlements	385	882	423	828
Doubtful debts	(104)	(385)	(44)	13
Movement in provision for:				
Income tax payable	(275)	2,396	(253)	2,108
Deferred income tax	(535)	(114)	(466)	(107)

Changes in assets and liabilities

(Increase)/decrease in assets:

Trade debtors	6,403	(4,912)	5,532	(4,737)
Sundry debtors	(49)	(137)	(49)	(132)
Prepayments	7	(158)	2	(158)
Earned and unbilled revenue	1,938	216	1,660	232
Other	(123)	(430)	(131)	(1,605)

(Decrease)/increase in liabilities:

Trade payables	(983)	771	(886)	728
Other	(1,644)	735	(2,136)	519
Unearned revenue	(1,670)	2,358	(1,299)	2,362

Net operating cash flows	<u>4,362</u>	<u>17,715</u>	<u>3,288</u>	<u>16,060</u>
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**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

(c) Controlled entities acquired

There were no controlled entities acquired during the 2007 financial period.

(d) Non-cash financing and investing activities

During the financial period the Company acquired equipment and software with an aggregate fair value of \$nil (2007: \$1,207,168), by means of finance leases.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 6. RECEIVABLES (Current)				
Trade debtors (i) (ii)	11,014	16,841	10,146	15,103
Provision for doubtful debts (iii)	(920)	(274)	(887)	(180)
Sundry debtors	347	344	209	242
	<u>10,441</u>	<u>16,911</u>	<u>9,468</u>	<u>15,165</u>

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

(i) Trade debtors are non-interest bearing and are on 30 day terms. No interest is charged on trade debtors. A specific analysis of debts that may be uncollectible is made at each reporting date by an internal credit committee and provisions made where appropriate. Provisions recorded are based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to the circumstances of the specific customer.

Included in the Consolidation trade receivable balance are debtors with a carrying amount of \$2,400,000 (2007: \$3,043,000) which are past due at the reporting date for which the consolidated entity has not provided as there has not been a significant change in credit quality and the consolidated entity believes that the amounts are still considered recoverable. The consolidated entity does not hold any collateral over these balances, apart from the withdrawal of future support and software licence use rights. The average age of these receivables is 45 days (2007: 50 days).

Included in the Parent's trade receivable balance are debtors with a carrying amount of \$2,164,000 (2007: \$2,425,000) which are past due at the reporting date for which the Parent has not provided as there has not been a significant change in credit quality and the Parent believes that the amounts are still considered recoverable. The Parent does not hold any collateral over these balance, apart from the withdrawal of future support and software licence use rights. The average age of these receivables is 45 days (2007: 50 days).

(ii) Included in trade debtors are amounts billed but not yet collected for post implementation customer support to commence post 1 October at each balance date. An equal and offsetting amount is included in unearned income. The amounts at each balance date are as follows:

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
Invoices rendered for un-provided services	1,923	2,848	1,881	2,824

NOTE 6. RECEIVABLES (Current) (continued)

(iii) Movement in Doubtful Debts Provision

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
Balance at the beginning of the period	274	659	180	167
Amounts written off in the period	(10)	(438)	—	(17)
Amounts recovered in the period	(95)	—	(44)	—
Amounts provided in the period	751	53	751	30
Balance at the end of the period	920	274	887	180

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
Prepayments	512	514	512	514
Amounts owing from controlled entities	—	—	2,887	2,097
Other	357	291	579	492
	869	805	3,978	3,103

NOTE 7. OTHER ASSETS

Current

Prepayments	512	514	512	514
Amounts owing from controlled entities	—	—	2,887	2,097
Other	357	291	579	492
	869	805	3,978	3,103

Non Current

Amounts owing from controlled entities	—	—	1,006	950
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**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Office Furniture and Equipment:

Cost

Opening balance	4,181	3,368	3,960	3,193
Additions	1,190	1,043	1,190	997
Disposals	(76)	(230)	(70)	(230)
Closing balance	5,295	4,181	5,080	3,960

Accumulated depreciation

Opening balance	2,150	1,784	2,047	1,729
Depreciation for the period/year	138	584	129	536
Disposals	(50)	(218)	(50)	(218)
Closing balance	2,238	2,150	2,126	2,047
Net book value	3,057	2,031	2,954	1,913

Leased Office Furniture and Equipment:

Cost

Opening balance	2,988	2,091	2,988	2,091
Additions	—	1,044	—	1,044
Disposals	(51)	(147)	(51)	(147)
Closing balance	2,937	2,988	2,937	2,988

Accumulated amortisation

Opening balance	1,773	1,273	1,773	1,273
Amortisation for the period/year	235	632	235	632
Disposals	(48)	(132)	(48)	(132)
Closing balance	1,960	1,773	1,960	1,773
Net book value	977	1,215	977	1,215

