Half Year Results Summary
1 July 2003 - 31 December 2003

software, support and service equals The Power of One

TECHNOLOGY ONE
INTELLIGENT BUSINESS SOLUTIONS

Half Year Financial Summary

	H1 2003 $ (000)	H1 2004 $ (000)	2004 v 2003 Variance $ (000)	Increase %
Revenue[1]	**23,958**	**24,125**	**167**	**1**
Expenses[2]	**14,332**	**13,470**	**(862)**	**(6)**
EBITDAR[3]	9,626	10,655	1,029	11
R&D[4]	**4,645**	**4,862**	**217**	**5**
EBITDA[5]	4,981	5,793	812	16
Depreciation	424	433	9	2
Amortisation of Goodwill	298	298	0	0
EBIT[6]	4,259	5,062	803	19
Net Interest Income	488	461	(27)	(6)
NPBT[7]	**4,747**	**5,523**	**776**	**16**
NPAT[8] Pre Amortisation	3,458	4,123	665	19
NPAT[8] Reported	3,160	3,825	665	21
Earnings Per Share – Reported (Cents)	**1.03**	**1.28**	**0.25**	**24**
Dividend Per Share (Cents)	**1.00**	**1.25**	**0.25**	**25**
Adjusted Return on Shareholders' Equity	**17%**	**40%**		
Cash and Cash Equivalents	17,871	19,822	1,951	11
Net Operating Cash Flow	4,555	4,264	(291)	(6)
Debt/Equity	4%	3%		
EBITDA[5] Margin	21%	24%		
NPBT[7] **Margin**	**20%**	**23%**		
R&D as Percentage of Revenue	**19%**	**20%**		

1. Pre third party costs, excl interest
2. Excl R&D, Depreciation and Amortisation
3. Earnings Before Interest, Tax, Depreciation, Amortisation and R&D
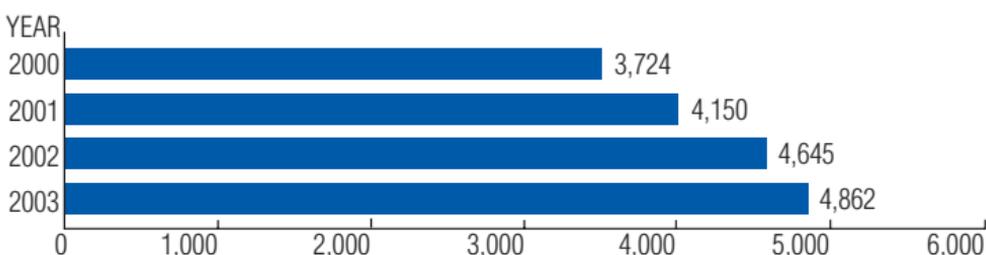4. Research and Development
5. Earnings Before Interest, Tax, Depreciation and Amortisation
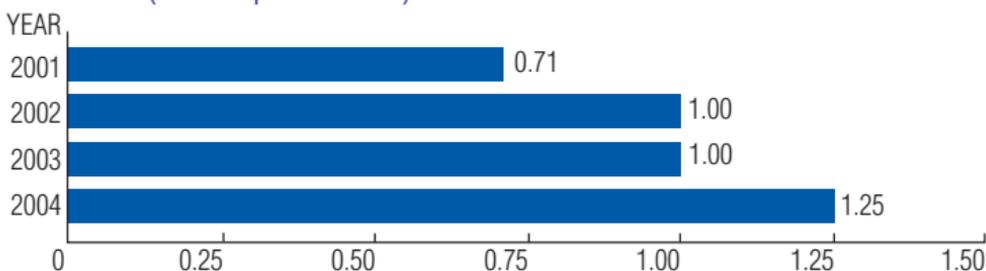6. Earnings Before Interest and Tax
7. Net Profit Before Tax
8. Net Profit After Tax

Research and Development ($000's)

YEAR	
2000	3,724
2001	4,150
2002	4,645
2003	4,862

Dividend (cents per share)

YEAR	
2001	0.71
2002	1.00
2003	1.00
2004	1.25

On behalf of the Board and Management of Technology One, I am pleased to announce the company's results for the half year ending December 2003.

At a time when the IT industry continues to struggle, Technology One has performed strongly with Net Profit Before Tax up 16%.

Adrian Di Marco
Executive Chairman

ANALYSIS OF COMPANY PERFORMANCE

Revenue for the half was up slightly over the previous year to $24.12 million. This needs to be considered in the light that the first half revenue of the previous year was abnormally strong.

