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Half Year Results December 2003

By Technology One
Intelligent Business Solutions

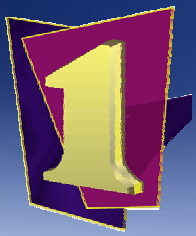


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Adrian_DiMarco@TechnologyOneCorp.com
Executive Chairman

January 2004

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AGENDA

- 2004 Half Year Results
- Significant Achievements Last Six Months
- Outlook
- Long Term Growth Prospects





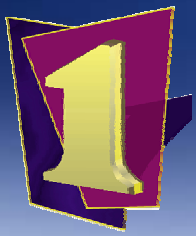
2004 Half Year Results 2004 Half Year Results

- Revenue up slightly to \$24.1m: up 1%
- Expenses excluding R&D down: 6%
 - Re-aligned costs & improved efficiencies
- Company continued to invest in its future
 - R&D spend maintained at 20%
 - R&D fully expensed as incurred
- Profit Before Tax up: 16%
- Profit After Tax up: 21%*

*Over-provisioning for Tax in prior years saw a write back in this half



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2004 Half Year Results

- Trading results were inconsistent
 - Strong in the bigger regions: Qld, NSW, Vic & NZ
 - Weaker in the smaller regions: SA & WA
 - Clear indication of a turnaround still not apparent
- First half results last year were abnormally strong due to a significant deal closing earlier than expected
 - 51% of revenue was done in the first half last year
- Malaysia has improved





2004 Half Year Results

- Return on Equity (adjusted) improved to 37% (vs 14% last year)
- Operating Cashflow of \$4.26 million (vs \$3.82m NPAT)
- Balance sheet strong
 - Cash on hand*: \$18 million
 - Debt/Equity: 3%
- Transparency of results – all R&D fully expensed

