23 May 2016

Company Announcements Officer
Australian Securities Exchange Limited
Exchange Centre, 20 Bridge Street
SYDNEY NSW 2000

BY ELECTRONIC LODGEMENT
TECHNOLOGY ONE LIMITED – HALF YEAR FINANCIAL REPORT

Please find attached a copy of Technology One Limited's Half Year Financial Report for the half year ended 31 March 2016.

As TechnologyOne will be having a company staff briefing this afternoon, we are lodging the Half Year Financial Report prior to this briefing to ensure our disclosure requirements are met.

Yours faithfully

Gareth Pye
Company Secretary

Technology One Limited ABN 84 010 487 180
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TechnologyOne
Appendix 4D

For the half year ended 31 March 2016
Technology One Limited ABN 84 010 487 180

Information should be read in conjunction with the most recent Annual Report and Half-Year Financial Report.

Results for announcement to the market

Results

				$A'000
Revenues from ordinary activities	Up	12%	to	100,967
Profit from ordinary activities after tax attributable to members	Down	17%	to	7,351
Net profit for the period attributable to members	Down	17%	to	7,351

Dividends

	Amount per security Cents	Franked amount per security Cents
Current period		
Final dividend	N/A	N/A
Interim dividend	2.36	2.36
Previous corresponding period (**)		
Final dividend	4.63	4.63
Special dividend	2.00	2.00
Interim dividend	2.15	2.15
The Record date for determining entitlements to the dividend is 2 June 2016		

***Year ending 30 September 2015*

Brief explanation of any of the figures reported above

Consolidated retained profits

	Current period 31 March 2016 $A'000	Previous corresponding period 31 March 2015 $A'000
Retained profits at the beginning of the financial period	58,384	49,901
Net profit attributable to members	7,351	8,855
Net transfers to reserves	(7,355)	(6,630)
Net transfers from reserves	-	-
Acquisition of subsidiary	(58)	-
Dividends and other equity distributions paid or payable	-	-
Retained profits at the end of financial period	**58,322**	**52,126**

Profit from ordinary activities after tax attributable to members	Current period 31 March 2016 Cents	Previous corresponding period 31 March 2015 Cents
Basic EPS	2.36	2.87
Diluted EPS	2.30	2.81
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	311,105,285	308,941,389

NTA backing	Current period 31 March 2016 Cents	Previous corresponding period 31 March 2015 Cents
Net tangible asset backing per ordinary security	18.75	23.63

Dividend Payable

The dividend is payable on 17 June 2016.

Dividend Reinvestment Plan

There is no dividend reinvestment plan in operation.

Total dividend per security (interim)	Current year Cents	Previous year Cents
Ordinary securities	2.36	2.15

Interim dividend on all securities	Current period $A'000	Previous corresponding period $A'000
Total	7,355	6,630

Control gained over entities having material effect

Name of entitiy	Jeff Roorda & Associates Pty Ltd acquired on 2 October 2015.

Loss of control of entities having material effect

Name of entitiy	NIL

Details of associates and joint venture entities

Name of entitiy	NIL

Earnings per Security

The Earnings per Share (EPS) decrease is similar to our net profit after tax decrease. Refer to the Directors' Report in the attached Half Year Financial Accounts.

Returns to Shareholders

The dividend for the half year has increased by 10% on the previous corresponding year.

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

N/A.

Compliance statement

This report is based on accounts which have been reviewed.

A. Di Marco

Adrian Di Marco
Chairman
Date: 23 May 2016

Technology One Limited
Financial report
for the half-year ended 31 March 2016

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Company) consisting of Technology One Limited and the entities it controlled at the end of the half-year ended 31 March 2016.

Directors

The following persons were directors of Technology One Limited for the half year up to the date of this report:

Adrian Di Marco - Executive Chairman
Ron McLean - Non-executive Director
John Mactaggart - Non-executive Director
Kevin Blinco - Non-executive Director
Richard Anstey - Non-executive Director
Dr Jane Andrews - Non-executive Director (appointed on 22 January 2016)

The Company Secretary is Gareth Pye.

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 Enterprise Asset Management
- TechnologyOne Supply Chain
- TechnologyOne Human Resource & Payroll
- TechnologyOne Corporate Performance Management
  - TechnologyOne Business Intelligence
  - TechnologyOne Budgeting and Forecasting
  - TechnologyOne Performance Planning
- TechnologyOne Enterprise Content Management
- TechnologyOne Stakeholder Management
- TechnologyOne Student Management
- TechnologyOne Property & Rating
- TechnologyOne Spatial

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

Results

TechnologyOne has posted a half year result which is in line with the market guidance provided at the start of this financial year, with Revenue up strongly 12% ($11m), and Profit Before Tax down 17% ($2m).

As we have previously indicated, half year results cannot be extrapolated to determine full year results, and TechnologyOne expects strong profit growth over the full year.

Dividends - Technology One Limited

Dividends paid to members during the financial period were as follows:

	2016 $'000	2015 $'000
Final dividend for the year ended 30 September 2015 of 4.63 cents (2014 - 4.21 cents) per fully paid share paid on 16 December 2015	**14,382**	13,012
Special dividend for the year ended 30 September 2015 of 2.00 cents (2014 - 2.00 cents) per fully paid share paid on 16 December 2015	**6,213**	6,182
	20,595	19,194

Matters subsequent to the end of the financial half-year

The Company will pay a 100% franked dividend on 17 June 2016 of $7,355,083.

Review of operations

PROFIT GROWTH OF 10% TO 15% FOR THE FULL YEAR

TechnologyOne is well positioned for continuing strong profit growth of 10% to 15% over the 2016 full year based on the strength of our sales pipeline for second half. At the end of our first half we were preferred supplier for a number of very large contracts, which provides significant positive momentum for the second half.

Full year guidance is discussed in more detail under the heading ‘Full Year Guidance’.

HALF YEAR RESULTS MEET MARKET GUIDANCE

At the start of the 2016 financial year, TechnologyOne set the following market expectations in our letter to shareholders, section Outlook 2016, which we subsequently re-affirmed at our Annual General Meeting:

“As in previous years, this year we see the sales pipeline once again weighted strongly to the second half, so we expect the first half of 2016 to be particularly challenging, as it was in 2015, and once again it will not be indicative of the full year results.

Having said this, the full year pipeline is strong and supports continuing strong profit growth over the full year.”

This is in fact what has happened. This is a repeat situation of what occurred in the 2015 financial year, when the sales pipeline was also weighted to the second half.

