Appendix 4E

Preliminary final report

Name of entity

TECHNOLOGY ONE LIMITED

ABN

84 010 487 180

12 Months Ending

30 SEPTEMBER 2009

Results for announcement to the market

Results$A'000 (Year Ending 30 September 2009, compared with Year Ending 30 September 2008)				
Revenues from ordinary activities	Up	12,272 (11%)	to	122,487
Profit from ordinary activities after tax attributable to members	Down	1,545 (9%)	to	15,684
Net profit for the period attributable to members	Down	1,545 (9%)	to	15,684

Dividends	Amount per security	Franked amount per security
Current period		
Final dividend	2.87c	2.87c
Interim dividend	0.88c	0.88c
Previous corresponding period		
Final dividend	2.45¢	2.45¢
Interim dividend	1.67¢	1.67¢
The Record Date for determining entitlements to the dividend is 4 December 2009.		

Brief explanation of any of the figures reported above:

Refer to 'Comments by Directors' section of this document.

Consolidated retained profits	Current period Year Ending 30 Sept 2009 $A'000	Previous corresponding Period Year Ending 30 September 2008 $A'000
Retained profits at the beginning of the financial period	19,673	14,757
Net profit attributable to members	15,684	17,229
Net transfers to and from reserves	—	—
Net effect of changes arising from adoption of revised/new accounting standards	—	—
Dividends and other equity distributions paid or payable	(11,253)	(12,313)
Retained profits at end of financial period	**24,104**	**19,673**

Earnings per security (EPS)	Current period Year Ending 30 Sept 2009 $A'000	Previous corresponding Period Year Ending 30 September 2008 $A'000
Basic EPS	5.24 Cents	5.77 Cents
Diluted EPS	5.12 Cents	5.68 Cents
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	299,411,693	298,674,404

NTA backing	Current period Year Ending 30 Sept 2009 $A'000	Previous corresponding Period Year Ending 30 September 2008 $A'000
Net tangible asset backing per ordinary security	13.40cents	11.13 cents

Dividend Payable

A fully franked dividend of 2.87 cents per share has been declared, and will be paid on 18 December 2009.

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	3.75 c	4.12 ¢

Final dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Total	**8,617**	**7,322**

Control gained over entities having material effect

Name of entity (or group of entities)	NIL

Loss of control of entities having material effect

Name of entity (or group of entities)	NIL

Details of associates and joint venture entities

Name of entity (or group of entities)	NIL

Comments by directors

Earnings per Security

The EPS of 5.24 cents per share is 9% lower than the figure for 30 September 2008 of 5.77 cents per share. This is consistent with the NPAT being 9% lower than the previous year.

Returns to Shareholders

Refer to the attached Financial Statements

Significant feature of operating performance

Refer to the attached Financial Statements (Directors' Report).

Results of Segments

Refer to Note 20 of the Notes to the Financial Statements for further detail.

Trends in Performance

Refer to the attached Financial Statements

Any other Significant Information

Refer to the attached Financial Statements

Compliance statement

This report is based on accounts which have been audited.

Signed:

A Di Marco
Executive Chairman
Date: 23 November 2009

technologyone

business software solutions

FINANCIAL REPORT

For

Financial Year Ended
30 September 2009

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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 financial year ended 30 September 2009.

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 JL 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. He is a 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.
Edward Chung *(appointed 14 May 2008)* BCom, MCom, CA, FTIA, AICD	Edward is a Chartered Accountant, Fellow of the Tax Institute of Australia and an Associate Member of the AICD. Prior to joining TechnologyOne as Operating Officer – Corporate Services, Edward was Chief Financial Officer of Queensland Rail, leading a finance team of approximately 300 staff where he was responsible for the areas of accounting, tax and treasury functions, as well as strategy and merger and acquisition activity. Edward's experience spans corporate law, audit, senior finance and commercial roles in both the public and private sector.

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)	66,902,500
K Blinco (Assembly Road Pty Ltd)	201,285
R Anstey	7,500
E Chung	—

Refer to Note 21 for further information concerning Directors' interests.

Directors' Meetings

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

Board or Committee	Number of Meetings
Full Board	10
Audit	4
Executive Remuneration	1
Nomination	1

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

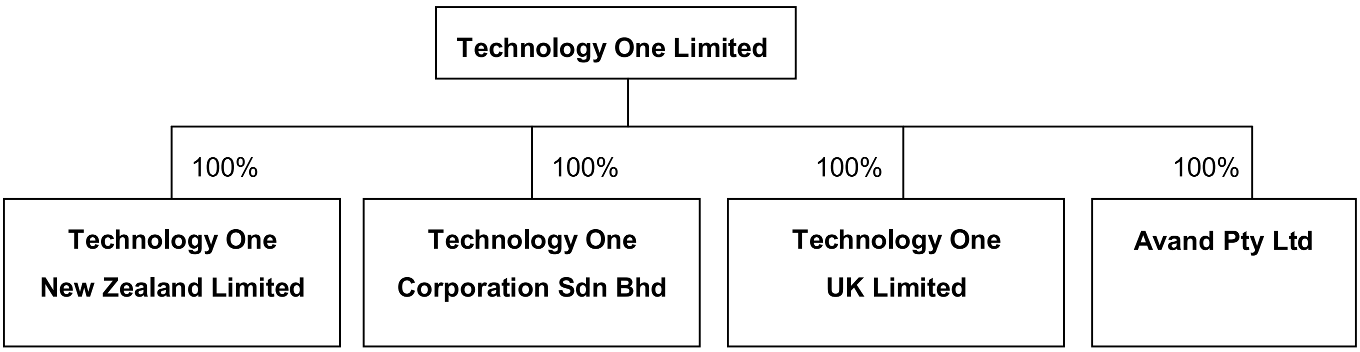
	Full Board	Audit	Executive Remuneration(*)	Nomination
A Di Marco	10	—	1	1
R McLean	10	3(4)	1	0(1)
J Mactaggart	10	4	1	1
K Blinco	9(10)	4	1	1
R Anstey	10	4	1	1
E Chung	10	—	—	—

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. In sections where there is a dash the director was not a member of that committee.

Corporate Structure

Technology One Limited Group of Companies

As at 30 September 2009



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
- TechnologyOne Enterprise Content Management
- TechnologyOne Performance Planning
- TechnologyOne Customer Relationship Management

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

Results

The profit of the consolidated entity for the financial year was $15,684,000 after income tax.

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 2009 paid 19 December 2008	7,322
Interim dividend (franked to 100%) for 2009 paid 26 June 2009	2,636
Final dividend (franked to 100%) for 2009 as recommended by the Directors	8,617

Review of Operations

On behalf of Technology One Limited (TechnologyOne), we are pleased to announce the results for the year ending September 30th 2009.

In a time of significant economic uncertainty and the global financial crisis, when our competitors have reported dramatically reduced revenues and licence fees, TechnologyOne has posted its sixth consecutive year of record revenues and licence fees, with revenue up 11% and licence fees up 8%.

We have continued to win major deals against our multinational competitors, including new contracts with the New Zealand Stock Exchange, Beyond Blue, Lifeline Australia, City of Melbourne, Arab Bank, Sunsuper, Bank Negara (Malaysia), the University of Tasmania, Seqwater, the Children's Medical Research Institute, Scarborough Borough Council (UK) and University of Hertfordshire (UK).

In line with previous guidance provided to the market, our Profit After Tax was down 9% on the prior year.

Results Commentary

Given the global financial crisis, a considerable challenge for TechnologyOne this year was to absorb the significant increase in our cost base from the strong growth we experienced in the previous year. In the prior year revenue increased by 41% and expenses increased by 47%, as we continued our geographical expansion and also continued a substantial investment in our R&D program.

This year we successfully implemented a number of cost control initiatives, which at the half year saw our expenses up 26% (compared to 47% up in the prior year). Our plan was for expenses to be up 15% to 18% by year end. What is important is that without impacting our R&D program, we were successful in containing our expense growth, coming in as planned, up 17% on the prior year.

Unfortunately, though our revenue was up 11%, this did not meet our plan for revenue growth of between 15% to 18%. The challenging economic environment had an impact in the last few months of our financial year. In early September we were notified that a large, multi-million dollar licence fee contract, for which TechnologyOne had been the selected supplier since early 2009, would be postponed. This event led us to re-assess a number of other contracts we were expecting to finalise, resulting in the company issuing updated guidance to the market that profit for the year would be down 6% to 12%.

Another contributing factor was the United Kingdom, which has been one of the countries hardest hit by the global financial crisis. This has made operating conditions for a new entrant such as TechnologyOne much more challenging than originally anticipated. During the year we did secure a number of new strategic customers, but this still fell short of our expectations, with the UK posting a loss of $1.5m. TechnologyOne believes there are significant opportunities going forward once the UK returns to normal operating conditions.

Having said this, TechnologyOne is not complacent and we have undertaken a review of our sales operation and have commenced changes both in Australia and the UK.

What is particularly pleasing about our results is that we have kept our highly talented team of people intact during this challenging economic period, and have even taken the opportunity to recruit a number of new and very talented staff members from our competitors. We have also not impacted our R&D programs. Our competitors, on the other hand, have undertaken significant cuts to their staff numbers and R&D programs. This will position us well in the coming years.

Balance Sheet Strength

TechnologyOne continues to have a strong balance sheet with cash and cash equivalents of $30.5m, undrawn banking facilities of $7m, and a debt/equity ratio of only 4.8%. Operating cashflow was also very strong for the full year at $18.6m, versus a Net Profit After Tax of $15.7m.