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 8. PROPERTY, PLANT AND EQUIPMENT (continued)				
Computer Software:				
<i>Cost</i>				
Opening balance	685	679	685	679
Additions	—	6	—	6
Closing balance	685	685	685	685
<i>Accumulated depreciation</i>				
Opening balance	637	581	637	581
Depreciation for the period/year	13	56	13	56
Disposals	—	—	—	—
Closing balance	650	637	650	637
Net book value	35	48	35	48
Leased Computer Software:				
<i>Cost</i>				
Opening balance	940	777	940	777
Additions	—	163	—	163
Closing balance	940	940	940	940
<i>Accumulated amortisation</i>				
Opening balance	741	648	741	648
Amortisation for the period/year	33	93	33	93
Closing balance	774	741	774	741
Net book value	166	199	166	199
Motor Vehicles:				
<i>Cost</i>				
Opening balance	38	70	38	70
Additions	—	—	—	—
Disposals	—	(32)	—	(32)
Closing balance	38	38	38	38
<i>Accumulated depreciation</i>				
Opening balance	12	13	12	13
Depreciation for the period/year	1	10	1	10
Disposals	—	(11)	—	(11)
Closing balance	13	12	13	12
Net book value	25	26	25	26
Total property, plant and equipment, at cost	9,895	8,832	9,680	8,611
Total property, plant and equipment, net	4,260	3,519	4,157	3,401

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 9. INTANGIBLE ASSETS AND GOODWILL				
Intellectual Property:				
<i>Cost</i>				
Opening balance	480	480	480	480
Additions	—	—	—	—
Closing balance	480	480	480	480
<i>Accumulated amortisation</i>				
Opening balance	345	317	345	317
Amortisation for the period/year	7	28	7	28
Closing balance	352	345	352	345
Net book value	128	135	128	135
Goodwill:				
Purchased goodwill	9,464	9,464	9,464	9,464
Total intangible assets, at cost	9,944	9,944	9,944	9,944
Total intangible assets, net	9,592	9,599	9,592	9,599

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations has been allocated to the software engineering cash-generating unit. This cash-generating unit is a reportable segment.

The recoverable amount of the software engineering unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period.

The discount rate applied to cash flow projections is 16.16% pre tax (2007: 16.26%).

The key assumptions used in value-in-use calculations for 30 September 2007 and 30 June 2007 are:

- Budgeted margins – the basis used to determine the value assigned to budgeted margin is the average margin achieved in the year immediately before the budgeted year.
- Bond rates – the yield on a five year government bond rate at the beginning of the budgeted year is used.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 10. PAYABLES				
Trade payables (i)	3,398	4,316	3,232	4,034
Directors' fees	54	89	54	89
Sundry creditors (i)	404	1,663	359	1,268
	<u>3,856</u>	<u>6,068</u>	<u>3,645</u>	<u>5,391</u>

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

- (i) Trade payables and sundry creditors are non-interest bearing and are normally settled on 30 day terms. No interest is payable on outstanding balances. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 11. PROVISIONS (Current)				
Annual leave	2,861	2,608	2,745	2,454
Long service leave	1,378	1,192	1,378	1,192
	<u>4,239</u>	<u>3,800</u>	<u>4,123</u>	<u>3,646</u>

NOTE 12. INTEREST BEARING LIABILITIES

Current

Lease liability (Note 16) – secured at amortised cost

	649	706	649	706
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Non-Current

Lease liability (Note 16) – secured at amortised cost

	1,089	1,212	1,089	1,212
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NOTE 13. PROVISIONS (Non-Current)

Long service leave

	829	883	829	883
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	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 14. CONTRIBUTED EQUITY				
Ordinary shares	23,556	23,341	23,556	23,341

Movements in Contributed Equity for the Year:

	Number of Ordinary Shares '000			
	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
Opening number of shares	297,659	296,659	297,659	296,659
Options exercised – Refer below	694	1,000	694	1,000
Closing number of shares	298,353	297,659	298,353	297,659

A reconciliation of movements in the dollar value of contributed equity is included in the Statement of Changes in Equity.

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

Employee Share Option Plan

Share options are granted to employees at the discretion of the Executive Chairman. The exercise price of the options is set based on future expected share price movements. The options vest if and when the employees satisfies the period of service contained in each option grant. The contractual life of each option varies between two and five years. There are no cash settlement alternatives.

The following table lists the average inputs into the model used to value options. No options were issued in the period 1 July 2006 to 30 September 2007.

	Consolidated 1 July 2006 to 30 June 2007
Dividend yield (%)	4.4%
Expected volatility (%)	22.7%
Risk free interest rate (%)	5.9%
Expected life of option (years)	4.00
Option exercise price (\$)	0.35
Weighted average share price at grant date (\$)	0.77

NOTE 14. CONTRIBUTED EQUITY (continued)

30 September 2007

Issue date	25-Aug-06	1-Jul-04	31-Oct-02	24-Sep-02
	Number of options			
On issue at beginning of the period	1,860,000	5,500,000	43,750	381,250
Issued during the period	—	—	—	—
Exercised during the period	—	(675,000)	—	(18,750)
Cancelled and expired during the period	—	—	—	—
Outstanding at date of Directors' Report	1,860,000	4,825,000	43,750	362,500
Number of recipients	10	4	2	33
Exercise price	\$0.35	\$0.33	\$0.31	\$0.36
Exercise period (commencement)	Aug 2008 to Aug 2014	Jul 2007 to Jul 2011	Oct 2004 to Oct 2007	Jan 2003 to Nov 2006
Expiration date	Aug 2018 to Aug 2024	Jun 2012 to Jun 2016	Oct 2006 to Oct 2009	Jan 2005 to Nov 2008
Fair value of option at issue date (b)	\$0.33 to \$0.40	\$0.15 to \$0.19	\$0.12	\$0.11