Review of operations (continued)

ANALYSIS OF HALF YEAR RESULTS

Highlights of our results are as follows:

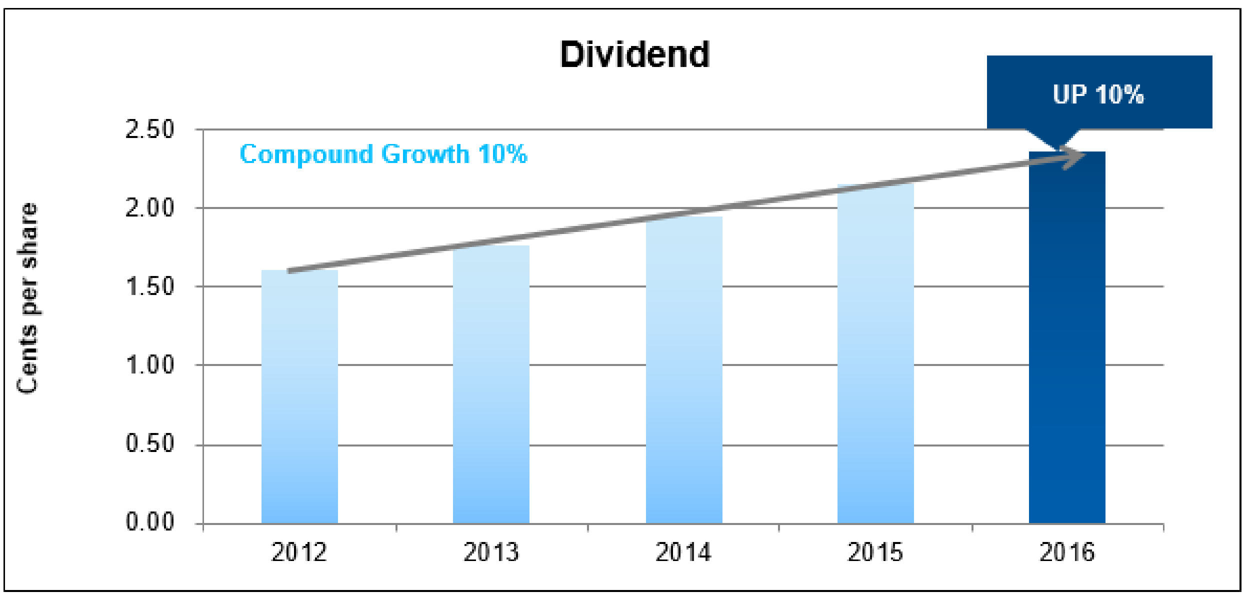
- Revenue up 12%
- Net Profit Before Tax down 17%
- Total Expenses up 16%
- Expenses excluding R&D up 18%
- R&D expenses up 13%

Our results by revenue stream are as follows:

- Initial Licence fees line ball
- Annual Licence fees up 15%
- Total Consulting Services fees up 11%
- Cloud Service fees up 100+%
- Other Revenues * down 38%

  *Other Revenues includes Product Modifications, Interest, Sub Lease rentals etc.

DIVIDENDS UP 10%



Review of operations (continued)

The company is proud of its strong track record in increasing dividends, having continuously paid a dividend since 1996, through both the dot-com and GFC.

In light of our confidence in once again achieving strong growth over the full year, the dividend for the half year has been increased to 2.36 cents per share fully franked, up 10% on the prior year. This represents a payout ratio of 100%.

The company will once again consider the payment of a special dividend at the full year.

OTHER COMMENTARY

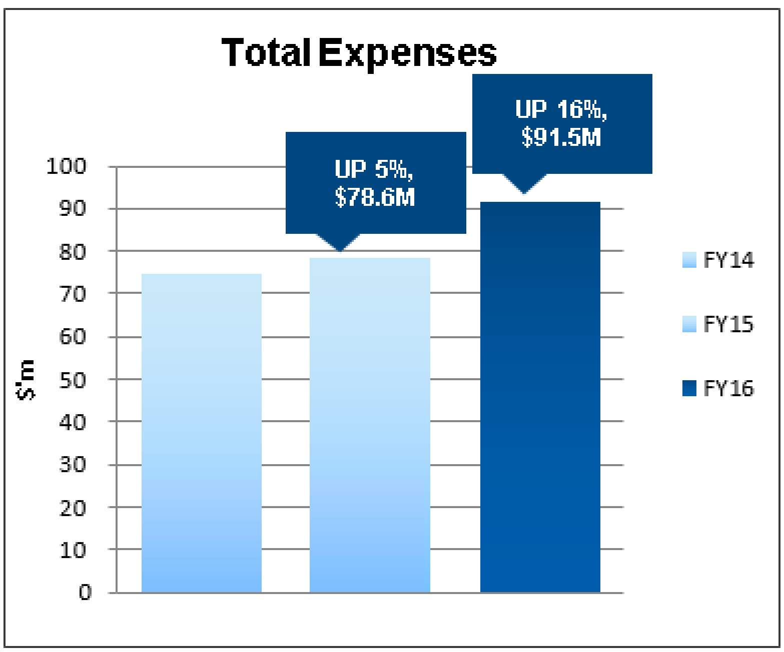
Profit Down 17%

Our half year Profit Before Tax was impacted by two factors as follows:

- First half Total Expenses up 16%
- Sales pipeline weighted to second half

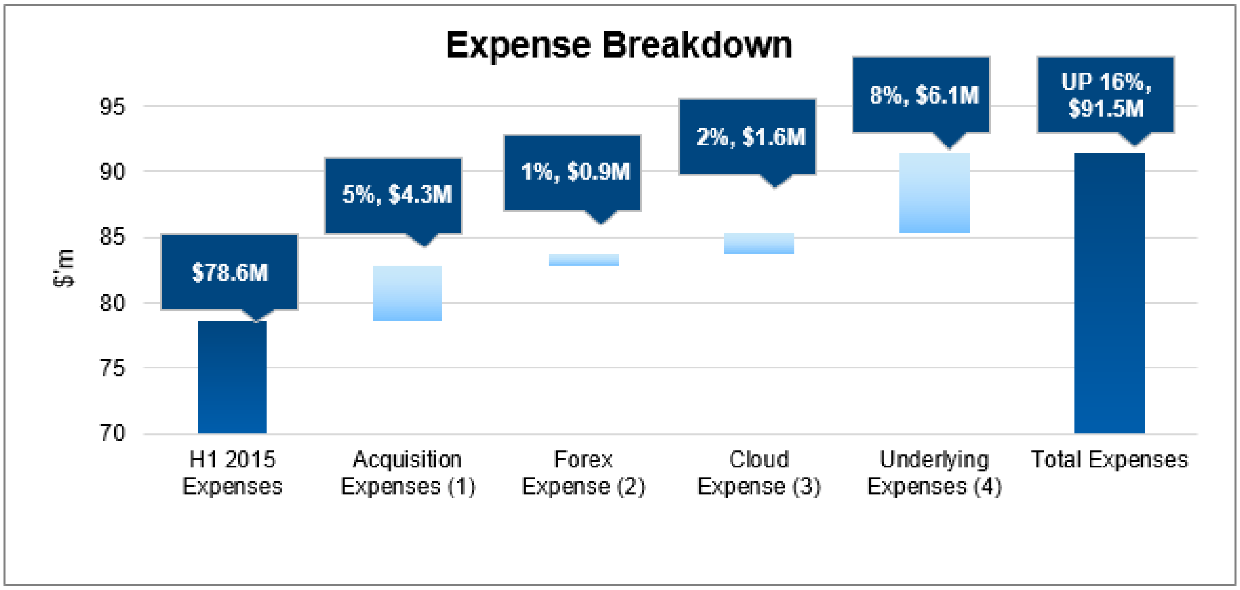
These are discussed in detail below. We do not see these factors continuing over the full year.

Total Expenses up 16%



First half Total Expenses were up 16% compared to last year when they were up only 5%.

