Appendix 4D

Interim Report

Name of entity

TECHNOLOGY ONE LIMITED

ABN	Financial year ended
84 010 487 180	31 MARCH 2010

Results for announcement to the market

Results				
				$A'000 (*)
Revenues from ordinary activities	Up	5.9%	to	59,211
Profit from ordinary activities after tax attributable to members	Up	47.5%	to	5,716
Net profit for the period attributable to members	Up	47.5%	to	5,716

Dividends	Amount per security	Franked amount per security
Current period		
Final dividend	N/A	N/A
Interim dividend	1.33¢	1.33¢
Previous corresponding period (**)		
Final dividend	2.87¢	2.87¢
Interim dividend	0.88¢	0.88¢
The Record date for determining entitlements to the dividend is 4 June 2010		

Brief explanation of any of the figures reported above:		
In a challenging and uncertain economic environment, TechnologyOne has posted continuing growth in revenues and profits, with revenue up 6% and Net Profit after Tax up 48% on the prior comparative period. We have continued to win major deals against our multinational competitors, with new contracts across all our major vertical markets. First half expenses were up 3%. We have continued to invest strongly in R&D with R&D as a percentage of revenue at 22% above our long term average of 18%.		

Consolidated retained profits	Current period 31 March 2010 $A'000	Previous corresponding Period 31 March 2009 $A'000
Retained profits at the beginning of the financial period	24,104	19,673
Net profit attributable to members	5,716	3,876
Net transfers to reserves	(3,997)	(2,636)
Net transfers from reserves	—	—
Net effect of changes arising from adoption of revised/new accounting standards	—	—
Dividends and other equity distributions paid or payable	—	—
Retained profits at end of financial period	**25,823**	**20,913**

Earnings per security (EPS)	Current period 31 March 2010 $A'000	Previous corresponding Period 31 March 2009 $A'000
Basic EPS	1.90 Cents	1.30 Cents
Diluted EPS	1.86 Cents	1.28 Cents
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	300,296,378	299,244,842

NTA backing	Current period 31 March 2010	Previous corresponding Period 31 March 2009
Net tangible asset backing per ordinary security	12.55 cents	9.77 cents

Dividend Payable

The dividend is payable on 18 June 2010

Dividend Reinvestment Plan

There is no dividend re-investment plan in operation.

Total dividend per security (interim)

	Current year	Previous year
Ordinary securities	1.33 ¢	0.88 ¢

Interim dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Total	3,997	2,636

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 Earnings per Share (EPS) is up 46.2% on the previous year. Refer to the Directors' Report in the attached Half Year Financial Accounts.

Returns to Shareholders

In light of our results, the dividend for the half year has been increased to 1.33 cents per share, up 51% on the prior year, in line with our Net Profit After Tax growth. This represents a payout ratio of 70%.

Significant feature of operating performance

Refer to the Directors' Report in the attached Half Year Financial Accounts.

Results of Segments

Refer to the attached Half Year Report

Trends in Performance

Refer to the attached Half Year Report

Any other Significant Information

Compliance statement

This report is based on accounts which have been reviewed.

A Di Marco
Chairman

Date: 24 May 2010

technologyone

business software solutions

HALF YEAR REPORT

31 MARCH 2010

TABLE OF CONTENTS

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 half year ended 31 March 2010.

Directors

The names of the directors in office during or since the end of the half year are:

A Di Marco – Chairman
R McLean
J Mactaggart
K Blinco
R Anstey
E Chung

Unless otherwise indicated, all directors held their position as a director throughout the entire half year and up to the date of this report.

Principal Activities

The principal activity of the company during the half 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 CPM
- TechnologyOne Budgeting
- TechnologyOne Property
- TechnologyOne Student Management
- TechnologyOne Works & Assets
- TechnologyOne ECM

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

Results

Results from operations showed continued strong growth, with Revenue up 6% to $59.2 million and Net Profit After Tax was up 47% over the previous half year to $5.7 million. This is discussed further in the "Review of Operations" section of this report.
Over the full year, the company remains on track to deliver continuing profit and revenue growth, which will be a significant achievement given the current economic environment.

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 18 December 2009	8,620
Interim dividend (franked to 100%) for 2010 as recommended by the Directors	3,994

Review of Operations

On behalf of Technology One Limited (TechnologyOne), I am pleased to announce our results for the half year ending 31 March 2010.