Research & Development

TechnologyOne continues to invest significant funds in R&D, with R&D expenditure at $24.9m, representing 20% of revenue, an increase of 18% on the prior year.

In such a challenging economic period some would argue that we should have made substantial cuts to our R&D programs. Without a doubt R&D has underpinned our long term success in the market, and to this end TechnologyOne has taken a long term strategic view that has seen all our R&D projects continue.

Having said that, TechnologyOne did implement a headcount freeze in R&D as part of our cost control initiatives, and at the same time started rebalancing resources across R&D projects to achieve optimum outcomes. This approach has allowed us to complete existing R&D projects and will enable the company to bring new and exciting products to the market over the next 18 months that will be important to our continuing success, while at the same time containing R&D expenditure in future years. These new products include a new generation Customer Relationship Management (CRM) solution, as well as a new generation Enterprise Content Management (ECM) solution.

Our Connected Intelligence (Ci) platform continues to underpin our R&D program and provides us with a significant advantage over our competitors.

Going forward, TechnologyOne plans to continue to dynamically rebalance resources across R&D projects, which will assist in containing R&D expenditure in future years.

R&D was focused on a number of strategic areas during the year as follows:

- Stabilisation of our new Student Management Ci product, which will be important to future sales
- Shipping the first release of our new Customer Relationship Management (CRM) system. The initial focus has been on a number of new areas: Grants Management, Fundraising, and Contact & Stakeholder Management
- Commencing the migration of our recently acquired Enterprise Content Management (ECM) product to our highly successful Ci platform
- Commencing the migration of our recently acquired Performance Planning product to our Ci platform
- Delivering our 'Loosely Coupled Architecture', which will allow our customers to upgrade the TechnologyOne enterprise suite as individual, discrete products over varying time frames to substantially simplify the upgrade process
- Continuing investment in our Human Resource & Payroll product, which is still at a critical stage in its development
- Continuing investment in our Business Intelligence, Works & Assets, and Property & Rating products

R&D has also continued across all our existing products, with new functions, features and licensable extensions being developed that will add significant value to our customers and generate significant revenue for us in future years.

Focus on Research

As our R&D teams have continued to grow quickly, it is important we continue to investigate ways to ensure R&D continues to be successful. To this end we have now implemented a strategic initiative that brings a greater focus and rigour to the early research stage of an R&D project. Research is a highly creative and innovative stage, and by providing greater focus and rigour, we will be able to reduce risk and significantly improve outcomes for our customers, as well as substantially increase our return on investment.

By also working closely with our new Solutions Group (discussed below), this will allow us to better target our research in areas that will deliver the most significant outcome for our target verticals.

House of Products Business Transformation Completed

During the last few years, the company has embarked on a significant organisational restructure to implement what we now call our House of Products business transformation. The House of Products business transformation was about ensuring we maximised our significant investment in our increasing range of enterprise products, while at the same time simplifying the management of our business.

This House of Products business transformation has seen a long term strategic plan developed for each of our products, with General Managers appointed with deep product expertise and knowledge to ensure we deliver against these strategic plans. The organisation has also been restructured around each of our products to ensure they can be driven into the market and deliver on both our promise of exceptional software and service. This business transformation has simplified our business and now provides an excellent platform to manage the continuing strong growth we expect in future years.

House of Solutions

A number of years ago TechnologyOne made the strategic decision to focus on specific vertical markets: Financial Services, Education, Health, Not for Profit, Local Government, Federal/State/Central Government, Utilities and Managed Services.

Having done this, TechnologyOne now believes there is a significant opportunity to bring 'pre-configured, best practice enterprise solutions' to each of these vertical markets. These solutions will dramatically reduce the implementation times and risk typically associated with a large enterprise wide implementation by allowing a customer to take a 'pre-configured solution' from TechnologyOne as the starting point, and then tailor it to their specific needs.

To achieve this, TechnologyOne is now establishing a Solutions Group that will work with our customers in each of our target vertical markets and our product teams to pre-configure our products for 'best practice'. The Solutions Group will then ship the pre-configured, best practice enterprise solutions to new customers, and work with our customers, our consulting, and our R&D teams to continually improve the pre-configured solution.

In keeping with this decision, TechnologyOne has also restructured its sales and marketing team around these vertical markets and our solutions. This will allow us to align our sales and marketing to each vertical market. We have also appointed a new Operating Officer Market Solutions to run the new Solutions Group.

This is a significant and ambitious undertaking for the company, as we move from the 'House of Products' to the 'House of Solutions'. This has the potential to significantly streamline our business, reduce our risks, and dramatically enhance the value our solutions provide to our customers.

Programs & Promotions

Another initiative in 2010 will be to better promote and position our existing products and functionality into our large and expanding customer base. This will provide benefits to our customers as they extend the use of our products in their organisations to achieve greater operational efficiencies, as well as provide us with additional licence fees.

To this end, we have now identified 'packages of functionality' called Programs & Promotions that we believe provide significant value to our customers and that we can easily promote. By having clearly identified Programs & Promotions we will be able to support these with specific marketing and sales campaigns, and we will be able to track their effectiveness. Programs & Promotions that are not successful will be able to be reviewed and fine tuned. This will provide us with a powerful feedback loop to make changes across our organisation.

Improved Service Delivery

Given the fact that our product range has grown significantly over recent years, this year was an appropriate time to review our Service Delivery Group to look for opportunities to optimise the way we deliver services to our customers. As part of this review, two significant changes have been identified.

Firstly, the company has identified a number of specific delivery scenarios. For each of the delivery scenarios the company will have a very different engagement model with our customers, which is more appropriately aligned to the outcome required by the customer, and this will also allow us to streamline our delivery operation.

Secondly, the company will be establishing a Project Office that will take responsibility for the delivery of all our large and high risk projects. The Project Office will be a 'centre of excellence' for project management for TechnologyOne.

New R&D Centre

In the coming years it is important we continue to retain our highly talented staff. As the company has grown quickly, our R&D centre has fallen behind in terms of offering our staff the facilities they need to be productive and to encourage collaboration across our expanding product range, as well as offering the sort of work environment they expect. To this end TechnologyOne will be opening a new-state-of-the-art R&D centre in early 2010 that will consolidate all our R&D staff in one location and achieve our objectives for the next 10 years. It will be a significant investment in our future, but it will be important in positioning us for the next stage of our growth.

Dividends

In light of our results, the final dividend for the year has been set at 2.87 cents per share. This takes the full year dividend to 3.75 cents, down 9% on the prior year, in line with our Net Profit After Tax. This represents a payout of 72% and is in line with our previous guidance given to the market.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company though out the year.

Significant Events after Year End

The Company will pay a fully franked final dividend on 18 December 2009 of $8,617,389.

Likely Developments

Refer to the "Review of Operations" section above.

Shares and Options

Details of shares and options held by directors are set out in Note 21 of the Financial Statements and form part of this report. Details of options issued to employees are set out in Note 15 of the Financial Statements and form part of this report.

Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposed of this report Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Parent and the Company receiving the highest remuneration.

For the purposes of this, the term 'executive' encompasses the Executive Chairman, senior executives, operating officers and secretaries of the Parent and the Company.

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

	Financial Yr	Base Salary $	Directors' Fee $	Performance Related Bonus** $	Super $	Retirement Benefits $	Long Term Emoluments Options Granted* $	Total $
Directors								
A Di Marco[1] (Executive)	2009	395,527	45,000	354,977	35,597	—	—	831,101
	2008	377,531	33,748	393,251	33,020	—	—	837,550
R McLean (Non-executive)	2009	—	45,000	—	—	—	—	45,000
	2008	—	33,748	—	—	—	—	33,748
J Mactaggart (Non-executive)	2009	—	45,000	—	—	—	—	45,000
	2008	—	33,748	—	—	—	—	33,748
K Blinco (Non-executive)	2009	—	45,000	—	—	—	—	45,000
	2008	—	33,748	—	—	—	—	33,748
R Anstey (Non-executive)	2009	—	45,000	—	—	—	—	45,000
	2008	—	33,748	—	—	—	—	33,748
E Chung [2] (Executive) *(Appointed 14/05/08)*	2009	235,073	45,000	87,838	21,157	—	81,513	470,581
	2008	190,766	12,655	103,658	17,169	—	27,532	351,780
Total Directors Remuneration	**2009**	**630,600**	**270,000**	**442,815**	**56,754**	**—**	**81,513**	**1,481,682**
	2008	**568,297**	**181,395**	**496,909**	**50,189**	**—**	**27,532**	**1,324,322**

Notes:

1 The Performance related bonus for A Di Marco fell by 9%, in line with the profit reduction of 9%.

2 Remuneration for E Chung was only for 11 months, in the 2008 financial year

It is noted that the 2009 Base Salaries increased by 5-6% because they were approved prior to the global financial crisis. To compensate for this, at the Remuneration committee meeting held on 6 November 2009, it was resolved to freeze the Base salaries for Executives, on the back of the 2009 profit result. Furthermore, Directors' fees were also frozen for 2010 financial year, at the 2009 level.

