

2017

# ANNUAL REPORT

Transforming business,  
making life simple

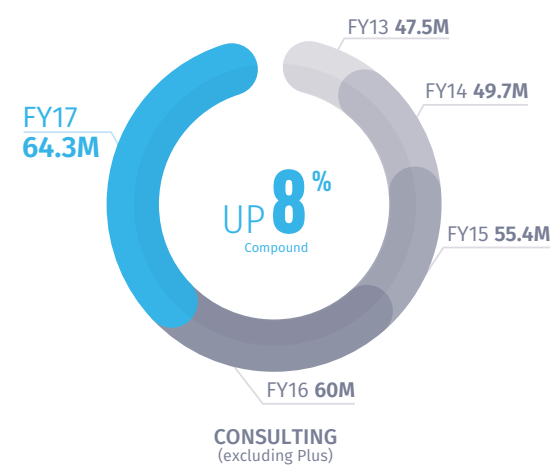
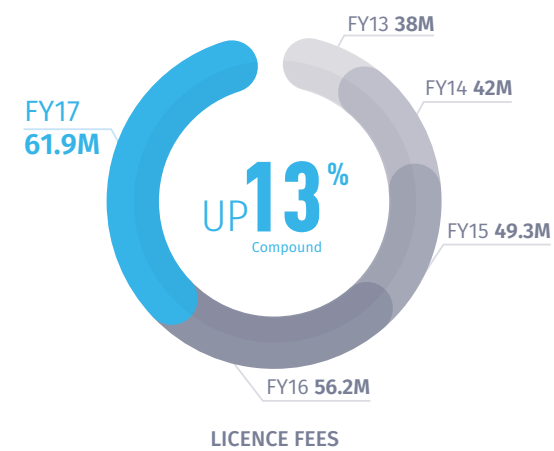
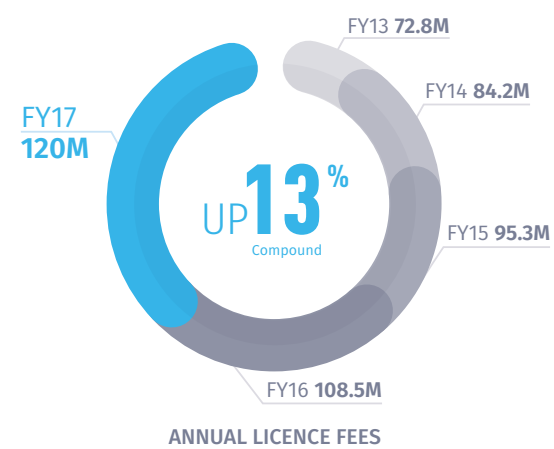
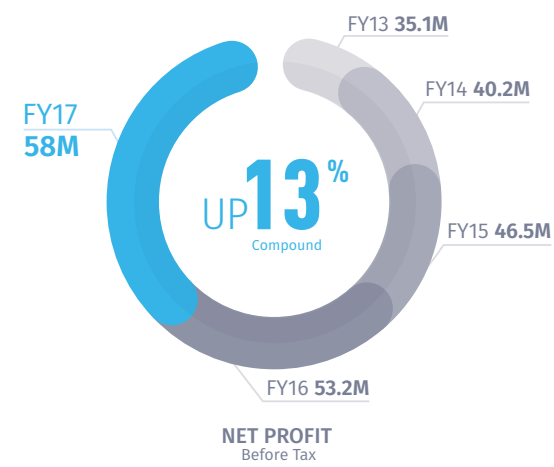


# THE FUTURE OF ENTERPRISE SOFTWARE, TODAY

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Note: Compound growth calculated over five years as shown.







Cloud Annual Subscription

UP **84%**

Record profits, licence fees & revenue

**8** YEARS

Revenue growth

UP **10%**

# AT A GLANCE



## Our finances

18

Consecutive years  
of record revenue

Dividend growth

UP 8%

Operating Cash flow

UP 6%

Net Profit Before Tax growth

UP 9%

Profitable since

1992

Licence Fees

UP 10%

PBT Margin

21%

Underlying profit

UP 22%

Annual Licence Fees

UP 11%

Cash and cash equivalents

UP 13%

Return on Equity (adjusted)

59%

## Our people



More than

1,200 EMPLOYEES



### TechnologyOne College

delivers ongoing training to our people.



### CCE

Compelling Customer Experience Program,  
which supports our people in delivering outstanding  
customer service.

## Our difference

The only enterprise  
vendor to offer a

**true  
enterprise  
Software as  
a Service**  
solution across the  
entire enterprise.

8 key  
markets

A deep understanding  
and engagement with  
our markets enables us  
to develop integrated,  
preconfigured solutions.

The  
power  
of one

The only vendor to  
develop, sell, implement,  
support and run a  
fully integrated suite  
of enterprise software  
solutions.



We allow our customers  
to embrace the digital  
revolution and an  
exciting new world of  
possibilities in a cloud  
first, mobile first world.

## Research & Development



Continued R&D into new and emerging  
technologies, including cloud-based  
technologies and new innovations.



### The largest

Australian-owned  
commercial R&D centre.



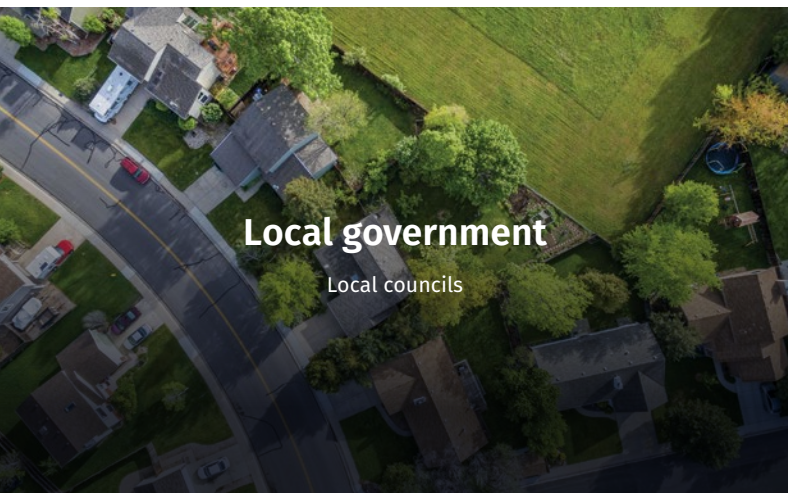
### R&D facilities

in Australia, Indonesia  
and Vietnam.



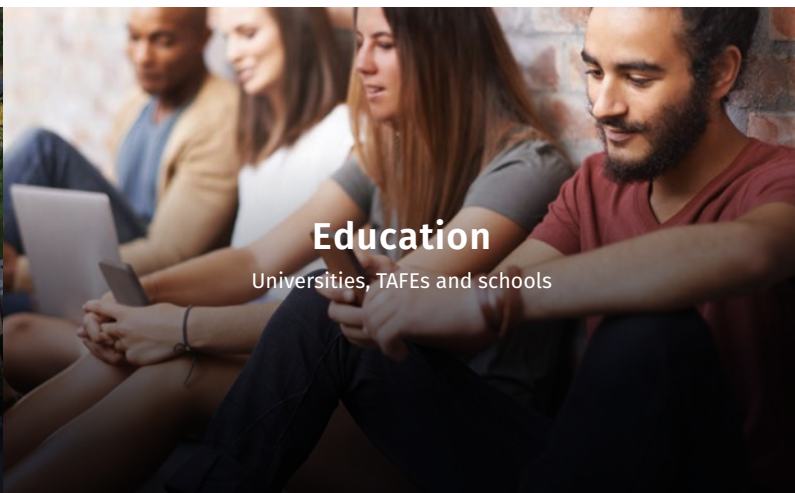
## Our markets

With a deep understanding of our eight key markets, TechnologyOne is the leading supplier of enterprise software solutions for more than 1,200 organisations across:



### Local government

Local councils



### Education

Universities, TAFEs and schools



### Asset intensive industries

Airports, energy sector, ports and water utilities



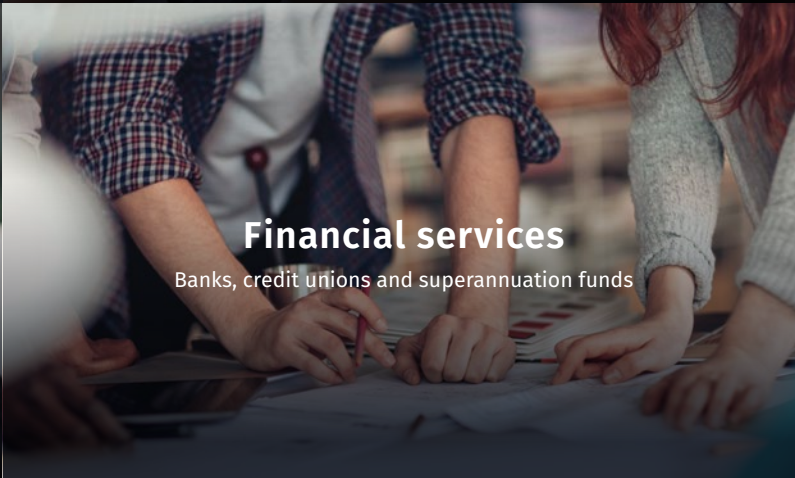
### Project intensive industries

Engineering projects and property development



### Government

Federal and state government departments



### Financial services

Banks, credit unions and superannuation funds



### Health and community services

Not-for-profit, aged care and health services



### Corporates

Membership and entertainment organisations

## Our vision

Transforming business, making life simple

## Our products

TechnologyOne's comprehensive suite of enterprise software products includes:

- Financials
- Human Resource & Payroll
- Supply Chain
- Property & Rating
- Business Intelligence
- Enterprise Budgeting
- Performance Planning
- Student Management
- Asset Management
- Enterprise Content Management
- Enterprise Cash Receipting
- Stakeholder Management
- Spatial
- Business Process Management

## Our reach

TechnologyOne has 14 offices throughout Australia, New Zealand, Southeast Asia, the Pacific and the United Kingdom.

## Our solutions

We offer a range of industry-leading preconfigured enterprise solutions that provide proven best practice, streamline implementations and reduce time, cost and risk. These include:

- OneCouncil
- OneGovernment
- OneBanking
- OneUniversity
- OneEducation
- OneCommunity
- OneHealth
- OneHousing
- OneAgedCare
- OneAirport
- OnePort
- OneWater
- OneEnergy





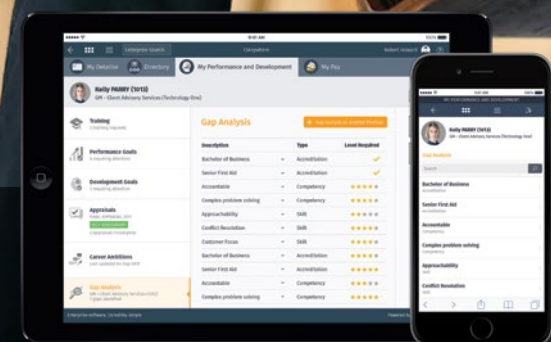
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# FINANCIAL HIGHLIGHTS

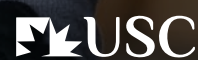
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ONE VISION. ONE VENDOR.  
ONE CODE-LINE. ONE EXPERIENCE.



"It's all about agility. We need to be able to deliver at speed, and SaaS allows us to do that."



Andrei Clewett  
Director ICT Solutions at  
University of the Sunshine Coast

	2017	GROWTH ON LAST YEAR	15 YEAR COMPOUND GROWTH	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenue	273,253	10%	13%	249,018	218,724	195,124	180,591	169,070	156,742	135,906	122,487	110,215
Licence Fees	61,693	10%	16%	56,165	49,294	41,986	37,073	35,447	30,729	26,766	24,333	22,588
Consulting	64,335	7%	11%	60,026	55,449	49,735	47,573	45,388	41,746	41,583	41,023	35,882
Annual Support	119,929	11%	18%	108,480	95,346	84,248	72,753	63,684	55,268	48,506	43,114	36,343
R&D Expense	49,856	8%	13%	46,009	41,038	37,873	35,595	33,524	31,796	26,963	24,908	21,154
Net Profit Before Tax	58,019	9%	13%	53,240	46,494	40,235	35,097	30,324	26,675	23,282	20,276	23,129
Net Profit After Tax	44,494	8%	14%	41,344	35,785	30,967	26,984	23,559	20,326	17,813	15,684	17,229
Earnings Per Share	14.18	7%	14%	13.26	11.57	10.06	8.78	7.73	6.71	5.93	5.24	5.77
Dividend (excl. special) - Cents per share	8.20	10%	9%	7.45	6.78	6.16	5.60	5.09	4.62	4.20	3.75	4.12
Dividend Payout Ratio (inc. special)	72%	-	-	72%	76%	81%	64%	66%	91%	96%	72%	71%
Return on Equity	28%	-	-	31%	30%	30%	31%	32%	30%	28%	27%	34%
Adjusted Return on Equity*	59%	-	-	61%	63%	76%	83%	72%	62%	48%	43%	47%
Cash & Cash Equivalents	93,383	13%	12%	82,588	75,536	80,209	65,397	51,133	45,357	36,573	30,538	23,684
Net Assets	157,520	14%	11%	138,494	117,940	104,499	87,736	73,997	68,370	63,415	57,143	50,514

\*Adjusted for net cash above required working capital, assumed at two months of staff costs





# LETTER TO SHAREHOLDERS



## Strategy for success

Our clarity and continuity of vision is the key to our ongoing long-term success. Our vision is based on our unique 'power of one' business model that sees TechnologyOne as the only enterprise vendor providing a totally integrated experience to customers, in which we build, market, sell, implement, support and run our world-class enterprise software.

The strength of our product offerings, our enterprise vision, vertical market focus and the resilient nature of the enterprise software market are the foundation for our continuing success. When coupled with our innovation, creativity and substantial ongoing investment into new and emerging technologies, we are well positioned for strong growth in the coming years.

## Letter to shareholders

**On behalf of Technology One Limited (TechnologyOne) we are pleased to announce our 8th consecutive year of record revenues, record licence fees and record profits.**

Our Cloud first, mobile first strategy is driving our continuing strong results with Net Profit Before Tax up 9%. Our Cloud business continued to grow strongly with Annual Cloud Subscription revenue up 84%. Our products continue to win against our large multinational competitors.

### Underlying Profit up 22+<sup>1</sup>

The strength and diversity of our underlying business has allowed us to continue to grow strongly. Adjusting our results to exclude significant events, our underlying profit growth this year was even stronger, in excess of 22%.

This year TechnologyOne has had to contend with two significant challenges which we have previously reported upon at the half year:

- Brisbane City Council (BCC) LGS Contract (\$4.3m impact on profitability)
- Evolve User Conference (\$3m impact on profitability)

**Looking forward to 2018 financial year**  
Looking to the 2018 year, we do not expect any further impact to our earnings from these events. With these headwinds removed, this sets us up for another very strong performance in the 2018 financial year.

### Results summary

Highlights of our results include:

- Net Profit Before Tax of \$58m, up 9%
- Underlying profit excluding significant events of \$65m, up 22%
- Revenue of \$273m, up 10%
- Total Expenses of \$215m, up 10%
- Total R&D Expenses of \$49.9m, up 8%, which is 18% of revenue

Our results by revenue stream are as follows:

- Total Annual Subscription Revenue of \$139m, up 17%. This consists of:
- Annual Licence Fees of \$120m, up 11%
- Annual Cloud Contract Value (ACV) of \$27.1m, up 69%<sup>2</sup>
- Initial Licence Fees of \$62m, up 10%
- Total Consulting Fees of \$71m, in line to last year

We have continued to invest heavily in Research and Development, which was \$49.9m for the year, as follows:

- Ci, our existing very successful enterprise software suite
- Ci Anywhere, our new generation product which supports any and all mobile devices
- TechnologyOne Cloud

We continue to take a conservative approach, with all costs associated with these investments being fully expensed as incurred. We expect significant revenue streams to emerge from these investments in future years. These items are discussed in more detail later in this letter.

### Continued market focus

Our focus on specific markets once again underpinned our success. We continue to be very strong in local government, higher education, health and community services and federal government. We see opportunities for substantial growth in the coming years in state government, asset and project intensive industries and financial services. We see that we have substantial room to continue to grow in our chosen markets.

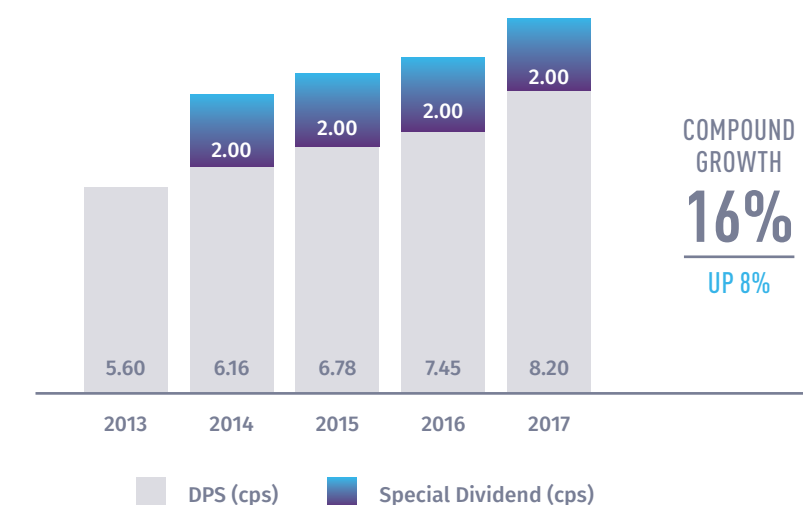
<sup>1</sup> Underlying earnings is a non-IFRS measure which does not appear in the financial statements and is not audited. Refer to slide 7 of our Executive Chairman's Presentation released to the Australian Stock Exchange on 21 November 2017 for further information.

<sup>2</sup> Note: Annual Cloud Revenue recognised this financial year was \$19m, up 84%

## Dividend up 8%

In light of our strong results and our confidence in the coming year, the dividend for the second half has been increased to 5.60 cents per share, up 10% on the prior year. The Board has also proposed once again a special dividend of 2 cents per share. This takes the total dividend, including special dividend, for the year to 10.20 cents per share, an increase of 8% on the prior year. This represents a payout ratio of 72% for the full year.

## Dividend last five years





# Commentary

## TechnologyOne Cloud continues to grow very strongly

The TechnologyOne Cloud continues to grow very strongly with Annual Contract Value (ACV) now \$27.1m, up 69%. We have added 112 new customers to the TechnologyOne Cloud this year, taking the number of enterprise customers on the TechnologyOne Cloud to over 270 customers.

Once again, we have found that all our large contract wins this year, were based on the TechnologyOne Cloud.

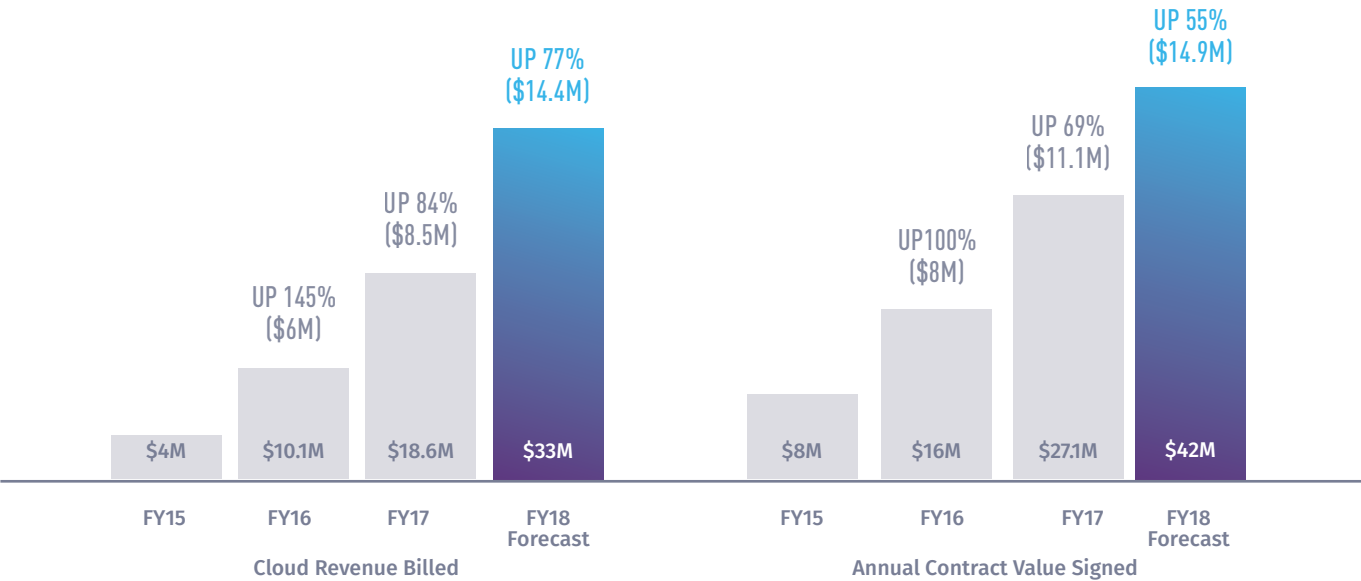
We expect this strong growth to continue in the years to come. Our target is to once again grow this business strongly with Annual Contract Value to reach \$42m in the next 12 months, an increase of 55%.

As previously forecasted the TechnologyOne Cloud achieved a critical milestone this year, contributing a profit of \$2.5m this year, versus a loss of \$2.2m last year, as our single instance, mass production, Software as a Service (SaaS) offering achieved critical mass. We remain confident that as we continue to achieve greater scale in this business, it will become a platform for the generation of significantly more profits in the coming years.

As we move forward our focus will now move away from 'top line' revenue growth to achieving continuing growth in profitability. Our Cloud 8.0 and 9.0

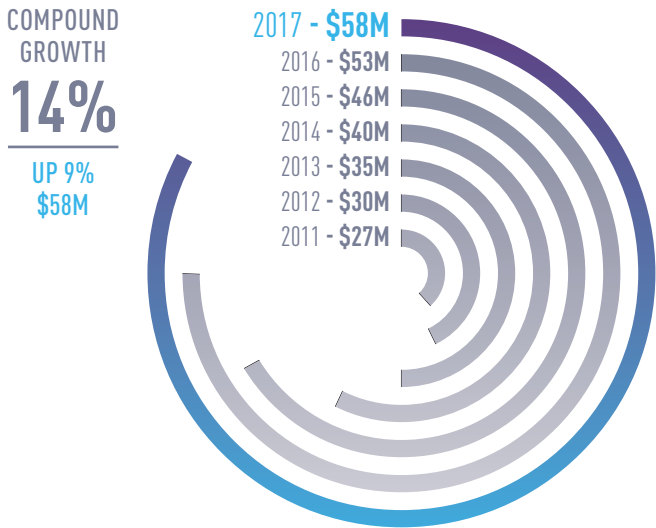
architecture, which further builds on our new massively scalable, mass production architecture, will be key to achieving this goal.

TechnologyOne Cloud has now been independently audited and recommended to be certified for the Federal Government IRAP security standard, making us the first enterprise SaaS vendor to achieve this high level of security accreditation in Australia, which gives us a significant competitive advantage. We are now seeing a significant increase in business in the federal government arena.



## Continued strong profit growth over eight years

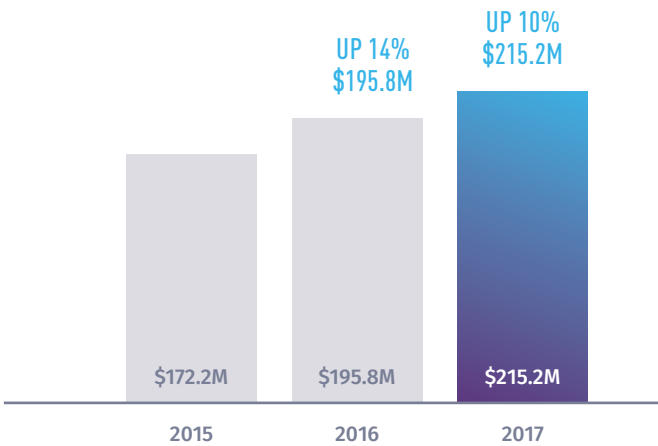
We have seen continuing strong growth in profit over the last year, with Net Profit Before Tax up 9%. We expect profit growth to move back to historical trends in the near future, of approximately 14%. As previously mentioned, this year's results were impacted by a number of significant events that will not be repeated in the coming years; excluding these significant events, underlying profit growth would have been 22+%<sup>1</sup>.



<sup>1</sup> Refer above.

## Total Expenses up 10%

Total Expenses were up 10%.



## Continued strong growth of Initial Licence Fees

Our Initial Licence Fees were up strongly by 10%, making this our 14th consecutive year of year-on-year growth in licence fees. This year we added more than 50 major new corporate customers to our expanding customer base. Of these new customers, seven replaced our competitors' systems including systems from Oracle, SAP, Microsoft, Infor, etc. We continue to increase market share against our large multinational competitors. With the release of TechnologyOne Software as a Service (SaaS), our continued investment in Ci,

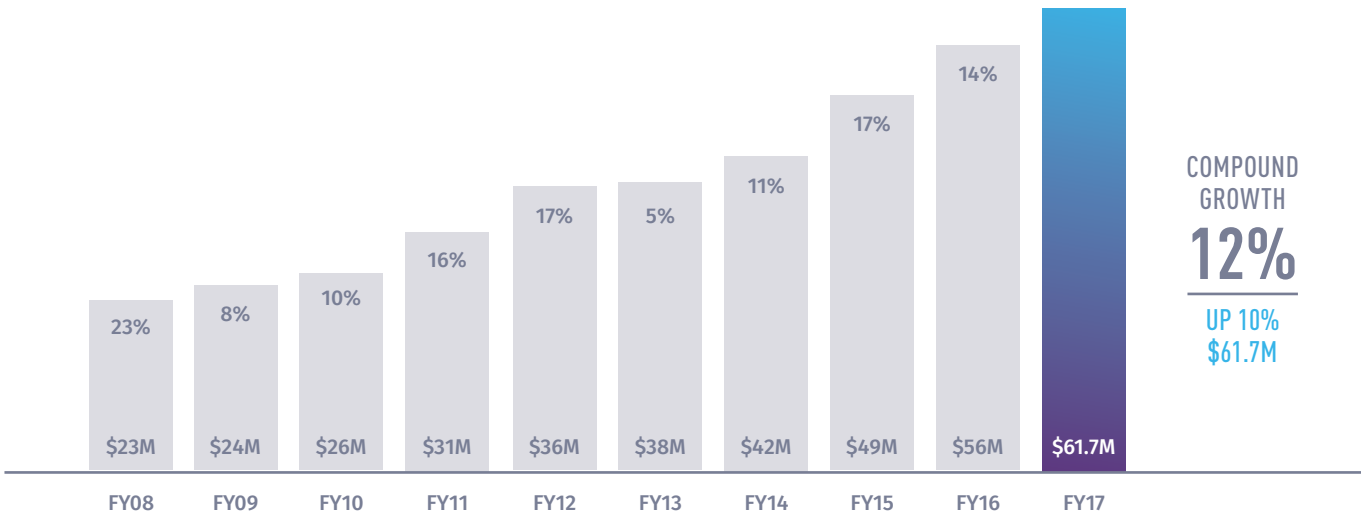
and our investment in Ci Anywhere, we are confident this momentum will continue in future years.

What is particularly pleasing is our continuing success in winning very high-profile, large-scale enterprise customers against our multinational competitors.

We had continued strong sales in local government with \$40m of new contracts that included Moreton Bay Council, Shoalhaven Council and NSW amalgamations.

We also secured strong sales in Australia's federal government with the Department of Industry, Innovation and Science (DIIS) and the Treasury selecting us to provide shared services to other departments using TechnologyOne SaaS.

We also saw strong sales into education with wins that included Victoria University, University of Sussex and Sydney Catholic Schools.