Review of operations (continued)



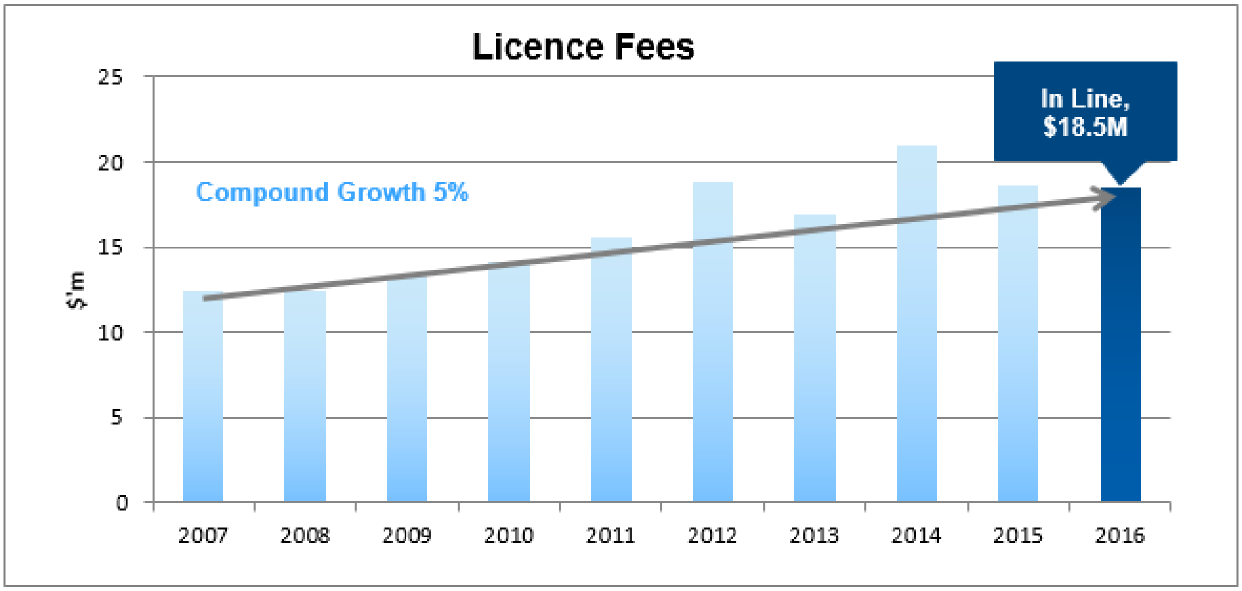
Our Expenses were up as follows:

1) Costs associated with acquisitions last year, the impact we are seeing for the first time in our 2016 first half results. This is an additional $4.3m of costs, with no associated contribution to profit. We expect a meaningful contribution to profit from these acquisitions over the full year.
2) Foreign currency loss because of the stronger AUD (against USD) which generated a loss of $880k in the half. This will not continue in the second half, as we no longer hold USD.
3) Costs associated with TechnologyOne Cloud were up 120+% (up $1.6m), as we continue to grow this strategically important part of our business.
4) As a result of the ramp up of staff numbers in the second half of 2015 financial year. We are now seeing the full costs associated with additional staff coming through in the first half results of 2016. The increase of staff is due to our focus to complete and roll out our Ci Anywhere product in the 2017 calendar year, which has also seen us open up a new R&D centre in Vietnam. This is of strategic importance.

Our expectation is that for the full year Total Expenses will be up only 11%, substantially below the 16% increase at the half year. This will allow us to achieve strong profit growth over the full year. This is discussed in greater detail under the heading 'Full Year Guidance'.

Review of operations (continued)

Sales Pipeline Weighted to Second Half



Initial Licence Fees were line ball in the half year, which was expected, and communicated to the market at the start of the financial year. At the start of the 2016 financial year we identified that the sales pipeline was weighted strongly to the second half of 2016.

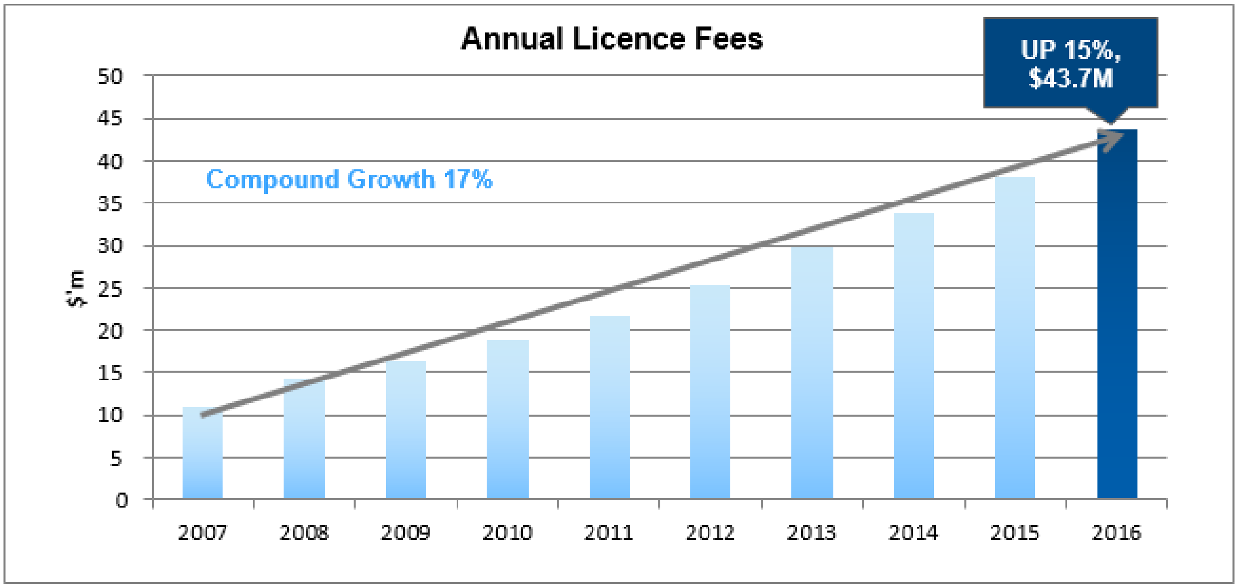
Licence Fees being down at the half year is not an unusual occurrence, and this has occurred in prior years. The reason for this is that there is no compelling reason for customers to sign contracts before 31 March. This means contracts, particularly large, more complex contracts, can easily move into the second half, which is what has happened this year. We note that there were no large multi-million dollar licence fee contracts in the first half this year. These will occur in the second half of the year.

There were a number of large multi-million dollar licence fees that were preferred supplier at the end of the first half year and that now provide significant positive momentum for the second half.

The pipeline for the second half is strong, which will allow us to achieve strong profit growth over the full year.