	Financial Yr	Base Salary $	Directors' Fee $	Performance Related Bonus** $	Super $	Retirement Benefits $	Long Term Emoluments Options Granted* $	Total $
Key Management Personnel								
R Down[3] (Operating Officer, New Business Development)	2009	205,317	—	260,700	18,479	—	81,059	565,555
	2008	194,191	—	292,863	17,478	—	88,562	593,094
M Culverson[3] (Operating Officer, Consulting Services)	2009	173,109	—	323,841	15,580	—	72,307	584,837
	2008	163,728	—	371,075	15,964	—	76,985	627,752
R Phare[3] (Operating Officer, Sales and Marketing)	2009	173,109	—	323,841	15,580	—	46,929	559,459
	2008	163,728	—	371,075	15,964	—	47,352	598,119
P Cameron[4] (Operating Officer, Research and Development)	2009	194,092	—	138,825	17,468	—	48,598	398,983
	2008	183,574	—	105,341	16,522	—	54,414	359,851
D Orchard (Chief Financial Officer and Company Secretary)	2009	153,517	—	—	13,817	—	18,358	185,692
	2008	145,641	—	—	13,109	—	13,548	172,298
Total Remuneration: Key Management Personnel	**2009**	**899,144**	—	**1,047,207**	**80,924**	—	**267,251**	**2,294,526**
	2008	**850,862**	—	**1,140,354**	**79,037**	—	**280,861**	**2,351,114**

** The 2008 comparative remuneration figures have been adjusted, to reflect the finalisation of the incentive component of the Directors' and Executives' remuneration.

Notes:

3 The Performance Related Bonuses for R Down, M Culverson and R Phare fell by 11%, 13% and 13%, in line with the profit reduction of their areas.

4 P Cameron's Performance Related Bonus was reviewed in 2009, and increased to reflect his additional responsibilities.

It is noted that the 2009 Base Salaries increased by 5-6% because they were approved prior to the global financial crisis. To compensate for this, at the Remuneration committee meeting held on 6 November 2009, it was resolved to freeze the Base salaries for Executives, on the back of the 2009 profit result. Furthermore, Directors' fees were also frozen for 2010 financial year, at the 2009 level.

The percentage of remuneration comprising options and performance related bonus was: E Chung 36%, R Down 60%, M Culverson 68%, R Phare 66%, P Cameron 47% and D Orchard 10%. All Directors and Key Management Personnel who were entitled to a performance related bonus received their full entitlement.

* 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 relevant divisions, 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 the 6 February 2009 when shareholders approved an aggregate remuneration of $600,000 per year. In the 2009 year, Directors' fees of $270,000 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 8% and 70% 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.

For the 2008 financial year 16% of the cash incentive bonus of $1,637,263 as previously accrued in that period vested to executives and was paid in the 2009 financial year. There were no forfeitures.

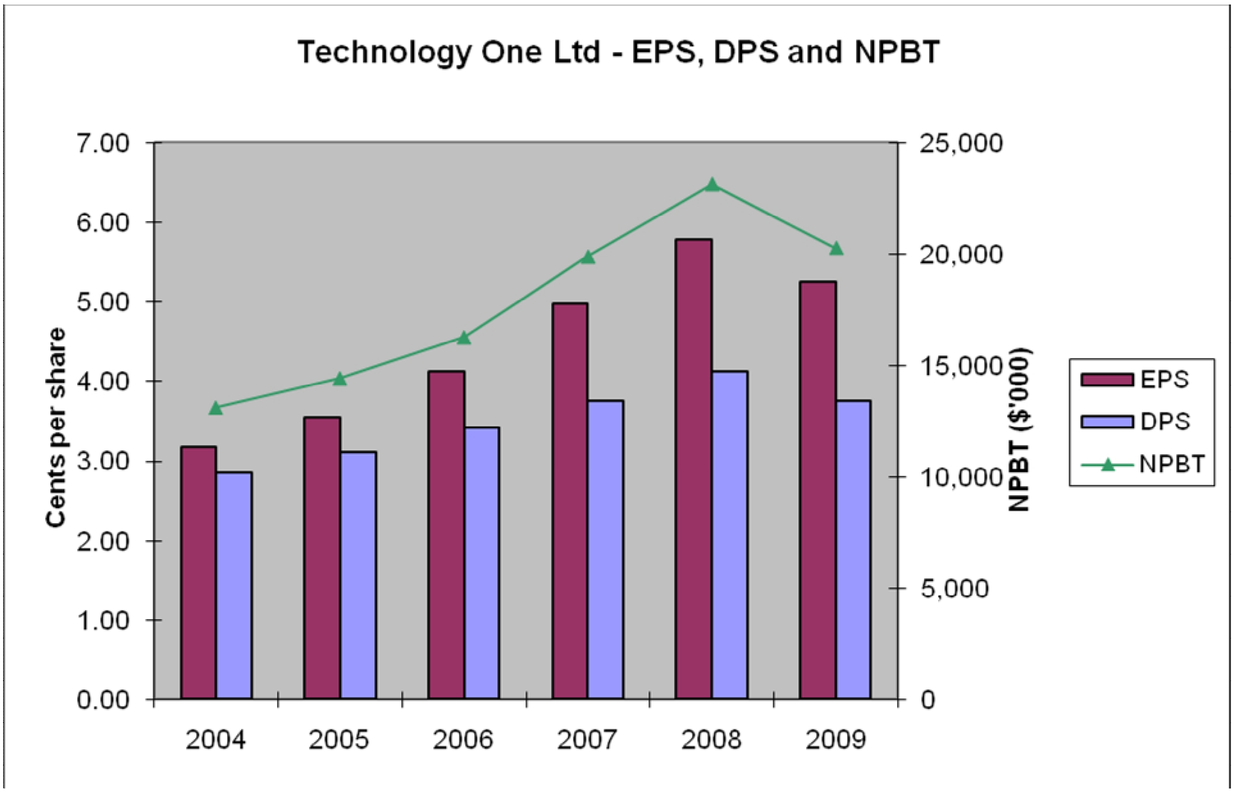
Long Term Incentives

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 became 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 Executive Chairman has the discretion to increase the price of the 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.



	June 2005	June 2006	June 2007	Sept 2007	Sept 2008	Sept 2009
Share price at year end	$0.52	$0.68	$1.22	$1.10	$0.90	$0.81

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.

Compensation Options: Granted and Vested During the Year

	No. Granted	Grant Date	Fair Value Per Option at Grant Date ($)	Exercise Price per Option ($)	Expiry Date	First Exercise Date	Last Exercise Date	Number Vested During the Year	%
30 September 2009									
Directors									
None granted	—	—	—	—	—	—	—	—	—
30 September 2008									
Directors									
E Chung	1,000,000	5/5/08	$0.37 to $0.39	$0.41	Nov 2019	Nov 2010	Nov 2014	—	—

Options Granted as Part of Remuneration – 30 September 2008

	Valuation of Options Granted During the Year	Value of Options Exercised During the Year	Value of Options Lapsed During the Year	Total Value of Options Granted, Exercised and Lapsed	Remuneration Consisting of Options During the Year
	$	$	$	$	%
Directors					
E Chung	382,465	—	—	382,465	8.2

The value of options shown above will be recognised across the vesting period of the options issued.

There were no shares issued to Directors or Key Management Personnel on exercise of compensation options during the year.

Indemnification of Officers

Insurance and indemnity arrangements established in the previous year concerning officers of the company were renewed or continued during the year ended 30 September 2009.

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

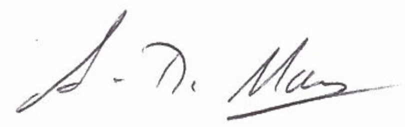
The Directors received a declaration from the company's auditor, Ernst & Young. It is included at the end of the Financial Statements.

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**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Due Diligence	—	41,410	—	41,410
Taxation Advice	34,845	27,977	34,845	5,350
Compliance Services	12,360	31,495	12,360	31,495
Total	**47,205**	**100,882**	**47,205**	**78,255**

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



Adrian Di Marco
Executive Chairman
Brisbane
23 November 2009

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 Securities Exchange Corporate Governance Council's 'Corporate Governance Principles and 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 September 2009. 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
Edward James Chung	Executive Director

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 six. 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

R McLean

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:

R McLean (Chairman)

J Mactaggart

A Di Marco

K Blinco

R Anstey

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.

Nomination Committee

The Board has established a Nomination Committee. The Committee is comprised of:

R Anstey (Chairman)
A Di Marco
J Mactaggart
R McLean
K Blinco

The role of the Committee is to:

- Assessment of the necessary and desirable competencies and experience for Board membership.
- Assessment of the independence of each director. Evaluation of the performance of the Board, Audit and Remuneration committees, and their membership.
- Evaluation initially and on an on-going basis of non-executive director's commitments and their ability to commit the necessary time required to fulfil their duties to a high standard.
- Adherence by directors to the Director's Code of Conduct and to good Corporate Governance.
- Review of Board succession plans, changes to committees, appointment of new directors

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 Securities Exchange under the Company's continuous disclosure obligations.

Risk Management

The board has received reports from management on the risk management strategies, their effectiveness, and any current risk items. Management is responsible for the design and implementation of controls systems, which are reviewed and approved by the Board. The whole area of risk management is outlined in the full Corporate Governance Statement (on the company' website) and is constantly reviewed. Risk management review is included in the papers of each Full board meeting, and each Audit Committee meeting. The Board requires the CEO and CFO (and Operating Officer for Corporate Services) to sign all statements required in accordance with the Corporations Act.

Non-Compliance with ASX Corporate Governance Principles and Recommendations

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 Corporate Governance Principles and 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.

Majority of Independent Directors (Refer ASX Corporate Guidelines – Recommendation 2.1)

The number of Directors is six. Three of these are Independent, and three are not independent. This combination is seen as appropriate in order to provide balance on the Board. Only two of the Directors are Executives, and this provides sufficient resources for the daily operations of the company. It would be inappropriate to add another Director at this stage, purely to meet the ASX guidelines.

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 five 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.

Banning of Directors and Executives entering into Hedges on Options (Refer ASX Corporate Guidelines – Recommendation 8.3)

The company approved its policy of banning Directors and Executives from entering into any scheme that specifically protects the value of Shares and Options before the shares have vested or the Options have entered their exercisable period, in November 2009. Accordingly, this policy was not in place for the 2009 financial year.

INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2009

		Consolidated		Parent	
	Note	2009 $000	2008 $000	2009 $000	2008 $000
Sales Revenue	2	120,728	108,491	107,920	95,729
Other Revenue	2	1,759	1,724	6,360	5,288
Total Operating Revenue		**122,487**	**110,215**	**114,280**	**101,017**
Sales & Marketing Expense		(15,080)	(11,880)	(12,989)	(10,179)
Occupancy Expense		(3,845)	(2,897)	(3,469)	(2,279)
Administration Expense		(21,849)	(19,489)	(20,491)	(16,197)
Product Distribution & Servicing Expense		(33,279)	(28,804)	(30,174)	(25,950)
Other Expense		(2,502)	(2,323)	(2,130)	(1,859)
Finance Expense		(180)	(180)	(180)	(173)
Equity Based Compensation Expense		(568)	(359)	(568)	(359)
Profit From Continuing Activities before Research & Development Expense		**45,184**	**44,283**	**44,279**	**44,021**
Research & Development Expense		(24,908)	(21,154)	(24,895)	(19,758)
Profit From Continuing Activities Before Income Tax Expense		**20,276**	**23,129**	**19,384**	**24,263**
Income tax expense attributable to continuing activities	3	(4,592)	(5,900)	(4,289)	(6,219)
NET PROFIT		**15,684**	**17,229**	**15,095**	**18,044**
Basic Earnings per share (cents per share)	19	5.24	5.77		
Diluted Earnings per share (cents per share)	19	5.12	5.68		
Dividend per share (cents per share)		3.75	4.12		

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

BALANCE SHEET AS AT 30 SEPTEMBER 2009

		Consolidated		Parent	
	Note	2009 $000	2008 $000	2009 $000	2008 $000
CURRENT ASSETS					
Cash Assets	5	25,586	18,422	22,860	9,727
Investment Available for Sale	25 (ii)	4,952	5,262	4,952	5,262
Receivables	6	21,854	19,923	19,474	17,961
Earned & Unbilled Revenue		1,471	3,730	1,154	3,142
Receivables from Controlled Entities	7	—	—	235	6,109
Other	7	1,460	941	1,412	875
Total Current Assets		55,323	48,278	50,087	43,076
NON-CURRENT ASSETS					
Property, Plant & Equipment	8	7,468	5,512	7,357	5,360
Intangible Assets & Goodwill	9	17,023	17,268	10,522	10,564
Deferred Income Tax Asset	3	3,879	2,364	3,832	2,381
Investments in subsidiaries	26	—	—	9,082	9,082
Receivables from Controlled Entities	7	—	—	874	1,385
Total Non-current Assets		28,370	25,144	31,667	28,772
TOTAL ASSETS		**83,693**	**73,422**	**81,754**	**71,848**
CURRENT LIABILITIES					
Payables	10	7,580	6,736	6,889	6,206
Provisions	11	6,344	5,615	6,120	5,435
Income Tax Payable		1,375	2,291	1,247	2,271
Unearned Revenue		4,438	4,725	4,357	4,667
Interest-bearing Liabilities	12	1,378	846	1,378	846
Total Current Liabilities		21,115	20,213	19,991	19,425
NON-CURRENT LIABILITIES					
Provisions	13	1,630	799	1,630	799
Interest-bearing Liabilities	12	1,371	1,063	1,371	1,063
Lease incentive	14	2,018	333	2,018	333
Other		416	500	416	500
Total Non-current Liabilities		5,435	2,695	5,435	2,695
TOTAL LIABILITIES		**26,550**	**22,908**	**25,426**	**22,120**
NET ASSETS		**57,143**	**50,514**	**56,328**	**49,728**
EQUITY					
Contributed Equity	15	24,284	23,863	24,284	23,863
Reserves	16	8,755	6,978	10,053	7,716
Retained Earnings		24,104	19,673	21,991	18,149
TOTAL EQUITY		**57,143**	**50,514**	**56,328**	**49,728**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2009

		Consolidated		Parent	
	Note	**2009 $000**	**2008 $000**	**2009 $000**	**2008 $000**
Cash flows from operating activities					
Receipts from customers		121,043	104,086	109,712	91,261
Payments to suppliers & employees		(97,322)	(87,106)	(80,274)	(74,855)
Interest Received		802	1,223	714	990
Income Taxes Paid		(6,468)	(6,268)	(6,210)	(6,485)
Other Revenue		894	209	920	88
Interest & other costs of finance paid		(180)	(180)	(180)	(173)
GST paid on plant & equipment acquisitions		(208)	(182)	(203)	(182)
Net Operating Cash Flows	5 (b)	18,561	11,782	24,479	10,644
Cash flows from investing activities					
Payments for plant & equipment		(2,076)	(2,005)	(2,025)	(1,998)
Purchase of financial assets – listed securities		—	(2,538)	—	(2,538)
Acquisition of subsidiary – net of cash acquired		—	(5,847)	—	(8,830)
Costs incurred on acquisition of subsidiary		—	(82)	—	(82)
Acquisition of business		—	(500)	—	(500)
Proceeds from sale of financial assets – listed securities		203	1,040	203	1,040
Proceeds from sale of plant & equipment		13	—	13	—
Net Investing Cash Flows		(1,860)	(9,932)	(1,809)	(12,908)
Cash Flows from financing activities					
Proceeds from conversion of share options		421	137	421	137
Dividends Paid		(9,958)	(4,991)	(9,958)	(4,991)
Net Financing Cash Flows		(9,537)	(4,854)	(9,537)	(4,854)
Net Increase/(decrease) in cash held		7,164	(3,004)	13,133	(7,118)
Cash at the beginning of financial period		18,422	21,426	9,727	16,845
Cash at end of the financial year	**5 (a)**	**25,586**	**18,422**	**22,860**	**9,727**

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2009

	Share Capital $	Retained Earnings $	Reserves: Dividend $	Reserves: FOREX $	Reserves: Share Option $	Reserves: Investment Revaluation $	Total $
CONSOLIDATED							
At 1 October 2008	23,863	19,673	7,322	(738)	867	(473)	50,514
Net gains/(losses) on available-for-sale financial assets	—	—	—	—	—	(81)	(81)
Currency translation differences	—	—	—	(560)	—	—	(560)
Total income & expense for the year recognised directly in equity	—	—	—	(560)	—	(81)	(641)
Net profit for the year	—	15,684	—	—	—	—	15,684
Total income/(expense) for the year	—	15,684	—	(560)	—	(81)	15,043
Dividend paid	—	—	(9,958)	—	—	—	(9,958)
Transfer to dividend reserve	—	(11,253)	11,253	—	—	—	—
Exercise of share options	421	—	—	—	—	—	421
Cost of equity based compensation	—	—	—	—	568	—	568
Equity Based Compensation	—	—	—	—	555	—	555
At 30 September 2009	**24,284**	**24,104**	**8,617**	**(1,298)**	**1,990**	**(554)**	**57,143**
PARENT							
At 1 October 2008	23,863	18,149	7,322	—	867	(473)	49,728
Net gains on available-for-sale financial assets	—	—	—	—	—	(81)	(81)
Total income & expense for the year recognised directly in equity	—	—	—	—	—	(81)	(81)
Net profit for the year	—	15,095	—	—	—	—	15,095
Total income/(expense)for the year	—	15,095	—	—	—	(81)	15,014
Dividend paid	—	—	(9,958)	—	—	—	(9,958)
Transfer to dividend reserve	—	(11,253)	11,253	—	—	—	—
Exercise of share options	421	—	—	—	—	—	421
Cost of equity based compensation	—	—	—	—	568	—	568
Equity Based Compensation	—	—	—	—	555	—	555
At 30 September 2009	**24,284**	**21,991**	**8,617**	**—**	**1,990**	**(554)**	**56,328**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2008

			Reserves				
	Share Capital $	Retained Earnings $	Dividend $	FOREX $	Share Option $	Investment Revaluation $	Total $
CONSOLIDATED							
At 1 October 2007	23,556	14,757	—	(812)	508	97	38,106
Net gains/(losses) on available-for-sale financial assets	—	—	—	—	—	(570)	(570)
Currency translation differences	—	—	—	74	—	—	74
Total income & expense for the year recognised directly in equity	—	—	—	74	—	(570)	(496)
Net profit for the year	—	17,229	—	—	—	—	17,229
Total income/(expense) for the year	—	17,229	—	74	—	(570)	16,733
Dividend paid	—	—	(4,991)	—	—	—	(4,991)
Transfer to dividend reserve	—	(12,313)	12,313	—	—	—	—
Exercise of share options	137	—	—	—	—	—	137
Shares issued	170	—	—	—	—	—	170
Cost of equity based compensation	—	—	—	—	359	—	359
At 30 September 2008	**23,863**	**19,673**	**7,322**	**(738)**	**867**	**(473)**	**50,514**
PARENT							
At 1 October 2007	23,556	**12,418**	—	—	**508**	**97**	**36,579**
Net gains on available-for-sale financial assets	—	—	—	—	—	(570)	(570)
Total income & expense for the year recognised directly in equity	—	—	—	—	—	(570)	(570)
Net profit for the year	—	18,044	—	—	—	—	18,044
Total income/(expense)for the year	—	18,044	—	—	—	(570)	17,474
Dividend paid	—	—	(4,991)	—	—	—	(4,991)
Transfer to dividend reserve	—	(12,313)	12,313	—	—	—	—
Exercise of share options	137	—	—	—	—	—	137
Shares issued	170	—	—	—	—	—	170
Cost of equity based compensation	—	—	—	—	359	—	359
At 30 September 2008	**23,863**	**18,149**	**7,322**	**—**	**867**	**(473)**	**49,728**

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 year ended 30 September 2009 was authorised for issue in accordance with a resolution of the directors on 23 November 2009.