30 June 2007

Issue date	25-Aug-06	1-Jul-04	31-Oct-02	24-Sep-02	12-Sep-02
	Number of options				
On issue at beginning of the year	—	5,500,000	106,250	1,030,000	420,000
Issued during the year	1,860,000	—	—	—	—
Exercised during the year	—	—	(62,500)	(592,500)	(345,000)
Cancelled and expired during the year	—	—	—	(56,250)	(75,000)
Outstanding at date of Directors' Report	1,860,000	5,500,000	43,750	381,250	—
Number of recipients	10	4	2	33	3
Exercise price	\$0.35	\$0.33	\$0.31	\$0.36	\$0.36
Exercise period (commencement)	Aug 2008 to Aug 2014	Jul 2007 to Jul 2011	Oct 2004 to Oct 2007	Jan 2003 to Nov 2006	Apr 2003 to May 2007
Expiration date	Aug 2018 to Aug 2024	Jun 2012 to Jun 2016	Oct 2006 to Oct 2009	Jan 2005 to Nov 2008	Apr 2005 to May 2009
Fair value of option at issue date (b)	\$0.33 to \$0.40	\$0.15 to \$0.19	\$0.12	\$0.11	\$0.13

(a) Each option entitles the holder to purchase one share.

- (b) Fair values of options granted as part of remuneration are based on values determined using the binomial option pricing model. Options issued 1 July 2004 have had their fair value increased in line with modifications to the exercise price of such options approved on 25 August 2006.

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
NOTE 15. RESERVES				
Dividend reserve	—	6,638	—	6,638
Share option reserve	508	418	508	418
Foreign exchange reserve	(812)	(419)	—	—
Investment revaluation reserve	97	53	97	53
	<u>(207)</u>	<u>6,690</u>	<u>605</u>	<u>7,109</u>

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

Dividend reserve

The reserve records retained earnings set aside for the payment of future dividends.

Share option reserve

The reserve is used to record the value of equity benefits provided to employees, through share-based payment transactions.

Foreign exchange reserve

The reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Investment revaluation reserve

The reserve is used to record changes in fair values of available-for-sale investments.

Consolidated		Parent	
3 Months Ended 30 September 2007	12 Months Ended 30 June 2007	3 Months Ended 30 September 2007	12 Months Ended 30 June 2007
\$000	\$000	\$000	\$000

NOTE 16. LEASING COMMITMENTS

Operating Lease Commitments:

Non cancellable operating leases contracted but not capitalised in the accounts are due as follows:

Not later than one year	1,776	1,442	1,776	1,243
Later than one year and not later than five years	2,257	1,653	2,257	1,645
	<u>4,033</u>	<u>3,095</u>	<u>4,033</u>	<u>2,888</u>

Operating leases are entered into as a means of acquiring access to office property. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

Finance Lease Commitments:

Non cancellable finance leases capitalised in the accounts are due as follows:

Not later than one year	766	835	766	835
Later than one year and not later than five years	1,173	1,320	1,173	1,320
Total minimum lease payments	1,939	2,155	1,939	2,155
Future finance charges	(201)	(237)	(201)	(237)
Lease liability	<u>1,738</u>	<u>1,918</u>	<u>1,738</u>	<u>1,918</u>
Current liability	649	706	649	706
Non-current liability	1,089	1,212	1,089	1,212
	<u>1,738</u>	<u>1,918</u>	<u>1,738</u>	<u>1,918</u>

The finance lease liabilities above are secured by a Registered Mortgage Debenture given by the Company in favour of ANZ Banking Group Limited for the assets under lease. The Company has available leasing facilities of \$2,000,000 of which \$262,000 remain un-drawn at 30 September 2007. The borrowings carry a fixed rate of 8.72% (2007: 8.02%) and have an average term of 3 years.

	Consolidated		Parent	
	3 Months Ended 30 September 2007	12 Months Ended 30 June 2007	3 Months Ended 30 September 2007	12 Months Ended 30 June 2007
	\$	\$	\$	\$
NOTE 17. REMUNERATION OF AUDITOR				
Amounts received, or due and receivable, for the audit and review of the financial reports of the parent entity and any other entity in the consolidated group by:				
Ernst & Young	75,000	197,500	75,000	180,000
Amounts received, or due and receivable, for other services in relation to all entities in the consolidated group by:				
Ernst & Young	16,058	107,876	2,000	32,303
Other services provided by Ernst & Young in the current financial period and prior financial year were:				
Compliance services – taxation and statutory	9,871	53,055	2,000	32,303
Taxation advice	6,187	54,821	—	—
	16,058	107,876	2,000	32,303

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

	Consolidated	
	3 Months Ended 30 September 2007	12 Months Ended 30 June 2007
NOTE 18. EARNINGS PER SHARE		
Earnings used for calculating basic and diluted earnings per share (\$000)	488	14,781
Basic earnings per share (cents per share)	0.16	4.97
Diluted earnings per share (cents per share)	0.16	4.88
Weighted average number of ordinary shares used in the calculation of basic earnings per share	297,879,572	297,121,074
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	302,627,866	302,773,663

There are no potentially dilutive share instruments not included in the calculation of diluted earnings per share.