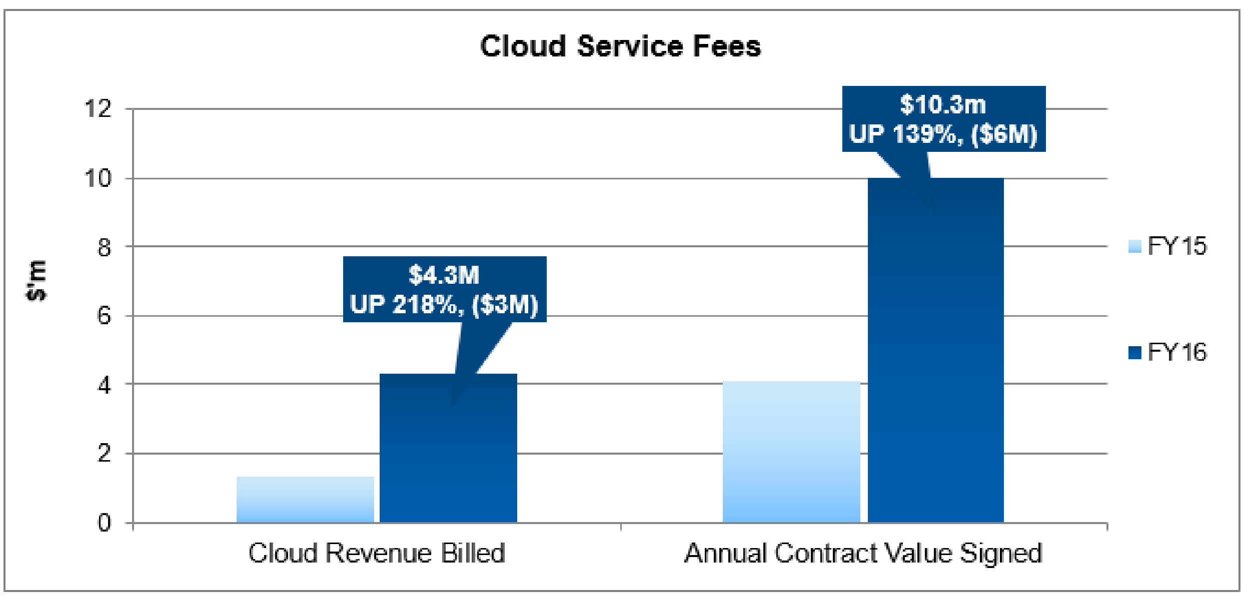
Review of operations (continued)

Annual Licence Fees Grew Strongly by 15%



In keeping with our very high customer retention and satisfaction rates, our reoccurring Annual Licence fees once again grew strongly by 15%. Investment in our next generation product, Ci Anywhere, and our Compelling Customer Experience program are critical to our ongoing success in this area.

TechnologyOne Cloud Services Fees Up 100%



Review of operations (continued)

It is important to note that the Cloud Services fee is the incremental revenue we earn for running our enterprise software on the TechnologyOne Cloud for our customers, and does not include any associated licence fees.

TechnologyOne Cloud Services Fees continued to grow strongly in the half, with Annual Contact Value now $10.3m, up 100%+ from $4.1m last year. We now have 91 customers committed to the TechnologyOne Cloud. Our target is to have Annual Contract Value of $16m+ by December 2016. We expect this strong momentum to continue in the years to come.

The TechnologyOne Cloud contributed a $900k loss in the half, compared to a $1.6m loss this time last year.

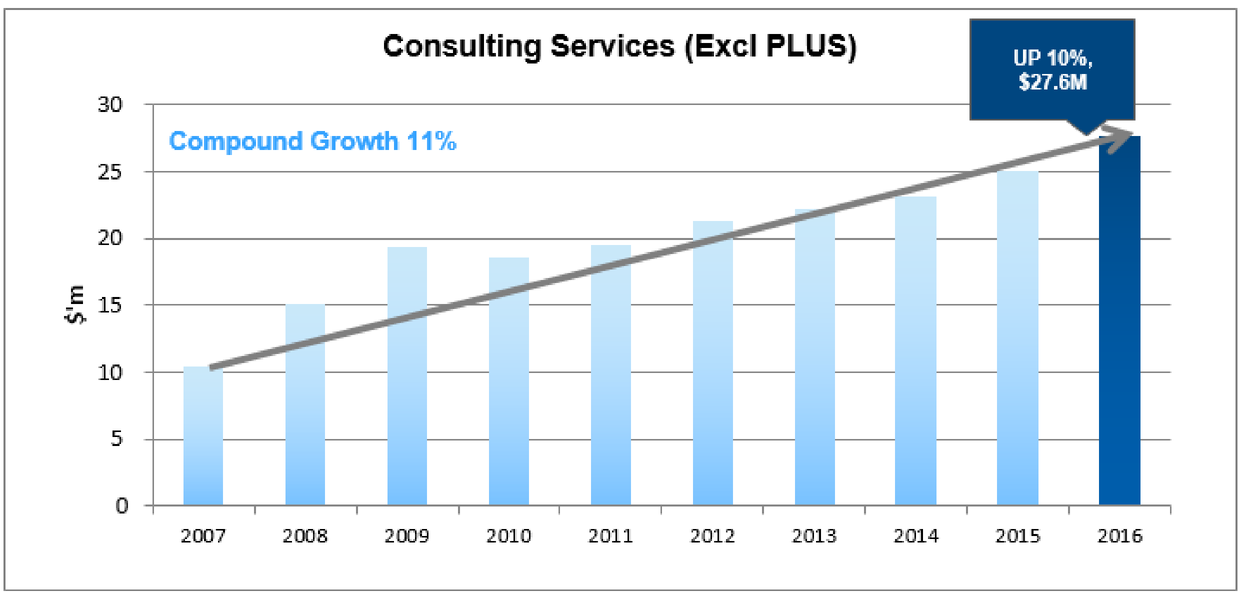
Over the full year we expect this loss to remain at $1m, a significant improvement compared to the $2.5m loss at the end of the 2015 financial year.

Our focus in the first half of 2016 has been on a number of very large and strategic deals. We are now preferred supplier and expect to finalise contracts in the second half.

With our new Cloud 5.0 architecture, this loss will reduce to break even in the 2017 financial year. Cloud 5.0 introduces the start of our mass production Software as a Service (SaaS) offering, which is a massively scalable platform with significant economies of scale.

Total Consulting Services Up 11%

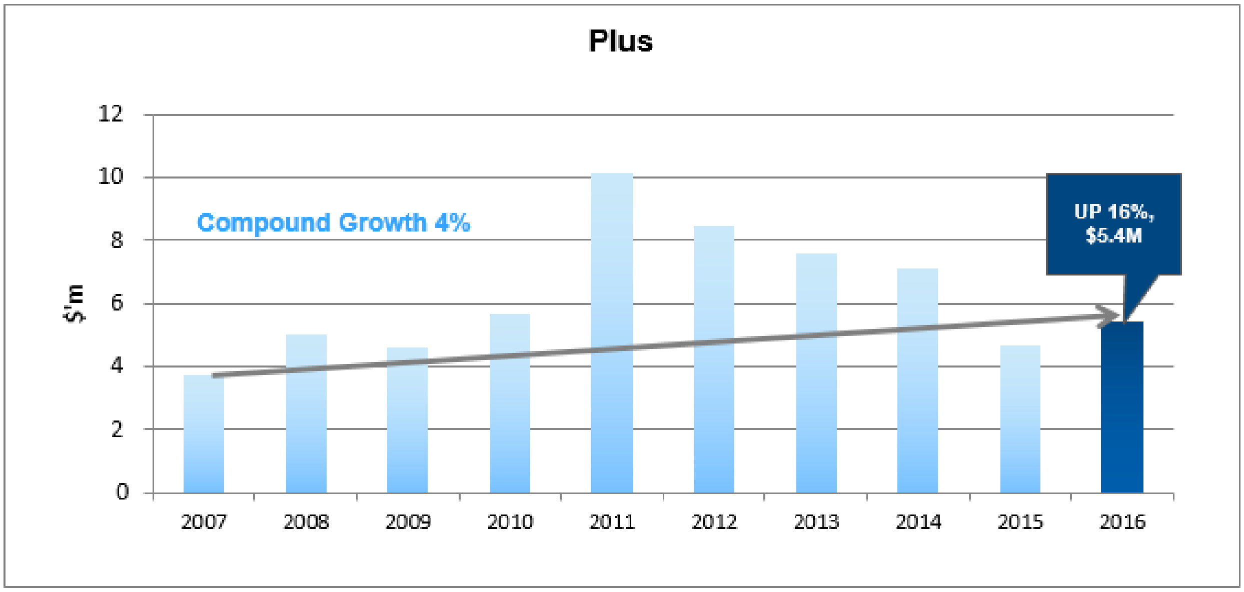
Total Consulting Services was up strongly, up 11%.