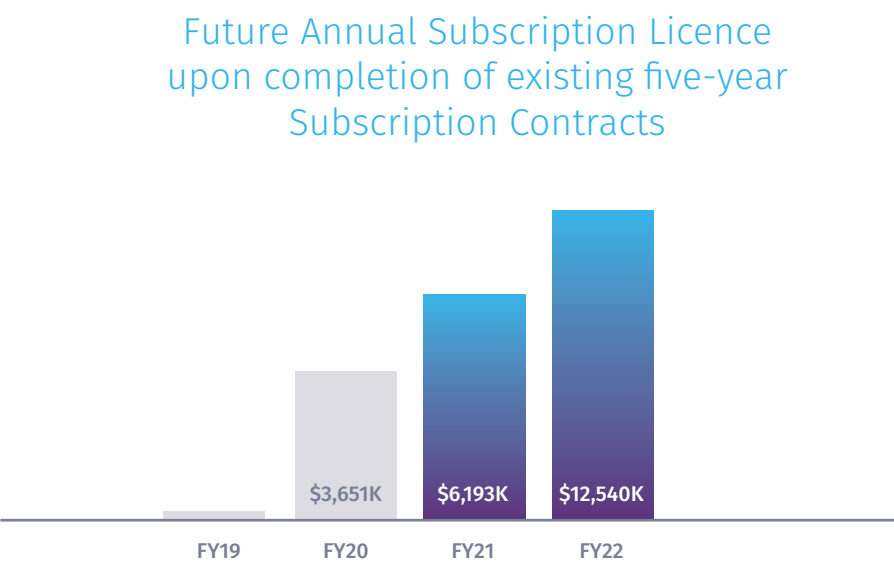


Commentary

Subscription Licences continue to grow strongly

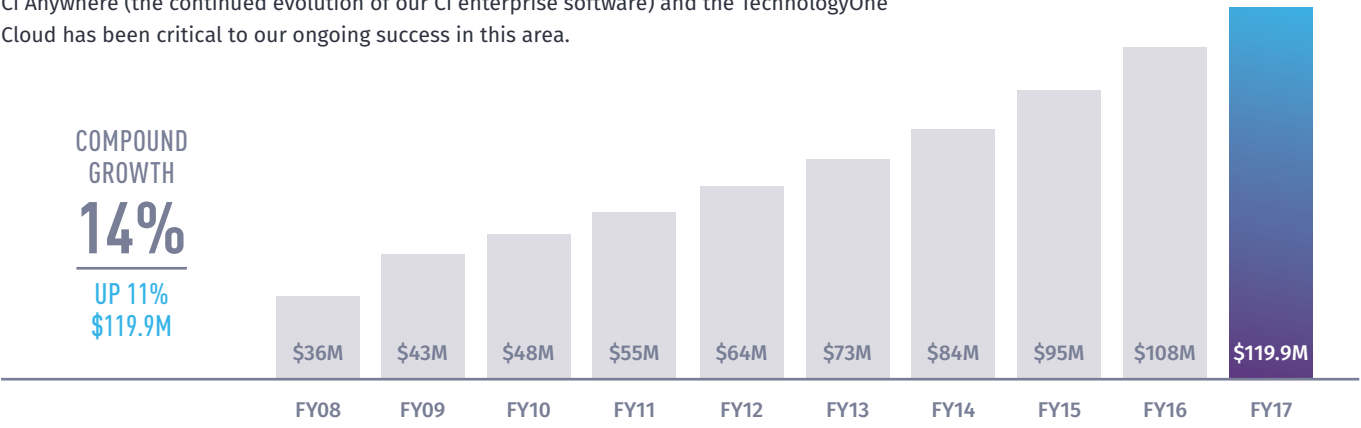
An important goal has been to move our business away from perpetual licences, and to move all new business to five-year subscription licences, to create a strong, long-term annuity business. This year we achieved over 85% of all new business being recurring subscription licences. Total subscription licences were \$31.7m, up 150%.

What is important to note is that once the five-year subscription period comes to an end, we expect customers to continue to use and subscribe to the software on an annual basis, which will create significant future revenue streams as shown below.



Continued strong growth of Annual Licence Fees

In keeping with our very high customer retention and satisfaction rates in excess of 99%, our recurring Annual Licence Fees once again grew strongly by 11%. Our investment in Ci Anywhere (the continued evolution of our Ci enterprise software) and the TechnologyOne Cloud has been critical to our ongoing success in this area.



Consulting Services

Total Consulting Revenue was in line with last year, but the profit contribution was down 46% (\$4.5m).

This division was impacted by a number of ‘one off’ events, as follows:

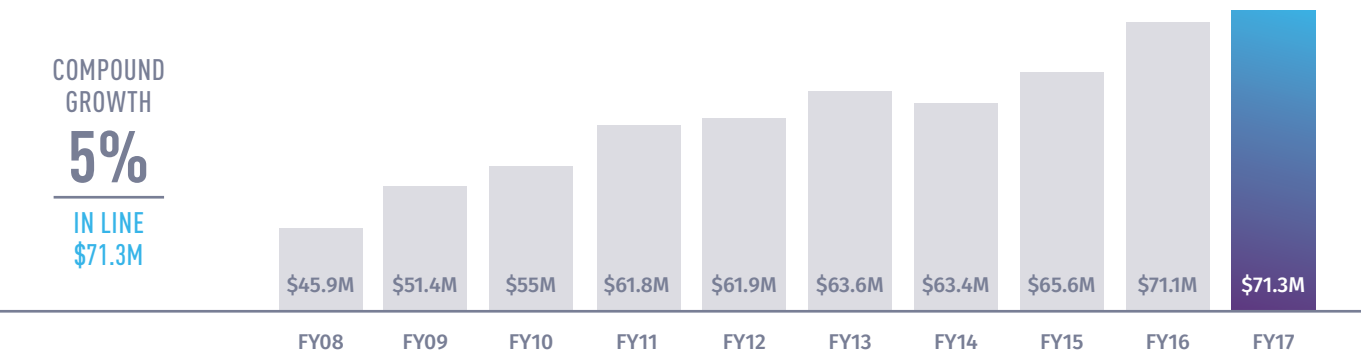
- TechnologyOne Evolve customer conference, which saw all our consultants attend the conference, and which impacted our utilisation and other associated costs to an amount of \$1.2m.
- The Brisbane City Council (BCC) LGS project, in which TechnologyOne was frustrated by BCC to deliver against the contract. This impacted the business unit by \$2m.

- The United Kingdom consulting practice loss increased by \$1.1m, which was expected as we build this new practice.

**Consulting business margins to improve substantially in the coming years**

We see significant upside in future years for our Consulting business as it substantially improves its profit margin from the current 7% to a target of approximately 20%, as we implement a new strategy that will see this business separated into two separate and focused business units, as follows: Consulting New Customers and Consulting Existing Customers. These business units will have different cultures, systems

and processes to deliver excellence for their respective areas of focus. Consulting New Customers will be project focused, to deliver large and complex projects ‘on time and to budget’. Consulting Existing Customers will be account focused, with a service culture driven by a dedicated Service Delivery Manager, guaranteed service levels, a catalogue of services and premium support. We have appointed a new Operating Officer to implement this strategy, Ms Nancy Mattenberger, who has extensive experience leading the Infor consulting practice in the USA.



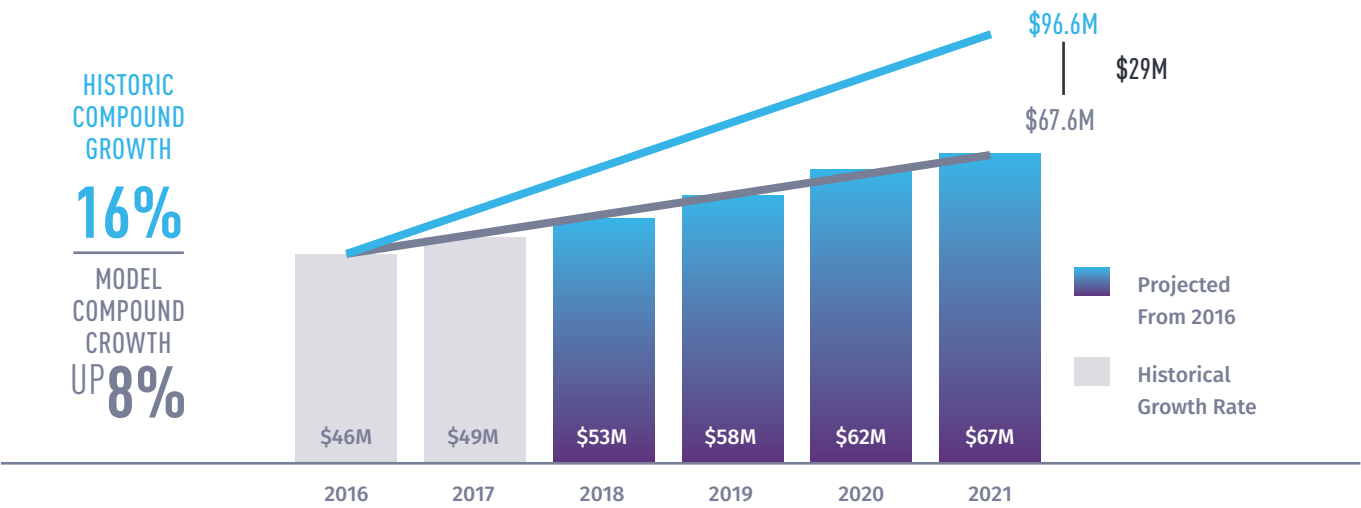
Research & Development

Research and Development (R&D) continues to be a significant investment for TechnologyOne at \$49.9m for the year, up 8% and representing 18% of revenue, which still exceeds the average of our competitors 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.

We remain committed to delivering Compound Annual Growth (CAG) of 8% or less over the next five years to 2021 (compared to our historical growth rate of 16%), which will save approximately \$75m over the five-year period.

Our R&D program in the coming years continues to be at the leading edge of our industry as we embrace new technologies, new concepts and new paradigms. The level of innovation and creativity is greater than at any time in our company’s 30-year history.





CI ANYWHERE.  
ANY DEVICE.  
ANY WHERE.  
ANY TIME.

## Ci Anywhere

Ci Anywhere is the continuation of our very successful 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 major enterprise software vendor committing to deliver our entire suite of enterprise software and all our functionality on these mobile devices, as we envision a world where all work will be done on these devices in the near future. We see our customers flowing across smart mobile devices throughout the course of their day. Our software has been designed to be incredibly simple to use, and to adapt to the device, allowing customers to continue their work seamlessly as they flow across devices.

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

We continue to work aggressively to complete our Ci Anywhere suite by late 2018.

## TechnologyOne Cloud

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

TechnologyOne is one of only a few companies globally delivering true enterprise Software as a Service (SaaS), offering a fully configurable solution, based on a mass production line of servers that run our software for all of our customers in a single instance of software, which provides massive economies of scale to our customers.

TechnologyOne is uniquely placed because we own our software. Unlike hosting providers that simply host someone else's software in the cloud, we own our software and are able to make a substantial investment each year in ongoing R&D, to continue to improve our software to capitalise on new technologies, concepts and ideas. Because we 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 delivers a level of service, security, reliability, scalability and future proofing that hosting providers cannot achieve.

As part of our SaaS offering we automatically make new releases of our software, with new features, functions and concepts available to our customers. Our customers do not need to do anything to seamlessly get these new releases into production.

TechnologyOne is at the very forefront of delivering the benefits of mass production to the enterprise software industry. As we have seen in other industries, the economies of scale of mass production will change the face of the software industry.

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 our mass production Software as a Service (SaaS) platform. This provides a massively scalable platform with significant economies of scale.

We have continued to build on our mass production SaaS platform with the release of TechnologyOne Cloud 7.0, which continues to deliver further economies of scale and enhanced security. We are now working on the next generation of our Cloud, 8.0. The pace at which we are innovating is accelerating, and we are seeing many opportunities to continue to improve the features, speed, security, availability and scalability of our cloud for our customers.

We have now migrated all our early adopter customers from our earlier versions of the TechnologyOne Cloud 1.0 to 5.0, to the Cloud 6.0 architecture.

We are excited by the opportunities the TechnologyOne Cloud offers not only to our customers, but to us as well. It will allow us to streamline our operations, reduce our costs, improve our customers' experience, as well as reduce the time to market for new features and functions. It will allow us to become more creative, more innovative and work in real time with our customers.

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

### Connected Intelligence (Ci)

Ci is our existing highly successful enterprise product suite. We continue to invest in adding new features and functions for our customers, and have committed to the ongoing support of this product on an indefinite basis.

An important part of our strategy is to allow our existing Ci customers to progressively and simply embrace the benefits of our Ci Anywhere offering, as well as the TechnologyOne Cloud when they wish to do so.



"When we work with TechnologyOne we know we're getting a world class solution"



Kaitlyn Wright,  
Global Transformation Manager  
Silver Chef





## United Kingdom

We see the UK as a platform for significant growth for TechnologyOne in the coming years. Our 'blue ocean' strategy is gaining traction, which is to provide a total ERP solution for higher education and local government sectors. Important to the success of this strategy will be the introduction of our Human Resources & Payroll (HRP) product and Student Management product to this market. The regionalisation of these products for the UK market is in progress, and we will work with early adopters in the UK to establish these products.

As we bring more products into the UK market, this increases our product offering, and also allows us to move

into the less crowded 'blue ocean' space, as we will be one of only a few enterprise vendors in the UK market.

The challenge for us in the coming years is now to build a large, professional and very successful consulting practice to implement and support our products in the UK region.

This year we have once again increased our footprint in the UK, adding six new customers, taking us to a total of 43 enterprise customers in the region, which now gives us critical mass.

As previously foreshadowed, the challenge for us in the coming years is to build a successful and profitable consulting practice in the UK. This is not an insignificant undertaking. Furthermore, the regionalisation of our products for

the UK is much more significant and challenging than originally expected, as we deal with unknown requirements including UCAS, UKVI, HESA and SLC. We expect the regionalisation will be completed late 2018.

Given these facts, we have made the decision to slow our rate of growth in the UK for the next two years so we can address these issues, and focus on our existing customers to ensure that they are all strong reference sites. As part of this strategy we have appointed a new Operating Officer for the UK, from one of our competitors, to lead this next stage of the UK story, with a strong focus on our customers' success. We expect to return to growth in the UK in the 2020 financial year.

## Solution Showcases

Following the success of our Evolve customer conference which saw more than 2,300 attendees, over three days, with 11 concurrent streams by industry, and a huge exhibition area, we have now been running our Showcases throughout Australia, New Zealand and the United Kingdom. These Showcases demonstrate our vision for a digital future, with a focus on our Ci Anywhere enterprise suite and the TechnologyOne Cloud. This event will create significant sales momentum for us in the coming years.

## Appointment of new CEO and Chief Operating Officer

Recently TechnologyOne announced the appointment of its long-serving and highly successful Chief Operating Officer, Mr Edward Chung, to the new role of Chief Executive Officer, effective May 23. Mr Chung has been a TechnologyOne executive for approximately 10 years. Mr Adrian Di Marco, TechnologyOne's founder and one of Australia's longest serving CEOs over a period of 30 years, continues in the role of Executive Chairman and Chief Innovation Officer.

Mr Di Marco continues to work with the executive team and Board to focus on strategy, innovation and creativity to ensure the company continues to build future platforms for strong growth.

These changes have been a long time in the planning and have been openly discussed for the last few years with shareholders and staff. Over the last five years we have built a very strong and talented executive team.

We have also appointed another senior executive, Mr Stuart MacDonald, to the role of Chief Operating Officer for the company, to support Mr Chung in his new role.



Balance sheet strength

TechnologyOne continues to have a strong balance sheet with cash and cash equivalents of \$93m. Our debt/equity ratio remains conservative at less than 1% and interest cover is over 1,192 times.

Operating cash flow was once again strong at \$46m for the full year, versus a Net Profit After Tax of \$44.5m, and exceeds our target ratio of 1 times NPAT.

Our cloud business is generating significant operating cash flow

An initial concern by investors was that our cloud business would not allow us to continue to generate significant free cash flow. The mass production architecture and significant economies of scale we have been able to achieve has, as expected, seen this business contribute an additional \$15.9m of additional free cash flow this financial year.

Remuneration and Governance Framework

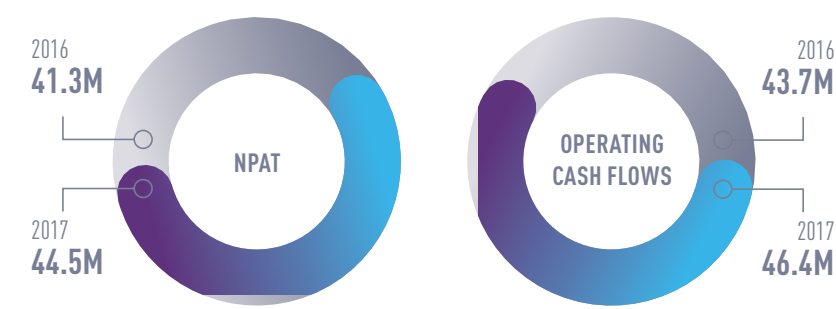
Our Remuneration and Corporate Governance has created substantial shareholder wealth since we listed as a public company in 1999.

It is also well recognised by our shareholders that the quantum of remuneration paid to TechnologyOne executives is in the mid-range of our peers, and not excessive. It is the effectiveness of our Remuneration Framework, and its alignment to the creation of shareholder wealth, that has seen TechnologyOne deliver long-term profitable growth and substantial shareholder returns.

TechnologyOne continues to evolve our Remuneration and Governance Framework, based on input from our shareholders and proxy advisors. Recent changes include:

- Long Term Incentives (LTI) based on options now issued at market price
- Performance hurdles for Long Term Incentives
- Performance hurdles are all 'hard targets', generating significant shareholder wealth
- Greater level of disclosure on all aspects of remuneration
- Poll now taken at AGM for all resolutions

NPAT versus Operating Cash Flows



Executives had a significant portion of their 2017 LTI (i.e. options) forfeited for not meeting their hard targets in 2017, even though it was another year of record Revenues, record Licence Fees and record Profits for TechnologyOne.

Board Renewal

TechnologyOne has a very experienced, effective and successful Board. Notwithstanding this, and as part of an ongoing board renewal process we have in recent times added our first female independent director. We are in the process of adding a further two new independent directors in the next 12 months, taking the Board to a size of eight. Our focus will continue to be on gender diversity, looking far and wide for the best possible candidates to serve our business. Having said this, we will always insist that the appointment goes to the best candidate irrespective of their gender.

Like always, TechnologyOne welcomes feedback so we can continue to evolve our Remuneration and Governance Framework. We seek continued support from all our shareholders for our Remuneration and Corporate Governance Framework.

Outlook for 2017/2018

As we have seen over the last few years, the enterprise software market continues to remain resilient, with our products providing our customers the opportunity to reduce their costs, streamline their business and improve their efficiencies in a

challenging economic time.

Our cloud first, mobile first strategy is driving our continuing success. As a result, TechnologyOne's sales pipeline of opportunities for 2018 is strong and this positions us for continuing strong profit growth this financial year.

We do not expect a repeat this year of a number of significant events that happened in the prior year.

Our Cloud business will continue to grow strongly and profitably.

We also expect a return to profit growth for our Consulting business.

This coming year we see the sales pipeline weighted strongly to the second half. We also have the additional challenge that in the first half of 2016/2017 financial year we had a number of significant deals close earlier than normal, which means this year we have an abnormally high hurdle to jump over in the first half. As such, once again this year, our first half results 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.

We will provide further guidance at both the Annual General Meeting and with the first half results.

Long-term outlook

We continue to be very excited about the significant growth opportunities over the next 10 years.

We see continuing strong growth in our eight key vertical markets in Australia and New Zealand. These markets remain strong and resilient. The UK operation has now moved from a loss position to profit and given the size of this market, this will provide us with significant growth opportunities over the coming years.

The TechnologyOne Cloud has now moved from a loss position to profit, and will continue to grow quickly and profitably over the next five years, as we prove the substantial benefits of our 'mass production architecture'.

Ci Anywhere is also gaining momentum, as it enables our customers to embrace the digital revolution. It will secure our large existing customer base for the future by providing a simple and easy way forward using our powerful Ci platform. This will inevitably lead to our customers increasing the usage of our software in their organisations and will drive licence fee growth.

Both these initiatives (TechnologyOne Cloud and Ci Anywhere) further increase our advantage against our competitors.

We see continuing growth from our existing customer base, as our customers increase the usage of our products and services. We also expect our newer products, such as Enterprise Content Management, Stakeholder Management and Human Resource & Payroll to continue to mature and contribute substantially to profitability.

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

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

Celebrating 30 years

Thirty years ago, TechnologyOne was what today would be called a 'start-up', beginning life at the front of a hides processing plant in the outer Brisbane suburb of Hemmant. TechnologyOne was an original pioneer of innovation and creativity in Australia. We were recently acknowledged for our pioneering work in the Australian Computer Society (ACS) book called *A Vision Splendid – The History of Australian Computing*.

Over this time, we have reinvented ourselves on four occasions, and on each of these occasions we have rebuilt our products, capitalising on new ideas, concepts and technology to create new platforms for growth. Our current focus on the TechnologyOne Cloud and Ci Anywhere is the most current example of this. TechnologyOne will continue to innovate and embrace new technologies and ideas, as it is our core strength. After 30 years, we are today stronger, faster and better than we have ever been, and we are excited about what we will achieve in the coming years.

This would not have been possible without the talented and committed people who make up TechnologyOne, or the support of our shareholders.

*A. Di Marco*

Adrian Di Marco  
Executive Chairman

*E. Chung*

Edward Chung  
Chief Executive Officer





# ENTERPRISE SOFTWARE AS A SERVICE



TechnologyOne is the only vendor offering an enterprise solution for the complete enterprise, delivering it for thousands of customers simultaneously. The combination of multi-tenanted infrastructure with single-tenanted databases means our customers can enjoy all the benefits of Software as a Service (SaaS), with none of the limitations. Our approach to enterprise SaaS is unparalleled and is key to our ongoing success.

The TechnologyOne enterprise SaaS (eSaaS) solution is a single instance of software, delivered globally, with a mass production line of servers running thousands of customers' organisations. It produces massive economies of scale, which unleash cost efficiencies that hosting providers cannot come close to.

As part of our eSaaS solution, customers gain access to two releases of software per year, the TechnologyOne University for 'just in time' training, and 'defense in-depth' security. This is all provided standard as part of our SaaS solution, and we guarantee it will be future-proof.

With our configuration-driven software design, all of a customer's unique configuration information, together with their transactional data, is stored in their own dedicated and secure database, delivering a personalised service at scale.

Our eSaaS solution is a clear market leader, because we own, build and support our software, unlike many other software providers that use cloud hosting. These providers handcraft each customer's environment with no shared benefits or economies of scale.

TechnologyOne eSaaS is an award-winning approach, having received global recognition for software innovation from the Australian Business Awards, UK Cloud Awards, SaaS Awards and Amazon Web Services.

### Ci Anywhere - any device, anywhere, any time

TechnologyOne is the only enterprise vendor delivering 100 per cent of our enterprise software on smart mobile devices – with no carve outs and no exceptions. This provides customers with access to the full functionality of our software on any device, anywhere, at any time.

With the inevitable increase in the use of smart mobiles in the workplace, Ci Anywhere allows organisations to embrace iPad, iPhone and Android devices as part of their enterprise solution.

Ci Anywhere's adaptive screen design means that users get a great experience regardless of the device they are using at the time. The user experience is tied to the user, not the device, so a user can move from one device to another throughout their day, and seamlessly continue their work.

Ci Anywhere creates a new standard in enterprise software that is incredibly simple, and gives us a significant competitive advantage. Through Ci Anywhere, our customers are prepared for the digital revolution.

### Digital transformation

Our enterprise customers have begun to realise the benefits of what a cloud first, mobile first world brings to them, and to their customers. It transforms the way organisations interact with their customers and community, now and into the future.

We are increasingly hearing from customers that the adoption of TechnologyOne eSaaS, together with Ci Anywhere, is providing them with new capabilities and saving them millions of dollars when compared to an equivalent on premise deployment.

The efficiencies that eSaaS and Ci Anywhere enable for customers is paramount as the pace of business accelerates.

### Economies of scale

We invested \$49.9 million this year in Research & Development to continually improve our eSaaS offering, integrating new technologies, concepts and ideas.

The economies of scale offered by eSaaS means that when a customer signs up to our service, they receive far more than what they pay for. Each customer benefits from the hundreds of millions of dollars that we have invested to date and our commitment to continued investment. We take care of patching and upgrades, and offer two major releases of software per year.

Our eSaaS offering is massively scalable, resilient and fault tolerant. All our customers run the same code-line globally, and all processing resources are shared.

When we make an improvement to the service, we roll that improvement out to all customers automatically.

It is a testament to the collective skill of our people and organisational structure that we have achieved such a competitive advantage in the enterprise SaaS market, and it is a key differentiator for us in this space.

In 2017, we introduced Insights, our real-time SaaS monitoring platform. Insights provides us with unprecedented visibility of the real-time performance and reliability of our SaaS environments and software, enabling us to rapidly analyse, detect and respond to issues faster than ever before. Insights connects our development teams directly with our customers, further strengthening the support process.

### Most trusted cloud

We know that our customers take the privacy and security of their data very seriously, and we are committed to building the world's most trusted cloud for enterprise software.

We have more than 24 years of continuous ISO 9001 accreditation. Our SaaS solution also holds certification for the following standards:

- ISO 27001:2013
- ISO9001
- ISAE 3402 SOC 1 Type 1
- ISAE 3402 SOC 1 Type 2
- ISAE 3000 SOC 2 Type 1

This year, we were recommended for ASD IRAP certification, further strengthening our offer to Australian federal government agencies. All customers receive the benefit of these certifications as part of the service, at no extra charge.

### TechnologyOne University

TechnologyOne University connects customers with simple and engaging learning and training resources for our software, providing self-paced learning and comprehensive training on any device, anywhere, at any time.

The TechnologyOne University replaces outdated paper user documentation, providing our customers with dynamic, real-time information that is always up-to-date and available to customers from within the software.

We launched TechnologyOne University at Evolve 2016, and it currently holds over 45 hours of high-quality video content. Our Learning Development team is constantly adding new content, which becomes immediately available to all customers through the power of eSaaS.

More than 270 customers have chosen TechnologyOne eSaaS to power their organisations. This reflects an increase of more than 50 per cent in customer numbers over the last 12 months, and we expect this rapid growth to continue in 2018.

In 2017 alone, more than 60 per cent of our implementation 'go lives' were SaaS, which is another significant shift away from on premise.





# OUR STRATEGY



# PRECONFIGURED ENTERPRISE SOFTWARE SOLUTIONS REDUCE TIME, COST AND RISK

## Our vision

### Transforming business, making life simple

We are here to build and deliver truly great products and services that transform business and make life simple for our customers.

This vision is underpinned by our beliefs, our dedication to customer experience and our leadership model.

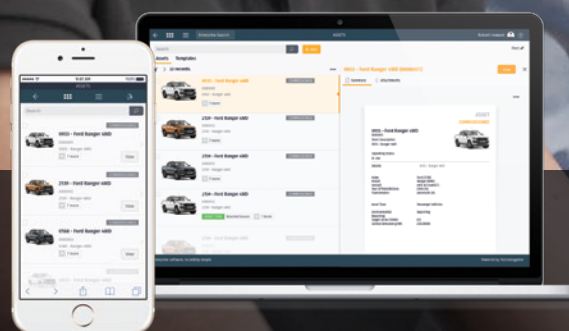
Our five core beliefs are: an enterprise vision, market focus and commitment, the power of one, the power of evolution and simplicity, not complexity.

At TechnologyOne, we know that without our customers, we have no business. Their experience defines our success. We also believe in leadership, not management. Our survival depends on our ability to set ambitious goals, and to lead and inspire our people to achieve great things.

As a large, successful company, we believe it is important to give back to the community. We have established the TechnologyOne Foundation as a way to pay it forward, and institutionalise giving for our company.

These initiatives come together to make up The TechnologyOne Way, which was first developed more than 30 years ago and continues to define the way we do business.

For more than 30 years, TechnologyOne's continued success has been a result of our clear vision, our beliefs, our supporting initiatives and our continuing growth.



*"We have a great partnership with TechnologyOne and we look forward to a long-lasting relationship."*



Scott Nichols  
Director of Student  
Administration,  
University of Canberra



# THE POWER OF A SINGLE, INTEGRATED ENTERPRISE SOLUTION

## Our core beliefs

### An enterprise vision

We believe in the power of a single, integrated enterprise solution built on a modern platform with a consistent look and feel.

### Providing a best-in-class enterprise solution

We have spent 30 years and hundreds of millions of dollars to deliver an enterprise vision, so that today we can provide best-of-breed products that come together from a single vendor to provide a total enterprise solution. Only through an enterprise solution can organisations really embrace the future of Software as a Service (SaaS) and smart mobile devices, and get the efficiencies they need across their complete organisation.

### Our leading-edge platform

Our comprehensive suite of software products is fully integrated and is designed to deliver a superior user experience.

Our software solutions are underpinned by our state-of-the-art Ci Anywhere platform, which provides the core functionality, security and a consistent user interface for each of our products, and enables our customers to access their information anywhere, at any time and from any device. This platform continues to evolve and adapt, allowing our customers to move forward easily.

### Market focus and commitment

We consciously choose to participate in only eight key markets. We have a deep understanding and engagement with these markets, which enables us to deliver to our customers integrated, preconfigured solutions that provide proven practice, streamlined implementation and reduce time, cost and risk.