In a challenging and uncertain economic environment TechnologyOne has posted continuing growth with Net Profit Before Tax up 38% on the prior comparative period. We have continued to win major deals against our multinational competitors, with new contracts across all our major vertical markets.

ANALYSIS OF HALF YEAR RESULTS

Highlights of our results include:

- Revenue up 6%, $3.3m to $59.2m,
- Net Profit Before Tax up 38%, $1.9m to $6.9m
- Net Profit After Tax up 47%, $1.8m to $5.7m
- Total Expenses up 3%, $1.4m to $52.3m
- Expenses excluding R&D up 3%, $1.3m to $39.6m
- R&D expenses up 1%, $138k to $12.7m
- R&D expenses as a percentage of revenue is 22% compared to 23% last year

Our results by revenue stream are as follows:

- Licence fees are up 6%, $830k to $14.1m
- Annual licence fees are up 15%, $2.5m to $18.8m
- Consulting services fees are down 5%, $988k to $18.9m
- TechnologyOne Project Services (Plus) is up 24%, $1.1m to $5.7m

Our results are especially pleasing given the fact that we continued to invest strongly in a number of exciting growth areas including:

- Building our new United Kingdom business, which contributed a loss of $1.1m
- Building our new Customer Relationship Management Connected Intelligence (Ci) product, which contributed a loss of $568k
- Building our new Enterprise Content Management Ci product, which contributed a loss of $893k
- Building our new Performance Planning Ci product, which contributed a loss of $402k
- R&D for the half year, which was 22% of Revenue ($12.7m), was outside our historical average of 18% ($10.6m), which had an impact of an additional $2.1m expense to our results for the half

We see significant long term growth opportunities emerging from these investments. These items are discussed in more detail later in this report.

BALANCE SHEET STRENGTH

TechnologyOne continues to have a strong balance sheet with cash of $21m (cash and short term investments available for sale of $26.1m), undrawn banking facilities of $7m, and a debt/equity ratio of only 4.9%. Operating cashflow was also very strong for the half year at $9.1m, versus a Net Profit After Tax of $5.7m.

SIGNIFICANT ACHIEVEMENTS

The United Kingdom

The United Kingdom continues to be impacted by the Global Financial Crisis (GFC), and, as a new entrant to this market, this is increasing the challenge we face to establish our business.

Having said this, TechnologyOne is not complacent and has made significant changes to our UK operation by creating a new North West Region covering Wales, Ireland, Scotland and North of England from the Midlands up. We have brought in a Regional Manager to drive this business with extensive enterprise software experience in the UK.

We have also appointed a new Regional Manager to drive our existing Southern Region covering the remainder of England including the high population areas of London. Once again this new manager brings extensive enterprise software experience in the UK.

These changes will create a greater focus on the North and South of the United Kingdom, as well as allow us to develop a new strategy for the UK which is more appropriate to handle the difficult operating conditions caused by the GFC.

Having said this, it is important to note we have created a beach-head in the UK market, from which we can now grow our business. This includes customers in the government, health, education, financial services and community services sectors.

We also added to our existing customer list in the UK with the contract win for Carnegie College Scotland.

We continue to see significant long term growth opportunities in the UK. Further changes are planned to be made to the UK operation over the next 18 months, as we move from a startup to a more established operation, as part of our ongoing commitment to the UK market.

Research & Development (R&D)

In such a difficult operating environment TechnologyOne has continued to invest strongly in R&D. This will position us for continuing growth in the coming years.

R&D was $12.7m in the half year, representing 22% of revenue. This was a significant investment and is well outside our normal 18% target. This expenditure, over and above our 18% target, impacted our results by an additional $2.1m expense in the half year.

R&D continued across all our products, but areas of particular interest are as follows:

- Our new and exciting Customer Relationship Management (CRM) solution, which is now starting to gain traction in the market. The initial focus has been on the areas of Grants Management, Fundraising, and Contact & Stakeholder Management.
- Moving our newly acquired Enterprise Content Management (ECM) product to the Ci platform and providing deep integration across all our products. The first release of our new ECM Ci product will be available in the next six months.
- Moving our newly acquired Performance Planning product to the Ci platform and providing deep integration across all our products, which again will be available in the next six months.
- Stabilisation of our new Student Management Ci product is nearing completion and has played an important role in the significant improvement of this product's performance this year, as well as securing the very large and prestigious contract to supply our solution to 13 Victorian TAFE colleges.
- Continued investment in our Human Resource & Payroll product, which is at a crucial and pivotal point in its development.
- Investment in our new Loosely Coupled Architecture (LCA), which will allow us to upgrade our customers quickly and easily in the future and is critical to our ongoing success as an enterprise solution provider.
- Completing our investment in our new Mobility platform to create new, powerful solutions for field workers.
- Continuing investment in our Business Intelligence, Works & Assets and Property & Rating products.
- Further investment in new licensable product extensions for each product to drive future sales into our expanding customer base.