Review of operations (continued)

Total Consulting Services (Excluding Plus) was up 10%.

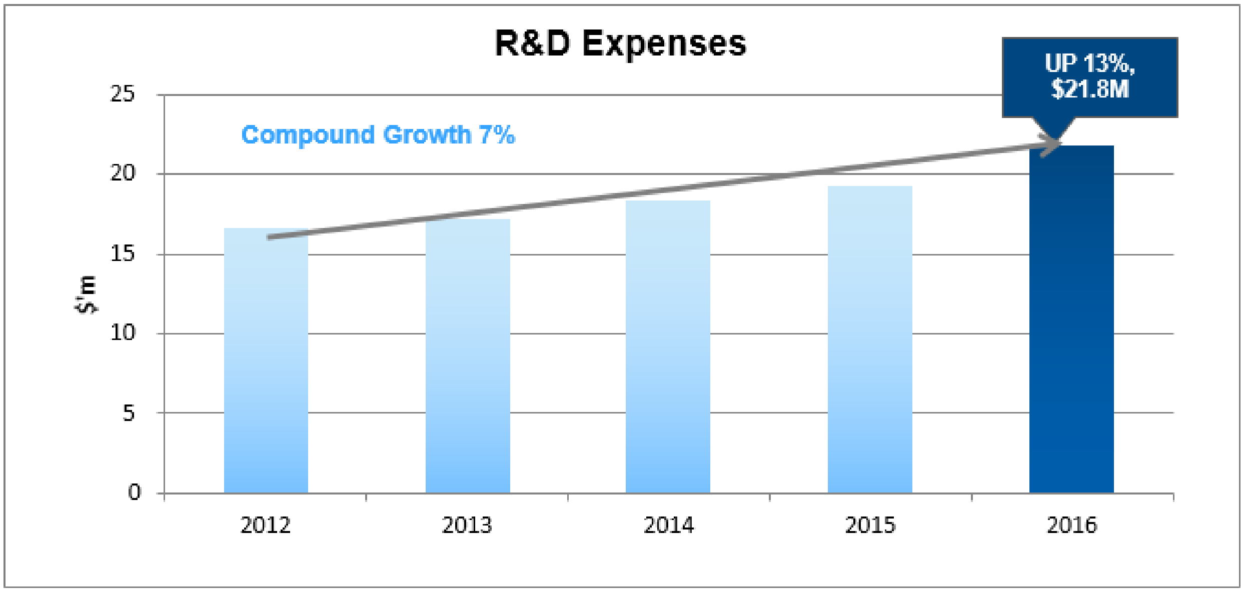
Application Managed Services (AMS) is a new service in our Product Consulting business which allows our customers to outsource the administration and management of their enterprise software to TechnologyOne, enabling us to continually improve their experience with our software. This has been well received and contributed revenues of $2.8m, up 40% ($800k) in the half. We expect this strong momentum to continue in the full year.



The Plus business performed well with Revenues up 16% ($765k) as we continue to pursue our strategy to move away from services that are not related to our core products.

Review of operations (continued)

Research & Development (R&D)



R&D continues to be a significant investment for TechnologyOne at $21.8m for the half year, up 13%. This includes acquisitions made in the prior year. R&D expenses excluding acquisitions are up 9%.

R&D represents 22% of revenue, which far exceeds the competitor average of approximately 12%. R&D continues to be fully expensed in the period it is incurred.

R&D continued across our entire Ci Enterprise Suite, as well our next generation product Ci Anywhere and the TechnologyOne Cloud.

For the full year, we expect R&D to be up 8% including acquisitions, which will be in line with the 8% long-term target we set in 2011 (excluding acquisitions).

Ci Anywhere

Ci Anywhere is the next generation of our Ci product, and allows organisations to embrace smart mobile devices including iPad, iPhone and Android devices, as part of our enterprise solution. We are the only ERP vendor to have committed to delivering our entire suite of software and all our functionality on mobile devices, as we envision a world where all work will be done on these smart mobile devices in near future.

Ci Anywhere opens up a new world of possibilities for our customers, allowing them to access their data from any devices, anywhere in the world and at any time. It is a new and exciting generation of enterprise software that is incredibly simple to use.

Ci Anywhere creates a new standard in enterprise software, and give us a significant competitive advantage over our competitors. It will also allow us to consolidate our R&D resources for future strategic work.

New R&D centre in Vietnam

It is important we bring the development of our next generation product, Ci Anywhere, to completion in the 2017 calendar year. To this end we have opened an R&D centre in Vietnam, which will allow us to employ more developers to complete this project.

Review of operations (continued)

Vietnam has a strong and vibrant IT industry and provides a second R&D centre in the Asian region, to complement our R&D centre in Indonesia. It will allow us to stay within our 8% R&D growth profile we have previously committed to, as well as allow our Australian R&D centre to move towards high-end design and architecture work.

We are running a trial, to be completed over the next three to six months.

TechnologyOne Cloud

The TechnologyOne Cloud delivers the TechnologyOne Enterprise Suite through the cloud to our customers. TechnologyOne takes complete responsibility to provide the processing power, software and services including backup, recovery, upgrade and support services for our cloud customers.

TechnologyOne is uniquely placed because we own our software, unlike hosting providers which simply host someone else's software in the cloud. Because we own our software we are able to make a substantial investment each year in ongoing R&D to continue to improve our software for the fast changing cloud and capitalise on new technologies, concepts and ideas. Because our plan is to run our software for thousands of customers simultaneously, we have optimised our software and built the TechnologyOne Cloud specifically to do this, and we can achieve enormous economies of scale that cannot be achieved by hosting providers.

The TechnologyOne Cloud provides a compelling value proposition to our customers, giving them what is essentially a very simple, cost effective and highly scalable model of computing.

We have now delivered TechnologyOne Cloud 5.0 which introduces the start of our mass production software as a service offering. This will provide a massively scalable platform with significant economies of scale.

We are now in the process of migrating all our cloud customers to our Cloud 5.0 architecture.

We are also in the process of releasing Cloud 6.0 to early adopters.

All TechnologyOne Cloud costs are fully expensed in the period they are incurred.

We have in recent times received strong recognition for our cloud as follows:

- Amazon Technology Partner of the Year
- UK Cloud Award - ERP Cloud Product of the Year
- Preferred supplier for Australian Government Cloud Services panel
- Preferred supplier for UK Government G-Cloud panel
- Selected for Australian Government Shared Services for SaaS

We are confident the transition of our business to the cloud will be smooth over the coming years, with minimal impact on our business. We will come through this period with an even stronger, more resilient business model and significant competitive advantage.

Review of the UK Operation

This half year we have once again increased our footprint in the UK, adding four new customers which takes us to a total of 30 enterprise customers in the region. We remain focused on achieving critical mass in the UK, which will require in excess of 40 customers.

Also important to our future success in the UK, will be the introduction of our Human Resources & Payroll (HRP) product to this market. The adaption of HRP for the UK market is in progress now, with a target availability date of late 2016.