### Eight key vertical markets

Our key vertical markets are: government, local government, education, health and community services, financial services, asset intensive industries, project intensive industries and corporates. With a deep understanding of these sectors and the ongoing development of our preconfigured solutions, we continue to succeed in these markets.

### Preconfigured solutions

TechnologyOne's range of 14 integrated products form the building blocks from which our preconfigured solutions are developed.

Developed in collaboration with hundreds of customers within our key markets, the solutions cover 80 per cent of each sector's requirements out of the box, leaving room to configure the software to a customer's specific needs.

This approach is faster, cheaper, safer and better than that adopted by our competitors.

### Deep industry knowledge

Each of our preconfigured solutions is developed by a team of specialists with an in-depth understanding of our key markets. We work closely with our sectors to stay abreast of current requirements, organisational and user challenges, legislation and emerging trends, ensuring our preconfigured solutions continue to lead the market.

This commitment to industry knowledge and experience ensures we remain a market leader.

### The power of one

One vision. One vendor. One code-line. One experience. We do not use implementation partners or value-added resellers. We take complete responsibility for building, marketing, selling, implementing, supporting and running our enterprise solution for each customer to guarantee long-term success.

### Our unique value proposition

When organisations invest in a TechnologyOne solution, they benefit from a direct relationship with us every step of the way. From the beginning, our remarkable people take ownership of a project and provide excellent ongoing service and support.

This makes us accountable to our customers, whether the focus is on business needs, underlying technology, on time and on budget implementations or excellence in support and customer service.

Unlike our competitors, we provide a single, integrated consulting capability to enable a safer, faster and more cost-effective time to delivery of our industry solutions. This is underpinned by the industry and product experience of our 300 consultants and the power of our Solutions Implementation Methodology (SIM).

### The power of evolution

We provide our customers a strong, continuing competitive advantage through an enterprise solution that adapts and evolves by embracing new technologies, concepts and innovation.

### Using technology for competitive advantage

Using new and emerging technologies to provide a competitive advantage was one of the founding principles when we began in 1987, and continues to be a major focus today.

For 30 years, we have successfully delivered a continuous and smooth technology transition that has seen TechnologyOne migrate our customers across a number of technology paradigms, from mainframe to client-server computing to the internet, to our Connected Intelligence (Ci) platform and more recently, Ci Anywhere. Ci Anywhere is built on beautiful design, and can be used by any business consumer, anywhere, on any device and at any time. It is powerful and simple to use, allowing our customers to realise the benefits of SaaS and smart mobile devices.

### Simplicity, not complexity

We embrace consumer concepts and expectations, which compels us to continuously innovate and deliver solutions that are incredibly easy to use.

### The elegance of doing more, with less

Simplicity is a philosophy we continue to embrace in everything we do for our customers. Our focus is to become known for software that is easy, simple and intuitive to use, and removes needless complexity. As a leader in the enterprise software market, we have always focused on transforming business. More importantly, we also aim to remove complexity to make our customers' working lives simple.

By embracing the simplicity of a SaaS model, we deliver our software in a high performing and secure manner, with highly available infrastructure that has redundancy built in at every level. Our customers no longer have to worry about running or updating their software and infrastructure. By removing the need to manage their computing environment, customers can focus on business, rather than the supporting technology.

AN ENTERPRISE  
VISION

MARKET FOCUS  
AND COMMITMENT

THE POWER OF  
ONE

SIMPLICITY,  
NOT COMPLEXITY

THE POWER OF  
EVOLUTION



# THE FUTURE OF ENTERPRISE SOFTWARE, TODAY



## Our initiatives

### Putting our customers first

#### Compelling Customer Experience program

Providing a compelling customer experience is fundamental to the way TechnologyOne does business and positions us well to attract customers away from our competitors. To achieve this, we continue to recognise that our customers are our compass for the decisions we make, the people we employ and the processes we create.

Delivering a compelling customer experience is our goal and we continue to invest in our Compelling Customer Experience (CCE) program, which provides our people with ongoing development and support in delivering outstanding customer experiences.

#### Application Managed Services

Our Application Managed Services (AMS) drives productivity and cost efficiencies for our customers through specialised services that deliver continuous improvement and lower cost application management. The AMS team has many years' experience in running our software and a deep understanding of our customers, enabling them to deliver outstanding outcomes and value.

This year, we expanded our AMS services to ensure that all customers benefit from the breadth of expertise our consulting team offers.

#### A culture of innovation, creativity and collaboration

We develop incredibly simple software solutions that empower our customers. This is where innovation and creativity in our R&D teams is key.

We create software that sets us apart from the rest and our developers are leaders in this regard. They challenge conventional thinking and go beyond the traditional realms of development methodology. Our state-of-the-art R&D centre and initiatives are designed to foster collaboration, creativity and innovation to provide the

platform for our future growth.

#### Our world-class R&D function

TechnologyOne has one of the largest Australian-owned R&D centres for enterprise software, with a dedicated team of more than 400 developers. Each year approximately 20 per cent of our revenue is invested into our substantial R&D program, which continues to produce leading-edge technology and provides our customers with a long-term, secure and valuable partnership.

As well as our Australian R&D centres in Brisbane and Perth, we have offshore R&D centres in Indonesia and Vietnam. This allows us to extend our capability and better support our customers and existing products.

#### Hack Days

In 2017, TechnologyOne continued its investment in innovation and culture, through company-wide Hack Days. TechnologyOne Hack Days encourage innovation, creativity and fun, providing an opportunity for employees to break down traditional silos and work on projects that are outside normal day-to-day work. Hack Days also enable us to showcase some of our emerging leaders, by giving our people the freedom to lead outside a traditional organisational structure.

All parts of the business are encouraged to participate in Hack Days, regardless of which team or region they are in. Some of the innovations that have come out of Hack Days have truly transformed the way we operate and have made our customers' lives simpler.

#### Collaborative facilities

In 2017, we unveiled our exciting new Hackspace as an extension of our HQ R&D Centre. The new 'project area' provides a collaborative workspace for aspiring interns, graduates and our people to innovate and develop leading, world-class software.

Throughout the year, our Village Green social areas continued to bring together our

employees across the globe, using state-of-the-art audio visual equipment and technology to connect all regional offices for Town Halls, Hack Days, R&D Showcases and other global company events.

With technology and design being at the forefront of the concept, the Village Green areas provide spaces in our offices to showcase the ongoing accomplishments and achievements of the company in an environment that reflects our products and values.

#### MARVELS

In 2017, we launched an annual awards program to recognise and reward high-performing employees. The awards assist in driving our high-performing culture, by providing employees with a benchmark to strive towards.

You can read more about our MARVELS program in the 'Employer of Opportunity' section of this annual report.

#### Creating global opportunities

With a network of 14 offices across Australia, New Zealand, Asia, the South Pacific and the UK, we provide employees with unique opportunities to further their careers both domestically and globally. By offering secondments and re-deployments across our offices, we are able to attract and retain remarkable people, and foster career development for our high performers.

#### Maintaining speed and agility through our unique R&D model

We are committed to a continuous cycle of redeveloping our software platform from the ground up every seven years, leaving no line of code untouched. This opens our mind to new ideas, concepts and technologies and ensures we are not limited by the past.

Over 30 years, we have completely redeveloped our software platform four times. Since the introduction of SaaS and smart mobile devices, the pace of change is accelerating and our software will continue to evolve at a market-leading pace.



### The power of best-in-class software

We ensure our software is easy to use and offers a wide range of features and functions. To achieve this, we promote ownership, innovation and commitment within our R&D teams, which results in awesome software that has an overwhelmingly positive effect on our customers' businesses.

### Enterprise Software as a Service

Our eSaaS solution is unparalleled in the market. We are the only vendor delivering an enterprise solution for the complete enterprise; it is a single instance of software, delivered globally, running thousands of customers' organisations. It produces massive economies of scale, which unleash cost efficiencies that hosting providers cannot come close to. Read more in the **Enterprise Software as a Service** section of this annual report (on pg 27).

### TechnologyOne Foundation

The TechnologyOne Foundation and our approach to charitable giving are key defining factors behind who we are as a company. Our aspirational goals for the TechnologyOne Foundation set the tone for our company culture and demonstrate the values we are looking for in future employees.

### Opportunity International Australia

This year we signed a partnership with Opportunity International Australia (Opportunity), setting a goal to help 500,000 children and their families free themselves from poverty over the next 15 years through an innovative, entrepreneurial approach to charitable giving.

The partnership with Opportunity will provide small loans to enable families to grow businesses, earn regular incomes and create safety nets for the future. As 98 per cent of these small loans are repaid and then re-lent to other families, the impact creates a ripple effect within communities.

Read more in the **TechnologyOne Foundation** section of this annual report (on pg 61).

### Evolve user conference

In 2016, we delivered our Evolve user conference on 18 – 21 October at the Brisbane Convention and Exhibition Centre. This brought together more than 2,300 attendees including customers, employees and industry experts, and featured 122 sessions presented by 117 speakers across 12 streams.

Taking place at the beginning of a digital revolution, the theme of Evolve 2016 was to inform and prepare TechnologyOne customers and prospects about how they can take advantage of a cloud first, mobile first world, transform their business and gain a substantial competitive advantage by leveraging leading technologies.

The 2016 event was our largest and most successful Evolve to date, and was

nationally recognised as an award-winning initiative at the 2017 Australian Business Awards.

Aside from driving positive customer and employee sentiment, Evolve also generated widespread media interest. Evolve positioned TechnologyOne as a leading technology and enterprise software company, shining a spotlight on the technology industry in Australia for the duration of the event. The success of the event, and of TechnologyOne, demonstrates that it is possible for a successful technology company to be headquartered in Queensland and Australian owned.

### Showcase

Capitalising on the success of Evolve, TechnologyOne Showcase took a condensed

version of the Evolve user conference on the road to several capital cities in Australia. This was rolled out in 2017 and will continue throughout 2018.

The 2017 Showcase events offered customers and prospects an opportunity to join industry leaders and peers to discover how TechnologyOne is transforming business with the evolution of our enterprise Software as a Service.

During the three events held throughout the financial year, we showcased the latest industry trends and insights, and unveiled new software developments.

Showcase has proven highly successful, engaging more than 700 unique customers and creating a pipeline of sales opportunities.





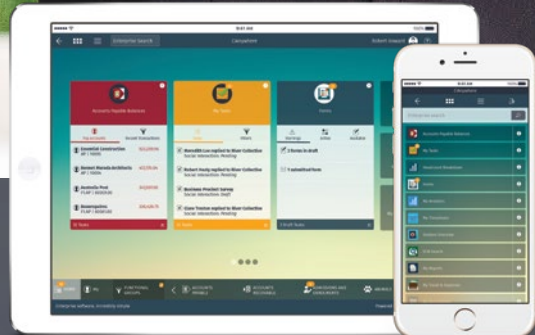
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# OUR GROWTH

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# ENTERPRISE SOFTWARE AS A SERVICE



*"Having an enterprise solution has enabled us to gain a broader and clearer picture of how our organisation is performing."*



Steven Welsh  
IT Officer  
Corangamite Shire Council

## Our Growth

### Software as a Service

We believe our ongoing investment in the latest technologies has provided us with a significant competitive advantage. Our continuing success in recent years has been underpinned by the incredible growth of our Software as a Service (SaaS) business, which has doubled every year since 2015. In 2017, over 90 per cent of new customers opted for SaaS.

We expect this trend to continue, with SaaS to be a significant source of growth in future years. Our enterprise SaaS solution is a clear market leader, as we are the only enterprise vendor to offer a true enterprise SaaS solution across the entire enterprise. We own, build and support our software, unlike many other software providers that use cloud hosting. These providers handcraft each customer's environment with no shared benefits or economies of scale.

### Expanding within our geographies

We have 14 offices globally, located in each state and territory of Australia, as well as the United Kingdom, New Zealand, the South Pacific and Asia.

Our success has been achieved because of our ability to adapt the company to meet the differing needs of customers in each region. In particular, we adapt our sales strategies within our regions as we identify new and ongoing needs.

As we continue to build on our outstanding success and consistent growth in Australia and New Zealand, we are also capitalising on the strong growth of our SaaS solution in the United Kingdom. We are continuing to increase our market share in the UK's local government and higher education sectors, and we expect this will contribute significantly to our growth in the years to come.

We are also looking to expand into other geographies in the future, as we have built a global software platform that positions us well for growth.

### Expanding within our vertical markets

We operate within eight specific vertical markets that provide room to expand our customer base and grow our solution footprint, adding value to customers.

We have experienced continued success and expansion within each of our markets. Our preconfigured solution approach is fundamental to the ongoing penetration within these markets. We currently offer more than 24 preconfigured solutions.

Through SaaS, we have been able to penetrate our key vertical markets more deeply, by delivering services to customers we previously wouldn't have targeted for an on premise solution. Organisations that do not have the technical capability or resources to roll out our software on premise can now easily implement our enterprise SaaS solution.

### Adding value to existing customers

We support our customers with a dedicated sales and marketing approach, which keeps them informed about the latest developments and referential experiences from peer TechnologyOne customers.

Our customers benefit from our culture of ongoing improvement, excellent technology and innovative business models. We listen to our customers and make sure we understand their needs, meet their priorities and enable ongoing improvements in their business processes. This ensures we are able to build proven practice into our solutions and can provide our customers with the best software and services available.

Building on this partnership approach, the TechnologyOne Customer Community has transformed our support experience. The Customer Community provides a world-class support experience to customers through a dynamic community of TechnologyOne experts and customers. It enables our customers to influence product direction, keep up-to-date with

industry news and collaborate with other TechnologyOne customers.

Our investment in strategic events including regional Showcases and the Evolve user conference also ensures our customers benefit from a strong community and have the opportunity to collaborate with experts and executives from all areas of the business.

### Expanding our product range and depth

TechnologyOne currently boasts one of the most comprehensive enterprise software suites in the world. We are continuing to extend our product offering through the development of additional features and functions.

This year we integrated several pieces of additional functionality we have acquired in recent years, including Jeff Roorda & Associates' Strategic Asset Management solution, Digital Mapping Solutions' Spatial software and ICON Software's ePlanning application and planning solution for local government.

These acquisitions have exceeded our expectations, enabling us to strengthen our solutions and add value to existing customers.

Thanks to our continued investment in re-engineering all our products for Ci Anywhere, customers can enjoy the same functionality of our software regardless of the device they are using. By making enterprise software incredibly simple, Ci Anywhere allows us to further expand our footprint in our existing customer base.

We are working closely with our customers to ensure we continue to meet their ongoing business needs and provide an increasing range of functions within our enterprise solutions.



# TECHNOLOGYONE 30 YEARS AT A GLANCE

## Celebrating 30 years of success

This year, we celebrated 30 years since TechnologyOne was founded by Adrian Di Marco in the front of a hides processing plant in the industrial suburb of Hemmant, with the financial backing of J L Mactaggart Industries.

More than three decades later, TechnologyOne is now Australia's largest enterprise software company, sitting in the top 150 listed companies on the ASX and catering to a global customer base.

Since our founding in 1987, we've grown from two employees to over 1,200. We've gone through four generations of software, from green screen to SaaS and smart mobile devices. We've expanded to 14 offices across Australia, New Zealand, South Pacific, Asia and the United Kingdom. We've seen our Evolve user conference grow from 30 participants to over 2,300 delegates.

Over the years, we've survived many upheavals and have thrived through our ability to embrace change, and evolve our software and our business. We launched onto the Australian IT scene in the dot-com era with our remarkably successful listing on the ASX, were unscathed by the dot-com bust of the early 2000s, made it through a global financial crisis and have stayed ahead in an industry known for fast-paced, never-ending change.

Officially joining the ranks of the ASX 200 in 2014, we have enjoyed record revenues for the past 18 years, and reached \$1.8 billion market capitalisation in the last financial year. We continue to double in size every four to five years and are making strong headway into global markets such as the UK.

"I am proud of what we have achieved over the last 30 years, but I am even more excited about what we will create in the next 30 years." Adrian Di Marco, TechnologyOne Executive Chairman





## 1987

TechnologyOne founded in a demountable office at a hide processing plant in the Brisbane suburb of Hemmant, with the backing of J L Mactaggart Industries. Becomes one of the earliest developers in the world to use relational database technology.

## 1988

Moves to new offices in Benson St, Toowong.

## 1991

Releases first product, TechnologyOne Financials (known at the time as FinanceOne).

## 1992

Holds first user conference. College Administration System (CAP) for TAFE Queensland goes live. Signs first government customers. Signs first New Zealand customer.

## 1997

FinanceOne outrates all competing products in survey conducted by Gartner Group research division, Dataquest, for the second consecutive year.

## 1998

Opens office in Melbourne.  
Signs first Community Services customer.  
Signs first Health customer.

## 1999

Lists on the Australian Securities Exchange (ASX). Signs 100th customer. Student Management (previously called StudentOne) goes live at its first site. Showcases Release 10 of FinanceOne at user conference.

## 2000

Moves to new purpose-built headquarters in High St, Toowong. Auckland, New Zealand, Kuala Lumpur and Malaysia offices open.

## 2001

Adrian Di Marco receives Entrepreneur of the Year award. Receives the ESRI's New International Business Partner of the Year award. Develops infrastructure to support Business to Business (B2B) e-commerce.

## 2002

First sale of TechnologyOne Property and Rating (then called ProclaimOne). Launches TechnologyOne Supply Chain. Canberra office opens. Participates in a government funded trade mission to the UK.

## 2005

Completes Connected Intelligence (Ci) platform, and releases first new product on this platform, TechnologyOne Financials. Releases TechnologyOne Works and Assets solution.

## 2006

Opens first office in the United Kingdom. Undertakes major sponsorship with Education Queensland for the 2006 Education Queensland Showcase Awards for the third consecutive year.

## 2010

Adrian Di Marco is awarded the highest honour by the Australian Computer Society in recognition of distinguished contribution in the field of ICT in Australia. New international headquarters in Fortitude Valley.

## 2011

Launches OneBanking in partnership with Police and Nurses Credit Society. Partners with QUT to develop the Student Management Application Event Module.

## 2012

Releases TechnologyOne Cloud. Fourteen local government customers switch to OneCouncil preconfigured solution for local government.

## 2013

Launches OneFRS, an enterprise software solution for the United Kingdom's emergency services market.

## 2014

Releases Ci Anywhere, which runs across mobile devices, laptops and PCs. Hits \$1 billion market capitalisation and enters S&P/ASX 200 Index.

## 2015

Adrian Di Marco is included in SmartCompany's 2015 list of top 10 most influential people in the Australian IT industry. Adrian Di Marco is inducted into the Pearcey Hall of Fame. Adrian Di Marco is named one of 2015's top 10 CEOs by AFR Boss.

## 2016

Launches TechnologyOne Foundation to establish charitable giving as a long-term company initiative. Wins Cloud Innovation, Mobile Innovation and Employer of Choice prizes at Australian Business Awards.

## 2017

Adrian Di Marco announces he is stepping down from CEO role, but will remain Chairman of TechnologyOne. Edward Chung is new CEO.

*Celebrating*  
**30**  
YEARS  
technologyone





# OUR OPERATIONS





## Stuart MacDonald

### Chief Operating Officer

Our unwavering strategy has been to invest in our people and develop our products to fully support our customers.

### Achievements in FY2017

#### Building industry expertise

This year, we invested significant time and effort in reorganising our structure to vertically align it with our eight key industries. This has increased our focus on our core strengths and built our IP in each of these industries.

Equipped with this enhanced market expertise, we're able to add more value in conversations with our customers. It has ensured our customers and prospects derive greater benefits from us as long-term strategic partners, as we provide solutions to our customers' problems, not just software.

#### Alignment of sales and consulting

In keeping with our vertically-aligned structure, the sales and consulting operations have undergone some changes to ensure they are structured under a similar 'industry-aligned' model.

Both our sales and consulting teams welcomed new leadership this year, with our new Operating Officers bringing extensive market experience from global ERP software companies. These teams now report to the Chief Operating Officer, allowing better alignment between these two parts of the business.

The United Kingdom's Operating Officer now reports to the Chief Operating Officer, allowing us to better align the region with the Australian business.

As we extend the partnership between sales and consulting, we will also strengthen

relationships with existing customers. It will also enable us to build on our 'OneSolution' philosophy, and enhance the IP built into our industry solutions.

This vertical alignment and close working relationship with sales is allowing the consulting business to build a stronger foundation for profitability.

### Marketing

During 2017, we leveraged our vertical market strategy to launch several international marketing campaigns, utilising traditional and digital marketing tools such as billboard advertising and geofencing technology. These campaigns generated heightened brand awareness and promoted our capabilities in our core growth markets.

The marketing team also delivered a number of key events, including our Evolve user conference and regional Showcase events, the former of which was recognised by the Australian Business Awards as an award-winning initiative that demonstrated marketing excellence.

### Strategy

In the 2018 financial year, our operational focus will be on continuing to build on our vertical approach, after establishing a solid foundation this year. This will involve developing expertise within our customer-facing teams, and building IP into our industry solutions.

We will also enhance the scalability of our organisational structure and generate greater operational efficiencies, to capitalise on the success of our SaaS solution and the rapid growth it has driven. Our investment in these activities will enable us to deliver on our Compelling Customer Experience philosophy, and maintain our strong 99 per cent customer retention rate.







John Ruthven

**Operating Officer - Sales**

We've seen an acceleration in the adoption of Software as a Service (SaaS) solutions, and this has been driven by our customers, marking a clear validation for our SaaS and industry strategy.

**Key strategic wins**

This year was a milestone year for TechnologyOne, a marked pivot point in the transition from perpetual licences to SaaS. Key wins throughout the year included:

- Department of Industry, Innovation and Science (DIIS)
- Statistics New Zealand
- Sydney Motorway Corporation
- Moreton Bay Regional Council
- Victoria University
- Australian Catholic University
- WA Tafe
- University of Sussex

We also signed a number of new local government customers resulting from the NSW amalgamations, such as Inner West Council and Mid Coast Council. Our performance in the various NSW amalgamation tenders was unprecedented, dominating the market with success in every tender we contested.

As well as signing a number of new customers, we expanded our solution footprint in our existing customer base.

**Strategic approach for 2018**

The year ahead is focused on accelerating our growth and momentum and the ongoing transformation of our sales organisation across a number of initiatives:

- Deepening our industry market focus to become more relevant to customers as a long-term strategic partner and driving customer-centric engagement.
- Optimising the sales coverage model and utilising our modern sales platform to increase demand generation, pipeline build and deal velocity.
- Enhancing our programmatic approach to helping existing and new customers; assessing their readiness for moving to the cloud and leveraging the significant benefits of a SaaS environment.



Nancy Mattenberger

**Operating Officer - Consulting**

The traditional model of having a separate software vendor and third-party consulting partner is a broken model. No one party is accountable for the customer's successful outcomes, and third-party consulting firms build their business around the amount of consulting fees they can charge customers.

TechnologyOne provides a total solution and is fully accountable and responsible

for delivering our software and services to customers. New releases and upgrades are included as part of this total solution, guaranteeing it will be future proof.

Our consulting group is deeply engaged with our sales group, and are specifically aligned to our eight vertical markets based on their in-depth knowledge, customised training and deep industry engagement.

Our consultants know how to configure our software effectively and properly, not just for now, but with an understanding of where our R&D is headed in the next five years and beyond.

**Delivering value to our customers through our industry solutions**

Our solutions are more than software - they're an end-to-end solution encompassing infrastructure, security and services to guarantee our customers' long-term success.

Our consulting team provide this holistic service faster, better, quicker and cheaper than anyone else because they are deeply engaged with both our sales and R&D teams, ensuring that customers can influence the way our products are developed. Our consultants partner with

customers, so that they can participate in the software journey.

This commitment to a 'Power of One' model ensures we continue to deliver a compelling customer experience to our customers, and is key to our strong 99 per cent retention rate.

This approach saw the successful completion of more than 100 customer go-lives in 2017, including:

- Commonwealth Director of Public Prosecutions
- Cumberland Council
- Australian Rail Track Corporation
- West College Scotland
- New Zealand Racing Board

**Strategic direction in FY2018**

We recognise that customers implementing new products have different requirements to those seeking consulting services to optimise their existing solutions. As such, our strategy for consulting has been to set up two business units: one for new customers and one for existing customers. This separation has enabled each business unit to excel in delivering outcomes for all customers.



Tony Ristevski

**Operating Officer - Corporate Services**

This year, we placed a continuing emphasis on cost discipline and efficiency improvements to streamline our end-to-end finance processes. Having greater discipline and enhanced frameworks has improved our forecasting and budgeting processes.

We also worked with the leadership team to set up parameters for cost management, ensuring it is a devolved responsibility across the entire business. This enables us to maintain a scalable business model.

**Audit and risk**

In FY2017, we expanded our audit and risk capability, to provide more rigour around our processes and proactively manage all aspects of corporate governance.

We also appointed a Company Secretary, whose sole focus is to support the business of the Board, as we continue to climb the ASX ranking lists.

**IT**

To support our global operations, we improved internal communications and global connectivity across our offices, and the IT team was instrumental in delivering this. By adopting cutting-edge technologies, our IT function seamlessly connected all offices during global events such as Hack Days, Town Hall Meetings and the MARVEL awards.

**Legal**

This financial year we streamlined our contract processes and simplified our standard agreements to make the contract process more efficient. We also increased our rigour around contract risk to ensure we are delivering to commercially-prudent terms.

**Strategic direction in FY2018**

In the next 12 months, Corporate Services will facilitate the overhaul of our systems and processes for our consulting practice. We will further intensify our cost discipline and margin improvement. A key supporting element of this will involve refining our financial processes, enabling us to become more efficient and automated.

Corporate Services will also provide oversight of the growth of our Software as a Service business, to ensure the continued success of our cloud first, mobile first vision.

We will continue to develop our processes in line with business expansion, to ensure our risk framework is always ahead.



Roger Phare

**Operating Officer - United Kingdom**

The United Kingdom operation continues to grow, establishing a foundation for the expansion of our solution footprint in our key vertical markets.

Building out our capability and capacity to support current and future growth has been a major focus in 2017. This involved more than doubling the size of our UK-based cloud, support and consulting teams, and significantly investing in training and onboarding our people.

**Key strategic sales successes in 2017**

We experienced significant sales growth in the education sector, after establishing a strong pipeline in 2016. Throughout the year we signed two new Student Management sites and one new Financials customer in the sector.

In another of our key markets, local government, we secured three new customers.

**Future outlook**

The UK operation has established a critical mass with 50 customers in the region. We have become a key contender in our major markets of local government and higher education.

To ensure we continue delivering a compelling customer experience to our growing customer base, in 2018 we will focus on investing in our consulting capability; this will enable us to scale the business and support customers across the region.

Delivering against the company's cloud first, mobile first vision, our focus over the next 12 months will be to transition our on premise customers to the TechnologyOne Cloud. We expect the TechnologyOne UK customer base to be 100 per cent cloud delivered by early 2019.





# EMPLOYER OF CHOICE





**EMPLOYER  
OF CHOICE  
WINNER 2017**

As a nationally-recognised Employer of Choice, TechnologyOne is committed to providing an environment in which our talented people can be innovative, creative and realise their full potential.

Our people are a crucial source of our competitive advantage, and we strategically invest in activities that support the recruitment, retention and development of individual talent within our workforce.

This year, TechnologyOne received more than 15,000 recruitment applications, processed 33 promotions and facilitated 20 international secondments, many of which were employee-initiated.

### Extensive onboarding and training

TechnologyOne hires passionate, talented and innovative people who are inspired to think about the future - their future, the company's future and the future of our customers.

Our comprehensive onboarding program provides the best possible start for our people in their careers at TechnologyOne. Delivering training in leadership, technical and professional skills development, the TechnologyOne College continues to support our commitment to developing our people and growing their careers.

### Graduate program

Our expanding graduate and intern programs will continue as the foundation of our talent pipeline into the future, and we have developed strategies for investing in and valuing our high performers.

This year, we onboarded 20 new Research & Development (R&D) graduates across Australia. These graduates work very closely with the company's top engineers, providing them with valuable skills and experience.

### Industry partnerships

As Australia's leading Software as a Service company, we are committed to actively fostering a diverse and vibrant ICT industry. We want to create interest around this exciting time in Australia's economy and ensure we are engaging early with Australia's youngest and brightest minds in Science, Technology, Engineering and Maths (STEM).

As part of this commitment, we sponsor the QUT Dean's Scholars Program and the UQ School of Information Technology and Electrical Engineering (ITEE) ICT Excellence (Prentice) Scholars Program, with many of these students being channelled into our award-winning internship program.

We also partner with the Australian Computer Society (ACS) Foundation to sponsor the national BiG Day In™ series, which is aimed at high school and university students who are interested in careers in technology. Our goal in sponsoring BiG Day In™ is to inspire school-aged students to pursue careers in the IT industry.

### Equal opportunity

TechnologyOne takes diversity and inclusion seriously, and we continue to review and enhance our offerings based on best practice.