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.

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 year ending 30 September 2009. These are outlined in the table below:

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a management approach to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The group will adopt AASB 8 from 1 October 2009.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 and AASB 2007-10 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet, this one being as at the beginning of the comparative period. The Company will apply the revised standard from 1 October 2009.

(iii) AASB 2008-1 Amendments to Australian Accounting Standard Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group will apply the revised standard from 1 October 2009, but it is not expected to affect the accounting for the Company’s share-based payments.

(iv) Revised AASB 3 Business Combinations and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquire either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs must be expensed. This is different to the Company’s policy which is set out in Note 1(d).

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) AASB 2008-5, AASB 2008-7,AASB 2009-4, AASB 2009-5, AASB 2009-7 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The amendments to Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.

(vi) 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]. The amendments to AASB 7 require enhanced disclosures about fair value measurements and liquidity risk. The changes to the disclosures are expected to have minimal effect in the presentation and no change to the accounting.

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

c) Comparative Information

Where applicable, certain comparative numbers have been restated in order to comply with the current period presentation of the financial report.

d) Summary of Significant Accounting Policies

Revenue Recognition

Software License 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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Australian Accounting Standards as issued by the Australian Accounting Standards Board.

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Great British 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.

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. Impairment losses on goodwill are not subsequently revised.

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

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.

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.

The Company created an Employee Share Trust during the year which allows an employee on the exercise of an option to hold the share in the Trust. As per AASB 112, on granting the option the Company now records a deferred tax asset on the expected value of the share. If the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, the difference is recognised directly in equity. When the employee exercises the option the tax effect difference between the actual market value and what was recorded as a deferred tax asset is recognised to equity.

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 superannuation 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 5.23% 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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Leases under which the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The discount rate used to determine the present value reflects correct market assessment of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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.

	Life	Method
Intellectual Property / Source Code	8 years	Straight line

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 Outcome Manager (TechnologyOne Performance Planning), has been capitalised is being amortised over a period of eight years and now has a written down value of $217,000.

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Consolidations

From the date of acquisition on 31 October 2007, for the purposes of income taxation, Technology One Limited at its 100% owned subsidiary, Avand Pty Ltd have formed a consolidated tax group. These companies have entered into a tax sharing arrangement in order to allocate income tax expense on a pro-rata basis.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Segment Reporting

A business segment is a distinguishable component of the company that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Management has assessed the reportable business segments under AASB 114 Segment Reporting. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

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 and other assets

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 are discussed in Note 9.

All other assets are reviewed for indicators or object evidence of impairment. If indicators or objective evidence exist the recoverable amount is reviewed.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The costs of equity-settled transactions are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights over shares is determined using a binomial model, further details of which are given in Note 14. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities with the next annual reporting period but may impact expenses and equity.

Long service leave

A liability for long service is recognised 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	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 2. REVENUES & EXPENSES				
Revenue & Expenses from continuing operations				
Sales Revenue				
Software licence fees	24,333	22,588	21,258	19,664
Implementation & consulting services	41,023	35,882	36,094	31,402
Post sales customer support	43,114	36,343	38,343	31,092
Project Services	11,171	10,539	11,171	10,539
Product Modifications	1,087	3,139	1,054	3,032
Total sales revenue	**120,728**	**108,491**	**107,920**	**95,729**
Other Revenue				
Interest received – cash	434	787	329	554
Interest received – available for sale investments	369	554	369	554
User conference	920	—	920	—
Software fees	—	—	4,581	3,977
Grants received	19	232	—	—
Other	17	151	161	203
Total other revenue	**1,759**	**1,724**	**6,360**	**5,288**
Total Revenue	**122,487**	**110,215**	**114,280**	**101,017**
Depreciation of:				
- Office furniture & equipment	2,036	634	1,955	588
- Computer software	91	55	91	55
- Motor Vehicles	15	5	15	5
	2,142	694	2,061	648
Amortisation of:				
- Leased office furniture & equipment	679	1,042	679	1,042
- Leased computer software	366	125	366	125
- Intellectual property/ source code	263	211	60	28
	1,308	1,378	1,105	1,195
Employee benefit expenses:				
Wages & salaries	58,943	50,922	55,172	44,580
Defined contribution plan expense	4,683	4,035	4,655	3,899
Payroll tax	3,334	2,728	3,334	2,633
Provision for annual leave	299	333	264	174
Provision for long service leave	753	399	753	395
Equity based compensation	568	359	568	359
Other	2,721	3,560	2,268	3,171
	71,301	62,336	67,014	55,211
Other expense items:				
Provision for doubtful debts	198	165	179	165
Foreign exchange loss	32	268	32	249
Rental expenses on operating leases	3,892	2,623	3,606	2,085
Loss on sale of fixed assets	—	2	—	2
Software fees	—	—	—	352

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 3. INCOME TAX				
The major components of income tax expense are:				
Income Statement				
Current income tax	6,077	6,979	5,749	7,103
Adjustments in respect of current income tax of previous years	30	(146)	(9)	(136)
Relating to origination & reversal of temporary differences	(1,515)	(933)	(1,451)	(748)
Income tax expense reported in the Income Statement	4,592	5,900	4,289	6,219

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:

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Accounting profit before income tax	20,276	23,129	19,384	24,263
At the Company's statutory income tax rate of 30% (2008:30%)	6,083	6,939	5,815	7,279
Adjustment in respect of current income tax of previous years	30	(146)	(9)	(136)
Research and development tax concession	(1,168)	(1,028)	(1,168)	(1,028)
Recognition of previously unrecognised tax asset	(81)	(84)	(81)	(84)
Non-deductible foreign loss	(36)	(24)	—	—
Non assessable foreign income	(111)	(49)	(111)	(49)
Expenditure not allowable for income tax purposes	218	292	186	237
Employee Share Trust	(343)	—	(343)	—
Income tax reported on the Income Statement	4,592	5,900	4,289	6,219
Future income tax benefit – deductible temporary differences not recorded	1,475	918	1,475	918

	Balance Sheet		Income Statement	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 3. INCOME TAX (Continued)				
Deferred income tax relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Unearned revenue	(473)	(1,097)	(624)	264
Intellectual property	(22)	(30)	(8)	30
Accelerated depreciation for tax purposes	73	(170)	(243)	118
Other	(137)	(136)	1	2
	(559)	(1,433)		
CONSOLIDATED				
Deferred tax assets				
Employee provisions	2,164	1,919	(245)	(398)
Provisions - other	549	748	199	(290)
Accrued expenses	215	134	(81)	(55)
Copyright - software	425	416	(9)	(98)
Lease liability (net)	297	260	(37)	(193)
Employee Share Trust	788	320	(468)	(313)
	4,438	3,797		
Deferred tax expense			(1,515)	(933)
Net Deferred Tax Asset	**3,879**	**2,364**		
PARENT				
Deferred tax liabilities				
Unearned revenue	(378)	(944)	(566)	320
Intellectual property	(22)	(30)	(8)	30
Accelerated depreciation for tax purposes	60	(167)	(227)	118
Other	(102)	(115)	(13)	25
	(442)	(1,256)		
PARENT				
Deferred tax assets				
Employee provisions	2,104	1,870	(234)	(385)
Provisions - Other	537	735	198	(288)
Accrued expenses	215	134	(81)	(55)
Copyright - software	333	416	83	(98)
Lease liability (net)	297	260	(37)	(193)
Employee Share Trust	788	222	(566)	(222)
	4,274	3,637		
Deferred tax expense			(1,451)	(748)
Net deferred tax asset	**3,832**	**2,381**		

Tax consolidation

Measurement method adopted under UIG 1052 *Tax Consolidation Accounting*

The head entity and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. The Company has applies the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

The tax consolidation group comprises Technology One Limited and Avand Pty Ltd, from date of acquisition 31 October 2007.

	Consolidated		Parent	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
NOTE 4. DIVIDENDS PAID & PROPOSED				
(a) Dividends Paid				
Final dividend Sept 2008 2.45 cents (Sept 2007: nil) – Fully franked	7,322	—	7,322	—
Interim dividend 2009 0.88 cents (Sept 2008: 1.67 cents) – fully franked	2,636	4,991	2,636	4,991
	9,958	4,991	9,958	4,991

(b) Dividends Proposed
On 23 November 2009 the directors resolved to pay a final dividend for the 2009 financial year of 2.87 cents per share, fully franked.
(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	5,236	3,260	4,748	2,962
Franking credits that will arise from the payment of income tax payable as at the end of the financial period	2,067	1,529	2,067	1,529
Franking account balance	7,303	4,789	6,815	4,491

The tax rate at which paid dividends have been franked is 30% (2008: 30%). Dividends proposed will be franked at the rate of 30% (2008: 30%).

	Consolidated		Parent	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
NOTE 5. CASH ASSETS				
(a) Cash is defined to include the following:				
Cash at bank	25,586	16,336	22,860	9,727
Money market accounts at call	—	2,086	—	—
	25,586	18,422	22,860	9,727

The company has a secured $7 million interchangeable facility which is transferable between an Overdraft, Fixed Rate Commercial Bill and Variable Rate Commercial Bill to assist with working capital requirements.

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 2009 and 2008 are their carrying values.