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

NOTE 19. SEGMENT REPORTING

Primary Segments – Business Units

	Service Delivery \$000	Software Engineering \$000	Unallocated \$000	Consolidated \$000
Three Months Ended 30 September 2007				
Revenue				
External sales	12,272	2,938	1,580	16,790
Other revenue	—	—	342	342
Inter-segment sales	—	2,978	—	2,978
	<u>12,272</u>	<u>5,916</u>	<u>1,922</u>	<u>20,110</u>
Inter-segment elimination				(2,978)
Total Consolidated Revenue				<u>17,132</u>
Result				
Segment result (before tax)	2,591	850	(2,800)	641
Income tax expense				(153)
Net Profit				<u>488</u>
Assets and Liabilities				
Total segment assets	12,050	14,093	28,795	54,928
Total segment liabilities	7,053	4,795	4,974	16,822
Other Segment Information				
Capital expenditure	460	508	222	1,190
Depreciation and amortisation	187	153	87	427
Total non-cash expenses	125	167	754	1,046
Cash Flow Information				
Net cash flow from operating activities	5,119	5,675	(6,432)	4,362
Net cash flow from investing activities	(509)	(566)	(1,304)	(2,379)
Net cash flow from financing activities	—	—	(6,435)	(6,435)

NOTE 19. SEGMENT REPORTING (continued)

Primary Segments – Business Units

	Service Delivery \$000	Software Engineering \$000	Unallocated \$000	Consolidated \$000
12 Months Ended 30 June 2007				
Revenue				
External sales	65,239	10,505	1,079	76,823
Other revenue	1	2	1,541	1,544
Inter-segment sales	—	17,304	—	17,304
	65,240	27,811	2,620	95,671
Inter-segment elimination				(17,304)
Total Consolidated Revenue				78,367
Result				
Segment result (before tax)	21,182	7,801	(9,211)	19,772
Income tax expense				(4,991)
Net Profit				14,781
Assets and Liabilities				
Total segment assets	17,042	16,942	31,102	65,086
Total segment liabilities	10,991	3,926	5,857	20,774
Other Segment Information				
Capital expenditure	854	946	456	2,256
Depreciation and amortisation	619	518	266	1,403
Total non-cash expenses	331	479	195	1,005
Cash Flow Information				
Net cash flow from operating activities	17,828	4,685	(4,798)	17,715
Net cash flow from investing activities	(494)	(307)	(247)	(1,048)
Net cash flow from financing activities	—	—	(10,126)	(10,126)

Segments are comprised of:

Service Delivery: The marketing, sale and implementation of core software products; and

Software Engineering: The development of purpose built software to meet the needs of specific customers, plus the continuing research and development and support of core products.

Unallocated items mainly comprise other revenue and corporate expenses.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Secondary Segments – Geographical

	Australia \$000	New Zealand \$000	International \$000	Total \$000
30 September 2007				
Total Consolidated Revenue	15,947	968	217	17,132
Total Segment Assets	53,375	1,076	477	54,928
30 June 2007				
Total Consolidated Revenue	69,226	7,312	1,829	78,367
Total Segment Assets	61,410	2,456	1,220	65,086

NOTE 20. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Directors and Key Management Personnel

The following persons held the position of director or key management personnel of Technology One Limited during all of the past financial period, unless otherwise stated:

(i) Directors

A Di Marco	Executive Chairman
R McLean	Director (non-executive)
J Mactaggart	Director (non-executive)
K Blinco	Director (non-executive)
R Anstey	Director (non-executive)

(ii) Key Management Personnel

R Down	Operating Officer – New Business Development
M Culverson	Operating Officer – Professional Services
R Phare	Operating Officer – Sales and Marketing
P Cameron	Operating Officer – Research and Development
D Orchard	Chief Financial Officer and Company Secretary

(b) Remuneration of Directors and Key Management Personnel

(i) Remuneration Practices

The Executive Remuneration Committee of the Board of Directors of the company is responsible for determining and reviewing compensation arrangements for the Executive Chairman (EC) and the key management personnel (executives). The remuneration of the Directors is approved at an Annual General Meeting of the shareholders.

In considering the remuneration to be paid to executives, the following principles are applied:

- The Company should provide the packages needed to attract, retain and motivate highly talented and experienced executives.
- The Company should judge where to position itself relative to other companies. This involves being aware of comparable companies' pay, but to exercise caution.
- The Company should be sensitive to the wider scene, especially with regard to salary increases.
- Performance related elements should form a significant proportion of the package, should align interests with those of shareholders and should provide keen incentives.
- The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.
- Lastly the Company must take in specific and unique conditions that may apply in individual circumstances in order to attract and retain the right executive team in the long term.

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company, business unit and individual performance against targets.
- Align the interests of executives with those of shareholders.
- Link reward with the strategic goals and performance of the company.
- Ensure total remuneration is competitive by market standards.

Remuneration consists of the following key elements:

- Fixed remuneration
- Incentive component (performance related bonus)
- Long term incentive component (share options)

NOTE 20. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles.

Incentive Component

The objective of the incentive program is to link the achievement of the Company's profit target with the remuneration received by the executives charged with meeting those targets. The incentive is based on the relevant division's, for each executive, net profit before tax (NPBT) figure. NPBT has been chosen as it is the key indicator of performance. It is calculated in accordance with statutory reporting requirements.

Long Term Incentives

The objective of having long term incentives for executives is to reward executives in a manner which aligns this element of remuneration with the Company's interests. By having an equity interest in the Company, it aligns the executives' actions with the interests of shareholders. The executives must meet continued service conditions in order to exercise these options. The options become exercisable over five separate tranches, commencing in July 2007.