We are also continuing research into our next generation platform, which will be used to build the next generation of our enterprise software suite. We expect this development to accelerate in the next 12 months.

House of Solutions
Over the last six months, TechnologyOne's new Solutions Group has been working with our customers in each of our vertical markets and our product teams to pre-configure our products for 'best practice' for each of our target vertical markets.

These pre-configured solutions will dramatically reduce the implementation times and risk typically associated with a large enterprise wide implementation by allowing a prospective customer to take a 'pre-configured solution' relevant to their industry needs as the starting point, and then tailor it to the specific needs of their organisation

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 in our target vertical markets: financial services, education, health/not for profit, local government, state/federal/central government, utilities, and managed services.

We expect to see the results of this investment in the next 12 months.

Cost Growth Control Initiatives
Some 12 months ago, given the challenging and uncertain operating environment, TechnologyOne made the difficult decision to contain the growth of costs, while at the same time retaining its team of highly talented staff. By retaining our staff, we were able to continue our strategic projects to completion and this now places us in a strong position as the economy improves, because we have not lost the talent and intellectual knowledge that will be critical to our future success. Our competitors on the other hand, have made significant reductions in their staff numbers, and we believe this will have a major negative impact on their businesses in the coming years.

The success of our cost growth strategy is now visible with expenses for the first half of this year up only 3% compared to being up 17% at the end of last year. This is significantly less than any time in the company's recent history.

Over the full year we expect expenses to be up 7% to 8%, while at the same time we will have retained our staff, increased headcount in critical areas only, and continued all our major research projects, as well as opened our new state of the art R&D centre in Brisbane. This will be a significant achievement which will position us well for continuing growth in future years.

New R&D Centre
TechnologyOne's new R&D centre opened in May this year. The new R&D centre is a significant investment for company, that will improve productivity and increase collaboration across our expanding product range. It will also assist us in continuing to attract the best R&D talent in the market, as it will offer an outstanding work environment. Our new R&D centre is critical to the next stage of our growth. The modern and appealing R&D centre will also impact positively on customer and prospect perception about the capabilities of the company as we continue to successfully compete against the world's biggest software companies.

Works & Assets
The initial strategy for our Works & Assets solution was to address specific areas of functionality in this market. In recent years we have started to expand into much more sophisticated areas of asset maintenance, and this now requires us to substantially increase the level of functionality and capability of our system and our service delivery. To this end we have now appointed a new General Manager to run this business who brings significant expertise and industry knowledge to take this product to the next level.

Property & Rating
Opportunities in the local government sector for Property & Rating have not been forthcoming over the last six months. We believe in the medium term new opportunities will arise, but in the interim we are investigating new markets for this product in areas such as Licensing & Compliance and Water Authorities. This will require us to expand the existing product functionality.

New Customers
TechnologyOne has also continued to increase its presence in the sectors it services; signing new customers in all seven of its key vertical markets in recent months. New customers include: the High Court of Australia, Land Development Agency and the New Zealand Department of Labour in the government sector; Burwood Council and Moonee Valley City Council in the local government sector; Newcastle Airport and Unitywater in the utilities sector; Multiple Sclerosis Limited and Australian Home Care Services in the health & community services sector; Carnegie College and 13 Victorian TAFE colleges in the education sector and National Transport Insurance in the financial services sector.

OPERATING ENVIRONMENT
The operating environment remains uncertain and challenging. We continue to see aggressive tactics from our competitors, and customers delaying in decision making, resulting in much longer contract negotiation timeframes.

Having said that, market conditions have not deteriorated any further in the last 12 months – they have now stabilised and we expect in the next 12 to 24 months to see conditions improve.

In such an environment it is important to note that we are not losing business to our competitors, and we are actually winning a greater share than in the past, as customers look for ways to improve their efficiencies and challenge existing supplier arrangements. For us the biggest challenge has been contract delays.