*Cash includes short term investments

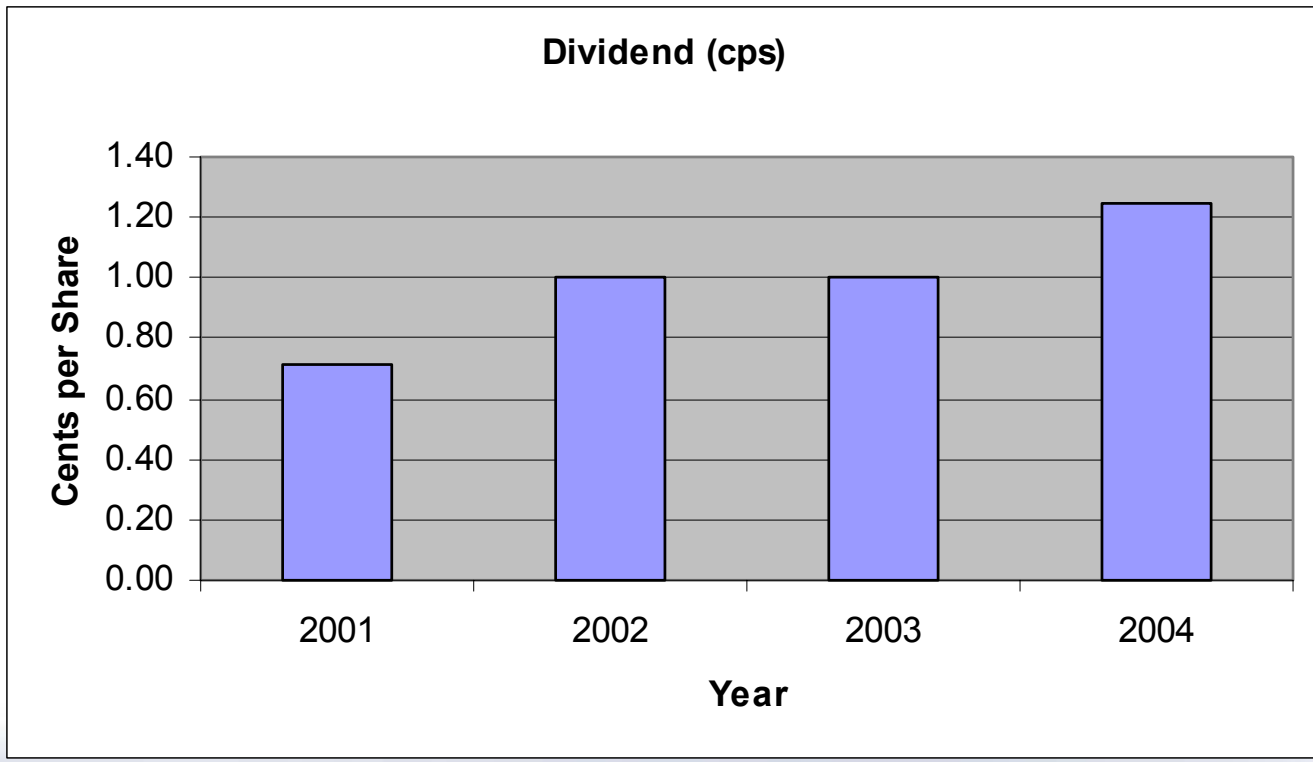


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2004 Half Year Results

- Dividend increased for first half to 1.25 cs (up 25%)
 - Board to decide if full year dividend to increase above 2.5cs expected by the market





	H1 2003	H1 2004	Variance	Increase
H1 2003 v H1 2004 - Operating	\$ (000)	\$ (000)	\$ (000)	%
Revenue (PRE 3rd party costs) (excl interest)	23,958	24,125	167	1%
Expenses (excl R&D, Depn, Forex & Amort)	14,376	13,367	(1,009)	(7%)
EBITDAR	9,582	10,758	1,176	12%
R&D	4,645	4,862	217	5%
EBITDA	4,937	5,896	959	19%
Depreciation	424	433	9	2%
Amortisation of Goodwill	298	298	0	0%
FOREX	(44)	103	147	334%
EBIT	4,259	5,062	803	19%
Net Interest Income	488	461	(27)	(6%)
Profit Before Tax	4,747	5,523	776	16%
NPAT Pre Amortization	3,458	4,122	664	19%
NPAT Reported	3,160	3,824	664	21%
EPS cents Reported	1.03	1.28	0.25	24%
Dps cents - standard	1.00	1.25	0.25	25%
Net Profit Before Tax Margin (Total Revenue)	19%	22%		
Net Profit After Tax Margin (Total Revenue)	13%	16%		
R&D as Percentage of Total Revenue	19%	20%		



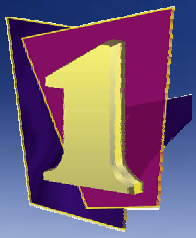


Significant Achievements Last Six Months

- Signed 35 new contracts in the half (vs 25 last half)

- Finance One continued to perform strongly
 - Involved in majority of deals
 - Strategic deals signed:
 - Institute of Chartered Accountants Australia
 - Australian Broadcasting Authority
 - Westralia Airports
 - ACT Revenue
 - Department of The Senate





Significant Achievements Last Six Months

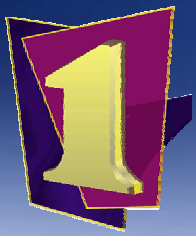
- People One

- Four new contracts signed:
 - Port Kembla Coal Terminal
 - Aust Track Rail Corp
 - Urban Maintenance Systems
 - Capital First Holdings

- Retail One

- No new deals in the first half
- Good opportunities in the second half

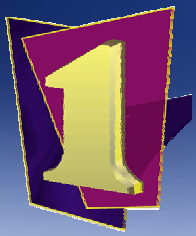




Significant Achievements Last Six Months

- Proclaim One
 - Three new contracts won:
 - Hastings District Council (NZ)
 - Ku-ring-gai Municipal Council (NSW)
 - Hutt City Council (NZ)
 - Leading supplier in Local Government in Australia
 - Five councils now in NZ
 - Good opportunities going forward in NZ
 - CRM module released to improve sales



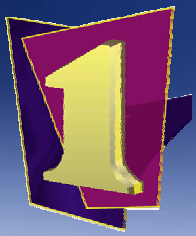


Significant Achievements Last Six Months

- Student One – no new business this half
 - No new deals in the first half
 - Stronger result in the first half than expected
 - Limited opportunities in the short-term