The Company does not have a policy governing employee risk management for personal exposures on equity instruments such as options.

Employment Contracts

The Executive Chairman, Mr Di Marco, is employed under contract. The current employment contract commenced on 1 December 1999 and continues until terminated in accordance with the agreement. Under the terms of the present contract:

- Mr Di Marco may resign from his position and thus terminate this contract by giving not less than three months written notice.
- The company may terminate this employment agreement by either providing three months written notice or by paying the appropriate proportion of the termination remuneration package in lieu thereof.

All other executives are employed on a continuing basis.

Apart from termination benefits which accrue under statute, or mentioned above (such as unpaid annual leave, long service leave), there are no retirement benefits for executive directors and executives.

NOTE 20. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(ii) Remuneration of Directors and Key Management Personnel

Details of remuneration provided to Directors and to the Key Management Personnel are as follows:

	Base Salary \$	Directors' Fee \$	Performance Related Bonus** \$	Super- annuation \$	Retirement Benefits \$	Long Term Emoluments Options Granted* \$	Total \$
Directors							
A Di Marco (Executive)							
1/7/07- 30/9/07	91,985	7,670	23,881	7,450	—	—	130,986
1/7/06- 30/6/07	361,990	30,680	337,141	28,833	—	—	758,644
R McLean (Non-executive)							
1/7/07- 30/9/07	—	7,670	—	—	—	—	7,670
1/7/06- 30/6/07	—	30,680	—	—	—	—	30,680
J Mactaggart (Non-executive)							
1/7/07- 30/9/07	—	7,670	—	—	—	—	7,670
1/7/06- 30/6/07	—	30,680	—	—	—	—	30,680
K Blinco (Non-executive)							
1/7/07- 30/9/07	—	7,670	—	—	—	—	7,670
1/7/06- 30/6/07	—	30,680	—	—	—	—	30,680
R Anstey (Non-executive)							
1/7/07- 30/9/07	—	7,670	—	—	—	—	7,670
1/7/06- 30/6/07	—	30,680	—	—	—	—	30,680
S Larwill (Non-executive) (Retired 3 November 2006)							
1/7/07- 30/9/07	—	—	—	—	—	—	—
1/7/06- 30/6/07	—	10,590	—	—	—	—	10,590
Total Remuneration: Directors							
1/7/07- 30/9/07	91,985	38,350	23,881	7,450	—	—	161,666
1/7/06- 30/6/07	361,990	163,990	337,141	28,833	—	—	891,954

NOTE 20. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

	Base Salary	Directors' Fee	Performance Related Bonus**	Super- annuation	Retirement Benefits	Long Term Emoluments Options Granted*	Total
	\$	\$	\$	\$	\$	\$	\$
Key Management Personnel							
R Down (Operating Officer, New Business Development)							
1/7/07- 30/9/07	47,303	—	—	4,314	—	24,966	76,583
1/7/06- 30/6/07	186,124	—	313,225	16,792	—	68,257	584,398
M Culverson (Operating Officer, Consulting Services)							
1/7/07- 30/9/07	39,883	—	—	3,637	—	19,381	62,901
1/7/06- 30/6/07	157,691	—	193,196	14,192	—	52,962	418,041
R Phare (Operating Officer, Sales and Marketing)							
1/7/07- 30/9/07	39,883	—	—	3,637	—	11,714	55,234
1/7/06- 30/6/07	156,926	—	193,196	14,124	—	32,109	396,355
P Cameron (Operating Officer, Research and Development)							
1/7/07- 30/9/07	44,717	—	—	4,078	—	13,883	62,678
1/7/06- 30/6/07	175,947	—	78,118	15,836	—	38,040	307,941
D Orchard (Chief Financial Officer and Company Secretary)							
1/7/07- 30/9/07	33,257	—	—	2,993	—	2,993	39,243
1/7/06- 30/6/07	127,522	—	—	11,478	—	6,911	145,911
Total Remuneration: Key Management Personnel							
1/7/07- 30/9/07	205,043	—	—	18,659	—	72,937	296,639
1/7/06- 30/6/07	804,210	—	777,735	72,422	—	198,279	1,852,646

The percentage of remuneration comprising options was: R Down 32.6%, M Culverson 30.8%, R Phare 21.2%, P Cameron 22.1% and D Orchard 7.6%.

* Options granted as part of remuneration are estimates only. The estimates are based on the degree of probability of future performance hurdles being met, combined with the use of the binomial option pricing model.

** The objective of the Bonus program is to link the achievement of the Company's profit target with the remuneration received by the executives charged with meeting those targets. The incentive is based on the Company's NPBT figure. NPBT has been chosen as it is the key indicator of performance. It is calculated in accordance with statutory reporting requirements.

In accordance with the disclosure requirements of Section 300A(a)(c) of the Corporations Act the above key management personnel are the five relevant group executives who received the highest remuneration for the period.

NOTE 20. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Share Options: Granted and Vested During the Financial Period

No options were issued during the financial period (2007: 300,000 options were issued during the year to key management employees).