Our cost growth control initiatives, coupled with a better understanding of the operating environment we are in, positions us well for continuing growth this year.

FULL YEAR GUIDANCE
Though the economic climate continues to be challenging, TechnologyOne remains confident we can achieve continuing growth in the full year due to the following factors :

- Strong committed annual licence and support revenue in the second half
- Continuing good sales pipeline for the second half
- Our cost growth control initiatives

Over the full year, expenses are expected to increase by 7% to 8% over the prior year.

Market conditions continue to be challenging, with contract delays still occurring. We have been better able to manage this in the first half of this year and we will work hard to do likewise in the second half of the year.

Having said that, there still remains a level of uncertainty, but we believe for the full year the most likely scenario is that Profit After Tax will be up between 10% to 15%.

LONG TERM OUTLOOK
The long term outlook for TechnologyOne remains strong due to the following factors:

- We are one of only a few software companies globally that can offer a total end to end integrated enterprise solution. Companies going forward are looking for such solutions to streamline their operations and improve their efficiencies
- Our unique 'Power of One' business model, allows us to develop, market, sell implement and support our enterprise solution, which means we are better placed to retain our customers, while at the same time winning business over our competitors

- Our focus on seven key vertical markets, and the introduction of our new Solutions Group will enable us to deliver more compelling solutions for our chosen markets. Our solutions will dramatically reduce the implementation time, costs and risks associated with large enterprise-wide implementations, capitalising on our considerable experience in each sector and increasing our competitive advantage.
- As many of our newer products move from ‘startup’ to ‘established’ mode over the next two years, this will improve our margins and return on investment on these products
- Our geographical expansion into the very large UK market, will create a substantial new revenue source for us in future years

DIVIDENDS

In light of our results, the dividend for the half year has been increased to 1.33 cents per share, up 51% on the prior year, in line with our Net Profit After Tax growth. This represents a payout ratio of 70%.

AFTERWORD

I would like to once again acknowledge the hard work, passion and commitment of the TechnologyOne team, and the great work being done to build, market, sell, implement and support our suite of enterprise software. As we continue to ‘raise the bar’, it is exciting to see our people respond enthusiastically to the new challenges.

I would also like to thank you, our shareholders, for your continuing support.

Auditor's Independence Declaration

The Board has received and considered the auditor's independence declaration from Ernst & Young for the period ended 31 March 2010. A copy of this is included in the attached financial report on Page 25.

Rounding of Amounts

TechnologyOne 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 have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

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

A Di Marco
Director

Brisbane
24 May 2010

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 MARCH 2010

	Note	CONSOLIDATED March 2010 $000	 March 2009 $000
Sales revenue	4	58,497	54,347
Other revenue	4	714	1,559
Total operating revenue		59,211	55,906
Sales and marketing expenses		8,742	7,020
Occupancy expenses		2,454	1,733
Administration expenses		11,013	11,615
Product distribution and servicing expenses		15,789	16,385
Other expenses		1,177	1,255
Finance expenses		88	81
Equity based compensation expenses		354	251
Profit from operations before research and development expense		**19,594**	**17,566**
Research and development expense		12,740	12,602
Profit from operations before income tax		**6,854**	**4,964**
Income tax expense	6	(1,138)	(1,088)
Net profit from operations after income tax		**5,716**	**3,876**

STATEMENT OF COMPREHENSIVE INCOME (Continued)

FOR THE HALF YEAR ENDED 31 MARCH 2010

		CONSOLIDATED	
	Note	***March 2010 $000***	***March 2009 $000***
Profit for the period (from previous page)		5,716	3,876
Other comprehensive income			
Translation of foreign operation:			
Exchange differences taken to equity		(189)	(328)
Revaluation of assets:			
Revaluation of available for sale assets taken to equity		6	(1,047)
Total comprehensive income for the period		**5,533**	**2,501**

Basic Earnings per share (cents per share)		1.90	1.30
Diluted Earnings per share (cents per share)		1.86	1.28
Proposed dividend per share (cents per share)		1.33	0.88