First half trading results were strong in the major regions of Queensland, New South Wales, Victoria and New Zealand, but disappointing in a number of our smaller regions. This is an indication that we are not yet seeing strong signs of improvements in the software industry across all regions, and is consistent with our previous forecasts that the industry should return to a stronger trading environment in 2005.

Net Profit After Tax (NPAT) increased by 21% to $3.82 million. NPAT growth was stronger than Net Profit Before Tax (NPBT) because of the over provisioning of tax expense in prior years, which was written back in this half year.

Cash Flow remained strong, with Operating Cash Flow of $4.26 million taking our Cash and Cash Equivalents to $19.82 million. Our adjusted Return On Equity (ROE) improved to 40%, placing us in the top few of all listed companies by this important measure.

RESEARCH AND DEVELOPMENT (R&D)

R&D continues to be a significant and important investment by Technology One. In the first half, $4.86 million, representing 20% of revenues, was expensed into R&D. Our R&D is greater in absolute terms than our NPAT, which highlights the importance we as a company place on R&D. The company continued to adopt world best practice of fully expensing all R&D as incurred, ensuring our financial statements are conservatively presented.

R&D was undertaken across all our existing products in the half year, to ensure these products remain at the leading edge, and this is why our products continued to sell well.

Though our existing products continue to perform strongly in a difficult environment, we also invested substantially in our next generation products, the Connected Intelligence Series (CI). Our CI products will provide us with a strong leadership position over our competitors when they are released. The first of our CI products, Finance One CI, is on track to ship by July 2004.

NEW BUSINESS

The company's current products continued to be very successful in the market winning substantial new business from the large multi-national competitors, particularly in the general commercial and government markets.

Numerous deals were closed with high profile organisations, including the Institute of Charted Accountants Australia, Australian Broadcasting Authority, Melbourne Water Corporation, Westralia Airports and the Department of The Senate.

Technology One also continued to strengthen its position in the local government market, closing deals with six local councils in Australia and New Zealand, including the City of Sydney, Adelaide City Council, Launceston City Council and Hastings District Council (NZ).

New Zealand's operations experienced record sales with five new clients coming on board in the first half, including Jacques Martin, Aviation Security Service, Hasting District Council and Hutt City Council. Malaysia recorded three sales, Align Distribution Sdn Bhd, KUB Telekomunikasi Sdn Bhd and WCT Construction Sdn Bhd.

SIGNIFICANT CHANGES

The company has now introduced a Product Marketing group to bring a sharper focus on each of our products. The Product Marketing group is working with each of our product teams to ensure we have an in depth understanding of our competitors' strengths and weaknesses, and have an active program to clearly annunciate our significant advantages over our competitors' products. The group is also liaising with our R&D teams to ensure our products remain at the leading edge over our competitors.

DIVIDEND

The Board continues to remain focused on rewarding our shareholders and has therefore decided to increase the first half year dividend to 1.25 cents, an increase of 25% over the same period last year. Dividends have over the last three years increased by 25% on average per annum. The Board has not yet decided whether to increase the total dividend for the year above the previously forecasted 2.5 cents, but will consider this in the coming months.

CHALLENGES

There are a number of significant challenges facing Technology One in the next few years.

Firstly, we need to complete the rollout of all our new generation products, including Finance One CI, Retail One CI, People One CI, Proclaim One CI, and Student One CI, and quickly establish these new products in the market place. The technical and business challenges we face are large.

Secondly, we need to look at continuing our geographical expansion overseas. Our new devolved organisational structure, implemented in the 2003 financial year, is the key to making this successful.

OUTLOOK

The company is on track for continued profit growth for the remainder of this financial year. As previously forecast, we expect IT spending to start increasing in the later part of the 2004 calendar year, and combined with the first release of our next generation product, Finance One CI, should allow the momentum achieved in the first half of this year to continue.

AFTER WORD

I would like to once again acknowledge the hard work of the Technology One team. It is a pleasure for me to work with such a talented and committed group of people who share the vision of becoming one of the world's great software companies.

R&D Centre and Head Office, Brisbane

Technology One is one of Australia's largest publicly listed software companies.

Technology One's focus is the design, development, implementation and support of intelligent enterprise wide software applications using Internet, eBusiness and Client Server technologies for both corporate and government organisations.

In particular, Technology One delivers totally integrated, powerful enterprise solutions developed to meet the specific requirements of vertical markets, including:

- Financial Management and Accounting (Finance One)

- Higher Education and Universities (Student One)

- Retail (Retail One)

- Wholesale and Distribution (Sales One)

- Human Resource Management (People One)

- Local Government (Proclaim One)

Technology One also provides large scale, fixed time, fixed price custom software development services through its Project Services group to meet the exact requirements of a specific customer, using Internet, eBusiness and Client Server technologies.

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