Note 5. CASH ASSETS (continued)

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
(b) Reconciliation of net operating cash flows to net profit				
Net profit	15,684	17,229	15,095	18,044
Adjustments for:				
Depreciation & amortisation	3,450	2,072	3,166	1,843
Profit on sale of assets	131	2	129	2
Loss on sale of listed securities	33	(40)	33	(40)
Equity based remuneration expense	568	359	568	359
Interest income classified as investing cash flow	8	(118)	8	(118)
Write-off of non-current assets	—	260	—	—
Transfers to/(from) provisions:				
Employee entitlements	823	545	780	1,283
Doubtful debts	(45)	(709)	20	(564)
Movement in provision for:				
Income tax payable	(361)	(338)	(469)	482
Deferred income tax	(873)	414	(814)	493
Changes in assets and liabilities				
(Increase)/Decrease in assets:				
Trade debtors	(2,399)	(6,915)	(2,052)	(7,011)
Sundry debtors	467	(612)	420	(564)
Prepayments	(578)	73	(570)	3
Earned and unbilled revenue	2,157	(2,464)	1,885	(1,134)
Other	(592)	(418)	(568)	(1,168)
(Decrease)/Increase in liabilities:				
Trade payables	625	1,499	770	2,280
Other	(230)	(913)	6,282	(3,655)
Unearned revenue	(307)	1,856	(204)	109
Net operating cash flows	**18,561**	**11,782**	**24,479**	**10,644**

(c) Controlled entities acquired

There were no controlled entities acquired during the 2009 financial year. (2008: Avand Pty Ltd was acquired)

(d) Non-cash financing and investing activities

During the financial period the Company acquired equipment and software with an aggregate fair value of $2,558,720 (2008: $1,032,588), by means of finance leases.

	Consolidated		Parent	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
NOTE 6. RECEIVABLES (Current)				
Trade debtors (i) (ii)	21,657	19,299	19,385	17,374
Provision for doubtful debts (iii)	(366)	(411)	(343)	(323)
Sundry debtors	563	1,035	432	910
	21,854	19,923	19,474	17,961

(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 $4,213,000 (2008: $4,057,000) 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 31 days (2008: 35 days).

Included in the Parent's trade receivable balance are debtors with a carrying amount of $3,790,000 (2008: $3,564,000) 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 balances, apart from the withdrawal of future support and software licence use rights. The average age of these receivables is 32 days (2008: 38 days).

(ii) Included in trade debtors are amounts billed but not yet collected for post implementation customer support to commence post 30 September 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	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Invoices rendered for un-provided services	2,073	1,813	1,992	1,757

NOTE 6. RECEIVABLES (Current) (Continued)

(iii) Movement in Doubtful Debts Provision

	Consolidated		Parent	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Balance at beginning of the period	411	920	323	887
Acquisition of subsidiary	—	199	—	—
Amounts written off in the period	(243)	(889)	(159)	(729)
Amounts recovered in the period	—	16	—	—
Amounts provided in the period	198	165	179	165
Balance at the end of the period	**366**	**411**	**343**	**323**

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	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
NOTE 7. OTHER ASSETS				
Receivables from controlled entities (i)	—	—	235	6,109
Current				
Prepayments	1,088	509	1,079	509
Deposits owing	126	260	107	221
Other	246	172	226	145
	1,460	**941**	**1,412**	**875**
Non Current				
Amounts owing from controlled entities (i)	—	—	874	1,385

The fair value of other assets approximate the carrying value of the assets recorded above.

(i) The amounts owing are all short term in nature and relate to normal trading.

	Consolidated		Parent	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
NOTE 8. PROPERTY, PLANT & EQUIPMENT				
Office Furniture & Equipment:				
Cost				
Opening Balance	7,215	5,295	6,905	5,080
Additions	2,919	1,919	2,869	1,892
Make good additions	736	—	736	—
Acquisition of subsidiary	—	333	—	—
Disposals	(1,106)	(332)	(1,073)	(67)
Exchange difference	(32)	—	—	—
Reclassification	941	—	941	—
Closing balance	10,673	7,215	10,378	6,905
Accumulated depreciation				
Opening balance	2,847	2,238	2,689	2,126
Depreciation for the period/year	1,671	634	1,590	588
Make good	365	—	365	—
Disposals	(882)	(25)	(851)	(25)
Exchange difference	(24)	—	—	—
Reclassification	1,071	—	1,071	—
Closing balance	5,048	2,847	4,864	2,689
Net book value	5,625	4,368	5,514	4,216
Leased Office Furniture & Equipment				
Cost				
Opening balance	3,821	2,937	3,821	2,937
Additions	57	937	57	937
Disposals	(438)	(53)	(438)	(53)
Reclassification	313	—	313	—
Closing balance	3,753	3,821	3,753	3,821
Accumulated amortisation				
Opening balance	2,920	1,960	2,920	1,960
Amortisation for the period/year	679	1,042	679	1,042
Disposals	(438)	(82)	(438)	(82)
Reclassification	(700)	—	(700)	—
Closing balance	2,461	2,920	2,461	2,920
Net book value	1,292	901	1,292	901

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 8. PROPERTY, PLANT AND EQUIPMENT (continued)				
Computer Software:				
Cost				
Opening balance	791	685	791	685
Additions	1,513	86	1513	106
Acquisition of subsidiary	—	20	—	—
Disposal	(279)	—	(279)	—
Reclassification	(535)	—	(535)	—
Closing balance	1,490	791	1,490	791
Accumulated depreciation				
Opening balance	705	650	705	650
Depreciation for the period/year	91	55	91	55
Disposals	(279)	—	(279)	—
Reclassification	772	—	772	—
Closing balance	1,289	705	1,289	705
Net book value	201	86	201	86
Leased Computer Software:				
Cost				
Opening balance	1,036	940	1036	940
Additions	—	96	—	96
Reclassification	(638)	—	(638)	—
Closing balance	398	1,036	398	1,036
Accumulated amortisation				
Opening balance	899	774	899	774
Amortisation for the period/year	366	125	366	125
Reclassification	(1,076)	—	(1,076)	—
Closing balance	189	899	189	899
Net book value	209	137	209	137
Motor Vehicles:				
Cost				
Opening balance	38	38	38	38
Additions	145	—	145	—
Disposals	(18)	—	(18)	—
Closing balance	165	38	165	38
Accumulated depreciation				
Opening balance	18	13	18	13
Depreciation for the period/year	15	5	15	5
Disposals	(9)	—	(9)	—
Closing balance	24	18	24	18
Net book value	141	20	141	20
Total property, plant and equipment, at cost	**16,479**	**12,901**	**16,184**	**12,591**
Total property, plant and equipment, net	**7,468**	**5,512**	**7,357**	**5,360**

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	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 9. INTANGIBLE ASSETS AND GOODWILL				
Intellectual Property/Source Code:				
Cost				
Opening balance	2,358	480	728	480
Additions	—	1,878	—	248
Closing balance	2,358	2,358	728	728
Accumulated amortisation				
Opening balance	563	352	380	352
Amortisation for the period/year	263	211	60	28
Closing balance	826	563	440	380
Net book value	1,532	1,795	288	348
Purchased Goodwill:				
Cost				
Opening balance	15,473	9,464	10,216	9,464
Additions	18	6,009	18	752
Closing balance	15,491	15,473	10,234	10,216
Net book value	15,491	15,473	10,234	10,216
Total intangible assets, at cost	**17,849**	**17,831**	**10,962**	**10,944**
Total intangible assets, net	**17,023**	**17,268**	**10,522**	**10,564**

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 14.41% pre tax (2008: 16.22%).

The key assumptions used in value-in-use calculations for 30 September 2009 and 2008 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	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 10. PAYABLES				
Trade payables (i)	6,376	5,978	5,976	5,570
Directors' fees	68	54	68	54
Sundry creditors (i)	1,136	704	845	582
	7,580	6,736	6,889	6,206

(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	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 11. PROVISIONS (Current)				
Make good	127	—	127	—
Annual leave	3,824	3,517	3,601	3,337
Long service leave	2,393	2,098	2,392	2,098
	6,344	5,615	6,120	5,435
NOTE 12. INTEREST BEARING LIABILITIES				
Current				
Lease liability (Note 17) – secured	1,378	846	1,378	846
Non-Current				
Lease liability (Note 17) – secured	1,371	1,063	1,371	1,063
NOTE 13. PROVISIONS (Non-Current)				
Make good	609	—	609	—
Long service leave	1,021	799	1,021	799
	1,630	799	1,630	799

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 14. LEASE INCENTIVES				
Lease Incentive	2,018	333	2,018	333

The lease incentive relates to leases entered into by the company where by the company has obtained an incentive to enter into a lease of office premises. The incentive is written back to the income statement on a straight line basis over the life of the lease.

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 15. CONTRIBUTED EQUITY				
Ordinary Shares	24,284	23,863	24,284	23,863

Movements in Contributed Equity for the Year:

Number of Ordinary Shares'000

	Consolidated		Parent	
	2009 '000	2008 '000	2009 '000	2008 '000
Opening number of shares	298,870	298,353	298,870	298,353
Shares issued	—	154	—	154
Options exercised – refer below	1,388	363	1,388	363
Closing number of shares	300,258	298,870	300,258	298,870

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

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 employee 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.