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2010

	Note	CONSOLIDATED March 2010 $000	 September 2009 $000
CURRENT ASSETS			
Cash assets		21,838	25,586
Investments available for sale		4,236	4,952
Receivables		20,074	21,854
Earned and unbilled revenue		3,697	1,471
Income tax receivable		656	—
Other		1,561	1,460
Total Current Assets		**52,062**	**55,323**
NON-CURRENT ASSETS			
Property, plant and equipment		15,490	7,468
Goodwill and other intangibles		16,882	17,023
Deferred income tax assets		4,165	3,879
Other		252	—
Total Non-Current Assets		**36,789**	**28,370**
TOTAL ASSETS		**88,851**	**83,693**
CURRENT LIABILITIES			
Payables		12,187	7,580
Provisions		6,382	6,344
Income Tax Payable		—	1,375
Unearned revenue		6,152	4,438
Lease incentive	7	730	229
Interest bearing liabilities		1,058	1,378
Total Current Liabilities		**26,509**	**21,344**
NON-CURRENT LIABILITIES			
Provisions		1,342	1,630
Interest-bearing liabilities		1,658	1,371
Lease incentive	7	4,345	1,789
Other		414	416
Total Non-Current Liabilities		**7,759**	**5,206**
TOTAL LIABILITIES		**34,268**	**26,550**
NET ASSETS		**54,583**	**57,143**
EQUITY			
Contributed equity		24,299	24,284
Reserves		4,461	8,755
Retained earnings		25,823	24,104
TOTAL EQUITY		**54,583**	**57,143**

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 MARCH 2010

	CONSOLIDATED	
	March 2010 $000	***March 2009 $000***
Cash flows from operating activities		
Receipts from customers	58,414	54,598
Payments to suppliers and employees	(46,782)	(53,121)
Interest received	515	441
Income taxes paid	(2,641)	(3,252)
Interest and other costs of finance paid	(88)	(81)
Other revenue	185	942
GST paid on plant and equipment acquisitions	(552)	(73)
Net cash flows from/(used in) operating activities	9,051	(546)
Cash flows from investing activities		
Payments for plant and equipment	(4,552)	(734)
Proceeds from sale of investment shares	671	—
Net cash flows from/(used in) investing activities	(3,881)	(734)
Cash flows from financing activities		
Proceeds from exercise of share options	15	195
Payment for interest rate cap	(314)	—
Dividend paid	(8,619)	(7,322)
Net cash flows from/(used in) financial activities	(8,918)	(7,127)
Net increase/(decrease) in cash held	(3,748)	(8,407)
Cash and cash equivalents at beginning of period	25,586	18,422
Cash and cash equivalents at end of period	**21,838**	**10,015**

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 MARCH 2010

	Share Capital	Retained Earnings	Reserves: Dividend	Reserves: FOREX	Reserves: Share Option	Reserves: Investment Revaluation	Total
At 1 October 2009	24,284	24,104	8,617	(1,298)	1,990	(554)	57,143
Profit for the period	—	5,716	—	—	—	—	5,716
Other comprehensive income	—	—	—	(189)	—	6	(183)
Total comprehensive income for the period	—	5,716	—	(189)	—	6	5,533
Transactions with owners in their capacity as owners:							
Dividend paid	—	—	(8,620)	—	—	—	(8,620)
Transfer to dividend reserve	—	(3,997)	3,997	—	—	—	—
Exercise of options	15	—	—	—	—	—	15
Cost of equity based compensation	—	—	—	—	354	—	354
Share trust additional tax deduction	—	—	—	—	158	—	158
At 31 March 2010	**24,299**	**25,823**	**3,994**	**(1,487)**	**2,502**	**(548)**	**54,583**

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 MARCH 2009

				Reserve			
	Share Capital	Retained Earnings	Dividend	FOREX	Share Option	Investment Revaluation	Total
At 1 October 2008	23,863	19,673	7,322	(738)	867	(473)	50,514
Profit for the period	—	3,876	—	—	—	—	3,876
Other comprehensive income	—	—	—	(328)	—	(1,047)	(1,375)
Total comprehensive income for the period	—	3,876	—	(328)	—	(1,047)	2,501
Transactions with owners in their capacity as owners:							
Dividend paid	—	—	(7,322)	—	—	—	(7,322)
Transfer to dividend reserve	—	(2,636)	2,636	—	—	—	—
Exercise of options	195	—	—	—	—	—	195
Cost of equity based compensation	—	—	—	—	251	—	251
Share trust additional tax deduction	—	—	—	—	275	—	275
At 31 March 2009	**24,058**	**20,913**	**2,636**	**(1,066)**	**1,393**	**(1,520)**	**46,414**

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Technology One Limited (the Company) for the half year ended 31 March 2010 was authorised for issue in accordance with a resolution of directors on 24 May 2010.