We advocate equal opportunity for all, and are committed to addressing the shortage of female technology workers in Australia. To achieve this, we provide equal pay opportunities for men and women in our workplace and have a zero-tolerance policy of discrimination and harassment of any kind.

Recruitment and promotion within TechnologyOne is based only on the relevant skills, experience, qualifications, aspirations, potential and aptitude of the applicants.

Our participation of women at TechnologyOne is at 33 per cent, placing us among the best globally in the IT industry. However, we are committed to increasing this further, through strategic partnerships with industry bodies that encourage female participation in STEM. In doing so, we play a lead role in growing a more diverse pipeline of future candidates to work in STEM and at TechnologyOne.

Some of the key programs TechnologyOne supported this year include the Tech Girls Movement and the Queensland Women in Technology Awards.





## Reward and recognition

We believe it is important to recognise and reward top talent, in order to maintain our high-performing culture. In 2017, we initiated the TechnologyOne MARVEL awards as a way to celebrate employees who go above and beyond. The MARVELs showcase ordinary people, doing extraordinary things.

MARVEL stands for Merit, Achievement, Recognition, Values, Excellence and Leadership. Categories for the MARVEL awards are centred around our key initiatives. These include:

- Leader of the Year
- Compelling Customer Experience of the Year
- Hack of the Year
- Rookie of the Year
- TechnologyOne Superheroes

Winners of the MARVELs receive company-wide recognition, and are inducted into TechnologyOne's League of Extraordinary People.

## Capability development

As we continue to transform our customers' businesses and make their working lives simple, we remain focused on implementing innovative people programs to hire, retain and develop a high-performing workforce.

In the 2017 financial year, we ran 519 training programs, with a total of 3,468 attendees. The TechnologyOne College continues to develop our training programs, to ensure we are providing our people with avenues to develop their skills and careers.

## Employee engagement

At TechnologyOne, we value our employees' right to have their say. This year, we conducted an employee engagement survey, which provided a channel for our people to be heard. The results of the survey will be used to influence ongoing enhancements to our initiatives and programs.

To improve communication across our global offices, we conducted regular Town

Hall Meetings in FY 2017. These enable our executive team to share major company updates with all employees at once, connecting all offices by leveraging our state-of-the-art facilities and leading technology and audio visual equipment.

As highlighted in 'Our Initiatives', we also continued our investment in Hack Days, which provide employees with the opportunity to collaborate across functional teams and work on projects that are outside their normal day-to-day work. These Hack Days are key in driving our culture of innovation and creativity.

## Our Community Sports program

We support our people in sporting events to encourage health, well-being and charitable fundraising. It has been one of the biggest years for our TechnologyOne athletes, with 265 people competing in 12 different sports across 19 events. Our people competed in events such as the Queensland Corporate Games, MS Moonlight Walk, City 2 Surf, Round the Bays, Oxfam Trailwalker and Melbourne Marathon.

## Our Corporate Sustainability scheme

TechnologyOne has a strong commitment to managing our business operations in an environmentally responsible manner. Our headquarters in Brisbane's Fortitude Valley is a six-green-star environmentally-rated building. The building includes numerous environmentally-rated sustainable development features, including 50 per cent more fresh air than standard commercial buildings, CO2 monitoring, external views to maximise daylight, energy efficient lighting, dedicated exhausts in photocopier areas, a gas powered generator and a large rainwater collection area on the roof to supply water for the toilets and garden irrigation.

Our people are also encouraged to access and adhere to our Environment Policy. It outlines our commitment to providing an environmentally-responsible workplace, ways to engage in sound workplace practices through reducing waste, and the considered use of energy and resources.





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technology**one** | foundation

unite | donate | participate

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technologyone | foundation

unite | donate | participate

PLEDGE  
1%

OUR GOAL IS TO GET OVER  
500,000  
CHILDREN OUT OF POVERTY

As a large, successful company we have the capability and capacity to make a difference. The TechnologyOne Foundation establishes charitable giving as a long-term initiative, and defines who we are as a company. It reflects our values, culture and who we aspire to be, and demonstrates the attributes we are looking for in future employees.

Representing a multi-million-dollar annual commitment, the TechnologyOne Foundation is committed to making a difference to underprivileged and at-risk youth in our communities, by empowering them to transform their lives and create their own pathways of success.

#### The 1% pledge

The driving initiative of our foundation is the 1% pledge, committing us to donating 1% of time, 1% of profit and 1% of product.

This initiative is part of the Pledge 1% corporate philanthropy movement, dedicated to making the community a key stakeholder in every business. Pledge 1% encourages and challenges individuals and companies to pledge 1% of profit, product and employee time for their communities. It's a small commitment today that can make a huge impact in our communities tomorrow.

As part of our 1% pledge initiative, 1% time offers all employees up to 2.5 days leave per year to volunteer during work hours for selected charitable organisations. Through the 1% product, our commitment is to donate 1% of licence fee revenue each year, making it easier for not-for-profit organisations to access our solutions and take advantage of the efficiencies they bring, extending the impact of their services and the work they do in our communities.

The 1% profit component commits us to donating 1% of annual profit to our charity partners, supporting our vision of changing the future by empowering underprivileged and at-risk youth to transform their lives.

We also partner with a number of key charities including Opportunity International Australia, The School of St Jude, The Fred Hollows Foundation, Mission Australia and The Salvation Army. This strategic approach to charitable giving enables us to make a bigger difference to the causes we support.

#### Opportunity International Australia

Through our partnership with Opportunity and its innovative approach to microfinance, we are transforming communities and helping families leave

poverty behind. Our annual grant to Opportunity aims to help 500,000 children and their families free themselves from poverty over the next 15 years through microfinance. The TechnologyOne partnership with Opportunity will provide small loans to enable families in India to grow businesses, earn regular incomes and create safety nets for the future.

With a small loan to start a small shop or purchase seeds to plant a vegetable farm, for example, families are able to transform their lives and their children's futures.

Since 98 per cent of small loans are recycled, the impact creates a ripple effect within families and their communities.

The TechnologyOne Foundation is underpinned by our partnership with Opportunity International Australia (Opportunity). Together with Opportunity, we have set an ambitious goal to help 500,000 children and their families free themselves from poverty.

#### How we make a difference

##### Employing others

As small businesses grow, some go on to employ others in order to keep up with demand. As these jobs are created, other local families are given an opportunity to leave poverty behind too – delivering goods door-to-door or helping with sewing or weaving orders.

##### Boosting local communities

With an increased income and therefore more money to spend on items such as food and transport, families who used to live in poverty become active participants in their local economies, benefiting the providers of those products and services, who, positively, are often microentrepreneurs themselves. By boosting local economies, microfinance benefits developing communities beyond the aid of a one-time handout.

##### Creating change

With the new sense of dignity and respect that comes from having their own business, microentrepreneurs are also able to use their influence to bring about positive changes in their communities – rallying local government for improvements to infrastructure or education and bringing local families together to take on community projects.

#### In 2017 we:

- Signed a partnership with Opportunity International Australia to break the poverty cycle for generations
- Made a substantial contribution to The School of St Jude's e-learning and technical programs, enabling the school to purchase three new servers, and update a computer lab of 25 laptops with the latest Windows and Microsoft Office licensing
- Committed to a three-year partnership with The Fred Hollows Foundation to support the Vietnam Child Eye Care program, which aims to eradicate avoidable blindness in all school-aged children
- Continued support for 20 ongoing disadvantaged youth programs through The Salvation Army and Mission Australia across Australia, New Zealand and the United Kingdom
- Supported World Vision's work with children, families and communities to overcome poverty and injustice

In addition to our major charity partners, we supported a number of other worthy charities and causes including:

- Yayasan Kemanusiaan Ibu Pertiwi (YKIP)
- Bond University Indigenous Program
- Mater Foundation
- Substation33
- R U OK? Day

Together with The Fred Hollows Foundation, the TechnologyOne Foundation is restoring sight, fighting for change and empowering communities. Our joint commitment to the two-year Vietnam Child Eye Care program will improve eye health for all Vietnamese primary and secondary school children by encouraging healthy eye care practices to prevent visual impairment.

#### Who will benefit?

- 210 primary schools, including 6,581 teachers and 146,326 students
- 150 secondary schools, which includes 5,446 teachers and 102,614 students
- 200 eye care workers will be trained in primary eye health and 12,027 teachers and school staff will be trained in basic eye health during the project cycle





# FINANCIAL STATEMENTS



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, or during, the year ended 30 September 2017.



Adrian Di Marco

*B Sc, MAICD, FACS*

Appointed 8 December 1999.

Experience and expertise

Mr Di Marco founded TechnologyOne in 1987, after extensive experience in the software industry in the area of large scale fixed time and fixed price software development. Mr Di Marco has over 35 years’ experience in the software industry. He has been responsible for all operational aspects of TechnologyOne, as well as the strategic direction of the company.

Mr Di Marco has played a major role in promoting the Australian IT industry, and is a past director of the Australian Information Industry Association, the industry’s peak body. He has been a director of a number of IT companies. He has also been actively involved in charitable organisations, and is a past director of the Royal Children’s Hospital Foundation Board. He is a member of the Australian Institute of Company Directors and a Fellow of the Australian Computer Society. Mr Di Marco has received extensive recognition for his contribution and pioneering work for the IT industry. He remains a major shareholder of TechnologyOne.

Mr Di Marco is the Executive Chairman of TechnologyOne, and Chief Innovation Officer for the company. He continues to work with the executive team and Board. He continues to focus on strategy, innovation and creativity to ensure the company continues to build future platforms for strong growth.

Special responsibilities

Chairman of the Board, and Chief Innovation Officer.

Interests in shares and options

31,372,500 ordinary shares in Technology One Limited held beneficially through Masterbah Pty Ltd. 6,000 ordinary shares in Technology One Limited held via family trust.

Directors

The following persons were Directors of Technology One Limited during the financial year and up to the date of this report:



Ron McLean

Appointed 8 December 1999.

Experience and expertise

Mr McLean has more than 40 years’ experience in the enterprise software industry including holding Senior Executive and Managing Director roles in several international and Australian software companies.

His involvement in the enterprise software industry has included leading and managing software development, consulting and sales and marketing teams.

Mr McLean joined the Board as a Non-Executive Director in 1992 was appointed as the General Manager in 1994, as Chief Operating Officer in 1999 and was then promoted to Chief Executive Officer of Operations in 2003.

Mr McLean retired from this role at TechnologyOne on 15 July 2004 and remains a Non-Executive Director.

Interests in shares and options

101,000 ordinary shares in Technology One Limited held beneficially through RONMAC Investments Pty Ltd. 40,000 ordinary shares in TechnologyOne held via a pension fund.



John Mactaggart

*FAICD*

Appointed 8 December 1999.

Experience and expertise

Mr Mactaggart’s experience spans industries such as agriculture, agri-tech, manufacturing and software. He is a co-founder of Brisbane Angels, and an active investor and mentor in a large number of entrepreneurial ventures. Mr Mactaggart played an integral role in the creation, funding, and development of TechnologyOne and remains a major shareholder. Mr Mactaggart has been a Fellow of the Australian Institute of Company Directors since 1991.

Interests in shares and options

42,872,500 ordinary shares in Technology One Limited held beneficially through JL Mactaggart Holdings Pty Ltd. 30,000 ordinary shares in Technology One Limited held via family trust.



Kevin Blinco

*B Bus, FCA*

Appointed 1 April 2004.

Experience and expertise

Mr Blinco is a former director and chairman of business advisory accounting firm Moore Stephens Brisbane Ltd. He has over 30 years’ experience in the areas of business services and planning, investment strategies, management and financial advice. Mr Blinco is a director of a number of unlisted companies. His expertise is broadly respected and acknowledged throughout the business community. He is a Fellow of the Institute of Chartered Accountants and a Member of the Institute of Company Directors.

Special responsibilities

Chairman of the Audit Committee and Remuneration Committee.

Interests in shares and options

260,000 ordinary shares in Technology One Limited held beneficially through Autun Pty Ltd ATF Blinco Accumulation Superannuation Fund.





Richard Anstey

FAICD, FAIM

Appointed 2 December 2005.

Experience and expertise

Mr Anstey has more than 35 years experience in IT and telecommunications industries and in associated investment banking and funds management roles. Most of his career he has been building and managing his own companies. The first, being Tangent Group Pty Ltd, established a strong reputation for software and strategic advice for the banking and finance sector. After the sale of Tangent, he co-founded inQbator which became iQfunds as an early stage investment group focused upon the technology, telecommunications and life sciences sector. iQFunds has managed three federal government backed seed funds, the last being iQFund 3, and has invested in over 30 companies over the past 15 years.

Mr Anstey now continues his career in venture capital and corporate advisory roles through iQFunds. Mr Anstey is a Director and Non-Executive Chairman of Veriluma Limited (ASX: VRI).

Special responsibilities

Chairman of the Nomination Committee.

Interests in shares and options

25,500 ordinary shares in Technology One Limited.



Jane Andrews

PhD, GAICD

Appointed 22 February 2016.

Experience and expertise

Dr Jane Andrews joined the Board in 2016, bringing more than 15 years' leadership experience in research and innovation-based organisations.

As a founder and investor in numerous innovative companies, Dr Andrews has extensive experience in corporate strategy, entrepreneurship, commercialisation, innovation, research and development.

Dr Andrews is a Graduate of the Australian Institute of Company Directors, holds a PhD in Life Sciences, a Bachelor of Science (First Class Honours) and a Graduate Diploma in Applied Finance and Investment.

Interests in shares and options

26,000 ordinary shares held in Technology One Limited held beneficially through the Sarabande Zenith Jewel Trust.



Stephen Kennedy

Company Secretary

BBus, FGIA

Appointed 13 April 2017.

Mr Kennedy was appointed Company Secretary on 13 April 2017 and has been employed with TechnologyOne since January 2017.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 September 2017, and the numbers of meetings attended by each director were:

	Full meetings of Directors (Board)	Meetings of committees		
		Audit	Nomination	Remuneration
A Di Marco	11	-	-	-
R McLean	11	4	-	-
J Mactaggart	11	-	3(4)	3(4)
K Blinco	11	4	4	4
R Anstey	10(11)	4	4	4
J Andrews	10 (11)	4	4	4

Where a director did not attend all meetings of the Board or relevant committee, the number of meetings for which the director was eligible to attend is shown in brackets. In sections where there is a dash, the director was not a member of that committee.

Principal activities

The principal activity of Technology One Limited (the Company) during the financial year was the development, marketing, sales, implementation and support of fully integrated enterprise business software solutions, including:

- TechnologyOne Enterprise Asset Management
- TechnologyOne Financials
- TechnologyOne Human Resource and Payroll
- TechnologyOne Enterprise Budgeting
- TechnologyOne Supply Chain
- TechnologyOne Property and Rating
- TechnologyOne Student Management
- TechnologyOne Business Intelligence
- TechnologyOne Enterprise Content Management
- TechnologyOne Performance Planning
- TechnologyOne Spatial
- TechnologyOne Enterprise Cash Receipting
- TechnologyOne Stakeholder Management
- TechnologyOne Business Process Management

Dividends - Technology One Limited

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

	2017 \$'000	2016 \$'000
Final dividend for the year ended 30 September 2016 of 5.09 cents (2015 - 4.63 cents) per fully paid share paid on December 2016 (2015 - December 2015)	15,947	14,390
Special dividend for the year ended 30 September 2016 of 2.0 cents (2015 - 2.00 cents) per fully paid share paid on December 2016	6,265	6,213
Interim dividend for the year ended 30 September 2017 of 2.60 cents (2016 - 2.36 cents) per fully paid share paid on June 2017 (2016 - June 2016)	8,158	7,355
	30,370	27,958

Review of operations

Please refer to Letter to Shareholders on page 11.

Corporate structure

The Technology One group of companies consists of the following:

- Technology One Limited
- Technology One New Zealand Limited
- Technology One Corporate Sdn Bhd
- Technology One UK Limited
- Avand Pty Ltd
- Avand Pty Ltd (New Zealand) Pty Ltd
- Desktop Mapping Systems Pty Ltd
- Digital Mapping Solutions NZ Limited
- Boldridge Pty Ltd
- Icon Solution Unit Trust
- Jeff Roorda and Associates Pty Ltd

Significant changes in the state of affairs

There were no significant changes in the Company's state of affairs during the financial year.

Matters subsequent to the end of the financial year

On 21 November, the directors of Technology One Limited declared a final dividend on ordinary shares in respect of the 2017 financial year. The total amount of the dividend is \$17,664,000 and is 75% franked. There was also a special dividend declared for the 2017 financial year of \$6,309,000 which is also 75% franked.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Likely developments

Refer to the Letter to Shareholders.

Indemnification and insurance of officers

Insurance and indemnity arrangements established in the previous



year concerning officers of the Company were renewed or continued during the year ended 30 September 2017.

An indemnity agreement has been entered into between TechnologyOne and each of the directors of the Company named earlier in this report and with each full-time executive officer and secretary of the Company. Under the agreement, the Company has indemnified those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. There is a limit of \$25,000,000 for any one claim.

TechnologyOne paid an insurance premium in respect of a contract insuring each of the directors of the Company named earlier in this report and each full-time executive officer and secretary of the Company, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

Non-audit services

Non-audit services provided by the Company’s auditor, Ernst and Young, in the current financial period and prior financial year included taxation advice. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the Company and its related practices:

	2017 \$	2016 \$
<b>Ernst and Young:</b>		
Taxation advice	134,550	31,690
Due diligence services Ernst and Young	-	5,555
<b>Total remuneration</b>	<b>134,550</b>	<b>37,245</b>

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 131.

On 15 August 2016 the Board approved the extension of the Lead Audit Partner rotation period from five years to seven years in accordance with section 324DAB of the Corporations Act 2001 and the Corporations Legislation Amendment (Audit Enhancement) Act 2012.

The reasons why the Board approved the extension included:

- Mr Tozer, the Lead Audit Partner, has a detailed understanding of the Group’s business and strategies, its systems and controls. This knowledge is considered to be invaluable to the Board at this point in time.
- The existing independence and service metrics in place with EY and Mr Tozer, are sufficient to ensure that auditor independence would not be diminished in any way by such an extension.
- Mr Tozer will continue to abide by the independence

guidance provided in APES 110 ‘Code of Ethics for Professional Accountants’ as issued by the Accounting Professional and Ethical Standards Board and EY’s own independence requirements.

- The threats of self-interest and familiarity have been mitigated as EY appointed a new Engagement Quality Review Partner.
- The Board of Directors are of the view that Mr Tozer’s continued involvement with the Group as the Lead Audit Partner will not in any way diminish the audit quality provided to the Group.

Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the ‘rounding off’ of amounts in the directors’ report and financial report. Amounts in the directors’ report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Environmental regulation

The Company has determined that no particular or significant environmental regulations apply to it.

Share options

Unissued shares

As at the date of this report, there were 4,199,817 unissued ordinary shares under options (4,199,817 at the reporting date). Refer to note 32 for further details of the options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company.

Shares issued on the exercise of options

During the year, employees and Executives have exercised options to acquire 2,147,433 fully paid ordinary shares in Technology One Limited at a weighted average exercise price of \$1.07. Refer to note 32 for further details of the options exercised during the year.

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

*A. Di Marco*

Adrian Di Marco  
Brisbane  
21 November 2017

Remuneration Report (Audited)

The remuneration report contains the following sections.

1. Introduction
2. About this report
3. Executive Remuneration Framework
4. Relationship between remuneration and company performance
5. Executive Statutory Remuneration
6. Equity Plans
7. Remuneration governance
8. Non-executive director fees
9. Director shareholdings
10. Equity instruments held by Key Management Personnel
11. Loans to key management personnel
12. Other transactions with key management personnel

1. Introduction

TechnologyOne is pleased to present its Remuneration Report for the 2017 financial year, which sets out the remuneration framework for the Executive Chairman, our Executives and our Non-Executive Directors.

TechnologyOne has attracted exceptional Executives, Directors and employees, who collectively have been responsible for delivering long term profitable growth and substantial shareholder returns. In order to attract and retain such talent in a highly competitive and fast moving environment, it is critical to have a remuneration framework that enables TechnologyOne to compete for talent against the world’s biggest enterprise software companies such as Oracle and SAP, as well as other Australian software companies.

We continue to engage with our shareholders and advisors in the ongoing refinement of our remuneration framework to ensure it is fair and equitable, and continues to reward Key Management Personnel (KMP) appropriately to drive performance for the Company and our shareholders.

The principles of our remuneration framework are to:

- Attract, retain and motivate skilled directors and Executives in leadership positions;
- Provide remuneration which is appropriate and competitive both internally and against comparable companies (our peers);
- Align Executives’ financial rewards with shareholder interests and our business strategy;
- Achieve outstanding shareholder wealth creation;
- Articulate clearly to Executives the direct link between individual and group performance, and individual financial reward;
- Reward superior performance, while managing risks; and
- Provide flexibility to meet changing needs and emerging competitive market practices.

Our executive remuneration framework complies with common practice for ASX200 companies, but has been adapted to meet the demands of the enterprise software market. Relative to our ASX-listed peers, our Executives receive:

- Relatively low fixed remuneration to enable a greater emphasis on performance;
- Relatively large at risk short term incentive (STI) portion aligning Executives to current year performance; and
- Long term incentives (LTI) linked to long term strategy, targets, and shareholder wealth creation.

The reason for our emphasis on STIs is that short-term performance is a key driver of TechnologyOne’s long-term success. This is because over 65% of our revenues each year are recurring revenues based on contract wins in prior years. If we drive short-term performance through new licences and profit, this translates into greater shareholder wealth over the longer term.

In FY2016, we modified our Non-executive Director mandatory shareholding policies to comply with best practice for companies in the ASX100-200. In FY2015, we introduced significant changes to our executive remuneration framework which has been enhanced in FY2017 as we rolled out the new plan to a broader set of Executives.

During the year TechnologyOne produced record revenues (up 10%) and record profits (NPBT up 9%) (2016 16%) however this result did not meet the hard targets set by the company. As a consequence, total executive Short Term Incentives (STI) were substantially below their negotiated amounts and the majority of options available under the Long Term Incentive Scheme (LTI) were forfeited, reflecting the continued commitment and effectiveness of the TechnologyOne remuneration policies in driving increases in shareholder return.

2. About this report

2.1 Basis for preparation

The information in this report has been prepared based on the requirements of the Corporations Act 2001 and the applicable accounting standards.

The Remuneration Report is designed to provide shareholders with a clear and detailed understanding of TechnologyOne’s remuneration framework, and the link between our remuneration policies and Company performance.

The Remuneration Report details the remuneration framework for TechnologyOne’s Key Management Personnel (KMP). For the purpose of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of TechnologyOne, directly or indirectly, including any director (whether executive or otherwise). TechnologyOne defines its KMP as the Company’s Non-Executive Directors (NEDs) and Executives including the Executive Chairman.

This report has been audited.



2.2 TechnologyOne Non-Executive Directors

For the 2017 financial year, the Non-Executive Directors of TechnologyOne are as follows:

- Ron McLean
- John Mactaggart
- Kevin Blinco
- Richard Anstey
- Dr Jane Andrews

2.3 TechnologyOne Executives

Executive Directors

- Adrian Di Marco (Executive Chairman, Chief Innovation Officer)

Senior Executives

- Edward Chung (Chief Executive Officer) – changed position on 23 May 2017
- Stuart MacDonald (Chief Operating Officer) – changed position on 23 May 2017
- Roger Phare (Operating Officer - United Kingdom)
- Martin Harwood (Operating Officer – Consulting Services) – retired 15 April 2017
- Nancy Mattenberger (Operating Officer – Consulting Services) – commenced 20 February 2017
- Tony Ristevski (Operating Officer – Corporate Services and CFO)
- John Ruthven (Operating Officer – Sales) – commenced 1 September 2017

2.4 Key personnel changes during the financial year

During the financial year the following changes were made:

- Edward Chung moved from the position of Chief Operating Officer – Asia Pacific to Chief Executive Officer on 23 May 2017
- Stuart MacDonald moved from the position of Operating Officer – Sales and Marketing to Chief Operating Officer effective 23 May 2017
- Martin Harwood, Operating Officer – Consulting Services stepped down from the role of Operating Officer – Consulting Services effective 20 February 2017. Mr Harwood retired and left the company effective 15 April 2017
- Nancy Mattenberger was appointed to the role of Operating Officer – Consulting Services effective 20 February 2017
- John Ruthven was appointed to the role of Operating Officer – Sales effective 1 September 2017

2.5 Board Committee changes during the financial year

There were no Board Committee changes during the financial year.

The Board believes that its existing Directors contribute valuable knowledge, skills and experience. In order to ensure that the Board and its committees clearly have a majority of independent directors, the Board is considering appointing an additional independent Director at an appropriate time.

3. Executive Remuneration Framework

TechnologyOne has continued to refine the executive remuneration framework which was introduced in the 2015 financial year. The LTI scheme which now is based on options issued at market price and no discount. KPIs relevant to the Executives area of influence are agreed to ensure they are aligned to creating long term shareholder value.

For 2017, the Board, following market consultation, believes that the disclosure of targets for the LTI KPIs is commercially sensitive and therefore have not been disclosed. As in 2016, for 2017 the LTI KPIs are reviewed annually and set by the Board. The KPIs are primarily yearly based measures to ensure a consistency year-on-year but importantly over a 3 year window creates value for shareholders which is when the options vest. Thus the executive will only benefit if shareholder value is created. The targets are set at levels to ensure TechnologyOne continues to drive strong profit growth year-on-year. Details of the plan and worked example are provided in section 3.6. Executives only receive value if performance targets are met that have been previously set for the LTI.

TechnologyOne will continue to honour existing contracts with its Executives that predated the new framework, and which need to be honoured both legally and morally, as well as ensuring the existing momentum in the business is not lost.

This report is written with a focus on the new remuneration framework, and where there exist older quarantined arrangements, these will be highlighted as exceptions.

3.1 Changes to remuneration framework in 2017 financial year

In the 2017 financial year, we have revised the remuneration benchmarks for our Executives to include locally-based senior Executives from global companies operating in the enterprise software market, as well as KMP from our information technology industry peers in the ASX200.

Every third year the committee reviews and compares the Non-Executive Director fees to market. This year as part of the process of adding a Non-Executive director to the Board, we engaged an independent third party to review our director’s fees and benchmark them against our peers to ensure we can continue to attract and retain quality directors. This has resulted in an increase in Directors’ fees to \$127,000, including statutory superannuation contributions. Directors’ fees have been set at the 75th percentile of ASX 101 – ASX 200 companies with CPI increases until the next review in three years time.

The minimum mandatory shareholding for Directors has also been increased to the equivalent of one year’s before-tax remuneration, with directors having two years to achieve this target.

3.2 Our remuneration benchmarks

The talent pool in Australia for Executives with large scale enterprise software experience and a proven track record is extremely small and is hotly contested with start-up companies at the lower end, and large multinationals at the other end of the spectrum. In such a ferociously competitive and relatively

small market, our experience has shown that to attract and retain talented Executives who understand large-scale enterprise software, requires a remuneration framework that is appropriately structured for the enterprise software market. The changes made to our LTI framework have been influenced by like organisations and ensuring we provide a flexible incentive structure whilst driving shareholder value.

We have benchmarked our Executives’ remuneration against Australian-based KMP from our competitors in the enterprise software industry: Oracle, Microsoft, SAP, Workday and NetSuite. Our executive remuneration is also calibrated against other listed IT companies on the ASX such as Seek Limited, Wisetech Limited and Aconex Limited.

3.3 Executive remuneration structure and principles

The TechnologyOne Operating Officers are the leaders of the organisation. It is their role to inspire, develop and lead over 1,200 talented professionals to perform at exceptional levels to produce outstanding returns for our shareholders.

When it is necessary to appoint a new candidate to these roles, only the best that the market can offer will be considered. They will have a proven track record and will therefore be able to command significant remuneration packages in their own right. These packages are significant (often 6 to 7 figures) but we believe that the

organisation needs this level of management expertise to keep the growth momentum experienced over the past 10 years continuing into the future.

The remuneration arrangements of our Executives are made up of both fixed and at risk remuneration. The remuneration arrangements are comprised of the following three components:

- Fixed remuneration;
- Short Term Incentive (STI) which is at risk and represents a share of profit (performance based); and
- Long Term Incentive (LTI) which is at risk and performance based.

Our remuneration structure differs from our ASX-listed peers, to encourage over performance, with a substantially lower proportion of fixed remuneration of 33% vs 65% for our peers; and an over weighting to the STI of 33% vs 15% for our peers. Over time, the fixed remuneration proportion becomes even lower compared to our peers due to increases in the STI component. This difference from our ASX-listed peers is justified by the fact that improvements in our short-term performance are based on factors such as new licence fees, which drive TechnologyOne’s recurring revenues and shareholder returns.