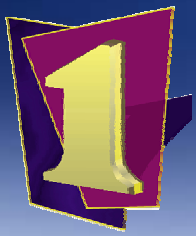
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Significant Achievements Last Six Months

- Continued penetration in New Zealand
 - Five new contracts won:
 - Jacques Martin
 - Tertiary Education Commission
 - Hastings District Council
 - Hutt City Council
 - Aviation Security Service
 - Good opportunities going forward



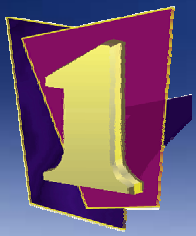


Significant Achievements Last Six Months

- Continued penetration in Malaysia
 - Three new contracts won
 - WCT Construction
 - Align Distribution
 - KUB Telekomunikasi
 - Costs reduced dramatically by employing locals



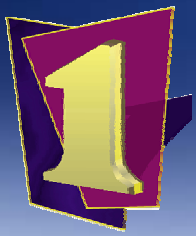
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Significant Achievements Last Six Months

- Project Services slow down
 - Three new contracts won:
 - Siemens Thiess Joint Communications Venture
 - ACT Revenue
 - Aust National Training Authority
 - Second half looks challenging
 - Business Development Manager to be appointed in NSW to grow the business





Significant Achievements Last Six Months

- Biz One initiative to increase our penetration in the SME market

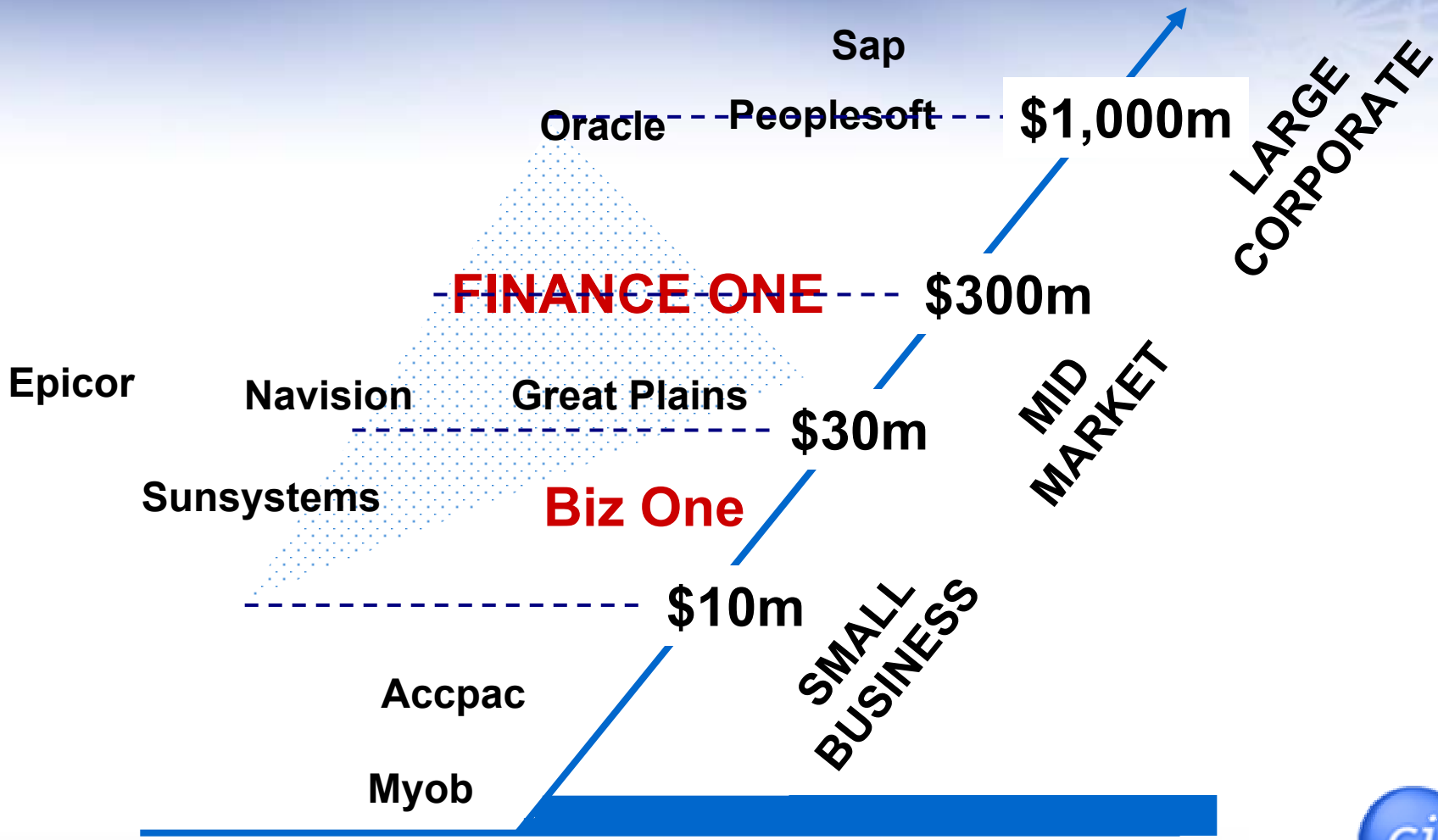
- Why Biz One?
 - Finance One is seen as too big
 - Pricing and implementation too expensive for SMEs
 - Appropriate Pricing Model & Basis for Calculation