Technology One Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the annual Financial Report of Technology One Limited as at 30 September 2009.

It is also recommended that the half year financial report be considered together with any public announcements made by Technology One Limited and its controlled entities during the half year ended 31 March 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

The half year financial report has been prepared on a historical cost basis 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 ASIC Class Order 98/0010. The company is an entity to which the class order applies.

For the purposes of preparing the half year financial report, the half year has been treated as a discrete reporting period.

(b) Significant accounting policies

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

Changes to disclosures given in the half-year financial statements include the following:

- As a result of the adoption of AASB 101 *Presentation of Financial Statements (2007)* and all its associated amending standards, the income statement now forms part of the statement of comprehensive income in addition to a statement of changes in equity, a statement of financial position (previously referred to as a balance sheet) and a statement of cash flows (previously referred to as a cash flow statement).
- The adoption of AASB 8 Operating Segments and AASB 2008-3 *Amendments to Australian Accounting Standards* arising from AASB 8.

NOTES TO THE FINANCIAL STATEMENTS

(c) Basis of consolidation

The half year consolidated financial statements comprise the financial statements of Technology One Limited and its subsidiaries as at 31 March 2010 (‘the Group’).

3. OPERATING SEGMENTS

TechnologyOne has adopted AASB 8 Operating Segments and AASB 2008-3 amendments to Australian Accounting Standards arising from AASB with effect from 1 October 2009. AASB 8 requires operating segments to be indentified based on the basis of internal management information that are regularly reviewed by the chief operating decision maker in assessing performance and allocating resources.

TechnologyOne’s reportable segments are:

Sales and Marketing	Sales of Initial license fees and annual license fees to our customers
Service Delivery	Implementation and consulting services
Research & Development	The research, development and support of our products.
All Other Segments	Is the aggregation of the corporate services functions, and projects undertaken by Corporate.

Intersegment revenue/ expenses are where another operating segment has been charged at an agreed rate for the use of their expertise, as well as an internal royalty for the use of the Technology One brand and corporate functions. Segment balance sheets are not reported to the chief operating decision maker.

NOTES TO THE FINANCIAL STATEMENTS

3. OPERATING SEGMENTS (Continued)

Year ended 31 March 2010

Revenue	**Sales & Marketing $000**	**Service Delivery $000**	**Research & Development $000**	**Other $000**	**Total $000**
Software Licence fees & customer support	32,917	-	10	-	32,927
Implementation and consulting services	-	23,916	1,208	446	25,570
Other revenues	-	-	-	714	714
Intersegment revenue *	233	105	13,738	10,143	24,219
Total Segment Revenue	33,150	24,021	14,956	11,303	83,430
Intersegment elimination – Internal revenues					(24,219)
External revenue					59,211
Expenses					
Segment expenses	11,336	18,475	13,162	9,384	52,357
Intersegment expenses *	20,680	2,919	440	180	24,219
Total Segment expenses	32,016	21,394	13,602	9,564	76,576
Intersegment elimination – Internal expenses					(24,219)
External expenses					52,357
Segment result (before tax)	1,134	2,627	1,354	1,739	6,854
Income tax expenses					(1,138)
Net Profit after Tax					5,716

* Intersegment revenue/ expenses are where another operating segment has been charged at an agreed rate for the use of their expertise, as well as an internal royalty for the use of the Technology One brand and corporate functions.

NOTES TO THE FINANCIAL STATEMENTS

3. OPERATING SEGMENTS (Continued)

Year ended 31 March 2009

Revenue	**Sales & Marketing $000**	**Service Delivery $000**	**Research & Development $000**	**Other $000**	**Total $000**
Software Licence fees & customer support	29,605	-	12	25	29,642
Implementation and consulting services	-	23,579	713	413	24,705
Other revenue	891	-	-	668	1,559
Intersegment revenue*	248	828	11,133	9,059	21,268
Total Segment Revenue	30,744	24,407	11,858	10,165	77,174
Intersegment elimination – Internal revenues					(21,268)
External revenue					55,906
Expenses					
Segment expenses	10,947	18,847	13,234	7,914	50,942
Intersegment expenses*	18,172	2,767	91	238	21,268
Total Segment expenses	29,119	21,614	13,325	8,152	72,210
Intersegment elimination – Internal expenses					(21,268)
External expenses					50,942
Segment result (before tax)	1,625	2,793	(1,467)	2,013	4,964
Income tax expenses					(1,088)
Net Profit after Tax					3,876