We have benchmarked our Executives’ remuneration against Australian-based KMP from our competitors in the enterprise

	Fixed remuneration	Short term incentive (STI)	Long term incentive (LTI)
Nature	Base salary plus superannuation. Includes any salary sacrifice items.	Paid monthly with 20% retention by TechnologyOne until accounts are audited and finalised. Paid 3 months after year end.	From 2016, Executives will be allocated options which provide the right to purchase one TechnologyOne share, subject to meeting performance targets.
Percentage of total remuneration at contract start date	Typically, 33% of total remuneration at start of contract, decreasing over time due to increase of STI.	Typically, 33% of total remuneration at start of contract.	Typically, 33% of total remuneration at start of contract, decreasing over time due to increase of STI.
Changes in percentage of total remuneration over time	Typically increases by CPI each year but decreases as a percentage of total remuneration based on larger increases in STI component.	Typically increases over time in line with increases in Company (or business segment) profitability (see section 3.5 for more information).	Typically decreases as a percentage of total remuneration based on larger increases in STI component.
Performance targets	N/A	Percentage of agreed executive Net Profit Before Tax (NPBT) for the Group; or percentage of Net Profit Before Tax (NPBT) for the relevant business segment for the Executive (see section 4.3 for more information).	The LTI scheme has a blended approach of performance targets <sup>1</sup> such as: <ul style="list-style-type: none"><li>• NPAT growth</li><li>• Licence fee growth</li><li>• Sales operating expense growth</li><li>• R&amp;D expense growth</li></ul>
Performance period	N/A	Annual	Three years
Clawback available	No	Yes, if business outcomes differ from expected	Yes
Cap	N/A	No	Yes, attainment of 100% of target if stretch goal is reached
Floor	N/A	No	Yes 0% vesting if actual performance is less than mid hurdle

<sup>1</sup> LTI targets will be reviewed each year as Executives join the LTI scheme in the coming years. The targets have been excluded as they are commercially sensitive. The targets will be disclosed at the completion of the performance period. The targets set are hard targets. Annually targets will be set and reviewed by the Board. Additional detail on each of these components is included later in this report.



3.4 Fixed remuneration

Key attributes of the fixed remuneration component include:

- The Board determines an appropriate level of fixed remuneration for Executives with recommendations based on market benchmarking from the Remuneration Committee at the start of their contract;
- Fixed remuneration is made up of base remuneration and superannuation. Fixed remuneration includes cash salary and any salary sacrifice items;
- Fixed remuneration grows at a rate similar to CPI; there are no guaranteed fixed remuneration pay increases for Executives; and
- The Executives fixed remuneration is reviewed annually, following the end of the performance period (30 September). For the 2017 financial year, the average fixed remuneration increases for the Executive Chairman and Executives was 1%.

3.5 Short term incentives (STI)

Overview

Our STI differs from that of many other ASX200 companies because strong short term performance creates a strong recurring revenue base on the long term, driving outstanding performance and shareholder wealth.

Key attributes of the short term incentives (STI) are as follows:

- TechnologyOne Executives have a cash-based STI set at the start of their contract which is typically approximately 33% of their total remuneration and which increases to approximately 50% of their remuneration over time;
- The STI target is based on a percentage of Net Profit Before Tax (NPBT) for the Group or percentage of Net Profit Before Tax (NPBT) for the relevant business segment for the Executive. This effectively aligns the target incentive with shareholder return. The STI targets are not renegotiated during the course of the Executive's employment to provide certainty to the Executive, that if they build their business, they will share in the upside;
- The STI is calculated and paid monthly with up to 20% retention to assist the Executives in meeting their short term financial obligations. This is appropriate because Executives’ fixed remuneration is very low compared to our ASX-listed peers (33% vs 65%). Up to 20% retention of STI is paid three months after TechnologyOne’s year end to ensure that the STI paid are based on audited and finalised accounts. In the unlikely event business

outcomes differ materially to what was expected, the Company can claw back any STI;

- The STI is uncapped to encourage over-achievement, driving performance in current year and long term shareholder wealth; and
- There is no floor on the STI, aligning Executives with shareholder expectations.

Change in STI over time

TechnologyOne Executives have an STI set at the start of their contract which is typically approximately 33% of their total targeted remuneration compared to only 15% for our ASX-listed peers. Over future years with strong continuing performance by the Executive, the STI increases to approximately 50% of their targeted remuneration compared to 15% for our ASX-listed peers.

The best way to consider the mechanics of the TechnologyOne salary packaging arrangements is by way of the following example. Consider a candidate who can command a remuneration package of \$900,000 in the open market. The TechnologyOne method is as follows:

Fixed remuneration package of approximately \$300,000 or 33% of the package with minimal future adjustments, akin to CPI, in future years.

The LTI is typically 33% of the package compared to industry norms of 15% to 20%

The STI target typically commences at 75% to 100% of the fixed remuneration value established during contract negotiations. Our expectation is at the start of an Executives contract the STI will be similar to their fixed remuneration. In this example \$300,000 is used as the initial STI target. If we assume that Net Profit Before Tax (NPBT) of the Group is to be used and the forecast NPBT is \$40M (a 15% increase on the prior year) then the contract STI will be \$300,000/\$40M, or 0.75% of profit.

To explain the growth of the STI over time compared to the fixed remuneration consider the following using the above example over a three-year period with:

- Profit increasing by 12% p.a.
- CPI at 3%; and
- STI target of 15% NPBT.

Year	Fixed	Profit target (M)	Actual profit (M)	STI %	STI target (STI % x profit target)	Actual STI (STI % x actual profit)	LTI (assuming \$300,000 each year)	Total
1	\$300,000	\$40.000	\$38.957	0.75	\$300,000	\$292,174	\$70,000 <sup>1</sup>	\$662,174
2	\$309,000	\$44.800	\$43.631	0.75	\$336,000	\$327,234	\$140,000	\$776,234
3	\$318,270	\$50.176	\$48.867	0.75	\$376,317	\$366,502	\$210,000	\$894,772
% of total rem	36%					41%	22%	

<sup>1</sup> LTI is explained further in section 3.6. This number is provided for illustrative purposes only. The LTI of \$70,000 is based on the KPI of NPAT growth >10% with 50% of LTI earned and 100% earned if growth >15%. Growth between 10% and 15% will be calculated on a linear basis, as the example has NPAT growth of 12%, this equates to 70% of the LTI as being earned, ie 70% of \$100,000

Our unique approach to STI drives outstanding performance and long term shareholder wealth.

**TechnologyOne is a growth company, with strong compound growth over many years (approximately 11% per annum profit growth over the last 10 years). Our strong long term performance is directly linked to the success of our STI framework.**

Approximately 65% of our revenues each year are recurring revenue, which directly flow from contract wins in prior years.

Continuing to win new business, driving licence fee and profit growth in the current year is the key to our long term success, and it is for this reason our STI as a percentage of the total remuneration is significantly higher than our ASX-listed peers (33% vs 15% for our ASX-listed peers). While at the same time the fixed remuneration for our Executives is comparatively low compared to our ASX-listed peers (33% vs 65% for our ASX-listed peers). The significant weighting towards the STI, with the low fixed remuneration, encourages our Executives to drive new business and financial performance in the current year, which creates recurring revenue for future years, and therefore long term success and shareholder wealth.

In simple terms, the STI is structured to drive short term performance, which in turn creates a strong long term recurring revenue base, which in the long term creates continuing financial success and substantial shareholder wealth for TechnologyOne.

**Uncapped STI drives performance in current year and long term shareholder wealth.**

An important element of the success of our STI has been that it is uncapped so the greater the results in the current financial year, the greater the STI. This not only encourages over performance in the current financial year, it has a dramatic flow on effect in future years through the greater recurring revenues for the Company. The uncapped STI also helps retain Executives over the long term because the more they succeed, the more financial incentive there is to stay with us as they become dependent on the STI and continue to work hard to achieve it each year, and the greater benefit to our shareholders through an ever increasing recurring revenue base.

Likewise, if an Executive under performs in a year, there is a significant financial impact to them as their STI forms a significant portion of their total remuneration. Just as the STI is uncapped on the upside, it is uncapped on the downside. Because the Executive’s fixed remuneration is significantly lower than our ASX-listed peers, if there is under performance this has a significant negative impact on their total remuneration.

The STI framework aligns performance with remuneration outcomes encouraging over performance and penalising under performance.

Timing of STI payment

Because the fixed remuneration of an Executive is very low compared to our ASX-listed peers (33% vs 65%), to assist the Executives in meeting their short term financial obligations, the STI is calculated and paid monthly with up to 20% retention.

Up to 20% retention of their STI is paid three months after TechnologyOne’s year end to ensure that the STI paid is based on audited and finalised accounts. In the unlikely event that business outcomes differ materially to what was expected, the Company can claw back any STI.

TechnologyOne does not defer the STI any longer than three months because:

- Executives have low fixed remuneration relative to their ASX-listed peers and so payment of STI in a fair and reasonable time frame is important. TechnologyOne packages are structured so that our Executives fixed remuneration and 70% of their STI target is the equivalent of our competitors fixed remuneration.
- TechnologyOne carries minimal risk associated with revenue and as such the long term deferral of STI greater than three months does not serve any purpose.
- TechnologyOne Executives are already exposed to the long-term outcomes of the business through a larger long term incentive (LTI) component than our ASX-listed peers (33% vs 20% for our peers). It is important to note that our LTI being 33% of our Executives’ remuneration is similar to the STI and LTI of our ASX-listed peers (15% and 20%).

3.6 Long term incentives (LTI)

TechnologyOne Executives have a long term incentive (LTI) typically set at the start of their contract, at 33% of their total targeted remuneration compared to only 20% for our ASX-listed peers. This creates a strong focus on long term performance, with a strong alignment to long term shareholder wealth creation. It also acts as a powerful inducement for Executives to stay with TechnologyOne over the long term.

TechnologyOne’s long term incentive (LTI) plan provides for the grant of options as follows:

- The LTI plan is designed to provide participants with the incentive to deliver substantial consistent growth in shareholder value;
- Performance is measured over a three-year performance period with individual and Company targets assessed annually or at the conclusion of the performance period;
- In the event an executive does not meet an annual target one year, then the options for that year will be forfeited. The executive can still earn their options in following years if they hit their targets;
- Executives only receive value if performance targets are met at the end of the three-year performance period. The option vests if the performance targets have been met (this includes annual and 3 yearly tested targets);
- Performance targets are all ‘hard targets’ that if met, will drive significant shareholder wealth creation;
- Executives have the option to purchase one TechnologyOne share at an agreed strike price;
- No dividends are paid while the LTI awards are unvested; and
- The Board has the discretion to adjust the number of LTIs awarded or vested in the event of any unintended consequences.



LTIs are measured against both individual and Company targets. The LTI awards granted may deliver value to Executives subject to meeting performance targets over a three-year period. Targets are designed to reward Executives for outcomes that deliver substantial shareholder value. Targets are not disclosed as they provide our competitors insights into the key focus areas of our business. The targets are set such that they align to continue driving year-on-year strong profit growth.

The following table provides the key features of the LTI award:

Feature	Description
LTI	Each LTI entitles the Executive to receive the right to purchase one TechnologyOne share in the future at the agreed strike price, subject to meeting specified performance targets. Performance targets have a combination of annual and three yearly testing windows. A number of LTIs are issued to Executives each year referred to as a grant. The grant quantum is calculated according to the formula described below. It is important to note that the LTI for a grant will vest at a future date - three years (or earlier if agreed) from their issue date called the vesting date. If performance targets set for the grant have been met, the number of LTIs in a grant that vest will be assessed each year for KPIs with annual targets to have the quantity locked in but not accessible until the end of the three year vesting date. KPIs with three yearly testing will not be known until the end of the performance period (i.e. the vesting date).
Number of LTI issued each year in a tranche	<p>The value of the total number of LTIs issued each year (called a grant) to an Executive is typically 75% to 100% of fixed remuneration and is determined during contract negotiation when an Executive is hired, but will ultimately depend on negotiations and the overall package components negotiated. The contracted LTI % may be changed where appropriate by the Board, such as if there is a change in the Executives responsibilities.</p> <p>The LTI increases by approximately CPI each year, in line with the increase in fixed remuneration.</p> <p>The LTI is allocated based on the cost of the option which is accounted under AASB 2 Share Based Payments using the Black-Scholes model with a strike price being the volume weighted</p>
Performance period and vesting date	<p>The performance period commences at grant date and extends for three years to give a vesting date. This may be less where an Executive commences part way through a financial year.</p> <p>For example, for the annual grant of LTIs issued during the 2017 financial year (called the 2017 grant), the performance period would start on 1 October 2016 and end three years later on 30 September 2019 with 30 September 2019 being the vesting date.</p> <p>Based on meeting the targets over the performance period, up to 100% of the LTIs in that grant may vest, allowing the Executive to exercise options available in the trading window following the end of the performance period.</p>
Performance targets	<p>Each grant of LTIs is subject to performance targets being met for the relevant performance period. The targets are set at levels to ensure they drive strong profit growth year-on-year. The targets are set at levels to ensure they drive strong profit growth year-on-year.</p> <p>If there is more than one performance target, then a portion of LTIs in a grant are allocated to each specific performance target, called a tranche.</p> <p>To illustrate how LTIs are allocated across performance targets, we have assumed an executive’s agreed LTI value is \$200,000. For 2017, under the LTI plan rules where the 10 working day VWAP is \$5, using the Black Scholes model the cost of each option is \$0.64. The executive will be allocated 312,500 options.</p> <p>Following the above example, the 312,500 options would be allocated into two tranches as follows:</p> <ul style="list-style-type: none"><li>156,250 options to profit after tax growth target; and</li><li>156,250 options to licence fee growth target.</li></ul> <p>The actual number of LTIs allocated to each target is determined by the Company at the start of the performance period. The number of LTIs allocated across all targets cannot exceed the total number of LTIs offered in the grant.</p> <p>For each performance target there will be a mid and stretch hurdle (for the performance period) based on the executive's area of responsibility:</p> <ul style="list-style-type: none"><li>if performance meets the stretch hurdle, 100% vesting of LTIs for that target will be achieved</li><li>If performance meets mid hurdle, then 50% of the number of LTIs will vest</li><li>if performance is between stretch and mid hurdle, the number of LTIs for that target will vest linearly</li><li>if performance is less than the mid hurdle, 0% of the number of LTIs allocated to that target will vest.</li></ul> <p>Mid hurdles have been calculated so that if they are achieved, this will create substantial shareholder wealth. Targets will be based on factors such as Company profit after tax, licence fee growth, consulting revenue growth, R&amp;D expense growth and, customer retention rates. It is based on the average result achieved for that target over the performance period.</p>

Feature	Description
Vesting	<p>The LTI for a grant will not vest until the end of the performance period (the vesting date) and the number to vest will be calculated using the performance achieved over the performance period as measured against the performance targets.</p> <p>Performance targets are set before the performance period as either yearly targets or three year targets.</p> <p>If the performance target is a three-year target, it is tested at the end of the three-year performance period. For example, R&amp;D expense growth of less than 8% over three years.</p> <p>Number of LTIs earned per three-year performance target is equal to number of LTIs available for that target x percentage earned x individual performance factor.</p> <p>As an example, a three-year performance target based on R&amp;D expense growth might be as follows, based on the annual growth targets set:</p> <ul style="list-style-type: none"><li>R&amp;D expense growth of &lt; 8% - 100% earned</li><li>R&amp;D expense growth &gt; 8% - nil % earned</li></ul> <p>The individual performance factor (IPR) is typically 100%.</p> <p>The total number of LTIs earned across all performance targets by an Executive cannot exceed the total number of LTI in a grant.</p> <p>The number of LTIs earned per yearly performance target is equal to 1/3 x number of LTIs available for that target x percentage earned x individual performance factor.</p> <p>As an example a yearly performance target based on profit growth might be as follows, based on the growth for that one-year period:</p> <ul style="list-style-type: none"><li>Profit growth of 15% - 100% earned</li><li>Profit growth of 10% - 50% earned, and apportioned linearly for performance between 10% and 15%</li><li>Profit growth of less than 10% - nil % earned. The individual performance factor (IPR) is typically 100%.</li></ul> <p>It is important to note that though the LTIs are earned, they do not vest until the end of the performance period - typically three years.</p> <p>Refer to section 4.4 for LTIs offered during the year.</p> <p>The Board has the discretion in exceptional circumstances to increase the IPR above 100% to a maximum of 200% to take into consideration exceptional individual performance or contribution by an Executive.</p> <p>The total number of LTIs earned across all performance targets by an Executive cannot exceed the total number of LTIs in a grant.</p> <p>The committee has a preference for a three-year performance window with annual targets to drive the optimum result.</p>
Board discretion	<p>The Board also retains sole discretion to determine the amount and form of any award that may vest (if any) to prevent any unintended outcomes, or in the event of a corporate restructuring or capital event.</p> <p>The Board may also renegotiate the annual grant of LTIs based on exceptional circumstances such as the change of responsible area for an Executive, a restructuring of the company, an acquisition etc. In the event of a change of control, and to the extent that the LTIs have not already lapsed, the Board has the discretion to determine whether the LTIs vest or otherwise.</p> <p>Upon termination of an Executive for poor performance, LTIs will not vest.</p> <p>Upon redundancy of an Executive, or for other reasons such as resignation due to ill health, the Board has the discretion to negotiate a settlement which includes the vesting of a portion of LTIs granted.</p>
Expiry	At the end of the applicable performance period, any LTIs that have vested will expire five years after vesting.



2017 performance targets

The LTI performance targets that have been identified for our Executives are both Company targets such as Net Profit After Tax (NPAT) and individual business unit targets for the Executives business unit such as licence fee growth or R&D expense growth.

The Board has considered the following list of key performance targets that will ensure the Executives will focus on creating long term shareholder wealth. Typically, there is a blended approach of LTI performance targets, incentivising our Executives to work for the benefit of the Company as a whole as well as driving their individual business unit. The Board equally has a strong focus on sustainable profit growth thus each executive will have as a minimum 50% of their LTI value aligned to profit growth as a measure. The Board acknowledges that this target is also the primary target for STI, however the rationale is that the growth of license income translates into long term annuity income growth. The LTI targets other than NPAT growth are aligned to ensuring that the license income is supported by a focus on customer satisfaction to encourage further license sales, and the simplification of our software to reduce the cost of implementations which in turn increases our consulting margins, thereby increasing our competitive advantage.

The performance targets for the 2017 year are as follows:

Performance targets <sup>1,2</sup>	Performance period	Testing
NPAT growth	3 years	Annual <sup>3</sup>
NPAT margin growth	3 years	Annual
Licence fee growth – APAC	3 years	Annual <sup>3</sup>
Sales operating expense growth	3 years	3 years <sup>4</sup>
Customer Retention by ASM Value - APAC	3 years	Annual <sup>3</sup>
Consulting Margin Growth	3 years	Annual <sup>3</sup>
Consulting Revenue Growth	3 years	Annual <sup>3</sup>
Licence fee growth – UK	3 years	Annual <sup>3</sup>
Operating Cash Flow / NPAT	3 years	Annual <sup>3</sup>
R&D Expense growth	3 years	3 years <sup>4</sup>

<sup>1</sup> Performance targets exclude acquisitions.  
<sup>2</sup> These performance targets do not have a minimum target. The performance target has to be achieved for the Executive to meet their LTI target.  
<sup>3</sup> The Company has chosen annual testing in circumstances, where long term consistent year-on-year growth will drive greater shareholder returns. The performance targets are assessed on an annual basis with no LTIs vesting until the end of the three-year performance period. This ensures that the annually tested KPIs generate value for shareholders over time.  
<sup>4</sup> The Company has chosen a three year testing where the average over a three-year performance period average is more appropriate in driving long term shareholder wealth.

Quarantined Executive Option Plan (EOP) (now superseded)

These options were issued to existing Executives and TechnologyOne is required to honour. These pre-existing contracts utilise the previous LTI plan based on options. The variation to the 2016 LTI plan allows for options with the condition that there is no discount to the strike price at grant date. The performance criteria still apply as per the 2015 LTI plan. These pre-existing contracts have been quarantined and as existing Executive Contracts come to an end, they will be renegotiated so that the LTI is based on the new LTI plan going forward. All new appointments of Executives to the Company will be under the new LTI plan. For the sake of disclosure, details of the now obsolete and quarantined EOP are provided below.

Under the EOP, options were issued with typically between 0% and 50% discount on the volume weighted average price for the 10 days prior to the grant date. The discount could be forfeited prior to vesting at the Board's discretion based on the performance of the Executive. The option could also be withheld by the Executive Chairman for unsatisfactory performance.

Share options were granted to Executives by the Board based on the option plan approved by the Board.

The options vest if and when the Executive satisfies the period of service contained in each option grant. The contractual life of each option varies between two and five years. There are no cash settlement alternatives.

Options granted under this plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary TechnologyOne share. Further information is set out in note 32 to the financial statements.

4. Relationship between remuneration and company performance

4.1 TechnologyOne’s five-year performance

The 2017 financial year saw Net Profit After Tax increase 8%.

Executives’ remuneration excluding LTI and termination benefits increased at a rate below Net Profit After Tax, which is the Remuneration Committees goal.

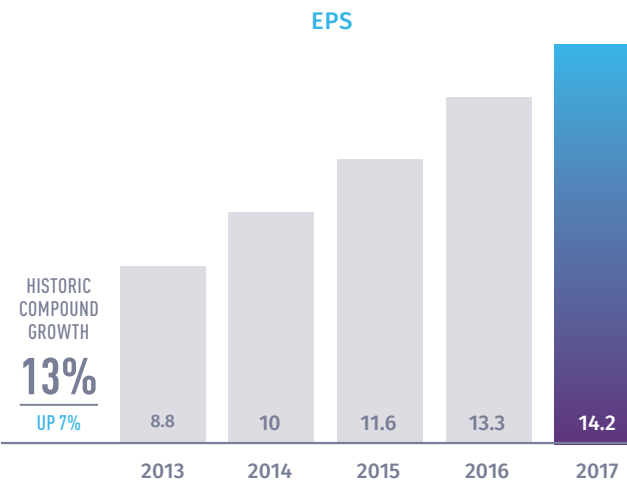
The below table sets out information showing the creation of shareholder wealth for the years ended 30 September 2013 to 30 September 2017.

	2013	2014	2015	2016	2017
Actual profit before tax (\$'000)	35,097	40,235	46,494	53,240	58,019
Total dividend including special (cps)	5.60	8.16	8.78	9.45	10.20
Earnings per share (basic)	8.80	10.06	11.58	13.26	14.18
Share price at start of period	1.37	2.05	3.18	3.84	5.94
Share price at end of period	2.05	3.18	3.84	5.94	5.02
Total Shareholder Return	54%	59%	24%	57%	(14%)
Profit after tax growth %	15%	15%	16%	16%	8%
Average Executives growth <sup>1</sup> %	15%	7%	15%	15%	(6)%

<sup>1</sup> This is the average annual full time package excluding any termination payments.

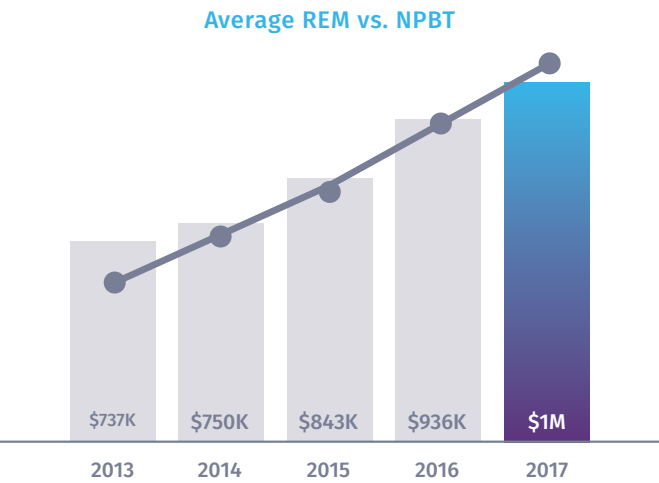
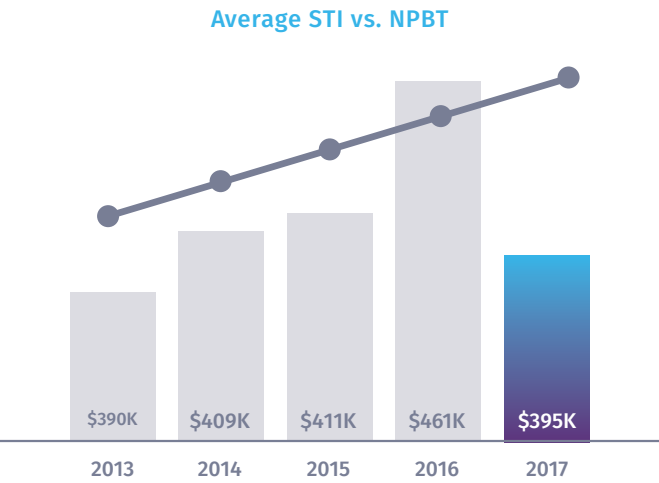
As can be seen from this information, the Executives’ remuneration framework has successfully driven performance and the creation of shareholder wealth over the longer term, while at the same time Executives’ remuneration has been clearly in alignment with overall company performance.

The graph below shows EPS growth over the last five years:



The first graph shows that average Executives’ STI growth is less than the Company’s NPBT growth rate.

The second graph shows that the average Executives’ remuneration has been growing in line with the Company’s NPBT



The relationship between Executive contract terms and performance outcomes are outlined for each of TechnologyOne’s Executives in the following section. It is important to note that outcomes reported in this section will differ from those reported in section 5 due to timing differences given the accounting methodology employed in the statutory treatment.

4.2 Summary of Executive remuneration and performance for FY2017

The remuneration package for Executives, including the Executive Chairman, for FY2017 comprises the amounts outlined in the following tables. It is worth noting that employment contract terms presented for the CEO and other Executives do not have a fixed duration period (i.e., they are ongoing rolling contracts that cease following notice of termination by either employee or employer).