	Consolidated	
	2009 $000	2008 $000
Dividend yield (%)	5.6%	4.3%
Expected volatility (%)	28.6%	30.5%
Risk free interest rate (%)	3.6%	6.5%
Expected life of option (years)	5.00	5.00
Option exercise price ($)	0.39	0.41
Weighted average share price at grant date ($)	0.72	0.82

NOTE 15. CONTRIBUTED EQUITY (continued)

Employee Options Over Ordinary Shares in Technology One Limited (a):

30 September 2009

Issue date	1-May-09	10-Oct-08	5-May-08	25-Aug-06	1-Jul-04	31-Oct-02
			Number of options			
On issue at beginning of the period	—	—	1,000,000	1,860,000	4,825,000	43,750
Issued during the period	4,550,000	1,100,000	—	—	—	—
Exercised during the period	—	—	—	(94,000)	(1,275,000)	(18,750)
Outstanding at date of Directors' Report	4,550,000	1,100,000	1,000,000	1,766,000	3,550,000	25,000
Number of recipients	15	3	1	10	4	2
Exercise price (c)	$0.36	$0.41	$0.41	$0.35	$0.33	$0.31
Exercise period (commencement)	Jul 2011 to Jul 2017	Jul 2010 to Jul 2015	Nov 2010 to Nov 2014	Aug 2008 to Aug 2014	Jul 2007 to Jul 2011	Oct 2004 to Oct 2007
Expiration date	Jul 2016 to Jul 2022	Jul 2015 to Jul 2020	Nov 2015 to Nov 2019	Aug 2018 to Aug 2024	Jun 2012 to Jun 2016	Oct 2006 to Oct 2009
Fair value of option at issue date (b)	$0.24 to $0.31	$0.25 to $0.29	$0.37 to $0.39	$0.33 to $0.40	$0.15 to $0.19	$0.12

NOTE 15. CONTRIBUTED EQUITY (continued)

30 September 2008

Issue date	5-May-08	25-Aug-06	1-Jul-04	31-Oct-02	24-Sept-02
On issue at beginning of the period	—	1,860,000	4,825,000	43,750	362,500
Issued during the period	1,000,000	—	—	—	—
Exercised during the period	—	—	—	—	(362,500)
Outstanding at date of Directors' Report	1,000,000	1,860,000	4,825,000	43,750	—
Number of recipients	1	10	4	2	33
Exercise price (c)	$0.41	$0.35	$0.33	$0.31	$0.36
Exercise period (commencement)	Nov 2010 to Nov 2014	Aug 2008 to Aug 2014	Jul 2007 to Jul 2011	Oct 2004 to Oct 2007	Jan 2003 to Nov 2006
Expiration date	Nov 2015 to Nov 2019	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)	$0.37 to $0.39	$0.33 to $0.40	$0.15 to $0.19	$0.12	$0.11

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.

c) The Executive Chairman has the discretion to increase the option exercise price.

	Consolidated		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
NOTE 16. RESERVES				
Dividend reserve	8,617	7,322	8,617	7,322
Share option reserve	1,990	867	1,990	867
Foreign exchange reserve	(1,298)	(738)	—	—
Investment revaluation reserve	(554)	(473)	(554)	(473)
	8,755	6,978	10,053	7,716

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	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
NOTE 17. 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	4,695	3,095	4,593	2,889
Later than one year and not later than five years	18,065	8,621	17,935	8,530
Greater than five years	14,527	7,501	14,527	7,501
	37,287	19,217	37,055	18,920

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	1,484	963	1,484	963
Later than one year and not later than five years	1,561	1,149	1,561	1,149
Total minimum lease payments	3,045	2,112	3,045	2,112
Future finance charges	(296)	(203)	(296)	(203)
Lease liability	2,749	1,909	2,749	1,909
Current liability (note 12)	1,378	846	1,378	846
Non-current liability (note 12)	1,371	1,063	1,371	1,063
	2,749	1,909	2,749	1,909

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 $5,000,000 of which $2,251,000 remain un-drawn at 30 September 2009. The borrowings carry a fixed rate of 7.70% - 9.12% (2008: 7.70% - 9.12%) and have an average term of 3 years.

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
NOTE 18. 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	236,800	230,000	204,500	180,500
Amounts received, or due and receivable, for other services in relation to all entities in the consolidated group by:				
Ernst & Young	47,205	100,882	47,205	78,255
Other services provided by Ernst & Young in the current financial period and prior financial year were:				
Due Diligence	—	41,410	—	41,410
Compliance services	12,360	27,977	12,360	5,350
Taxation advice	34,845	31,495	34,845	31,495
	47,205	100,882	47,205	78,255

	Consolidated	
	2009	2008
NOTE 19. EARNINGS PER SHARE		
Post Tax Earnings used for calculating basic and diluted earnings per share ($000)	15,684	17,229
Basic earnings per share (cents per share)	5.24	5.77
Diluted earnings per share (cents per share)	5.12	5.68
Weighted average number of ordinary shares used in the calculation of basic earnings per share	299,411,693	298,674,404
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	306,103,224	303,444,710

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

NOTE 20. SEGMENT REPORTING

Primary Segments – Business Units

	Service Delivery $000	Software Engineering $000	Unallocated $000	Consolidated $000
		30 September 2009		
Revenue				
External sales	108,345	12,476	(93)	120,728
Other revenue	0	19	1,740	1,759
Inter-segment sales	7,352	27,596	22,067	57,015
	115,697	40,090	23,713	179,502
Inter-segment elimination				(57,015)
Total Consolidated Revenue				122,487
Result				
Segment result (before tax)	19,696	7,206	(6,626)	20,276
Income tax expense				(4,592)
Net Profit				15,684
Assets and Liabilities				
Total segment assets	20,527	17,750	45,416	83,693
Total segment liabilities	8,359	7,086	11,105	26,550
Other Segment Information				
Capital expenditure	459	615	601	1,675
Depreciation and amortisation	909	1,002	1,539	3,450
Total non-cash expenses	457	505	70	1,032
Cash Flow Information				
Net cash flow from operating activities	17,895	12,148	(11,482)	18,561
Net cash flow from investing activities	183	(1,175)	(868)	(1,860)
Net cash flow from financing activities	—	—	(9,537)	(9,537)

NOTE 20. SEGMENT REPORTING (continued)

Primary Segments – Business Units

	Service Delivery $000	Software Engineering $000	Unallocated $000	Consolidated $000
		30 September 2008		
Revenue				
External sales	90,838	13,785	3,868	108,491
Other revenue	75	104	1,545	1,724
Inter-segment sales	—	23,629	—	23,629
	90,913	37,518	5,413	133,844
Inter-segment elimination				(23,629)
Total Consolidated Revenue				110,215
Result				
Segment result (before tax)	28,508	8,560	(13,939)	23,130
Income tax expense				(5,900)
Net Profit				17,229
Assets and Liabilities				
Total segment assets	22,297	15,680	35,445	73,422
Total segment liabilities	10,937	6,202	5,769	22,908
Other Segment Information				
Capital expenditure	703	756	546	2,005
Depreciation and amortisation	650	734	688	2,072
Total non-cash expenses	423	285	380	1,088
Cash Flow Information				
Net cash flow from operating activities	19,521	6,995	(14,734)	11,782
Net cash flow from investing activities	(768)	(2,239)	(6,926)	(9,932)
Net cash flow from financing activities	—	—	(4,854)	(4,854)

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 2009				
Total Consolidated Revenue	110,153	9,201	3,133	122,487
Total Segment Assets	78,046	4,012	1,635	83,693
30 September 2008				
Total Consolidated Revenue	100,738	7,452	2,025	110,215
Total Segment Assets	64,003	7,510	1,909	73,422

NOTE 21. 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)
E Chung	Director (Operating Officer – Corporate Services)

(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

Compensation for key management personnel

	Consolidated		Parent	
	September 2009 $	September 2008 $	September 2009 $	September 2008 $
Short-term employee benefits	1,946,350	1,991,216	1,946,350	1,991,216
Post-employment benefits	80,923	79,037	80,923	79,07
Share-based payment	267,251	280,861	267,251	280,861
	2,294,524	**2,351,114**	**2,294,524**	**2,351,114**

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

No options were issued during the financial year to any directors or Key Management Personnel. (Sept 2008: 1,000,000 options were issued to one director).

(c) Option Holdings of Directors and Key Management Personnel

	Balance at beginning of period 1 October 2008	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 September 2009	Vested at 30 September 2009 Exercisable
Directors						
E Chung	1,000,000	—	—	—	1,000,000	—
Key Management Personnel						
R Down	1,500,000	—	(700,000)	—	800,000	—
M Culverson	1,350,000	—	(575,000)	—	775,000	—
R Phare	875,000	—	—	—	875,000	375,000
P Cameron	1,100,000	—	—	—	1,100,000	600,000
D Orchard	300,000	—	—	—	300,000	75,000
	6,125,000	—	(1,275,000)	—	4,850,000	1,050,000

	Balance at beginning of period 1 October 2007	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of period 30 September 2008	Vested at 30 September 2008 Exercisable
Directors						
E Chung	—	1,000,000	—	—	1,000,000	—
Key Management Personnel						
R Down	1,500,000	—	—	—	1,500,000	300,000
M Culverson	1,350,000	—	—	—	1,350,000	275,000
R Phare	875,000	—	—	—	875,000	175,000
P Cameron	1,100,000	—	—	—	1,100,000	400,000
D Orchard	300,000	—	—	—	300,000	30,000
	5,125,000	1,000,000	—	—	6,125,000	1,180,000

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. E Chung was the only Director to participate in the share options granted on 5 May 2008.