- Successful trials now run as follows:
 - SoftLink International
 - Qld Competition Authority
 - Crown Formwork
 - Catholic Education Centre of Wollongong.





Biz One



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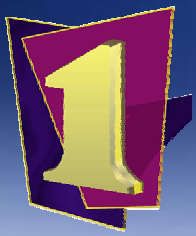


Significant Achievements Last Six Months

Biz One

- Key messages
 - Rich functionality but priced for SMEs
 - Pre-configured and quick implementation times
 - Integration – Payroll through to financials
 - One company develops, markets, sells, implements & support
 - Upgrade path to Finance One provided as a company grows
 - Rental option via RentMax
- Further trials to continue over next six months
 - Opportunity still unclear
 - Formal launch of Biz One not yet planned





Significant Achievements Last Six Months

- R&D into our next generation products (Connected Intelligence series) on track
- Finance One CI on track for release July 2004



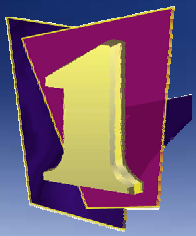
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Significant Achievements Last Six Months

- New Product Marketing group formed
 - Deeper understanding of our competitors strengths and weaknesses
 - Focus our R&D on maximizing our strengths and overcoming our weaknesses
 - Ensure we are maximizing our product positioning against our competitors

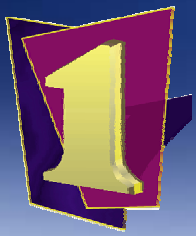




Significant Achievements Last Six Months

- Organisational Restructure now complete - “Act Locally, Think Globally”
 - Working exceptionally well
 - More changes planned
- Quarterly results focus - KPI system now implemented to support this



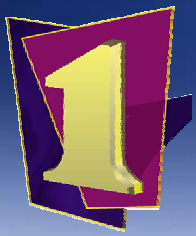


Outlook

- Aggressive R&D program to continue for the short term
 - 20% of revenue

- New major areas of R&D in the next 12 months:
 - Multi-currency for international markets
 - Works Order/Asset Management
 - Apparel/Fashion handling
 - New Procurement system
 - Improved B2B support
 - HR functionality for People One
 - Retail One CI
 - People One CI
 - Proclaim One CI

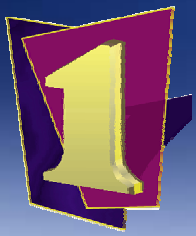




Outlook

- Good start to the financial year
- Expected Profit Growth for 2003/2004 financial year will be at the higher end of our range:
 - 5% to 10% growth
- Expect further improvements in the 2004/2005 financial year. This is dependent on:
 - Improving market conditions
 - Take-up of our new Finance One: CI
 - Continued alignment of costs with growth





Growth Strategy

- **Capitalise on market pickup and consolidation**
- CI products
- Increase traction for newer products
- Target the SME space – Biz One initiative
- Sharper focus on State and Federal Government
- New verticals through partnerships
- Sales growth from overseas expansion
- Protect our existing customer revenue base