This will be followed with the introduction of our Student Management solution late 2017. We now have signed our first early adopter customer for our Student Management solution in the UK, University of Lincoln.

Review of operations (continued)

We are now entering a period of substantial growth for the UK business.

Sales momentum of TechnologyOne Cloud and Ci Anywhere

We will be hosting our major customer event, called Evolve, in Brisbane in October 2016, for an anticipated audience of more than 1600 delegates. The conference will be held over three days at the Brisbane Convention & Exhibition Centre, and will feature over 100 presentations across 10 streams. This is expected to create sales momentum for the TechnologyOne Cloud and Ci Anywhere in 2017 and 2018 .

Remuneration & Corporate Governance

TechnologyOne continues to work closely with our investors and advisors in the continuing evolution of both our Remuneration Framework and Corporate Governance.

It is important we continue to strike the correct balance in how we operate, so that we can maintain a high performing culture as well as improve our Remuneration Framework and Corporate Governance.

We appreciate the continuing support of our major shareholders in this evolution of our business.

Appointment of Chief Operating Officer for Australia and Asia Pacific

It is with great pleasure we announce the appointment of one of our long serving and highly successful operating officers, Mr Edward Chung, to the new role of Chief Operating Officer for the Australian and Asia Pacific region. This will bring the entire region together under a single leader, and will be a precursor to a similar structure for the UK, once it achieves scale.

BALANCE SHEET STRENGTH

TechnologyOne continues to have a strong balance sheet with cash and cash equivalents of $45.4m and undrawn banking facilities of $2m. Our debt/equity ratio remains conservative at only 0.45% and interest cover is 273 times.

Operating cash flow was a negative $3.3m this half. This is due to a number of factors:

- A significant prepayment of $1.5m made to secure infrastructure for the TechnologyOne Cloud
- A significant number of new licence sales in the last two months of the half, which will be collected early in Q3

Operating cash flow will improve substantially over the full year, and will once again approximate our full year Net Profit After Tax.

FULL YEAR GUIDANCE - PROFIT GROWTH OF 10% TO 15%

TechnologyOne is well positioned to achieve continuing strong profit growth in the full year due to the following factors:

- Substantial base of committed annual licence and support revenue which is heavily weighted to the second half.
- At the end of our first half we were preferred supplier for a number of very large contracts, which provides significant positive momentum for the second half.
- Strong pipeline of new sales opportunities in the second half.

In particular we see Total Expenses being up 11% over the full year, which will be a significant reduction to our expenses being up 16% at the half year. This will have a substantial positive impact on our full year profit. Furthermore we see:

- Operating costs are expected to be up 10%
- R&D is expected to be up 8%

Review of operations (continued)

Other factors also include:

- We expect the UK business to continue to develop, and to breakeven over the full year
- The cloud loss for the full year will be reduced to $1m
- No new acquisitions this year

As such we expect Profit will be up between 10% and 15% for the full year.

LONG TERM OUTLOOK

Looking out over the next 10 years, we are excited by the significant growth opportunities ahead.

We expect our existing TechnologyOne Ci Enterprise Suite to continue to be strong.

We see continuing strong growth in our eight key vertical markets in Australia and New Zealand. These markets remain strong and resilient.

We also expect our newer products, such as Enterprise Content Management, Stakeholder Management and Human Resource & Payroll to continue to mature and contribute substantially in profitability

We see continuing growth from our existing customer base, as our customers increase the usage of our products and services.

The UK operation is now moving from a loss position to profit and given the size of this market, this will provide us with significant growth opportunities going forward.

Delivering our Ci Enterprise Suite on the TechnologyOne Cloud is now opening up new areas of growth for us, as well as streamlining our business and reducing costs.

The next generation of our enterprise suite, Ci Anywhere will be completed in 2017, and will be the next platform for continuing growth for us. It leverages smart mobile devices, as well as new and exciting technologies and concepts to further increase our advantage against our competitors. It will also secure our large existing customer base for the future by providing a simple and easy way forward using our powerful Ci platform.

Our two offshore R&D centres are allowing us reduce our R&D expenditure as a percentage of revenue, without impacting on any of our strategic initiatives and at the same time improve the level of support our customers experience.

These initiatives will allow us to continue to grow our revenue and profit and improve our profit margin in the coming years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Adrian Di Marco
Executive Chairman

Brisbane
23 May 2016

Technology One Limited
Consolidated income statement
For the half-year 31 March 2016

	Notes	31 Mar 2016 $'000	31 Mar 2015 $'000
Revenue	3	**100,967**	90,006
Variable costs		**(8,509)**	(8,251)
Variable customer cloud costs		**(2,999)**	(1,365)
Total variable costs		**(11,508)**	(9,616)
Occupancy costs		**(4,363)**	(3,995)
Corporate costs		**(7,377)**	(5,255)
Depreciation & amortisation		**(2,297)**	(1,736)
Computer & communication costs		**(4,336)**	(3,242)
Marketing costs		**(1,169)**	(1,239)
Employee costs		**(59,616)**	(52,686)
Share-based payments		**(848)**	(735)
Finance expense		**(33)**	(85)
Total operating costs		**(80,039)**	(68,973)
Profit before income tax		**9,420**	11,417
Income tax expense		**(2,069)**	(2,562)
Profit for the half-year		**7,351**	8,855
		Cents	Cents
Basic earnings per share		**2.36**	2.87
Diluted earnings per share		**2.30**	2.81

The above consolidated income statement should be read in conjunction with the accompanying notes.

	31 Mar 2016 $'000	31 Mar 2015 $'000
Profit for the half-year (from previous page)	**7,351**	8,855
Other comprehensive income		
Items that may be classified to profit or loss:		
Exchange differences on translation of foreign operations	**(114)**	789
Total comprehensive income for the half-year	**7,237**	9,644

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	31 Mar 2016 $'000	30 Sep 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**45,420**	75,536
Trade and other receivables		**39,415**	38,273
Earned and unbilled revenue		**16,325**	12,110
Prepayments		**6,642**	1,802
Other current assets		**583**	355
Total current assets		**108,385**	128,076
Non-current assets			
Property, plant and equipment		**10,986**	10,012
Intangible assets	4	**48,706**	38,103
Deferred tax assets		**7,622**	6,456
Total non-current assets		**67,314**	54,571
Total assets		**175,699**	182,647
LIABILITIES			
Current liabilities			
Trade and other payables		**21,799**	22,026
Provisions		**9,975**	9,137
Current tax liabilities		**1,808**	3,479
Unearned revenue		**12,846**	12,672
Borrowings		**477**	2,363
Total current liabilities		**46,905**	49,677
Non-current liabilities			
Trade and other payables	4	**15,845**	8,513
Provisions		**4,470**	4,793
Borrowings		**-**	29
Other non-current liabilities		**1,456**	1,695
Total non-current liabilities		**21,771**	15,030
Total liabilities		**68,676**	64,707
Net assets		**107,023**	117,940
EQUITY			
Contributed equity		**28,874**	28,459
Other reserves		**19,827**	31,097
Retained earnings		**58,322**	58,384
Total equity		**107,023**	117,940