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

	Balance 1 October 2008	Granted as Remuneration	On Exercise of Options	Purchases/ (Sales)	Balance 30 September 2009
Directors					
A Di Marco	55,378,500	—	—	—	55,378,500
R McLean	500,000	—	—	—	500,000
J Mactaggart	66,902,500	—	—	—	66,902,500
K Blinco	201,285	—	—	—	201,285
R Anstey	15,000	—	—	(7,500)	7,500
E Chung	—	—	—	—	—
Key Management Personnel					
R Down	30,000	—	700,000	(310,000)	420,000
M Culverson	30,000	—	575,000	(120,000)	485,000
R Phare	110,000	—	—	—	110,000
P Cameron	15,000	—	—	(15,000)	—
D Orchard	224,351	—	—	—	224,351
	123,406,636	—	1,275,000	(452,500)	124,229,136

	Balance 1 October 2007	Granted as Remuneration	On Exercise of Options	Purchases/ (Sales)	Balance 30 September 2008
Directors					
A Di Marco	55,378,500	—	—	—	55,378,500
R McLean	500,000	—	—	—	500,000
J Mactaggart	69,902,500	—	—	(3,000,000)	66,902,500
K Blinco	201,285	—	—	—	201,285
R Anstey	15,000	—	—	—	15,000
E Chung	—	—	—	—	—
Key Management Personnel					
R Down	320,000	—	—	(290,000)	30,000
M Culverson	305,000	—	—	(275,000)	30,000
R Phare	195,000	—	—	(85,000)	110,000
P Cameron	15,000	—	—	—	15,000
D Orchard	224,351	—	—	—	224,351
	127,056,636	—	—	(3,650,000)	123,406,636

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.

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

During the financial year the Royal Children's' Hospital Foundation Qld (RCHF) purchased consulting services of $12,630, software of $22,150 and post sales customer support of $20,866 from TechnologyOne. The sale was on normal business terms and conditions. Mr Di Marco is a Director of Technology One Limited, and RCHF.

(Sept 2008: Mr Di Marco is a Director of Technology One Limited, and the Royal Children's' Hospital Foundation Qld (RCHF) purchased consulting services of $18,028 and post sales customer support of $14,761 from TechnologyOne. The sale was on normal business terms and conditions.)

NOTE 22. 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;
- marketing support and management fees were charged to wholly-owned controlled entities;

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 23. EMPLOYEE BENEFITS

	Consolidated		Parent	
	2009	2008	2009	2008
The number of full-time equivalents employed at period end	679	677	628	635

NOTE 24. FOREIGN CURRENCY EXPOSURE

	Consolidated	
	2009 $000	2008 $000
Current Assets		
Australian dollar equivalents of amounts receivable in foreign currency which are not effectively hedged:		
Malaysian Ringgit	188	80
New Zealand Dollars	1,747	1,547
United States Dollars	195	1,024
Great British Pounds	336	276
Current Liabilities		
Australian dollar equivalents amounts payable in foreign currency which are not effectively hedged:		
Malaysian Ringgit	3	2
New Zealand Dollars	114	37
Great British Pounds	83	138

Note 25. Financial instruments

(i) ***Liquidity risk***

Liquidity risk arises from the financial liabilities of the Group and Groups subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The contractual maturities of the Group's and parent entity's financial liabilities are:

	Consolidated		Parent	
	September 2009 $000	September 2008 $000	September 2009 $000	September 2008 $000
6 Months or less	3,114	2,015	3,063	1,912
6-12 months	3,065	2,043	3,014	1,940
1-5 years	19,627	11,831	19,306	9,679
Over 5 years	14,527	9,103	14,527	9,103
	40,333	**24,992**	**39,910**	**22,634**

The Company is exposed to interest rate risk through financial assets and liabilities. The following table summarises interest rate risk, as at balance date of these assets and liabilities.

30 September 2009	**Less then 6 months $000**	**6-12 Months $000**	**Over 1 to 5 yrs $000**	**More than 5 yrs $000**	**Total $000**
Consolidated					
Financial Assets					
Cash & Cash equivalents	25,586	—	—	—	25,586
Investments available for sale	4,952	—	—	—	4,952
	30,538	**—**	**—**	**—**	**30,538**
Financial Assets					
Interest bearing liabilities	689	689	1371	—	2,749
	689	**689**	**1,371**	**—**	**2,749**
Net Maturity	**29,849**	**(689)**	**(1,371)**	**—**	**27,789**

Note 25. Financial instruments (continued)

30 September 2008	Less then 6 months $000	6-12 Months $000	Over 1 to 5 yrs $000	More than 5 yrs $000	Total $000
Consolidated					
Financial Assets					
Cash & Cash equivalents	18,422	—	—	—	18,422
Investments available for sale	5,262	—	—	—	5,262
	23,684	**—**	**—**	**—**	**23,684**
Financial Assets					
Interest bearing liabilities	423	423	1,063	—	1,909
	423	**423**	**1,063**	**—**	**1,909**
Net Maturity	**23,261**	**(423)**	**(1,063)**	**—**	**21,775**

30 September 2009	Less then 6 months $000	6-12 Months $000	Over 1 to 5 yrs $000	More than 5 yrs $000	Total $000
Company					
Financial Assets					
Cash & Cash equivalents	22,860	—	—	—	22,860
Investments available for sale	4,952	—	—	—	4,952
	27,812	**—**	**—**	**—**	**27,812**
Financial Assets					
Interest bearing liabilities	689	689	1371	—	2,749
	689	**689**	**1,371**	**—**	**2,749**
Net Maturity	**27,123**	**(689)**	**(1,371)**	**—**	**25,063**

30 September 2008	Less then 6 months $000	6-12 Months $000	Over 1 to 5 yrs $000	More than 5 yrs $000	Total $000
Company					
Financial Assets					
Cash & Cash equivalents	9,727	—	—	—	9,727
Investments available for sale	5,262	—	—	—	5,262
	14,989	**—**	**—**	**—**	**14,989**
Financial Assets					
Interest bearing liabilities	423	423	1,063	—	1,909
	423	**423**	**1,063**	**—**	**1,909**
Net Maturity	**14,566**	**(423)**	**(1,063)**	**—**	**13,080**

a) The carrying amounts of financial instruments shown above approximate their fair value.
b) At 30 September 2009 the Company had no debt other than finance lease liabilities as disclosed in Note 16.
c) The lease liability maturity risk profile is spread evenly in the bands noted above.

(ii) Available for Sale Investments

At 30 September 2009 and 2008 the Company held investments in available for sale instruments. These instruments represented reset preference shares traded on the Australian Securities 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 Securities 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 26. Controlled entities

The consolidated financial statements at 30 September 2009 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 2009	% of shares held 2008
Technology One Corporation SDN BHD	Malaysia	100	100
Technology One New Zealand Ltd	New Zealand	100	100
Technology One UK Limited	England	100	100
Avand Pty Ltd	Australia	100	100
Avand (New Zealand) Ltd	New Zealand	100	100
Technology One Employee Share Trust	Australia	N/A	N/A

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 Securities 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 27. Contingent liabilities and financing facilities

Guarantees and Security Pledges

At period end the Company had $7,982,323 (2008: $4,223,378) in outstanding performance guarantees. The total available guarantee facility is $9,300,000 (2008: $4,300,000). The Company also has unused foreign currency dealing limits of $1,300,000.

Parent Company Support

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

Note 28. 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 25 in terms of monetary assets and liabilities at balance date. Foreign currency sensitivity is shown below.

(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 and cash is not considered to be material.

Note 28. Financial risk management (continued)

The following table details the Company's sensitivity to a 10% (50 basis points) change in Interest rates:

	Consolidated		Parent	
	September 2009 $000	September 2008 $000	September 2009 $000	September 2008 $000
Net Profit	62	116	52	93
Equity	62	116	52	93

(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 2009 $000	September 2008 $000	September 2009 $000	September 2008 $000
New Zealand Dollar				
Net Profit	59	61	—	—
Equity	11	22	—	—
United States Dollar				
Net Profit	144	300	144	300
Equity	20	300	20	300

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

Note 29. Business Combinations

(a) Outcome Manager

On 31 August 2008 TechnologyOne purchased the business of Outcome Manager Pty Ltd for a cost of $500,000 with a further $500,000 contingent consideration to be paid based on the performance of the product, of which $21,049 has been paid so far. The Purchase consideration has been allocated as follows, Intellectual Property/Source Code $248,000 and $769,000 to goodwill.

Note 30. Subsequent event

On the 23 November, the Directors of Technology One Limited declared a final dividend on ordinary shares in respect of the 2009 financial year. The total amount of the dividend is $8,617,389 and is fully franked.

No other matter or circumstances have arisen since the end of the year which have significantly affected of may significantly affect the operations of the consolidated entity, the results of the operations of the state of affairs of the consolidated Entity in future financial years.

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 2009 and of their performance for the year 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 year ended 30 September 2009.

Made in accordance with a resolution of the Directors.

ADRIAN DI MARCO

(Executive Chairman)

Brisbane

23 November 2009

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Brisbane QLD 4000 Australia
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Auditor's Independence Declaration to the Directors of Technology One Limited

In relation to our audit of the financial report of Technology One Limited for the financial year ended 30 September 2009, 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

Winna Brown
Partner
23 November 2009

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

Report on the Financial Report

We have audited the accompanying financial report of Technology One Limited, which comprises the balance sheet as at 30 September 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial 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 1b, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial 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 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.

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

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, a copy of which is included in the directors' report. 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

In our opinion:

1. the financial report of Technology Once Limited is in accordance with the *Corporations Act 2001*, including:

giving a true and fair view of the financial position of Technology One Limited and the consolidated entity at 30 September 2009 and of their performance for the year ended on that date; and

i complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 11 of the directors' report for the year ended 30 September 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Technology One Limited for the year ended 30 September 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

Winna Brown

Winna Brown
Partner
Brisbane
23 November 2009