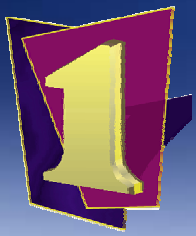
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Growth Strategy - Capitalise of Market Pickup and Consolidation

- Market conditions should improve in late 2004
- Consolidation to continue
- We need to capitalise on this through our Product Marketing and advertising





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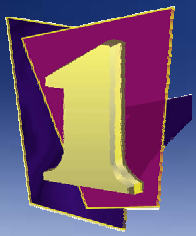
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Growth Strategy – CI Products

- CI products give us a clear product leadership position
 - We need to get sales momentum for our new CI products
- Finance One CI branding introduced
 - Marketing launch program under development
 - Product Marketing updating our Finance One presentation approach for CI
 - Demonstrations of Finance One CI to start in March/April
- Finance One CI ships July 2004 – Limited Distribution





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Growth Strategy – Increase Traction

People One

- HR functionality to make it 'best of breed' in the next 12 months
- Specialist Payroll/HR salesperson added
- People One CI to be delivered in next 12 months

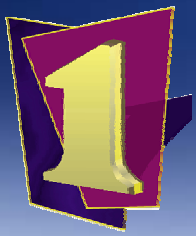
Retail One

- Fashion and apparel functionality to be added in next 12 months
- Specialist Retail salesperson added
- Retail One CI to be delivered next 12 months

Proclaim One

- CRM and Works Management to be added in next 12 months
- Specialist local government salesperson added
- Proclaim One CI to be delivered in next 18/24 months

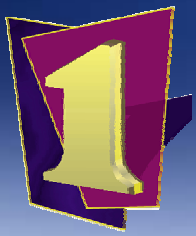




Growth Strategy – Increased Traction

- Student One
 - Limited opportunities in Australia
 - Long term looks good as our competitors will struggle
 - R&D team size limited and focus on profitability
 - New Zealand opportunities being investigated
 - MA & UK are possibilities at some point in the future





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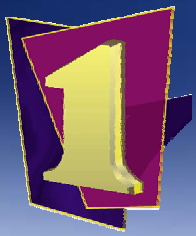
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Growth Strategy - Biz One

- Biz One positioning needs to be finalised soon:
 - Sold to companies in the \$10m to \$30m turn-over
 - Appropriate Pricing Model and Basis for Calculation
- Further trials required to ensure this makes sense
- Launch program to be developed

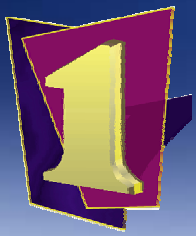




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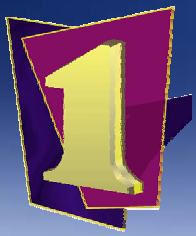




Growth Strategy – Sharper Focus on Government

- State and Federal Government becoming a more complex and strategic sale as they adopt one of the following approaches:
 - Whole of Government
 - Clusters
 - Shared Services
- Strategic approach to Government needed:
 - GRA has been appointed as a lobbyist to assist us with intelligence, strategy and execution
 - Will only work if the initiative is driven by the regions





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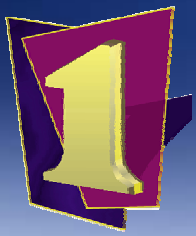
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Growth Strategy – New Verticals Through Partnerships

- New partnerships under investigation
- Professional Services market
- Remote Data Capture (for Councils and Retail)



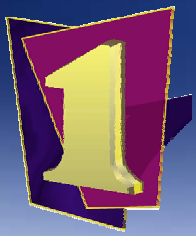


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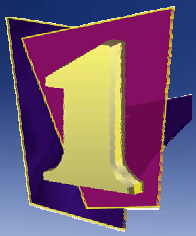
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Growth Strategy – Overseas Expansion

- Potential new markets under investigation:
 - South Africa
 - UK
 - China



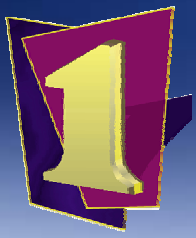


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Growth Strategy – Protect Our Existing Customer Base

- Our customer base revenues underpin our business
- Key to customer retention is as follows:
 - Customer support
 - Software quality
 - Account management
 - Continued R&D
 - CI products





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