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Contributed equity $'000	Retained earnings $'000	Dividend reserve $'000	FOREX reserve $'000	Share option reserve $'000	Total equity $'000
Balance at 1 October 2015	**28,459**	**58,384**	**20,562**	**(216)**	**10,751**	**117,940**
Profit for the period	-	7,351	-	-	-	7,351
Exchange differences on translation of foreign operations	-	-	-	(114)	-	(114)
Total comprehensive income for the half-year	**-**	**7,351**	**-**	**(114)**	**-**	**7,237**
Dividends paid	-	-	(20,629)	-	-	(20,629)
Transfer to dividend reserve	-	(7,355)	7,355	-	-	-
Exercise of share options	415	-	-	-	-	415
Share based payments	-	-	-	-	848	848
Tax impact of share trust	-	-	-	-	1,270	1,270
Other	-	(58)	-	-	-	(58)
	415	(7,413)	(13,274)	-	2,118	(18,154)
Balance at 31 March 2016	**28,874**	**58,322**	**7,288**	**(330)**	**12,869**	**107,023**
Balance at 1 October 2014	**27,447**	**49,901**	**19,186**	**(510)**	**8,475**	**104,499**
Profit for the period	-	8,855	-	-	-	8,855
Exchange differences on translation of foreign operations	-	-	-	789	-	789
Total comprehensive income for the half-year	**-**	**8,855**	**-**	**789**	**-**	**9,644**
Dividends paid	-	-	(19,194)	-	-	(19,194)
Transfer to dividend reserve	-	(6,630)	6,630	-	-	-
Exercise of share options	160	-	-	-	-	160
Share-based payments	-	-	-	-	735	735
Tax impact of share trust	-	-	-	-	2,844	2,844
	160	(6,630)	(12,564)	-	3,579	(15,455)
Balance at 31 March 2015	**27,607**	**52,126**	**6,622**	**279**	**12,054**	**98,688**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Technology One Limited
Consolidated statement of cash flows
For the half-year 31 March 2016

	Notes	31 Mar 2016 $'000	31 Mar 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**99,504**	81,604
Payments to suppliers and employees (inclusive of GST)		**(95,742)**	(75,886)
Prepayments to suppliers and employees		**(4,886)**	(3,835)
Interest received		**554**	925
Income taxes paid		**(3,498)**	(5,741)
Other revenue		**758**	734
Interest paid		**(33)**	(85)
Net cash (outflow) from operating activities		**(3,343)**	(2,284)
Cash flows from investing activities			
Payments for acquisition of subsidiary (net of cash acquired)	4	**(2,000)**	(4,556)
Payments for property, plant and equipment		**(2,645)**	(2,030)
Proceeds from sale of property, plant and equipment		**-**	6
Net cash (outflow) from investing activities		**(4,645)**	(6,580)
Cash flows from financing activities			
Proceeds from exercise of share options		**416**	160
Finance lease payments		**(1,915)**	(608)
Dividends paid to Company's shareholders		**(20,629)**	(19,194)
Net cash (outflow) from financing activities		**(22,128)**	(19,642)
Net (decrease) in cash and cash equivalents		**(30,116)**	(28,506)
Cash and cash equivalents at the beginning of the financial year		**75,536**	80,209
Cash and cash equivalents at end of period		**45,420**	51,703

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation

(a) *Corporate information*

The financial report of Technology One Limited (the Company) for the half-year ended 31 March 2016 was authorised for issue in accordance with a resolution of directors on 23 May 2016.

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

This interim financial report for the half-year reporting period ended 31 March 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This 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 Company as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 September 2015 and considered together with any public announcements made by Technology One Limited during the half-year ended 31 March 2016 in accordance with the continuous disclosure obligations of the ASX listing rules and *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim financial period.

(b) *New accounting standards and interpretations*

(i) Issued but not yet effective

• AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010 - 7 to reflect amendments to the accounting for financial liabilities. The effective date of this standard is 1 January 2018, however it is available for early adoption. The group has not yet assessed how it will be affected by the new standard and has not yet decided when to adopt it.

• AASB 15 Revenue from Contracts with Customers was issued by AASB in January 2015 and replaces all revenue recognition requirements, including those as set out in AASB 118 Revenue. The standard contains a single model that applies to all revenue arising from contracts, unless the contracts are in the scope of other standards (eg. leases). The effective date of this standard is 1 January 2017, with early adoption permitted. The IASB released an announcement on the 28 April 2015 proposing a one-year deferral on the effective date of the standard to 1 January 2018. Technology One has not yet assessed this new standard's impact and does not intend to adopt it before its operative date, which means that it will be applied in the reporting period ending 30 September 2019.

• AASB 2015-1 Amendment to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle. The principal amendments to the standards included

- An amendment to AASB 119 Employee Benefits - clarifying that high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. As TechnologyOne currently uses the G100 corporate rate that is denominated in the same currency as the post-employment benefit obligations this amendment has been assessed as having no impact on TechnologyOne.
- Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this infomation.

1 Basis of preparation (continued)

(b) *New accounting standards and interpretations (continued)*

• AASB 16 Leases was issued in February 2016. The standard introduces a single lessee accounting model and requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard removes the clarification of leases as either operating or finance leases for the lessee and effectively treats all leases as finance leases. There are also changes in the accounting over the life of the lease. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, lessor accounting will remain similar to current practice. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16. The group has not yet assessed how it will be affected by the new standard and has not yet decided when to adopt it.

2 Segment information

The Group's chief operating decision maker makes financial decisions and allocates resources based on the information they receive from its internal management system. Sales are attributed to an operating segment based on the type of product or service provided to the customer.

Segment information is prepared in conformity with the accounting policies of the group as discussed in note 1 in the annual report ending 30 September 2015 and Accounting Standard AASB 8 Operating Segments.

TechnologyOne's reportable segments are:

- Sales and Marketing - sales of licence fees and customer support to our customers.
- Consulting - implementation and consulting services.
- Plus - custom software development services for large scale, purpose built applications.
- Research & Development (R&D) - the research, development and support of our products.
- Cloud - the delivery of cloud hosting services to our customers.
- Corporate - the aggregation of the corporate services functions costs and revenue, and corporately-funded projects.

Intersegment revenues/expenses are where one operating segment has been charged for the use of another's expertise.

Royalties are a mechanism whereby each segment pays or receives funding for their contribution to the ongoing success of TechnologyOne. For example, Sales & Marketing pays Research & Development for the development and support of the products that they have sold, as well as Corporate for the use of corporate services.

Our chief operating decision maker views each segments performance based on revenue post royalties and profit before tax. No reporting or reviews are made of segment assets, liabilities and cash flows and as such this is not measured or reported by segment.

2 Segment information (continued)

Half-year
2016

	Sales & Marketing $'000	Consulting $'000	Plus $'000	R&D $'000	Cloud $'000	Corporate $'000	Total $'000
Revenue							
External revenue	62,262	27,685	5,437	(6)	4,315	1,274	**100,967**
Intersegment revenue	109	(153)	11	(55)	(17)	105	**-**
Net royalty	(41,640)	(2,845)	(737)	25,733	(457)	19,946	**-**
Revenue from external customers	**20,731**	**24,687**	**4,711**	**25,672**	**3,841**	**21,325**	**100,967**
Expenses							
Total external expenses	**22,039**	**21,552**	**4,017**	**21,756**	**4,763**	**17,420**	**91,547**
Profit / (Loss) before tax	(1,308)	3,135	694	3,916	(922)	3,905	**9,420**
Income tax expense							(2,069)
Profit / (Loss) for the half-year							**7,351**
R&D expenses (external) as a % of total external revenue				**22%**			