(d) Option Holdings of Directors and Key Management Personnel

	Balance at beginning of period 1 July 2007	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 September 2007	Vested at 30 September 2007 Exercisable
Key Management Personnel						
R Down	1,800,000	—	(300,000)	—	1,500,000	—
M Culverson	1,600,000	—	(250,000)	—	1,350,000	—
R Phare	1,000,000	—	(125,000)	—	875,000	—
P Cameron	1,100,000	—	—	—	1,100,000	200,000
D Orchard	300,000	—	—	—	300,000	—
	5,800,000	—	(675,000)	—	5,125,000	200,000

	Balance at beginning of year 1 July 2006	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of year 30 June 2007	Vested at 30 June 2007 Exercisable
Key Management Personnel						
R Down	1,800,000	—	—	—	1,800,000	—
M Culverson	1,600,000	—	—	—	1,600,000	—
R Phare	1,055,000	—	(55,000)	—	1,000,000	—
P Cameron	1,100,000	—	—	—	1,100,000	—
D Orchard	—	300,000	—	—	300,000	—
	5,555,000	300,000	(55,000)	—	5,800,000	—

All of the Key Managements Personnel participated in the share options granted on 1 July 2004, except D Orchard who participates in options granted 25 August 2006.

NOTE 20. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(e) Shareholdings of Directors and Key Management Personnel (number of shares)

	Balance 1 July 2007	Granted as Remuneration	On Exercise of Options	Purchases/ (Sales)	Balance 30 September 2007
Directors					
A Di Marco	61,378,500	—	—	(6,000,000)	55,378,500
R McLean	500,000	—	—	—	500,000
J Mactaggart	69,902,500	—	—	—	69,902,500
K Blinco	201,285	—	—	—	201,285
R Anstey	15,000	—	—	—	15,000
Key Management Personnel					
R Down	20,000	—	300,000	—	320,000
M Culverson	55,000	—	250,000	—	305,000
R Phare	70,000	—	125,000	—	195,000
P Cameron	15,000	—	—	—	15,000
D Orchard	224,351	—	—	—	224,351
	132,381,636	—	675,000	(6,000,000)	127,056,636

	Balance 1 July 2006	Granted as Remuneration	On Exercise of Options	Purchases/ (Sales)	Balance 30 June 2007
Directors					
A Di Marco	70,378,500	—	—	(9,000,000)	61,378,500
R McLean	500,000	—	—	—	500,000
J Mactaggart	75,902,500	—	—	(6,000,000)	69,902,500
K Blinco	201,285	—	—	—	201,285
R Anstey	15,000	—	—	—	15,000
Key Management Personnel					
R Down	300,000	—	—	(280,000)	20,000
M Culverson	110,000	—	—	(55,000)	55,000
R Phare	45,000	—	55,000	(30,000)	70,000
P Cameron	50,000	—	—	(35,000)	15,000
D Orchard	224,351	—	—	—	224,351
	147,726,636	—	55,000	(15,400,000)	132,381,636

All equity transactions with Directors and Key Management Personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(f) Other Transactions and Balances with Directors and Key Management Personnel

During the period and Royal Childrens' Hospital Foundation Qld (RCHF) purchased implementation services of \$13,425 from TechnologyOne. Mr Di Marco is a Director of RCHF. The sale was on normal business terms and conditions.

(2007: Mr Di Marco is a Director of Technology One Limited, and RCHF. The Board resolved to donate \$66,000 to RCHF as part of its donations program. Subsequently, a contract was entered into with the RCHF, which derived total revenue of \$150,000. The licence fee component of this contract was \$66,000, with the remainder of the contract value for Services and Post Customer Support.)

NOTE 21. RELATED PARTY DISCLOSURES

(a) Ultimate Controlling Entity

The ultimate controlling entity of the consolidated entity is Technology One Limited, a company incorporated in Australia.

(b) Transactions with Related Parties in the Wholly-Owned Group

The parent entity entered into the following transactions during the year with related parties in the wholly-owned group:

- loans were advanced and repayments received on short term intercompany accounts;
- royalties were received and paid from several wholly-owned controlled entities;
- marketing support and management fees were charged to wholly-owned controlled entities; and
- interest was charged on certain intercompany accounts.

These transactions were undertaken on commercial terms and conditions. Amounts due to and receivable from related parties in the wholly-owned group are set out in the respective notes to the financial statements.

The ownership interest in related parties in the wholly-owned group is set out in Note 25.

NOTE 22. EMPLOYEE BENEFITS

	Consolidated		Parent	
	3 Months Ended 30 September 2007	12 Months Ended 30 June 2007	3 Months Ended 30 September 2007	12 Months Ended 30 June 2007
The number of full-time equivalents employed at period end	490	444	460	415

(a) Employee Benefits Recognised

	Consolidated		Parent	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
Opening aggregate employee entitlements liability	4,683	3,801	4,529	3,701
Arising during the year	702	2,455	695	2,331
Utilised	(409)	(1,742)	(362)	(1,670)
Discount rate adjustment	92	169	90	167
Closing aggregate employee entitlements liability	5,068	4,683	4,952	4,529

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

NOTE 23. FOREIGN CURRENCY EXPOSURE

	Consolidated	
	3 Months Ended 30 September 2007 \$000	12 Months Ended 30 June 2007 \$000
Current Assets		
Australian dollar equivalents of amounts receivable in foreign currency which are not effectively hedged:		
Malaysian Ringgit	70	34
New Zealand Dollars	479	1,633
United States Dollars	1,000	1,046
Great British Pounds	318	71
Current Liabilities		
Australian dollar equivalents amounts payable in foreign currency which are not effectively hedged:		
Malaysian Ringgit	—	4
New Zealand Dollars	50	75
Great British Pounds	38	34

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

NOTE 24. FINANCIAL INSTRUMENTS

(i) *Interest Rate and Maturity Risk*

The Company is exposed to interest rate risk through financial assets and liabilities. The following table summarises interest rate risk, together with effective interest rates as at balance date and the maturity risk profile of these assets and liabilities.