Adrian Di Marco

Position	Executive Chairman and Chief Innovation Officer		
Fixed remuneration	2017 \$	2016 \$	Notes
Fixed remuneration	358,574	472,202	Mr Di Marco's base salary decreased due to the appointment of Edward Chung to the role of CEO and Mr Di Marco volunteering to have his base salary reduced.
Directors' fees	127,000	75,132	Inclusive of superannuation. Increase in director fees is covered in section 8.
Chairman's fee	-	-	
Superannuation	7,055	10,478	Compulsory superannuation guarantee contributions up to the maximum contribution base.
Total fixed remuneration	492,629	557,812	
% growth on prior year excluding LTI and termination benefits	(16%)	9%	
% growth on prior year including LTI and termination benefits	(16%)	9%	
Performance based remuneration			
1. STI	740,547	913,200	Mr Di Marco, in line with the change in base salary, volunteered to reduce his STI payment from 1.68% to 1.26% based on Group Net Profit Before Tax as an incentive. 10% of this is retained for three months after the reporting period.
2. LTI new scheme	Nil	Nil	Mr Di Marco, as in previous years has again agreed to forgo his LTI entitlement of \$400,000. The Remuneration Committee recognises that Mr Di Marco's total remuneration is substantially below that of comparable companies. The Remuneration Committee acknowledges that Mr Di Marco's existing 12+% shareholding in TechnologyOne provides the benefits that the LTI aims to achieve.
Value of share options offered	Nil	Nil	
3. LTI old scheme			
Value of share options	Nil	Nil	
4. Post-employment			
Post-employment benefits		Nil	
Post-employment restraint		12 months	
Termination notice by either party		3 months	
Termination benefits		Nil	

Edward Chung

Position	Chief Executive Officer		
Fixed remuneration	2017 \$	2016 \$	Notes
Fixed remuneration	367,567	303,661	The increase in Mr Chung's base is due to promotion to CEO effective 23 May 2017. His remuneration is in line with the details published on the ASX on his appointment. The negotiated fixed remuneration for the full year is \$517,319. Had Mr Chung not been promoted, his base increase would have been in line with CPI.
Directors' fees	-	-	
Superannuation	12,841	10,588	Compulsory superannuation guarantee contributions up to the maximum contribution base.
Total fixed remuneration	380,408	314,249	Fixed remuneration increased due to his promotion
% growth on prior year excluding LTI and termination benefits	29%	8%	
% growth on prior year including LTI and termination benefits	16%	15%	
Performance based remuneration			
1. STI	471,105	346,980	Mr Chung's STI was increased from 0.625% to 0.78% of executive Net Profit Before Tax as an incentive. This is in line with his remuneration package published on the ASX due to his promotion to CEO. 20% of this is retained for three months after the reporting period. STI is up 49% The negotiated STI for a full year is \$502,403. Had Mr Chung not been promoted, his STI increase would have been in line with NPBT growth
2. LTI new scheme			
Value of share options offered	18,842	-	Mr Chung was issued with 192,746 options in May 2017. Mr Chung did not meet all KPIs for the year. The negotiated LTI for the full year is \$57,097. Please refer to section 4.4 for further information.
3. LTI old scheme			
Value of share options	277,090	326,207	Mr Chung was issued with 1,000,000 options in July 2014. No further options will be issued under this plan as it has been quarantined. 167,000 options vested during FY2017. All future LTI will be based on the new LTI scheme.
4. Post-employment			
Post-employment benefits		Nil	
Post-employment restraint		12 months	
Termination notice by either party		12 weeks	
Termination benefits		Nil	



Roger Phare

Position	Operating Officer – United Kingdom		
Fixed remuneration	2017 \$	2016 \$	Notes
Fixed remuneration	276,214	230,550	Mr Phare is paid in GBP. His base increased during the year due to an adjustment in cost of living.
Superannuation	Nil	Nil	No compulsory superannuation guarantee contributions payable as currently employed by Technology One UK Limited.
Total fixed remuneration	276,214	230,550	
% growth on prior year excluding LTI and termination benefits	(26%)	(1%)	
% growth on prior year including LTI and termination benefits	(27%)	(4%)	
Performance based remuneration			
1. STI	204,175	419,420	Mr Phare is paid 7% of UK Net Profit Before Tax inclusive of a \$4.0m company capital contribution. 20% of this is retained for three months after the reporting period. STI is down 39% in line with a reduction of UK Net Profit Before Tax and allowance for company capital contribution. The negotiated STI for a full year is \$491,457.
2. LTI new scheme			
Value of share options offered	-	-	Mr Phare was issued with 268,056 options in October 2016. Mr Phare did not meet all KPIs for the year. The negotiated LTI for the full year is \$46,902. Please refer to section 4.4 for further information.
3. LTI old scheme			
Value of share options	40,400	61,604	Mr Phare was issued with 1,000,000 options in July 2012. No further options will be issued under this plan as it has been quarantined. 200,000 options vested during FY2017. All future LTI will be based on the new LTI scheme.
4. Post-employment			
Post-employment benefits			Nil
Post-employment restraint			12 months
Termination notice by either party			12 weeks
Termination benefits			Nil

Martin Harwood

Position	Operating Officer – Consulting Services		
Fixed remuneration	2017 \$	2016 \$	Notes
Fixed remuneration	96,783	213,161	Mr Harwood ceased being a KMP on 20 February 2017.
Superannuation	1,168	9,658	Compulsory superannuation guarantee contributions up to the maximum contribution base. Mr Harwood reached the maximum contribution base during October 2016.
Total fixed remuneration	97,951	222,819	
% growth on prior year excluding LTI and termination benefits	(88%)	10%	
% growth on prior year including LTI and termination benefits	(79%)	18%	
Performance based remuneration			
1. STI	-	566,272	Mr Harwood is paid 1.02% of executive Net Profit Before Tax. 20% of this is retained for three months after the reporting period. STI reduced as a result of Mr Harwood retiring and leaving the business during the year.
2. LTI new scheme			
Value of share options offered	-	-	
3. LTI old scheme			
Value of share options	137,591	331,693	Mr Harwood was issued with 1,000,000 options in October 2014. No further options will be issued under this plan as it has been quarantined. 200,000 options vested during FY2017.
4. Post-employment			
Post-employment benefits			Nil
Post-employment restraint			12 months
Termination notice by either party			12 weeks
Termination benefits			Nil



Stuart MacDonald

Position	Chief Operating Officer		
Fixed remuneration	2017 \$	2016 \$	Notes
Fixed remuneration	381,255	150,883	Mr MacDonald was promoted May 2017 to the role of COO. Mr MacDonald commenced 11 April 2016 as OO – Sales and Marketing with the company therefore the 2016 base only represents part year base salary. The negotiated fixed remuneration for the full year is \$433,800. Had Mr MacDonald not been promoted, his base increase would have been in line with CPI.
Superannuation	17,989	14,334	Compulsory superannuation guarantee contributions up to the maximum contribution base.
<b>Total fixed remuneration</b>	<b>399,244</b>	<b>165,217</b>	<b>FY2016 was the prorated fixed remuneration for Mr MacDonald from 11 April.</b>
% growth on prior year excluding LTI and termination benefits	94%	100%	
% growth on prior year including LTI and termination benefits	82%	100%	
<b>Performance based remuneration</b>			
<b>1. STI</b>	322,653	206,754	Mr MacDonald's STI increased from 0.455% to 0.533% executive Net Profit Before Tax upon his promotion to COO. 20% of this is retained for three months after the reporting period. The negotiated STI for a full year is \$343,309.
<b>2. LTI new scheme</b>			
Value of share options offered	38,478	46,667	Mr MacDonald was issued with 317,211 options during FY2016. Mr MacDonald was issued with 325,364 options during FY2017. Mr MacDonald did not meet all KPIs for the year. The negotiated LTI for the full year is \$123,533. Please refer to section 4.4 for further information.
<b>3. LTI old scheme</b>			
Value of share options	Nil	Nil	
<b>4. Post-employment</b>			
Post-employment benefits			Nil
Post-employment restraint			12 months
Termination notice by either party			12 weeks
Termination benefits			Nil

Tony Ristevski

Position	Operating Officer – Corporate Services and CFO		
Fixed remuneration	2017 \$	2016 \$	Notes
Fixed remuneration	256,923	51,954	Mr Ristevski commenced with the company 4 July 2016.
Superannuation	15,121	4,296	Compulsory superannuation guarantee contributions up to the maximum contribution base.
<b>Total fixed remuneration</b>	<b>272,044</b>	<b>56,250</b>	<b>FY2016 was the prorated fixed remuneration for Mr Ristevski from 4 July 2016.</b>
% growth on prior year excluding LTI and termination benefits	136%	100%	
% growth on prior year including LTI and termination benefits	142%	100%	
<b>Performance based remuneration</b>			
<b>1. STI</b>	303,982	188,055	Mr Ristevski is paid 0.499% of executive Net Profit Before Tax. 20% of this is retained for three months after the reporting period. The negotiated STI for a full year is \$321,409.
<b>2. LTI new scheme</b>			
Value of share options offered	15,478	Nil	Mr Ristevski was issued with 268,057 options in October 2016. Mr Ristevski did not meet all KPIs for the year. The negotiated LTI for the full year is \$46,902. Please refer to section 4.4 for further information.
<b>3. LTI old scheme</b>			
Value of share options	Nil	Nil	
<b>4. Post-employment</b>			
Post-employment benefits			Nil
Post-employment restraint			12 months
Termination notice by either party			12 weeks
Termination benefits			Nil



**Nancy Mattenberger**

Position	Operating Officer – Consulting Services		
Fixed remuneration	2017 \$	2016 \$	Notes
Fixed remuneration	157,534	-	Ms Mattenberger commenced with the company 20 February 2017.
Superannuation	14,966	-	Compulsory superannuation guarantee contributions up to the maximum contribution base.
<b>Total fixed remuneration</b>	<b>172,500</b>	<b>-</b>	<b>This is the prorated fixed remuneration for Ms Mattenberger from 20 February. The negotiated fixed remuneration for a full year is \$300,000.</b>
% growth on prior year excluding LTI and termination benefits	100%	NA	
% growth on prior year including LTI and termination benefits	100%	NA	
<b>Performance based remuneration</b>			
<b>1. STI</b>	214,504	-	Ms Mattenberger is paid 0.026% of executive net profit. Ms Mattenberger is paid 2.68% of Consulting Net Profit Before Tax. 20% of this is retained for three months after the reporting period. The negotiated STI for a full year is \$300,000. For FY17 it was agreed that Ms Mattenberger be paid a pro-rated amount of her negotiated STI to allow her to rebuild the consultancy practice.
<b>2. LTI new scheme</b>			
Value of share options offered	18,922	-	Ms Mattenberger was issued 151,863 options in February 2017. Ms Mattenberger did not meet all KPIs for the year. The negotiated LTI for the full year is \$28,383. Please refer to section 4.4 for further information.
<b>3. LTI old scheme</b>			
Value of share options	Nil	Nil	
<b>4. Post-employment</b>			
Post-employment benefits		Nil	
Post-employment restraint		12 months	
Termination notice by either party		12 weeks	
Termination benefits		Nil	

**John Ruthven**

Position	Operating Officer – Sales		
Fixed remuneration	2017 \$	2016 \$	Notes
Fixed remuneration	11,647	-	Mr Ruthven commenced 1 September 2017.
Superannuation	1,106	-	Compulsory superannuation guarantee contributions up to the maximum contribution base.
<b>Total fixed remuneration</b>	<b>12,753</b>	<b>-</b>	<b>This is the prorated fixed remuneration for Mr Ruthven from 1 September. The negotiated fixed remuneration for a full year is \$320,000</b>
% growth on prior year excluding LTI and termination benefits	100%	NA	
% growth on prior year including LTI and termination benefits	100%	NA	
<b>Performance based remuneration</b>			
<b>1. STI</b>	23,333	-	Mr Ruthven is paid 0.40% of executive Net Profit Before Tax. 20% of this is retained for three months after the reporting period. The negotiated STI for a full year is \$280,000.
<b>2. LTI new scheme</b>			
Value of share options offered	-	-	
<b>3. LTI old scheme</b>			
Value of share options	Nil	Nil	
<b>4. Post-employment</b>			
Post-employment benefits		Nil	
Post-employment restraint		12 months	
Termination notice by either party		12 weeks	
Termination benefits		Nil	



4.3 Calculation of Executive STI performance for the year

There is no maximum or minimum STI for Executives as the Company wants to ensure a strong focus on performance in the current year. Please refer section 3.5 for a detailed explanation.

Up to 20% of the STI is deferred for a period of three months.

Calculation of STI:

The respective terms of each Executives STI entitlement is summarised in section 4.2 and 4.3. The key measures in which the STI is applied against is as follows for FY17:

UK Net Profit Before Tax and allowance for company capital contribution<sup>1</sup> of \$2,916,791. Executive Net Profit Before Tax<sup>2</sup> of \$60,918,181.

CEO Net Profit Before Tax<sup>3</sup> of \$58,773,549

<sup>1</sup> UK Net Profit Before Tax for incentives is calculated based on the UK company profit before tax plus corporate contribution of \$4.0m. The corporate contribution is based on an agreed amount with the executive and aligned to drive shareholder value.

<sup>2</sup> Executive Net Profit Before Tax is calculated based on company profit before tax before the Executive STI is calculated.

<sup>3</sup> The CEO Net Profit Before Tax is calculated after we have calculated the Executives STI. Once calculated it is used to calculate the CEO STI.

4.4 Summary of LTI issued during the year 2017

2017 LTI grant for Edward Chung

192,746 options were granted to Edward Chung effective 23 May 2017 being his start date of the position of Chief Executive Officer based on a volume weighted average price of \$5.6046. The value of this issue is \$244,700 and the first vesting window will be 1 October 2017 for the year 1 period.

Performance target	% of Options granted	Performance period	Testing <sup>1</sup>
NPAT growth	50%	3 years	Yearly
NPBT margin growth	17%	3 years	Yearly
Customer Retention by ASM value	17%	3 years	Yearly
Operating Cashflow/NPAT	16%	3 years	Yearly

The targets have been excluded as they are commercially sensitive. The targets will be disclosed at the completion of the performance period. Annually STI targets will be set and reviewed by the Board.

2017 LTI grant for Stuart MacDonald

54,627 options were granted to Stuart MacDonald effective 23 May 2017 being his start date of the position of Chief Operating Officer based on a volume weighted average price of \$5.6046. The value of this issue is \$69,352 and the first vesting window will be 1 October 2017 for the year 1 period.

270,737 options were granted to Stuart MacDonald effective 1 October 2016 based on a volume weighted average price of \$5.7474. The value of this issue is \$203,018 and the first vesting window will be 1 October 2017 for the year 1 period.

The performance targets that have been set for the 2017 LTI grant for Stuart MacDonald are as follows:

Performance target	% of Options granted	Performance period	Testing <sup>1</sup>
NPAT growth	50%	3 years	Yearly
Licence Fee growth – APAC	30%	3 years	Yearly
Sales operating expense growth - APAC	10%	3 years	3 years
Customer Retention by ASM value - APAC	10%	3 years	Yearly

The targets have been excluded as they are commercially sensitive. The targets will be disclosed at the completion of the performance period. Annually STI targets will be set and reviewed by the Board.

2017 LTI grant for Roger Phare

268,056 options were granted to Roger Phare effective 1 October 2016 based on a volume weighted average price of \$5.7474. The value of this issue is \$201,007 and the first vesting window will be 1 October 2017 for the year 1 period.

The performance targets that have been set for the 2017 LTI grant for Roger Phare are as follows:

Performance target	% of Options granted	Performance period	Testing <sup>1</sup>
NPAT growth	50%	3 years	Yearly
UK licence fee growth	50%	3 years	Yearly

The targets have been excluded as they are commercially sensitive. The targets will be disclosed at the completion of the performance period. Annually STI targets will be set and reviewed by the Board.

2017 LTI grant for Tony Ristevski

268,057 options were granted to Tony Ristevski effective 1 October 2016 based on a volume weighted average price of \$5.7474. The value of this issue is \$201,008 and the first vesting window will be 1 October 2017 for the year 1 period.

The performance targets that have been set for the 2017 LTI grant for Tony Ristevski are as follows:

Performance target	% of Options granted	Performance period	Testing <sup>1</sup>
Company profit after tax growth	50%	3 years	Yearly
Company Profit before Tax Margin Growth	17%	3 years	Yearly
R&D expense growth	17%	3 years	3 years
Operating Cashflow/NPAT Ratio	16%	3 years	Yearly

The targets have been excluded as they are commercially sensitive. The targets will be disclosed at the completion of the performance period. Annually STI targets will be set and reviewed by the Board.

2017 LTI grant for Nancy Mattenberger

151,863 options were granted to Nancy Mattenberger effective 20 February 2017 based on a volume weighted average price of \$5.1064. The value of this issue is \$121,641 and the first vesting window will be 1 October 2017 for the year 1 period.

The performance targets that have been set for the 2017 LTI grant for Nancy Mattenberger are as follows:

Performance target	% of Options granted	Performance period	Testing <sup>1</sup>
Company profit after tax growth	50%	3 years	Yearly
Consulting revenue growth	30%	3 years	Yearly
Consulting profit margin	20%	3 years	Yearly

The targets have been excluded as they are commercially sensitive. The targets will be disclosed at the completion of the performance period. Annually STI targets will be set and reviewed by the Board.

<sup>1</sup> Each target is over a three-year period. The Executive will only receive these LTIs at the end of the three- year performance period.



5. Executive Statutory Remuneration

Name	Short-term employee benefits			Post-employment benefits			LTI Equity remuneration		Total	% growth on prior year excl LTI and termination benefits	% growth on prior year incl LTI and termination benefits
	Fixed remuneration	Directors' fees	Total fixed remuneration	Shortterm Incentive	Superannuation	Termination benefits	Value of share options	Value of performance rights offered			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
A Di Marco (Executive Chairman)											
2017	358,574	127,000	485,574	740,547	7,055	-	-	-	1,233,176	(16%)	(16%)
2016	472,202	75,132	547,334	913,200	10,478	-	- <sup>1</sup>	-	1,471,012		
E Chung (Chief Executive Officer)											
2017	367,567	-	367,567	471,105	12,841	-	295,932	-	1,147,445	29%	16%
2016	303,661	-	303,661	346,980	10,588	-	326,207	-	987,436		
R Phare (Operating Officer – United Kingdom) <sup>2</sup>											
2017	276,214	-	276,214	204,175	-	-	40,400	-	520,789	(26%)	(27%)
2016	230,550	-	230,550	419,420	-	-	61,604	-	711,574		
M Harwood (Operating Officer – Sales and Marketing) <sup>3</sup>											
2017	96,783	-	96,783	-	1,168	-	137,591	-	235,542	(88%)	(79%)
2016	213,161	-	213,161	566,272	9,658	-	331,693	-	1,120,784		
P Rogers (Operating Officer – Consulting Services)											
2017	-	-	-	-	-	-	-	-	-	(100%)	(100%)
2016	276,471	-	276,471	92,278	12,455	65,500	-	-	446,704		
S MacDonald (Operating Officer – Sales and Marketing) <sup>4</sup>											
2017	381,255	-	381,255	322,653	17,989	-	38,478	-	760,375	94%	82%
2016	150,883	-	150,883	206,754	14,334	-	46,667	-	418,638		
T Ristevski (Operating Officer – Corporate Services and CFO) <sup>5</sup>											
2017	256,923	-	256,923	303,982	15,121	-	15,478	-	591,504	136%	142%
2016	51,954	-	51,954	188,055	4,296	-	-	-	244,305		
N Mattenberger (Operating Officer – Corporate Services) <sup>6</sup>											
2017	157,534	-	157,534	214,504	14,966	-	18,922	-	405,926	100%	100%
2016	-	-	-	-	-	-	-	-	-		
J Ruthven (Operating Officer – Sales and Marketing) <sup>7</sup>											
2017	11,647	-	11,647	23,333	1,106	-	-	-	36,087	100%	100%
2016	-	-	-	-	-	-	-	-	-		
Total Senior Executives											
2017	1,906,497	127,000	2,033,497	2,280,299	70,246	-	546,801	-	4,930,844	(10%)	(13%)
2016	1,841,469	75,132	1,916,601	2,792,218	71,842	65,500	777,577	50,411	5,674,148		
Total KMP											
2017	1,906,497	762,000	2,668,498	2,280,299	70,246	-	546,801	-	5,565,844	(5%)	(8%)
2016	1,841,469	427,532	2,269,001	2,792,218	71,842	65,500	777,577	50,411	6,026,549		

<sup>1</sup> Mr Di Marco volunteered to have his remuneration reduced effective 1 October 2016 including again the forfeiting of an award of \$400,000 of options in the 2016/2017 year for his LTI component of his remuneration. The Remuneration Committee acknowledges that Mr Di Marco’s existing 12+% shareholding in TechnologyOne provides the benefits that the LTI aims to achieve.

<sup>2</sup> Mr Phare is paid in Great British Pounds and these amounts have been converted into Australian dollars at an average rate over the year.

<sup>3</sup> Mr Harwood stepped down from the role of Operating Officer-Consulting Services effective 20 February 2017. Mr Harwood retired and left the company effective 15 April 2017.

<sup>4</sup> Mr MacDonald commenced with the Company on 11 April 2016 and changed position to Chief Operating Officer on 23 May 2017.

<sup>5</sup> Mr Ristevski commenced with the Company on 4 July 2016.

<sup>6</sup> Ms Mattenberger commenced with the Company on 20 February 2017.

<sup>7</sup> Mr Ruthven commenced with the Company on 1 September 2017.

6. Equity Plans

6.1 Long term incentive scheme

As discussed previously in this report, TechnologyOne no longer uses the previous Executive Option Plan (EOP), but has in the 2016 financial year implemented an LTI plan aligned to market, shareholder and executive requirements. The LTIs are described in further detail in section 3.6 of this report.

2017 Name	Number of options granted during the period	Value of options at grant date *	Number of options issued during the period	Number of options still to be issued	Number of options vested during the period	Number of options (forfeited) during the period	Value at lapse date
E Chung	192,746	\$244,700	-	-	167,000	(43,047)	38,255
R Phare	268,056	\$201,007	-	-	200,000	(89,352)	46,902
M Harwood	-	-	-	-	200,000	(200,000)	317,240
S MacDonald	325,364	\$272,370	-	-	-	(171,535)	85,075
T Ristevski	268,057	\$201,008	-	-	-	(59,866)	31,424
N Mattenberger	151,863	\$121,641	-	-	-	(50,621)	28,383

For details of these grants please refer to section 3.6

\* The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date. The amount is included in the remuneration tables above. As outlined in greater detail in note 1 (q) (iii) fair values at grant date are determined using a Black-Scholes pricing model.

Options forfeited during the period, with the exception of Mr Harwood’s due to his retirement, are due to non-achievement of performance targets set by the board for 2017. The board is focused on ensuring that management remuneration and shareholder value are aligned by setting performance targets that create long term shareholder wealth.

The model inputs for options granted to Executives are as follows:

- (a) Options are granted for no consideration. Each tranche vests at the end of the three-year period.
- (b) Dividend yield – between 1.6% and 1.9%
- (c) Expected volatility – between 20.2% and 33.6%
- (d) Risk-free interest rate – between 1.5% and 2.0%
- (e) Price of shares on grant date – between \$4.97 - \$5.94
- (f) Fair value of options - between \$0.68 - \$1.27

6.2 Historical performance outcomes under the previous Options Plan

TechnologyOne previously issued options under a now obsolete Executive Option Plan (EOP), which was described in section 3.6. The EOP has now been quarantined and all new Executives to the Company, as well as existing Executives when their existing contracts come to an end, are under the new LTI plan.

For those Executives that are under the older quarantined Option Plan:

- The value actually received by individuals differs from the remuneration outlined in the previous table (which is based on accounting values). For the 2016 financial year, 16% (\$436,816) of the performance related bonus as previously accrued in that period became payable in cash to Executives (based on audited results) and was paid during the 2017 financial year. There were no forfeitures.
- The numbers of options over ordinary shares in the Group held during the financial year by each Executive of the Group, including their personally related parties, are set out below:
- The KMP have historically received the following share options:
  - M Harwood participated in options granted 1 October 2014,
  - E Chung who participated in options granted 14 July 2014, and
  - R Phare who participated in options granted 1 July 2012.



2017 Name	Balance at start of year	Granted as compensation	Exercised	Forfeited	Balance at the end of the year	Vested and exercisable	Unvested
<b>Senior Executives of the Group</b>							
<b>E Chung</b>	835,000	192,746	(167,000)	(43,047)	817,699	-	817,699
<b>R Phare</b>	400,000	268,056	(200,000)	(89,352)	378,704	-	378,704
<b>M Harwood</b>	600,000	-	(400,000)	(200,000)	-	-	-
<b>S MacDonald</b>	317,211	270,737	-	(171,535)	416,413	-	416,413
<b>T Ristevski</b>	-	268,057	-	(59,866)	208,191	-	208,191
<b>N Mattenberger</b>	-	151,863	-	(50,621)	101,242	-	101,242

6.3 Shares provided on exercise of remuneration options

Details of ordinary shares in the Group provided as a result of the exercise of remuneration options to each director of Technology One Limited and Senior Executives of the group are set out below.

Name	Date of exercise of options	Number of ordinary shares issued on exercise of options during the period	Total paid at exercise
<b>E Chung</b>	11/7/2017	167,000	223,580
<b>R Phare</b>	3/7/2017	200,000	113,720
<b>M Harwood</b>	15/8/2017	400,000	634,460

No amounts are unpaid on any shares issued on the exercise of options.

6.4 Value of LTI grants yet to vest

For the new option plan, they vest three years after the grant date providing that the vesting conditions are met. For the old EOP, they vest after two years.

The maximum value of options yet to vest has been determined as the amount of the grant date fair value that could be expensed.

The number of options granted during the year is disclosed below:

LTI (Options)					
Name	Year granted	Vested %	Forfeited %	Financial years in which rights may vest	Maximum total value of grant yet to vest \$
<b>E Chung</b>	2017	-	22%	2019	176,420
<b>R Phare</b>	2017	-	33%	2019	200,000
<b>S MacDonald</b>	2017	-	27%	2019	252,000
<b>T Ristevski</b>	2017	-	22%	2019	200,000
<b>N Mattenberger</b>	2017	-	33%	2019	200,000
LTI (Quarantined Options)					
Name	Year granted	Vested %	Forfeited %	Financial years in which options may vest	Maximum total value of grant yet to vest \$
<b>E Chung</b>	2014	33%	-	2017 - 2021	992,243
<b>R Phare</b>	2012	80%	-	2017 - 2018	80,266

7. Remuneration governance

The Remuneration Committee (the Committee) is responsible for developing the remuneration framework for TechnologyOne Executives, and making recommendations related to remuneration to the Board. The Committee develops the remuneration philosophy and policies for Board approval.

As at 30 September 2017, the Committee is made up of a majority of independent Directors and is chaired by an independent director; and consists of the following members:

- Kevin Blinco (Chairman)
- Rick Anstey
- John Mactaggart
- Dr Jane Andrews

The responsibilities of the Committee are outlined in their Charter, which is reviewed annually by the Board.

8. Non-Executive Director fees

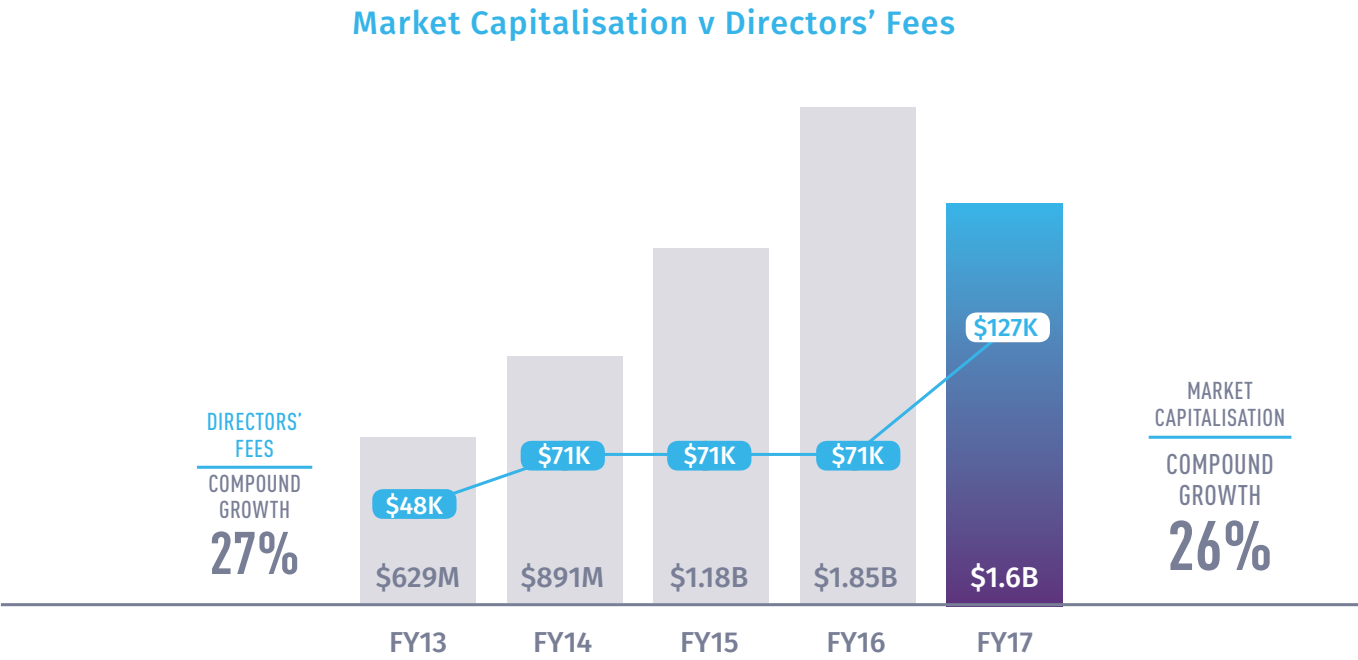
The total amount of Directors’ fees is capped at a maximum pool that is approved by shareholders. The current fee pool is \$1,000,000, which was approved by shareholders at the Annual General Meeting on 17 February 2016.

Non-Executive Directors receive fees to recognise their contribution to the work of the Board and the associated committees that they serve. Non-Executive Directors do not receive any performance-related remuneration.

The Remuneration Committee has the responsibility for determining the appropriate remuneration for Non-Executive Directors. Every third year the committee reviews and compares the Non-executive Director fees to market. This year as part of the process of adding a Non-Executive director to the Board, we engaged an independent third party to review our director’s fees and benchmark them against our peers to ensure we can continue to attract and retain quality directors.

The committee agreed that the Directors’ fees be set at the 75th percentile of ASX 101 – ASX 200 companies with CPI increases until the next review in three years time.

This has resulted in an increase in Directors’ fees to \$127,000, including statutory superannuation contributions. The table below shows the relationship between Directors’ fees and our market capitalisation; Directors’ fees continue to grow at a slower rate than our market capitalisation.