Half-year
2015

	Sales & Marketing $'000	Consulting $'000	Plus $'000	R&D $'000	Cloud $'000	Corporate $'000	Total $'000
Revenue							
External revenue	56,710	25,002	4,672	48	1,385	2,189	**90,006**
Intersegment revenue	50	(94)	(3)	30	(13)	30	**-**
Net royalty	(36,823)	(2,522)	(646)	22,826	(131)	17,296	**-**
Total revenue	**19,937**	**22,386**	**4,023**	**22,904**	**1,241**	**19,515**	**90,006**
Expenses							
Total external expenses	**20,616**	**19,052**	**3,842**	**19,224**	**2,830**	**13,025**	**78,589**
Profit / (Loss) before tax	(679)	3,334	181	3,680	(1,589)	6,490	**11,417**
Income tax expense							(2,562)
Profit / (Loss) for the half-year							**8,855**
R&D expenses (external) as a % of total external revenue				**21%**			

3 Revenue

	2016 $'000	2015 $'000
Sales revenue		
Software licence fees	**18,536**	18,617
Implementation and consulting services	**27,583**	25,002
Post sales customer support	**43,709**	38,125
Project services	**5,438**	4,672
Cloud service fees	**4,318**	1,358
Total sales revenue	**99,584**	87,774
Other revenue		
Foreign exchange gains	**45**	200
Rents and sub-lease rentals	**758**	734
Interest received	**396**	1,036
Other	**184**	262
Total other revenue	**1,383**	2,232
Total revenue	**100,967**	90,006

4 Business combination

(a) *Summary of acquisition*

On 2 October 2015, TechnologyOne acquired 100% of the issued shares in the business and selected assets and liabilities of Jeff Roorda and Associates Pty Ltd (JRA), an unlisted Australian company. The acquisition forms part of TechnologyOne's strategic focus on providing innovate and relevant solutions for asset intensive organisations and is expected to be earnings positive for 2016.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration (refer to (b) below):	
Cash paid	**2,000**
Second Tranche	**495**
Contingent consideration	**8,303**
Total purchase consideration	**10,798**

4 Business combination (continued)

(a) *Summary of acquisition (continued)*

TechnologyOne has provisionally recognised the fair values of JRA's identifiable assets and liabilities at acquisition date based on the best information available at the reporting date and may change as more information becomes available. No tax balances have been recorded as the tax base of acquired assets and liabilities is yet to be determined. Any adjustments to finalise acquired assets and liabilities will be recognised against goodwill.

The assets and liabilities provisionally recognised as a result of the acquisition are as follows:

	Fair value $'000
Plant and equipment	**7**
Intangible assets	**2,600**
Trade payables	**(10)**
Provision for employee benefits	**(317)**
Net identifiable assets acquired	**2,280**
Add: goodwill	**8,518**
Net assets acquired	**10,798**

The goodwill is attributable to the profitability of JRA as well as the potential growth for TechnologyOne.

(i) Second Tranche payment

Consideration of $500,000 (present value of $495,352) will be payable in cash to the selling shareholders 12 months after completion of the acquisition.

(ii) Contingent consideration

Contingent consideration up to a maximum of $8,500,000 ($2,500,000 for earn-out tranche, $1,000,000 for bonus tranche and $5,000,000 for the North American tranche) may be payable in cash to the selling shareholders.

The potential undiscounted earn-out tranche amount payable under the Agreement is between $nil and $2,500,000 and is based on the earn out tranche Net Profit Before Tax (NPBT) divided by the earn-out tranche Target NPBT of $6,300,000 multiplied by $5,000,000 less $2,500,000. The earn-out tranche is assessed every year for 3 years and is payable 3 years after the completion of the acquisition.

TechnologyOne has agreed to pay the selling shareholders an additional bonus tranche based on JRA's actual NPBT Bonus Tranche divided by the Target NPBT of $4,410,000, multiplied by 33% of any amount above the Bonus tranche figure to a maximum of $1,000,000.

TechnologyOne has agreed to pay the selling shareholders an additional North American tranche based on JRA's actual NPBT Bonus Tranche divided by the North American Target NPBT of $3,500,000, multiplied by $5,000,000 to a maximum of $5,000,000.

The financial liability for the Earn-out and Bonus tranches is recorded in non-current consideration. The total fair value estimate of $8,302,268 for the contingent consideration was calculated based on the assumption the maximum $8,500,000 will be payable three calendar years after acquisition and a discount rate of 1.860% based on relevant government bonds with terms to maturity. The contingent consideration is classified as Level 3. For further details on the fair value see note 6.

JRA has been fully consolidated in to the results of TechnologyOne.

(iii) Revenue and profit contribution

JRA reported revenue of $895,095 and net profit before tax of $45,503 for the period 2 October 2015 to 31 March 2016. There would be no change to these results had the acquisition occurred on 1 October 2015.

4 Business combination (continued)

(b) *Purchase consideration - cash outflow*

	2016 $'000	2015 $'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash paid	**(2,000)**	(12,556)
Net cash acquired with the subsidiary	**-**	567
	(2,000)	(11,989)

Acquisition-related costs

Acquisition-related costs of $327,882 are included in other expenses in the Statement of Comprehensive Income and in operating cash flows in the Statement of Cash Flows.

(c) *Amounts due for past business combinations*

	$'000
Balance at 30 September 2015	**8,513**
Acquisitions of JRA	**8,302**
Reclassifications	**(970)**
Balance at 31 March 2016	**15,845**

(d) *Finalisation of Acquisition of ICON*

On 31 January 2015 Technology One Limited acquired 100% of ICON Strategic Solutions Pty Ltd (ICON), an unlisted company and Australasia's leading provider of ePlanning and eGovernment software. In January 2016, the valuation was completed and the acquisition date fair value of the acquired intangibles was $3,200,000, a decrease of $1,300,000 under the provisional value. The 2015 comparative information was restated to reflect the adjustment to the provisional amounts. There was also a corresponding increase in goodwill of $1,300,000, resulting in $7,868,448 of total goodwill arising on the acquisition.

5 Events occurring after the reporting period

(a) *Dividends*

On 23 May 2016, the directors of Technology One Limited declared an interim dividend on ordinary shares in respect of the 2016 financial year. The total amount of the dividend is $7,355,083 and is 100% franked.

No other 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.

6 Fair Value

At 31 March 2016 the Company did not hold any assets or liabilities at fair value through the profit and loss except as noted below:

Contingent consideration as set out in note 4 is classfied as Level 3 (2015: $4.7m). The valuation techniques and fair value of consideration is outlined in note 4.

Reconciliation of Level 3 contingent consideration is set out below:

	Contingent Consideration $'000
Opening balance at 1 October 2015	**8,513**
Acquisitions of JRA	**8,302**
Reclassifications	**(970)**
(Gains)/losses recognised in income statement	**-**
Closing balance at 31 March 2016	**15,845**

The carrying value of trade receivables, accrued revenue and trade payables are assumed to approximate their fair value due to their short term nature.

In the directors' opinion:

(a) the financial statements and notes set out on pages 15 to 27 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and of its performance for the half-year on that date.

(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.

This declaration is made in accordance with a resolution of directors.

Adrian Di Marco
Executive Chairman

Brisbane
23 May 2016

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

As lead auditor for the review of Technology One Limited for the half-year ended 31 March 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Technology One Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Bradley Tozer

Brad Tozer
Partner
23 May 2016

Building a better
working world

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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 consolidated statement of financial position as at 31 March 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 2016 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.

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:

a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

Brad Tozer
Partner
Brisbane
23 May 2016