30 September 2007	Floating interest rate (a) \$000	Fixed interest rate maturing in			Non-interest bearing \$000	Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000			Floating	Fixed
Financial Assets								
Cash	21,426	—	—	—	—	21,426	6.6%	
Listed securities	4,175	—	—	—	—	4,175	7.07% - 9.12%	
Trade debtors	—	—	—	—	10,094	10,094		
Sundry debtors	—	—	—	—	347	347		
	25,601	—	—	—	10,441	36,042		
Financial Liabilities								
Trade creditors	—	—	—	—	1,304	1,304		
Lease liability (d)	—	649	1,089	—	—	1,738	8.72%	
	—	649	1,089	—	1,304	3,042		

- (a) Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.
- (b) The carrying amounts of financial instruments shown above approximate their fair value.
- (c) At 30 September 2007 the Company had no debt other than finance lease liabilities as disclosed in Note 16.
- (d) The lease liability maturity risk profile is spread evenly in the bands noted above.

NOTE 24. FINANCIAL INSTRUMENTS (continued)

30 June 2007	Floating interest rate (a) \$000	Fixed interest rate maturing in			Non-interest bearing \$000	Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000			Floating	Fixed
Financial Assets								
Cash	25,878	—	—	—	—	25,878	6.42%	
Listed securities	2,931	—	—	—	—	2,931	7.057% -	9.09%
Trade debtors	—	—	—	—	16,841	16,841		
Sundry debtors	—	—	—	—	344	344		
	<u>28,809</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,185</u>	<u>45,994</u>		
Financial Liabilities								
Trade creditors	—	—	—	—	4,316	4,316		
Lease liability	—	706	1,212	—	—	1,918		8.02%
	<u>—</u>	<u>706</u>	<u>1,212</u>	<u>—</u>	<u>4,316</u>	<u>6,234</u>		

(ii) *Available for Sale Investments*

At 30 September and 30 June 2007 the Company held investments in available for sale instruments. These instruments represented reset preference shares traded on the Australian Stock Exchange paying interest as opposed to dividends. The exposure on these instruments is principally interest related. At each reporting date the fair value of these shares is determined as the close bid price published by the Australian Stock Exchange. Any movements in the fair value of these instruments are included in an equity reserve. Fixed returns are recorded as interest as received.

The designation of available for sale investments is made on acquisition. Where the intent is not to acquire an instrument for short term profit taking the instrument is classified as available for sale.

NOTE 25. CONTROLLED ENTITIES

The consolidated financial statements at 30 September 2007 include the following controlled entities. The financial years of all controlled entities are the same as that for the parent entity.

Name of controlled entity	Place of incorporation	% of shares held 30 Sept 2007	% of shares held 30 Sept 2007
Technology One Corporation SDN BHD	Malaysia	100	100
Technology One New Zealand Ltd	New Zealand	100	100
Technology One UK Limited	England	100	100

The parent entity is Technology One Limited, a public company, limited by shares and is domiciled in Brisbane, Australia and whose shares are traded on the Australian stock exchange. All entities operate in the software industry in their geographical locations.

The Registered office is located at:
 Ground Floor
 67 High Street
 Toowong QLD 4066

NOTE 26. CONTINGENT LIABILITIES AND FINANCING FACILITIES

Guarantees and Security Pledges

At period end the Company had \$2,723,789 (2007: \$2,659,842) in outstanding performance guarantees. The total available guarantee facility is \$3,600,000 (2007: \$3,600,000). The Company also has unused foreign currency dealing limits of \$1,100,000.

Parent Company Support

The parent entity, Technology One Limited, continues to support its subsidiaries in their operations, by way of financial support.

NOTE 27. FINANCIAL RISK MANAGEMENT

(i) Capital Risk Management

The Company manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The current risk management structure of the Company is to use all equity funding except for funding required to purchase core information technology assets which is funded by a leasing facility.

The equity funded position of the Company is managed by the Board through dividends, new shares and share buy backs as well as the issue of new equity where considered appropriate to fund business acquisitions.

(ii) Financial Instruments and Risk Management

The Company's principal financial instruments are finance leases, cash and short-term deposits and assets available-for-sale.

The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial assets and liabilities are interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the Financial Statements.

There are no changes in the financial risks faced by the Company in the period.

(iii) Foreign Currency Risk

As a result of investments operations in New Zealand, Malaysia and the United Kingdom and sales contracts denominated in United States dollars, the Company's balance sheet can be affected by movements in the exchange rates applicable to these geographical locations and currencies.

The Company does not hedge this risk. Foreign currency exposure is shown in Note 23 in terms of monetary assets and liabilities at balance date. Foreign currency sensitivity is shown below.

NOTE 27. FINANCIAL RISK MANAGEMENT (continued)

(iv) Credit Risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Information on credit risk exposures is contained in Note 6.