## Non-Executive Director Fees for 2017 and 2016

Short-term employee benefits				Post- employment benefits		Equity remuneration					
Name	Fixed remuneration \$	Directors' fees \$	Total fixed remuneration \$	Short-term Incentive \$	Superannuation \$	Termination benefits \$	Value of share options \$	Value of performance rights \$	Total \$	% growth on prior year excl LTI	% growth on prior year incl LTI
R McLean (Non-Executive Director)											
2017	-	127,000	127,000	-	-	-	-	-	127,000	69%	69%
2016	-	75,132	75,132	-	-	-	-	-	75,132		
J Mactaggart (Non-Executive Director)											
2017	-	127,000	127,000	-	-	-	-	-	127,000	69%	69%
2016	-	75,132	75,132	-	-	-	-	-	75,132		
K Blinco (Non-Executive Director)											
2017	-	127,000	127,000	-	-	-	-	-	127,000	69%	69%
2016	-	75,132	75,132	-	-	-	-	-	75,132		
R Anstey (Non-Executive Director)											
2017	-	127,000	127,000	-	-	-	-	-	127,000	69%	69%
2016	-	75,132	75,132	-	-	-	-	-	75,132		
Dr J Andrews (Non-Executive Director – appointed 22/2/16)											
2017	-	127,000	127,000	-	-	-	-	-	127,000	145%	145%
2016	-	51,872	51,872	-	-	-	-	-	51,872		
Total Non- Executive Directors											
2017	-	635,000	635,000	-	-	-	-	-	635,000	80%	80%
2016	-	352,400	352,400	-	-	-	-	-	352,400		

## 9. Director shareholdings

Directors are required to hold a minimum shareholding of one year's (pre-tax) Directors' fees in TechnologyOne shares. Directors are required to rectify any shortfall within a 24 month period. New Directors are allowed 24 months to meet this requirement.

The Board in total holds 74,725,300 shares representing 24% of the total shareholding of the Company.

## 10. Equity instruments held by Key Management Personnel

The number of shares in the Group held during the financial year by each Director and Senior Executive of Technology One Limited, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

## 2017

Directors of Technology One Limited	Balance at the start of year	Purchased during the year	Sales during the year	Net change other	Balance at the end of the year
A Di Marco	34,378,500	-	(3,000,000)	-	31,378,500
R McLean	141,000	-	-	-	141,000
J Mactaggart	45,902,500	-	(3,000,000)	-	42,902,500
K Blinco	250,000	10,000	-	-	260,000
R Anstey	15,000	4,000	-	-	19,000
J Andrews	8,325	15,975	-	-	24,300

Senior Executives of the Group	Balance at the start of year	Recived during the year on the exercise of options	Sales during the year	Net change other	Balance at the end of the year
E Chung	265,000	167,000	-	-	432,000
R Phare	-	200,000	(200,000)	-	-
M Harwood	1,000,000	400,000	(1,200,000)	(200,000)	-
S MacDonald	-	-	-	-	-
T Ristevski	-	-	-	-	-
N Mattenberger	-	-	-	-	-
J Ruthven	-	-	-	-	-

## 2016

Directors of Technology One Limited	Balance at the start of year	Purchased during the year	Sales during the year	Net change other	Balance at the end of the year
A Di Marco	37,378,500	-	(3,000,000)	-	34,378,500
R McLean	141,000	-	-	-	141,000
J Mactaggart	48,902,500	-	(3,000,000)	-	45,902,500
K Blinco	250,000	-	-	-	250,000
R Anstey	7,500	7,500	-	-	15,000
J Andrews	-	8,325	-	-	8,325

Senior Executives of the Group	Balance at the start of year	Recived during the year on the exercise of options	Sales during the year	Net change other	Balance at the end of the year
E Chung	350,000	165,000	(250,000)	-	265,000
R Phare	-	200,000	(200,000)	-	-
M Harwood	400,000	600,000	-	-	1,000,000
P Rogers	-	200,000	(200,000)	-	-
S MacDonald	-	-	-	-	-
T Ristevski	-	-	-	-	-

## 11. Loans to key management personnel

There have been no loans to directors or Executives during the financial year (2016 - nil).

## 12. Other transactions with key management personnel

During the year there were no transactions with the key management personnel. This report is made in accordance with a resolution of directors.



Corporate governance statement

The Board of Directors of the Company is responsible for its corporate governance. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has the authority to delegate any of their powers to committees consisting of such Directors and external consultants, as the Directors think fit. The Board has established an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee.

The format of the Corporate Governance Statement is in accordance with the Australian Securities Exchange Corporate Governance Council’s Corporate Governance Principles and Recommendations (3rd Edition). In accordance with the Council’s recommendations, the Corporate Governance Statement must contain specific information and disclose the extent to which the Company has followed the guidelines during the period.

TechnologyOne’s corporate governance practices were in place throughout the year ended 30 September 2017. As noted below there are some recommendations with which the Company has not complied to which the Company explains why at the end of the statement. Apart from these the Company has complied with all the principles’ recommendations.

The Directors have established guidelines for the operation of the Board. Set out below are the Company’s main corporate governance practices.

The Company’s complete Corporate Governance Statement is available on the Company’s internet site technologyonecorp.com in the ‘Shareholders’ area.

Board of Directors and its Committees

Board of Directors

The Directors are as follows:

Name	Position
Adrian Di Marco	Executive Chairman – Major Shareholder
John Mactaggart	Non-Executive Director - Major shareholder
Ronald McLean	Non-Executive Director - Independent
Kevin Blinco	Non-Executive Director - Independent
Richard Anstey	Non-Executive Director - Independent
Jane Andrews	Non-Executive Director - Independent

The Company Secretary is Stephen Kennedy.

The Board of Directors operates in accordance with the following broad principles:

- The Board should comprise of at least three members, but no more than 10. The current Board membership is six. The Board may increase the number of Directors where it is felt that additional expertise in specific areas is required. The Company believes for its current size, a smaller Board allows it to be more effective and to react quickly to opportunities and threats.

- The Board should be comprised of Directors with an appropriate mix of skills, qualifications, expertise, experience and diversity. The skills, experience and expertise which the Board considers to be particularly relevant include those in the area of finance, information technology, and Australian and International Business. In respect of diversity, the Board recognises that diversity relates to, but is not limited to gender, age, ethnicity and cultural background. The Board values diversity and recognises the individual contribution that people can make and the opportunity for innovation that diversity brings.
- The Board shall meet on both a planned basis and an unplanned basis when required, and have available all necessary information to participate in an informed discussion of agenda items.
- The Directors are entitled to be paid expenses incurred in connection with the execution of their duties as Directors. Each Director is therefore able to seek independent professional advice at the Company’s expense, where it is in connection with their duties and responsibilities as Director. The Company policy is that a Director wishing to seek independent legal advice should advise the Chairman at least 48 hours before doing so.
- The Directors and Officers will not engage in short term trading of the Company’s shares. Furthermore, the Directors and officers will not buy or sell shares at a time when they possess information which, if disclosed publicly, would be likely to materially affect the market price of the Company’s shares. Information is not considered to be generally available until a reasonable time has elapsed to allow the market to absorb these announcements. A detailed policy exists on this matter - refer to Share Trading Policy on the Company’s website.
- Directors have a clear understanding of the corporate and regulatory expectations of them. To this end formal letters of appointment are made for each Director setting out the key terms and conditions, any special duties or arrangements, remunerations and expenses, their rights and entitlements, confidentiality and rights of access to corporate information, as well as indemnity and insurance cover provided.
- Newly appointed Directors undertake an induction course covering the Company’s strategy, products and operations. They are also provided a copy of the Company’s constitution.
- Directors are required to disclose Directors’ interests and any matters that affect the Director’s independence. This includes disclosure of conflicts of interest, which may include transactions with family members or related entities.
- If there is a potential conflict of interest, conflicted Directors must immediately inform the Board and abstain from deliberations on such matters. Such Directors are not permitted to exercise any influence over other Board members. If the Board believes the conflict of interest is material or significant the Directors concerned will not be allowed to attend the meeting or receive the relevant Board papers.

The Role of the Board is as follows:

- Setting objectives, goals and strategic direction for management, with a view to maximising shareholder value.

- Input into and ratifying any significant changes to the company.
- Adopting an annual budget and monitoring financial performance.
- Ensuring adequate internal controls exist and are appropriately monitored for compliance.
- Ensuring significant business risks are identified and appropriately managed.
- Selecting, appointing and reviewing the performance of the Managing Director.
- Setting the highest business standards and code of ethical behaviour.
- Overseeing the establishment and implementation of the risk management system, and annually reviewing its effectiveness.
- Decisions relating to the appointment or removal of the Company Secretary.

A code of conduct has been established for the Board.

The Board has established a diversity policy, which is discussed below.

The Company has established a policy requiring the evaluation of the performance of Directors on an annual basis. This is undertaken by the Nomination Committee.

Appointment of Directors

If a vacancy exists, or where the Board considers it will benefit from the appointment of a new Director with particular skills, the Board will interview the candidates. Potential candidates will be identified by the Nomination Committee, with the Board entitled to seek the advice of an external consultant. The Board will then appoint the most suitable candidate, who upon acceptance will hold office until the next Annual General Meeting, where the appointee must retire and is entitled to stand for re-election.

Majority of Independent Directors

Four of the six Directors are independent. To be classified as independent, these Directors are Non-Executive Directors of the Company and not allied with the interests of management, a substantial security holder or other relevant stakeholder and can and will bring an independent judgement to bear on issues before the Board. Ron McLean was previously an Executive of the Company until 2004. Notwithstanding this, TechnologyOne classify him as an independent Non-Executive Director as a result of the lapse of time (13 years) since holding the position, and the changes in senior management at TechnologyOne since then.

Having said this, some advisors have not considered Mr McLean as being independent. As a result, the Board may not be seen as majority independent. Because of this, the Board appointed Dr Jane Andrews to the Board in 2016 as an independent Director and is looking to appoint two additional independent Directors in the coming year.

TechnologyOne is also keen to retain Mr McLean on the Board because of his deep industry knowledge and his extensive experience and successful track record in enterprise software, which is uncommon in Australia, which adds significant value to the TechnologyOne Board.

Audit and Risk Committee

The Board has established an Audit and Risk Committee. The Committee meets at least four times per year. The Committee is comprised of:

- K Blinco (Chairman)
- R Anstey
- R McLean
- J Andrews

The role of the Committee is as follows:

- Ensure the integrity in financial reporting
- Receive and review reports from the external auditor
- Review for accuracy financial statements for each reporting period prior to approval by the Board, and publishing
- Monitor compliance with the requirements of the Corporations Act, Listing Rules, Australian and Foreign Taxation Offices and other related legal obligations
- Ensure that the financial statements for each reporting period comply with appropriate accounting standards
- Regularly review Accounting Standards and Company Policies in conjunction with the Auditors, and recommend adoption/ changes to the Board
- Ensure the Internal Audit Function maintains a high standard of performance
- Monitor compliance with the requirements of the Corporations Act, Listing Rules, Australian and foreign taxation offices and other related legal obligations
- Oversee the ongoing development by management of an enterprise-wide risk management framework for management of material risks
- Periodically review the adequacy and effectiveness of the Company’s policies and procedures relating to risk management and compliance
- Make recommendations to the Board on key risk management performance indicators and levels of risk appetite

Remuneration Committee

The Board has established a Remuneration Committee. The Committee meets at least four times per year.

The Committee is comprised of a majority of independent Directors, and is chaired by an independent Director. The Committee is comprised of:

- K Blinco (Chairman)
- J Mactaggart
- R Anstey
- J Andrews

The role of the Committee is as follows:

- To advise the Board with regard to the Company’s remuneration framework for Executives.
- To determine the individual remuneration framework for Executives and Directors.



- To give the Company’s Executives encouragement to enhance the Company’s performance and to ensure that they are fairly, but responsibly, rewarded for their individual contribution.
- Make recommendations to the Board, based on the items above.

Non-Executive Directors’ remuneration is determined by the Board within the aggregate amount per annum which may be paid in directors’ fees.

Nomination Committee

The Board has established a Nomination Committee. The Committee meets as required during the year. The Committee is comprised of a majority of independent directors, and is chaired by an independent director. The Committee is comprised of:

- R Anstey (Chairman)
- J Mactaggart
- K Blinco
- J Andrews

The role of the Committee is as follows:

- Assessment of the necessary and desirable competencies and experience for board membership.
- Assessment of the independence of each Director.
- Evaluation of the membership of the Board, Audit and Risk and Remuneration committees, and their membership.
- Evaluation initially and on an on-going basis of Non-Executive Director’s professional development, commitments, and their ability to commit the necessary time required to fulfil their duties to a high standard.
- Adherence by Directors to the Director’s Code of Conduct and to good corporate governance.
- Review of Board succession plans, changes to committees and appointment of new Directors.
- Recommendation of, and undertaking the appropriate checks, for the endorsement or non-endorsement of existing Directors.
- Make recommendations to the Board, based on the items above.

Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics, and strive at all times to enhance the reputation and performance of the Company.

Shareholders’ Rights

The Board of Directors aims to ensure that shareholders are informed of all major developments affecting the Company’s state of affairs. The information is communicated to shareholders by the:

- Annual Report being distributed to all shareholders. The Board ensures the Annual Report contains all relevant information about the operations of the Company during the financial year, together with details of future developments and other disclosures required under the Corporations Act 2001.
- Company’s Annual General Meeting.
- Half Year Results Report distributed to all shareholders.

- Disclosures forwarded to the Australian Securities Exchange under the Company’s continuous disclosure obligations.
- Company’s web site, under a special area called Shareholders.

All information communicated by the Company is in accordance with its continuous disclosure requirements under ASX Listing Rule 3.1.

Risk Management

The Board has received reports from management on the risk management strategies, their effectiveness, and any current risk items. Management is responsible for the design and implementation of control systems, which are reviewed and approved by the Board. The whole area of risk management is outlined in the Corporate Governance Statement (on the company’s website) and is constantly reviewed. Risk management reporting is included in each Board and Audit and Risk Committee meeting. The Board required the CEO and CFO to sign the attestation statements in line with Corporations Act requirements.

Diversity at Technology One

The diversity of TechnologyOne remains fundamental to our ongoing success. TechnologyOne has established a Diversity Policy which reflects the company’s commitment to providing an inclusive workplace.

A summary of the Diversity Policy is following:

- Diversity is one of TechnologyOne’s strengths. TechnologyOne values this diversity and recognises the individual contribution our people can make and the opportunity for innovation such diversity brings.
- TechnologyOne believes that we will achieve greater success by providing our people with an environment that respects the dignity of every individual, fosters trust, and allows every person the opportunity to realise their full potential.
- TechnologyOne is committed to providing an inclusive workplace and our commitment to diversity extends to our interactions with customer and suppliers.

The Board established measurable objectives for 2017 and the objectives are:

- Ensuring compliance with the published diversity policy.
- Diversity target - setting targets for the number of women in senior roles in the organisation.
- Maintain reporting measures that are in compliance with both the ASX guidelines and Workplace Gender Equality Agency.
- Continue to identify employee feedback mechanisms through the review of existing forums and information provided as well as the identification of appropriate new mechanisms for employee consultation.
- Maintain existing educational programs that support diversity including but not limited to induction, on boarding and leadership programs delivered through the TechnologyOne College.

These objectives have been met, however TechnologyOne recognises further progress and improvement is possible and for this reason,

for 2018, TechnologyOne will continue to progress objectives one through to four.

TechnologyOne’s Australian workplace profile as at 30 September 2017 is detailed below:

	Male	%	Female	%	Total
Board and Executive Directors	5	83%	1	17%	6
Executive	6	86%	1	14%	7
Managers	96	73%	35	27%	131
Employees	539	63%	311	37%	850
	646	65	348	34	994

The Board is aiming to add up to an additional two Directors to the Board this coming year. This provides the Company with an exciting opportunity to increase the diversity on the Board as well as increasing the number of independent Directors.

Non-Compliance with ASX Corporate Governance Principles and Recommendations

The Board of Technology One believes in working to the highest standards of Corporate Governance. Notwithstanding this, the Board believes it is important to recognise there is not a ‘one size fits all’ to good Corporate Governance, and that it is important to consider the size of the Company, the industry it operates within, the corporate history and the Company’s inherent strengths.

The ASX Corporate Governance Council has recognised this fact, and has allowed companies to explain where they do not comply with the Corporate Governance Principles and Recommendations 3rd Edition.

The Company has complied with the majority of recommendations, with the exception of but a few. The Board believes the areas of non-conformance shown below will not impact the Company’s ability to meet the highest standards of Corporate Governance, and will at the same time allow the Company to capitalise on its inherent strengths.

This section highlights those areas of non-compliance and provides the reasons why.

Majority of Independent Directors (Refer ASX Corporate Guidelines - Recommendation 2.4)

The number of Directors is six. The Board has identified four of these Directors are independent, and two as not independent because they are major shareholders.

The Board is of the opinion that it should bring independent judgment in making all decisions and believes strongly that having two major shareholders (both who have been founders of the Company) has added to the significant strength of the Board, and provides a continuing vision for the Company’s success.

The independence of Mr Ron McLean has been debated by some corporate advisory groups because he was a past employee of TechnologyOne, ceasing to be an executive in 2004. The Board is of

the opinion that, due to the period of time that has lapsed since Mr McLean’s employment with the company, Mr McLean is considered as being independent.

The ASX guidelines commentary provides the following guidelines note which supports this position: “The mere fact that a director has served on a board for a substantial period does not mean that he or she has become too close to management to be considered independent. However, the board should regularly assess whether that might be the case for any director who has served in that position for more than 10 years.”

The ASX guidelines also states that it “recognises that the interests of a listed entity and its security holders are likely to be well served by having a mix of directors, some with a longer tenure with a deep understanding of the entity and its business and some with a shorter tenure with fresh ideas and perspective.”

Having said this, the TechnologyOne Board has committed to a Board renewal process. Because of this, the Board appointed Dr Jane Andrews to the Board in 2016 as an independent director, and is looking to appoint two additional independent directors in the coming year.

Independent Chairman (Refer to ASX Corporate Guidelines – Recommendation 2.5)

The Board is of the opinion it should maximise the vision, skills and deep industry knowledge of the Company’s founder and major shareholder, Mr Di Marco, to continue to lead the Company forward. He has a long and proven track record of creating significant shareholder wealth for the Company as its Chairman, since listing on the ASX in 1999.

The Board believes Mr Di Marco continues to be the best candidate to clearly communicate the Company’s vision, strategy and to set market expectations. To this end it is seen as appropriate that Mr Adrian Di Marco should remain as Chairman of the Company.

There is no empirical evidence to support the preference of an Independent Chairman.

The ASX Corporate Governance Principles and Recommendations propose that “if the Chair is not an independent Director, a listed entity should consider the appointment of an independent director as the Deputy Chair”. Mr McLean was appointed Deputy Chair at the Board meeting held 15 August 2017. Mr McLean is deemed to be an independent non-executive director in the Board’s opinion.

On 23 May 2017, Edward Chung was appointed as Chief Executive Officer. Mr Di Marco will not be deemed as independent under the ASX guidelines due to him being a substantial shareholder. This however, aligns Mr Di Marco with the interests of the Company’s shareholders.



## Financial Statements

### Consolidated income statement

For the year ended 30 September 2017

	Notes	2017 \$'000	2016 \$'000
<b>Revenue</b>	<b>5</b>	<b>273,253</b>	<b>249,018</b>
Variable costs		(24,766)	(23,965)
Variable customer cloud costs		(9,611)	(7,575)
<b>Total variable costs</b>		<b>(34,377)</b>	<b>(31,540)</b>
Occupancy costs		(7,750)	(9,033)
Corporate costs		(16,421)	(13,665)
Depreciation and amortisation	6	(4,237)	(3,924)
Computer and communication costs		(10,599)	(9,262)
Marketing costs		(5,624)	(2,751)
Employee costs		(134,602)	(124,006)
Share-based payments		(1,576)	(1,496)
Finance expense		(48)	(101)
<b>Total operating costs</b>		<b>(180,857)</b>	<b>(164,238)</b>
<b>Profit before income tax</b>	<b>7</b>	<b>58,019</b>	<b>53,240</b>
Income tax expense	7	(13,525)	(11,896)
<b>Profit for the year from continuing operations</b>		<b>44,494</b>	<b>41,344</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	31	14.18	13.26
Diluted earnings per share	31	14.10	13.11

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

### Consolidated statement of comprehensive income

For the year ended 30 September 2017

	2017 \$'000	2016 \$'000
<b>Profit for the year from continuing operations</b>	<b>44,494</b>	<b>41,344</b>
<b>Other comprehensive income</b>		
Items that may be reclassified to profit or loss in subsequent periods	(167)	(345)
Exchange differences on translation of foreign operations		
<b>Other comprehensive income for the year, net of tax</b>	<b>(167)</b>	<b>(345)</b>
<b>Total comprehensive income for the year</b>	<b>44,327</b>	<b>40,999</b>

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

### Consolidated statement of financial position

as at 30 September 2017

	Notes	2017 \$'000	2016 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	93,383	82,588
Prepayments		8,220	5,817
Trade and other receivables	9	53,262	41,642
Earned and unbilled revenue		14,305	16,421
Other current assets	10	798	793
<b>Total current assets</b>		<b>169,968</b>	<b>147,261</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	13,525	11,681
Intangible assets	12	47,549	48,088
Earned and unbilled revenue		11,914	3,980
Deferred tax assets	13	5,482	7,512
<b>Total non-current assets</b>		<b>78,470</b>	<b>71,261</b>
<b>Total assets</b>		<b>248,438</b>	<b>218,522</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	38,253	24,587
Provisions	15	11,270	11,194
Current tax liabilities		392	1,085
Unearned revenue		27,862	20,885
Borrowings	16	10	29
<b>Total current liabilities</b>		<b>77,787</b>	<b>57,780</b>
<b>Non-Current liabilities</b>			
Trade and other payables	28	8,370	16,068
Provisions	17	3,338	4,555
Current non-current liabilities	18	1,423	1,625
<b>Total non-current liabilities</b>		<b>13,131</b>	<b>22,248</b>
<b>Total liabilities</b>		<b>90,918</b>	<b>80,028</b>
<b>Net assets</b>		<b>157,520</b>	<b>138,494</b>
<b>EQUITY</b>			
Contributed equity	20	32,152	29,984
Other reserves	21	34,687	38,350
Retained earnings		90,681	70,160
<b>Total equity</b>		<b>157,520</b>	<b>138,494</b>

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



## Consolidated statement of changes in equity

For the year ended 30 September 2017

	Notes	Contributed equity \$'000	Retained earnings \$'000	Dividend reserve \$'000	FOREX reserve \$'000	Share option reserve \$'000	Total equity \$'000
<b>Balance at 1 October 2017</b>		<b>29,984</b>	<b>70,160</b>	<b>22,172</b>	<b>(561)</b>	<b>16,739</b>	<b>138,494</b>
Exchange differences on translation of foreign operations		-	-	-	(167)	-	(167)
Profit for the period		-	44,494	-	-	-	44,494
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>44,494</b>	<b>-</b>	<b>(167)</b>	<b>-</b>	<b>44,327</b>
Dividends paid	22	-	-	(30,370)	-	-	(30,370)
Transfer to dividend reserve		-	(23,973)	23,973	-	-	-
Exercise of share options	20	2,168	-	-	-	-	2,168
Share based payments	32	-	-	-	-	1,576	1,576
Tax impact of share trust		-	-	-	-	1,325	1,325
		2,168	(23,973)	(6,397)	-	2,901	(25,301)
<b>Balance at 30 September 2017</b>		<b>32,152</b>	<b>90,681</b>	<b>15,775</b>	<b>(728)</b>	<b>19,640</b>	<b>157,520</b>
<b>Balance at 1 October 2016</b>		<b>28,459</b>	<b>58,384</b>	<b>20,562</b>	<b>(216)</b>	<b>10,751</b>	<b>117,940</b>
Exchange differences on translation of foreign operations		-	-	-	(345)	-	(345)
Profit for the period		-	41,344	-	-	-	41,344
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>41,344</b>	<b>-</b>	<b>(345)</b>	<b>-</b>	<b>40,999</b>
Dividends paid	22	-	-	(27,958)	-	-	(27,958)
Transfer to dividend reserve		-	(29,568)	29,568	-	-	-
Exercise of share options	20	1,525	-	-	-	-	1,525
Share-based payments	32	-	-	-	-	1,496	1,496
Tax impact of share trust		-	-	-	-	4,492	4,492
		1,525	(29,568)	1,610	-	5,988	(20,445)
<b>Balance at 30 September 2016</b>		<b>29,984</b>	<b>70,160</b>	<b>22,172</b>	<b>(561)</b>	<b>16,739</b>	<b>138,494</b>

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

## Consolidated statement of cash flows

For the year ended 30 September 2017

	Notes	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		296,419	266,492
Unused prepayments to suppliers		(2,417)	(3,996)
Payments to suppliers and employees (inclusive of GST)		(238,006)	(210,508)
Interest received		728	1,035
Income taxes paid		(10,507)	(10,711)
Other revenue		273	1,530
Interest paid		(48)	(101)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>30</b>	<b>46,442</b>	<b>43,741</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of subsidiary (net of cash acquired)		(1,322)	(3,017)
Payments for property, plant and equipment		(6,109)	(4,889)
Proceeds from sale of property, plant and equipment		3	13
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(7,428)</b>	<b>(7,893)</b>
<b>Cash flows from financing activities</b>			
Proceeds from exercise of share options		2,168	1,525
Repayment of finance lease		(17)	(2,363)
Dividends paid to Company's shareholders	22	(30,370)	(27,958)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(28,219)</b>	<b>(28,796)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>10,795</b>	<b>7,052</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>82,588</b>	<b>75,536</b>
<b>Cash and cash equivalents at end of year</b>	<b>8</b>	<b>93,383</b>	<b>82,588</b>

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



# Notes to the consolidated financial statements

## 1 Summary of significant accounting policies

The financial report of Technology One Limited (the Company) for the year ended 30 September 2017 was authorised for issue in accordance with a resolution of Directors on 21 November 2017.

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

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Technology One Limited and its subsidiaries. The nature of the operations and principal activities of the Group are described in the Directors’ report.

### (a) Basis of preparation

The financial report is a general purpose financial report prepared by a for profit entity, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

The accounting policies adopted are consistent with those of the previous financial year.

#### (i) Compliance with IFRS

This financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### (ii) Newly adopted standards

New or amended standards that became applicable for the first time for the 30 September 2017 year end did not result in a change to the Company’s accounting policies or require retrospective adjustments. Certain new accounting standards and interpretations have been published that are not effective for the 30 September 2017 year end reporting period are outlined below.

#### (iii) 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 Company has not yet assessed how it will be affected by the new standard and has not yet decided when to adopt it.

#### (iv) Issued but not yet effective

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 (e.g. leases). The effective date of this standard is financial years beginning on or after 1 January 2018, with early adoption permitted. This will apply to the Company initially in the financial report for the financial year ended 30 September 2019. No decision on whether to adopt a retrospective approach has been made.

The contracting arrangements of the Company are complex and involve a number of performance obligations which in some cases may be interdependent. The Company has not yet finalised its position on the impact of AASB15 across all revenue streams, however to date some differences in the timing of revenue recognition (based on current contract terms) have been noted. Our impact assessment is on-going and still requires additional analysis to confirm if ultimately differences exist. The Company is also working with its existing customers on the terms of current agreements and agreements with new customers, as our product offerings evolve, which may vary contract terms and influence the impact of adoption, or cause there to be no ongoing impact. As a result of this, an overall impact assessment on reported results going forward has not been determined. The Company notes this will not impact cash flows.

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 Company has not yet assessed how it will be affected by the new standard and has not yet decided when to adopt it.

#### (v) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through the income statement.

#### (vi) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

## (b) Principles of consolidation

### (i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Technology One Limited (‘Company’ or ‘parent entity’) as at 30 September 2017 and the results of all subsidiaries for the year then ended. Technology One Limited and its subsidiaries together are referred to in this financial report as the ‘Company’ or the ‘Consolidated entity’.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

### (ii) Employee Share Trust

The Company has formed a trust to administer the Company’s employee share scheme. This trust is consolidated as the substance of the relationship is that the trust is controlled by the Company. At 30 September 2017, the Company had 500,656 (2016 - 954,679) Treasury Shares.

## (c) Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of each of the Company’s operations are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Australian dollars, which is Technology One Limited’s functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position, and
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable

approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- All resulting exchange differences are recognised in other comprehensive income.

## (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company’s activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company sells its licenced software under a perpetual licence contract with associated services, or as part of a “Software as a Service (SaaS)” solution which allows customers access to licensed software for a defined period, along with associated services.

Revenue is recognised for the major business activities as follows:

#### (i) Software Licence Fee Revenue

Revenue from licence fees due to software sales is recognised on the transferring of significant risks and rewards of ownership of the licensed software under an agreement between the Company and the customer.

#### (ii) Implementation and Consulting Services Revenue for Licenced Software

Revenue from implementation and consulting services attributable to licensed software is recognised in proportion to the stage of completion, typically in accordance with the achievement of contract milestones and/or hours expended.

#### (iii) Post Sales Customer Support Revenue for Licensed Software

Post sales customer support (PSCS) revenue for licensed software comprises fees for ongoing upgrades, minor software revisions and helpline support. PSCS revenue is allocated between annual fees for helpline support and fees for rights of access to ongoing upgrades and minor software patches. Fees for rights of access to ongoing upgrades and minor software revisions are recognised at the commencement of the period to which they relate on the basis that the Company has no ongoing obligations or required expenditure related to this revenue.