* Intersegment revenue / expenses are where another operating segment has been charged at an agreed rate for the use of their expertise, as well as an internal royalty for the use of the Technology One brand and corporate functions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. REVENUE, INCOME AND EXPENSES

	CONSOLIDATED	
	March 2010 $000	*March 2009 $000*
Sales revenue		
Software licence fees	14,147	13,317
Implementation and consulting services	18,929	19,917
Post sales customer support	18,780	16,325
Project services	5,681	4,589
Product modifications	960	199
Total sales revenue	58,497	54,347
Other operating revenue		
Interest received – from unrelated parties	515	475
User conference revenue	-	964
Other income	199	120
Total other operating revenue	714	1,559
Total operating revenue	59,211	55,906
Depreciation of:		
- Office furniture and equipment	799	754
- Computer software	55	41
- Motor vehicles	12	5
	866	800
Amortisation of:		
- Intellectual property	127	122
- Leased office furniture and equipment	491	298
- Leased computer software	78	118
	696	538
Employee benefit expenses:		
Wages and salaries	29,547	29,477
Defined contribution plan expense	2,418	2,267
Payroll tax	1,661	1,638
Provision for annual leave	(277)	141
Provision for long service leave	65	305
Equity based compensation	354	251
Other	1,198	1,763
	34,966	35,842
Other expense items:		
Provision for doubtful debts	428	359
Foreign exchange loss	106	—
Loss on sale of investments	52	—
Rental expenses on operating leases	2,384	1,810
	2,970	2,169

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. DIVIDENDS

Subsequent to half year end, the Directors have declared an interim fully franked dividend of 1.33 cents per share for the half year ending 31 March 2010 (March 2009: 0.88 cents per share). This declaration will result in the payment of $3,994,036 on 18 June 2010. Payment will be made from the dividend reserve.

NOTE 6. INCOME TAX

Income tax recorded in the profit and loss for the period is comprised as follows:-

	CONSOLIDATED	
	March 2010 $000	***March 2009 $000***
Net Profit Before Tax	6,854	4,964
Prima facie income tax at 30%	2,056	1,489
Tax concession for R&D expenditure	(584)	(432)
(Over)/under provision of tax prior year	(347)	72
Other	13	(41)
Income tax expense	1,138	1,088

NOTE 7. LEASE INCENTIVE

Lease incentive is made up of fitout incentives and lease abatements received. These are recognised in the balance sheet as received and amortised over the life of the lease. Lease terms range between 7 and 10 years.

NOTE 8. PROVISION FOR ONEROUS CONTRACT

A provision has been made for the recent 3 year sublease of an 8 year head lease of one of the group's offices. Where a provision is required for an onerous lease, management has made an assessment of the most likely outcome of the lease and sublease arrangements.

If the sub lessee renews the lease, AASB 137 – *Provisions, Contingent Liabilities & Contingent Assets* will require the Group to record an additional onerous contract provision. TechnologyOne does not expect the sublessee to exercise the lease term renewal options and management expect that this office space will be occupied thereafter by the Group.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. COMMITMENTS AND CONTINGENCIES

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below:

Capital commitments

At 31 March 2010, the Group had commitments of $2,591,933 (2009:$0) relating principally to the fitout of the new R&D centre in Brisbane.

NOTE 10. EVENTS AFTER THE BALANCE SHEET DATE

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

DIRECTORS' DECLARATION

In accordance with a resolution of the Board of Directors of Technology One Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001 including:

  i) giving a true and fair view of the financial position as at 31 March 2010 and the performance for the half year ended on that date of the consolidated entity; and

  ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A Di MARCO
Director

Brisbane
24 May 2010

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To the members of Technology One Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Technology One Limited which comprises the statement of financial position as at 31 March 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Technology One Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Technology One Limited is not in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2010 and of its performance for the half-year ended on that date; and

ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Winna Brown

Winna Brown
Partner
Brisbane
24 May 2010

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

In relation to our review of the financial report of Technology One Limited for the half-year ended 31 March 2010, 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

Ernst & Young

Winna Brown
Partner
Brisbane
24 May 2010