(v) Interest Rate Risk

The Company's cash and investment assets are exposed to movements in deposit and fixed interest rates. The Company does not hedge this exposure. Interest rate risk on leasing instruments is managed by taking out fixed interest leases. No variable interest risk exposures exist apart from trade creditors which are managed within terms. Interest rate risk on available for sale instruments is not considered to be material.

(vi) Sensitivity to Foreign Exchange Movements

The Company is exposed to the following foreign exchange sensitivities:

- United States Dollars through contracts of sale held by the Parent entity;
- New Zealand Dollars through the operations of Technology One New Zealand Limited;
- Malaysian Ringitt through the operations of Technology One Corporation SDN BHD; and
- Great British Pounds through the operation of Technology One UK Limited.

The following table details the Company's sensitivity to a 10% change in the Australian Dollar against the respective foreign currencies:

	Consolidated		Parent	
	September 2007 \$000	June 2007 \$000	September 2007 \$000	June 2007 \$000
New Zealand Dollar				
Net profit	6	115	—	—
Equity	252	247	—	—
United States Dollar				
Net profit	22	35	22	35
Equity	107	121	107	121

**Note the three month figures above can not be extrapolated to provide a 12 month equivalent figure. Furthermore the comparisons above to the prior period can not be meaningfully interpreted, but are required to be shown. Please refer to the Review of Operations for a more detail explanation.

The sensitivity for both the Malaysian Ringitt and the Great British Pound is not material to TechnologyOne.

NOTE 28. SUBSEQUENT EVENTS

On 31 October 2007 Technology One Limited acquired all (100%) of the issued capital of Avand Pty Ltd. Avand Pty Ltd is a Brisbane based developer and retailer of information management software.

The cost of the acquisition to be recorded on 31 October 2007 has been provisionally determined as follows:

	\$000
Cash consideration	8,830
154,196 Shares in Technology One Limited at \$1.10 per share (i)	170
Contingent consideration (ii)	1,000
Costs associated with the purchase	200
Total consideration	<u>10,200</u>

(i) The fair value of equity instruments has been determined based on the Australian Stock Exchange price of Technology One Limited shares on 31 October 2007.

(ii) The acquisition agreement contains provisions for additional amounts up to a maximum of \$1,000,000 to be paid to the vendors of the company, contingent on the performance of Avand Pty Ltd in a period one year from acquisition.

The assets and liabilities acquired in the combination have been provisionally determined as follows. No allocations have yet been made of any amounts attributable to intangible assets acquired. Intangibles acquired such as licensed software will be the subject of independent valuation.

	\$000
Current Assets	4,887
Non-Current Assets including Goodwill and Intangibles	8,433
Current Liabilities	(2,935)
Non-Current Liabilities	(185)
Net Assets Acquired	<u>10,200</u>

As the acquisition of Avand took place on 31 October 2007 the above amounts are provisional only. TechnologyOne will identify and record the actual acquired assets and liabilities by 30 September 2008, with effect from 31 October 2007.

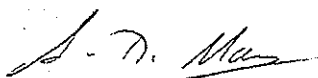
DIRECTORS' DECLARATION

In the opinion of the Directors:

- (a) the financial statements and associated notes and the remuneration report of the Company and of the consolidated entity comply with the *Corporations Act 2001*;
- (b) the financial statements and notes give a true and fair view of the financial position of the Company and of the consolidated entity as at 30 September 2007 and of their performance for the period then ended;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) the financial statements and notes are in accordance with Accounting Standards and *Corporations Regulations 2001*.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial period ended 30 September 2007.

Made in accordance with a resolution of the Directors.

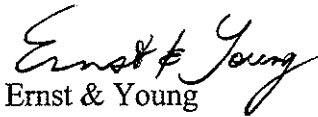


ADRIAN DI MARCO
(Executive Chairman)

Brisbane
21 November 2007

Auditor's Independence Declaration to the Directors of Technology One Limited

In relation to our audit of the financial report of Technology One Limited (the Company) and the consolidated entity for the three month period ended 30 September 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.


Ernst & Young

Mike Reid
Partner
21 November 2007

Independent auditor's report to the members of Technology One Limited

We have audited the accompanying financial report of Technology One (the company) and the entities it controlled during the period, which comprises the balance sheet as at 30 September 2007, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration. We have also audited the remuneration report contained in the directors' report.

Directors' Responsibility for the Financial Report and the Remuneration Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state that the financial report, comprising the consolidated financial report, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration report contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards and International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on whether the remuneration report contained in the directors' report complies with Section 300A of the *Corporations Act 2001*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration report contained in the directors' report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report and the remuneration report contained in the directors' report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report and the remuneration report contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration report contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

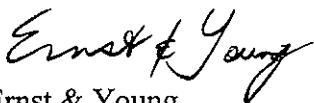
Auditor's Opinion on the Financial Report

In our opinion:

1. the financial report of Technology One Limited is in accordance with:
 - (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Technology One Limited and the consolidated entity at 30 September 2007 and of their performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
 - (b) other mandatory financial reporting requirements in Australia.
2. the financial report of the company and consolidated entity also complies with International Financial Reporting Standards as disclosed in Note 1(b).

Auditor's Opinion on the Remuneration Report Contained in the Directors' Report

In our opinion the remuneration report contained in the directors' report complies with Section 300A of the *Corporations Act 2001*.



Ernst & Young



Mike Reid

Partner

Brisbane

21 November 2007