#### (iv) Project Services Revenue

Revenue from project services agreements is recognised in proportion to their stage of completion, typically in accordance with the achievement of contract milestones and/or hours expended.



- (v) Cloud Services
- Revenue from cloud services is recognised as the services are performed.
- (vi) Unearned Services Revenue
- Amounts received from customers in advance of provision of services are accounted for as a liability called Unearned Revenue.
- (vii) Earned and Unbilled Revenue
- Amounts recorded as earned and unbilled revenue represent revenues recorded on software licence fees and PSCS fees not yet invoiced to customers. These amounts have met the revenue recognition criteria of the Company, but have not reached the payment milestones contracted with customers.
- (viii) SaaS Revenue
- Software as a Service (SaaS) revenue is separable into each of its components of software licence fees, post sales customer support and cloud services. At each reporting date, the unearned portion is assessed and deferred to be recognised over the period of service.

**(e) Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Technology One Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

The head entity, Technology One Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

The Company has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112.

The Company created an Employee Share Trust during 2009 which allows an employee on the exercise of an option to hold the share in the Trust. As per AASB 112, on granting the option, the Company now records a deferred tax asset on the expected value of the share. If the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative remuneration expense, the difference is recognised directly in equity. When the employee exercises the option, the tax effect difference between the actual market value and what was recorded as a deferred tax asset is recognised to equity.

**(f) Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision

maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision maker - being the Executive Chairman.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for 'all other segments'.

**(g) Leases**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 11). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 26). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**(h) Research and Development costs**

Research and development expenses include payroll, employee benefits and other employee-related costs associated with product development. Technological feasibility for software products is reached shortly before products are released for commercial sale to customers. Costs incurred after technological feasibility is established are not significant, and accordingly, all research and development costs are expensed when incurred.

**(i) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount

exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Included in intangible assets is a software data model. This asset has an indefinite useful life. The asset is constantly refreshed and updated with all such costs being recorded in the profit and loss in the period when incurred.

**(j) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

For purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts.

**(k) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the impairment loss is recognised in the income statement within corporate expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against corporate expenses in the income statement.

**(l) Investments and other financial assets**

The Company classifies its investments in the following categories: financial assets at fair value through the Income Statement, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.



**(i) Available-for-sale financial assets**

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Investments held which are classified as available-for-sale are measured at fair value where such investments comprise tradeable securities. Fair value is determined by reference to quoted market prices in an active, liquid and observable market.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income.

**(m) Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the assets as follows:

Office furniture and equipment	3 - 11 years
Computer software	3 - 4 years
Motor vehicles	4 - 5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

**(n) Intangible assets**

**(i) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company’s share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-

generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

**(ii) Intellectual Property/Source Code**

Intangible assets acquired separately are capitalised at cost, and if acquired as a result of a business combination, capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to all classes of intangible assets. The useful lives of the intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on intangible assets with finite lives, this expense is taken to the Income Statement through the ‘depreciation & amortisation expense’ line item. Intangible assets with finite lives are tested for impairment where an indicator of impairment exists. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Intellectual Property is amortised on a straight line basis over 8 years.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the intangible asset is derecognised.

**(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(p) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**(q) Employee benefits**

**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the

liabilities are settled. Liabilities for sick leave, which are non-vesting, are recognised when the leave is taken and measured at the rates paid or payable.

**(ii) Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**(iii) Share-based payments**

The Company provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares. The costs of share-based payment transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. Refer to note 32.

The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). No expense is recognised for awards that do not ultimately vest.

**(r) Contributed equity**

Ordinary shares are classified as equity.

Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**(s) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(t) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**(u) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**2 Financial risk management**

The Company’s principal financial instruments are finance leases, cash and short-term deposits and assets available-for-sale, contingent consideration and borrowings.

The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the period under review, the Company’s policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company’s financial assets and liabilities are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the Financial Statements.



There are no changes in the financial risks faced by the Company in the period. The Company holds the following financial instruments:

	2017 \$'000	2016 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	93,383	82,588
Trade and other receivables	53,262	41,642
Earned and unbilled revenue	26,219	20,401
	172,864	144,631
<b>Financial liabilities</b>		
Trade and other payables	30,156	24,587
Borrowings	10	29
Contingent consideration	16,467	17,399
	46,633	42,015

#### (a) Interest rate risk

The Company's cash and investment assets are exposed to movements in deposit and variable interest rates. The Company does not hedge this exposure. Interest rate risk on cash is not considered to be material.

#### (b) Foreign currency risk

As a result of operations in New Zealand, Malaysia, Papua New Guinea and the United Kingdom and sales contracts denominated in United States dollars, the Company's statement of financial position can be affected by movements in the exchange rates applicable to these geographical locations and currencies.

The Company does not hedge this risk. The Company's exposure to foreign currency changes is not significant.

At balance date, the Group had the following exposures in Australian dollar equivalents of amounts to foreign currencies which are not effectively hedged:

	2017 USD \$'000	2017 PGK \$'000	2016 USD \$'000	2016 PGK \$'000
<b>Trade Receivables</b>	628	770	539	988

#### (c) Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Information on credit risk exposures is contained in Note 9.

#### (d) Liquidity risk

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

#### (e) Fair value measurements

At 30 September 2017 the Company did not hold any assets or liabilities at fair value through the profit and loss.

Contingent consideration as set out in note 28 is classified as Level 3 (2016 - \$17,399,000). The valuation techniques and fair value of consideration is outlined in note 28.

	Contingent Consideration \$'000
Opening balance at 1 October 2016	17,399
Payments	(1,322)
(Gains)/losses recognised in the income statement	390
<b>Closing balance at 30 September 2017</b>	<b>16,467</b>

The carrying value of trade receivables, accrued revenue and trade payables are assumed to approximate their fair value due to their short term nature. The fair value of non-current borrowings materially approximates their carrying amount, as the impact of discounting is not significant.

#### (f) Capital risk management

The Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The current risk management structure of the Company is to use all equity funding except for funding required to purchase core information technology assets which is funded by a leasing facility.

The equity funded position of the Company is managed by the Board through dividends, new shares and share buy backs as well as the issue of new equity where considered appropriate to fund business acquisitions.

#### (d) Liquidity risk (continued)

At 30 September 2017	Less than 6 months \$'000	6 - 12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>Financial assets</b>					
Cash and cash equivalents	93,383	-	-	-	93,383
Trade and other receivables	53,262	-	-	-	53,262
Earned and unbilled	14,305	-	11,914	-	26,219
<b>Total</b>	<b>160,950</b>	<b>-</b>	<b>11,914</b>	<b>-</b>	<b>172,864</b>
<b>Financial liabilities</b>					
Trade and other payables	30,156	-	-	-	30,156
Borrowings	5	5	-	-	10
Contingent consideration	8,097	-	8,370	-	16,467
<b>Total</b>	<b>38,258</b>	<b>5</b>	<b>8,370</b>	<b>-</b>	<b>46,633</b>
<b>Net inflow / (outflow)</b>	<b>122,692</b>	<b>(5)</b>	<b>3,544</b>	<b>-</b>	<b>126,231</b>

At 30 September 2016	Less than 6 months \$'000	6 - 12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>Financial assets</b>					
Cash and cash equivalents	82,588	-	-	-	82,588
Trade and other receivables	41,642	-	-	-	41,642
Earned and unbilled	16,421	-	3,980	-	20,401
<b>Total</b>	<b>140,651</b>	<b>-</b>	<b>3,980</b>	<b>-</b>	<b>144,631</b>
<b>Financial liabilities</b>					
Trade and other payables	24,587	-	-	-	24,587
Borrowings	5	19	5	-	29
Contingent consideration	1,331	-	16,068	-	17,399
<b>Total</b>	<b>25,923</b>	<b>19</b>	<b>16,073</b>	<b>-</b>	<b>42,015</b>
<b>Net inflow / (outflow)</b>	<b>114,728</b>	<b>(19)</b>	<b>(12,093)</b>	<b>-</b>	<b>102,616</b>



### 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Impairment of goodwill and other assets

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(n)(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 12 for details of these assumptions and the potential impact of changes to the assumptions.

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

#### (ii) Multiple Element Contracts

SaaS contracts entered into by the Group require judgement in the identification and separation of contract components related to software licence fees, post sales customer support and cloud services. The Group assesses each customer contract individually into its components and considers if any components should be aggregated where they cannot be separately determined. Revenue is assigned to each component based upon the stand alone fair value of the component relevant to the total contract value.

#### (iii) Share-based payments

The costs of equity-settled transactions are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights over shares is determined using a Black-Scholes model, further details of which are given in note 32. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities with the next annual reporting period but may impact expenses and equity.

#### (iv) Long service leave

A liability for long service is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

#### (v) Contingent consideration

A provision has been made for the present value of anticipated costs for future contingent earn out considerations resulting from the acquisitions made during the year. In estimating the liability, it was assumed that the maximum earn out amount will be payable based on current operating projections. Further details are available at note 28.

### 4 Segment information

#### (a) Description of segments

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 and Accounting Standard AASB 8.

TechnologyOne's reportable segments are:

- Sales and Marketing - sales of licence fees and customer support to our customers.
- Consulting - implementation, consulting services and 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, the royalty calculation is a percentage of Revenue, which varies (between 10% and 65%) according to the nature of the revenue recognised in each segment. For example, Sales & Marketing pays R&D 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.

#### (b) Segment information provided to the strategic steering committee

2017	Sales & Marketing \$'000	Consulting \$'000	R&D \$'000	Cloud \$'000	Corporate \$'000	Total \$'000
<b>Revenue</b>						
External revenue	181,621	71,349	121	18,636	1,526	273,253
Intersegment revenue	77	(208)	87	(101)	145	-
Net royalty	(118,631)	(7,423)	74,447	(1,951)	53,558	-
<b>Total revenue</b>	<b>63,067</b>	<b>63,718</b>	<b>74,655</b>	<b>16,584</b>	<b>55,229</b>	<b>273,253</b>
<b>Expenses</b>						
Total external expenses	52,085	58,455	49,856	14,077	40,761	215,234
<b>Profit before tax</b>	<b>10,982</b>	<b>5,263</b>	<b>24,799</b>	<b>2,507</b>	<b>14,468</b>	<b>58,019</b>
Income tax expense						(13,525)
<b>Profit for the year</b>						<b>44,494</b>
<b>R&amp;D expenses (external) as a % of total external revenue</b>			18%			
Total assets						242,956
Total liabilities						90,918
Depreciation and amortisation						(4,237)
Other disclosures: Capital expenditure						5,834

2016	Sales & Marketing \$'000	Consulting \$'000	R&D \$'000	Cloud \$'000	Corporate \$'000	Total \$'000
<b>Revenue</b>						
External revenue	164,874	71,243	62	10,111	2,728	249,018
Intersegment revenue	216	(280)	26	(41)	79	-
Net royalty	(107,576)	(7,653)	67,482	(1,051)	48,798	-
<b>Total revenue</b>	<b>57,514</b>	<b>63,310</b>	<b>67,570</b>	<b>9,019</b>	<b>51,605</b>	<b>249,018</b>
<b>Expenses</b>						
Total external expenses	48,938	53,561	46,009	11,255	36,015	195,778
<b>Profit before tax</b>	<b>8,576</b>	<b>9,749</b>	<b>21,561</b>	<b>(2,236)</b>	<b>15,590</b>	<b>53,240</b>
Income tax expense						(11,896)
<b>Profit for the year</b>						<b>41,344</b>
<b>R&amp;D expenses (external) as a % of total external revenue</b>			18%			
Total assets						211,010
Total liabilities						80,028
Depreciation and amortisation						(3,924)
Other disclosures: Capital expenditure						5,638



**(c) Other segment information**

(i) Segment revenue	2017 \$'000	2016 \$'000
Australia	241,355	220,448
New Zealand	21,679	20,845
International *	10,219	7,725
<b>Segment revenues from sales to external customers</b>	<b>273,253</b>	<b>249,018</b>

\* International segments include United Kingdom, South Pacific and Malaysia.

(ii) Segment assets	2017 \$'000	2016 \$'000
Australia	212,068	207,116
New Zealand	20,023	5,603
International *	10,865	5,803
<b>Segment assets</b>	<b>242,956</b>	<b>218,522</b>

\* International segments include United Kingdom, South Pacific and Malaysia.

All significant non-current assets are located in Australia.

(iii) Major customers
The Company has a number of customers to which it provides both products and services, none of which contribute greater than 10% of external revenue.

**5 Revenue**

	2017 \$'000	2016 \$'000
<b>Sales revenue</b>		
Software licence fees	61,693	56,165
Implementation and consulting services	64,335	60,026
Post sales customer support	119,929	108,480
Project services	7,013	11,102
Cloud service fees	18,636	10,111
<b>Total sales revenue</b>	<b>271,606</b>	<b>245,884</b>
<b>Other income</b>		
Rents and sub-lease rentals	273	1,530
Interest received - cash	728	876
Other	646	728
<b>Total other income</b>	<b>1,647</b>	<b>3,134</b>
<b>Total revenue</b>	<b>273,253</b>	<b>249,018</b>

**6 Expenses**

Profit before income tax includes the following specific expenses:	2017 \$'000	2016 \$'000
<b>Depreciation</b>		
Plant and equipment	3,688	3,188
<b>Amortisation</b>		
Leased office furniture and equipment	10	206
Intangible assets	539	530
<b>Total amortisation</b>	<b>549</b>	<b>736</b>
<b>Total depreciation and amortisation</b>	<b>4,237</b>	<b>3,924</b>
Wages and salaries	110,923	101,339
Defined contribution plan expense	9,320	8,641
Payroll tax	6,800	6,304
Provision for employee benefits	158	1,399
Share-based payments	1,576	1,496
Other	7,032	5,639
	<b>135,809</b>	<b>124,818</b>
Provision for doubtful debts	(3)	(202)
Foreign exchange gain	99	816
Rental expenses on operating leases	5,796	6,388
(Gain) / Loss on sale of fixed assets	176	(12)

**7 Income tax expense**

(a) Income tax expense	2017 \$'000	2016 \$'000
Current tax	13,958	14,124
Relating to origination and reversal of temporary differences	854	(398)
Adjustments for current tax of prior periods	(1,287)	(1,830)
	<b>13,525</b>	<b>11,896</b>
Deferred income tax (revenue) / expense included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets	161	(847)
Increase / (decrease) in deferred tax liabilities	(215)	728
Adjustment for deferred taxes of prior periods	(800)	517
	<b>(854)</b>	<b>398</b>

**(b) Numerical reconciliation of income tax expense to prima facie tax payable**

	2017 \$'000	2016 \$'000
<b>Profit from continuing operations before income tax expense</b>	<b>58,019</b>	<b>53,240</b>
<b>Tax at the Australian tax rate of 30% (2016 - 30%)</b>	<b>17,406</b>	<b>15,972</b>
<b>Adjustments for current tax of prior periods</b>	<b>(1,287)</b>	<b>(1,830)</b>
<b>Research and development tax concession</b>	<b>(3,368)</b>	<b>(3,154)</b>
<b>Other non-deductible items</b>	<b>774</b>	<b>908</b>
	<b>(3,881)</b>	<b>(4,076)</b>
<b>Income tax expense</b>	<b>13,525</b>	<b>11,896</b>

**(c) Amounts recognised directly in equity**

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:	2017 \$'000	2016 \$'000
<b>Net deferred tax - debited (credited) directly to equity</b>	<b>1,325</b>	<b>4,492</b>

**8 Current assets - Cash and cash equivalents**

	2017 \$'000	2016 \$'000
<b>Cash and cash equivalents</b>	<b>93,383</b>	<b>82,588</b>

The Company has a secured \$2 million interchangeable facility which is transferable between an Overdraft, Fixed Rate Commercial Bill and Variable Rate Commercial Bill to assist with working capital requirements.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Money market accounts at call are made for varying periods of between one day and three months, depending on immediate cash requirements of the Company, and earn interest at the respective money market deposit rates. The fair value of cash assets at 30 September are their carrying values.

**9 Current assets - Trade and other receivables**

	2017 \$'000	2016 \$'000
<b>Trade receivables (i) (ii)</b>	<b>52,028</b>	<b>41,725</b>
<b>Provision for impairment of receivables</b>	<b>(525)</b>	<b>(528)</b>
<b>Sundry receivables</b>	<b>1,759</b>	<b>445</b>
	<b>53,262</b>	<b>41,642</b>

(i) Trade receivables are non-interest bearing and are on 30 day terms. No interest is charged on trade receivables. A specific analysis of debts that may be uncollectible is made at each reporting date by an internal credit committee and provisions made where appropriate. Provisions recorded are based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to the circumstances of the specific customer.

Included in the trade receivable balance are debtors with a carrying amount of \$14,795,838 (2016 - \$9,720,605) which are past due at the reporting date for which the consolidated entity has not provided as there has not been a significant change in credit quality and the consolidated entity believes that the amounts are still considered recoverable. Subsequent to 30 September 2017, as at 31 October 2017, trade receivable balances past due has reduced to \$12,428,326. The consolidated entity does not hold any collateral over these balances, apart from the withdrawal of future support and software licence use rights. The average age of these receivables is 45 days (2016 - 39 days).

(ii) Included in trade receivables are amounts billed but not yet collected for post implementation customer support to commence post 30 September at each balance date. An equal and offsetting amount is included in unearned income. The balance at 30 September 2017 is \$20,810,000 (2016 - \$14,780,000).

**(a) Impaired trade receivables**

Movements in the provision for impairment of receivables are as follows:	2017 \$'000	2016 \$'000
<b>At 1 October</b>	<b>528</b>	<b>745</b>
<b>Provision for impairment recognised during the year</b>	<b>281</b>	<b>248</b>
<b>Unused amounts reversed</b>	<b>(284)</b>	<b>(465)</b>
<b>At 30 September</b>	<b>525</b>	<b>528</b>

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

**10 Current assets - Other current assets**

	2017 \$'000	2016 \$'000
<b>Deposits receivable</b>	<b>407</b>	<b>302</b>
<b>Income tax receivable</b>	<b>391</b>	<b>491</b>
	<b>798</b>	<b>793</b>



## 11 Non-current assets - Property, plant and equipment

	Office furniture and equipment \$'000	Leased office furniture and equipment \$'000	Computer software \$'000	Motor vehicles \$'000	Leased computer software \$'000	Total \$'000
<b>Year ended 30 September 2017</b>						
Opening net book amount	11,507	62	48	64	-	11,681
Additions	5,834	-	-	-	-	5,834
Disposals	(367)	-	-	-	-	(367)
Depreciation charge	(3,625)	(10)	(38)	(25)	-	(3,698)
Make good movement	78	(3)	-	-	-	75
<b>Closing net book amount</b>	<b>13,427</b>	<b>49</b>	<b>10</b>	<b>39</b>	<b>-</b>	<b>13,525</b>
<b>At 30 September 2017</b>						
Cost	38,804	1,240	2,946	282	248	43,520
Accumulated depreciation	(25,377)	(1,191)	(2,936)	(243)	(248)	(29,995)
<b>Net book amount</b>	<b>13,427</b>	<b>49</b>	<b>10</b>	<b>39</b>	<b>-</b>	<b>13,525</b>
<b>Year ended 30 September 2016</b>						
Opening net book amount	7,630	2,020	226	136	-	10,012
Additions	5,630	-	7	-	-	5,637
Disposals	(426)	-	-	(29)	-	(455)
Depreciation charge	(2,961)	(206)	(184)	(43)	-	(3,394)
Exchange differences	1	(1)	(1)	-	-	(1)
Make good movement	(118)	-	-	-	-	(118)
Transfer	1,751	(1,751)	-	-	-	-
<b>Closing net book amount</b>	<b>11,507</b>	<b>62</b>	<b>48</b>	<b>64</b>	<b>-</b>	<b>11,681</b>
<b>At 30 September 2016</b>						
Cost	34,953	1,240	2,946	282	248	39,669
Accumulated depreciation	(23,446)	(1,178)	(2,898)	(218)	(248)	(27,988)
<b>Net book amount</b>	<b>11,507</b>	<b>62</b>	<b>48</b>	<b>64</b>	<b>-</b>	<b>11,681</b>

## 12 Non-current assets - Intangible assets

	Goodwill \$'000	Intellectual property/ Source code \$'000	Customer contracts \$'000	Total \$'000
<b>Year ended 30 September 2017</b>				
Opening net book amount	40,003	7,152	933	48,088
Amortisation charge	-	(484)	(55)	(539)
<b>Closing net book amount</b>	<b>40,003</b>	<b>6,668</b>	<b>878</b>	<b>47,549</b>
<b>At 30 September 2017</b>				
Cost	40,003	10,358	1,100	51,461
Accumulated amortisation	-	(3,690)	(222)	(3,912)
<b>Net book amount</b>	<b>40,003</b>	<b>6,668</b>	<b>878</b>	<b>47,549</b>
<b>Year ended 30 September 2016</b>				
Opening net book amount	31,230	5,019	996	37,245
Additions	8,773	2,600	-	11,373
Amortisation charge	-	(467)	(63)	(530)
<b>Closing net book amount</b>	<b>40,003</b>	<b>7,152</b>	<b>933</b>	<b>48,088</b>
<b>At 30 September 2016</b>				
Cost	40,003	10,358	1,100	51,461
Accumulation amortisation	-	(3,206)	(167)	(3,373)
<b>Net book amount</b>	<b>40,003</b>	<b>7,152</b>	<b>933</b>	<b>48,088</b>

Included in Intellectual property/ Source code is \$4.2m of source code that has an indefinite useful life, and is tested annually for impairment.

These assets have an indefinite life due to the nature of the asset being the core architecture of software. These assets are maintained each year and the costs of maintenance expensed as incurred.

### (a) Impairment tests for goodwill and indefinite life intangibles

Goodwill is allocated to the Company's cash generating units (CGUs) identified according to each reportable segment for impairment testing purposes.

A segment-level summary of the goodwill allocation is presented below.

	Sales & Marketing \$'000	Consulting \$'000	Research & Development \$'000	Total \$'000
<b>2017</b>				
Goodwill	13,378	12,947	13,678	40,003
Indefinite life intangibles	1,428	1,386	1,386	4,200
	<b>14,806</b>	<b>14,333</b>	<b>15,064</b>	<b>44,203</b>
<b>2016</b>				
Goodwill	13,378	12,947	13,678	40,003
Indefinite life intangibles	1,428	1,386	1,386	4,200
	<b>14,806</b>	<b>14,333</b>	<b>15,064</b>	<b>44,203</b>



The recoverable amounts have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period, as there is no active market against which to compare the fair value of the unit.

The discount rate applied to cash flow projections is 15% pre-tax (2016 - 15%).

The key assumptions used for all CGUs in value in use calculations for 30 September 2017 and 2016 are:

- Budgeted margins - the basis used to determine the value assigned to budgeted margin is the average margin achieved in the year immediately before the budgeted year.
- Bond rates - the yield on a five year government bond rate at the beginning of the budgeted year is used.
- Growth rates - based on long term historical trends for each segment in line with industry growth rates.
- Terminal growth rates - these have been set at 3% (2016 - 3%).

A reasonable possible change in the assumptions would have no significant impact on the impairment of these assets.

### 13 Non-current assets - Deferred tax assets

	2017 \$'000	2016 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Employee benefits	3,821	4,005
Provisions - other	1,911	2,258
Accrued expenses	748	696
Intangibles	1,271	1,289
Copyright - software	277	295
Lease liability (net)	9	9
Other	354	-
Employee share trust	2,333	4,417
	<b>10,724</b>	<b>12,969</b>

Set-off of deferred tax liabilities pursuant to set-off provisions(note 19)	(5,242)	(5,457)
<b>Net deferred tax assets</b>	<b>5,482</b>	<b>7,512</b>
Deferred tax assets expected to be recovered within 12 months	2,630	3,604
Deferred tax assets expected to be recovered after more than 12 months	2,852	3,908
	<b>5,482</b>	<b>7,512</b>

#### Movements:

Opening balance at 1 October	12,970	12,044
Credited / (charged) to the consolidated income statement	(161)	(847)
Credited / (charged) to equity	(2,085)	1,184
Acquisition of subsidiary	-	588
Offset from deferred tax liabilities	(5,242)	(5,457)
<b>Closing balance at 30 September</b>	<b>5,482</b>	<b>7,512</b>

### 14 Current liabilities - Trade and other payables

	2017 \$'000	2016 \$'000
Trade payables	22,543	16,583
Contingent consideration (note 28)	8,097	1,331
Sundry Creditors	7,270	6,454
Directors' fees	343	219
	<b>38,253</b>	<b>24,587</b>

Trade payables and sundry creditors are non-interest bearing and are normally settled on 30 day terms. No interest is payable on outstanding balances. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

### 15 Current liabilities - Provisions

	2017 \$'000	2016 \$'000
Make good provision	90	47
Other provisions	720	796
Annual leave	5,727	5,702
Onerous contracts	-	249
Long service leave	4,733	4,400
	<b>11,270</b>	<b>11,194</b>

#### (a) Movements in provisions

Please refer to note 17 for details

### 16 Current liabilities - Borrowings

	2017 \$'000	2016 \$'000
Secured		
Lease liabilities (note 26)	10	29
Total secured current borrowings	10	29

### 17 Non-current liabilities - Provisions

	2017 \$'000	2016 \$'000
Long service leave	2,648	3,314
Make good provision	690	1,018
Onerous contracts	-	223
	<b>3,338</b>	<b>4,555</b>

#### (a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2017	Annual Leave \$'000	Long service leave \$'000	Onerous contracts \$'000	Make good provision \$'000	Other \$'000	Total \$'000
Carrying amount at start of year	5,702	7,714	472	1,065	796	15,749
Additional provisions recognised	(3,475)	(1,762)	(472)	(431)	(1,582)	(7,722)
<b>Charged/ (credited) to the profit or loss – unwinding of discount</b>	<b>3,500</b>	<b>1,429</b>	<b>-</b>	<b>146</b>	<b>1,506</b>	<b>6,581</b>
<b>Carrying amount at end of period</b>	<b>5,727</b>	<b>7,381</b>	<b>-</b>	<b>780</b>	<b>720</b>	<b>14,608</b>

The non-current provisions have been discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### 18 Non-current liabilities - Other non-current liabilities

	2017 \$'000	2016 \$'000
Other non-current liabilities	1,423	1,625

Other non current liabilities consists of lease incentives.

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

### 19 Non-current liabilities - Deferred tax liabilities

	2017 \$'000	2016 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Accrued receivables	(5,212)	(5,090)
Accelerated depreciation for tax purposes	-	(587)
Prepayments	(30)	(34)
Other	-	254
<b>Total deferred tax liabilities</b>	<b>(5,242)</b>	<b>(5,457)</b>

Set-off of deferred tax liabilities pursuant to set-off provisions(note 13)	5,242	5,457
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>-</b>

#### Movements:

Opening balance at 1 October	(5,457)	(4,730)
Charged / (credited) to the income statement	215	(727)
Offset to deferred tax assets	5,242	5,457
<b>Closing balance at 30 September</b>	<b>-</b>	<b>-</b>

### 20 Contributed equity

#### (a) Share capital

	2017 Shares	2016 Shares	2017 \$'000	2016 \$'000
Ordinary shares Fully paid	315,442,363	313,294,930	32,152	29,984



20 Contributed equity (continued)

(b) Movements in ordinary share capital

Date	Details	Number of shares	\$'000
1 Oct 2016	Opening balance	313,294,930	29,984
	Exercise of options	2,147,433	2,168
30 Sep 2017	Closing balance	315,442,363	32,152
1 Oct 2015	Opening balance	310,634,422	28,459
	Exercise of options	2,660,508	1,525
30 Sep 2016	Closing balance	313,294,930	29,984

(c) Employee Share Option Plan

Information relating to the TechnologyOne Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 32.

21 Reserves

(a) Other reserves

	2017 \$'000	2016 \$'000
Share-based payments	19,640	16,739
Foreign currency translation	(728)	(561)
Dividend reserve	15,775	22,172
	34,687	38,350

(b) Nature and purpose of other reserves

(i) Share-based payments

The reserve is used to record the value of equity benefits provided to employees, through share-based payment transactions and associated tax benefits.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the income statement when the net investment is disposed of.

(iii) Dividend reserve

The reserve records retained earnings set aside for the payment of future dividends.

22 Dividends

Ordinary shares

	2017 \$'000	2016 \$'000
Final dividend for the year ended 30 September 2016 of 5.09 cents (2015 - 4.63 cents) per fully paid share paid on December 2016 (2015 - December 2015). 100% franked (2015 - 100%) based on tax paid at 30%	15,947	14,390
Special dividend for the year ended 30 September 2016 of 2.0 cents (2015 - 2.00 cents) per fully paid share paid on December 2016. 100% franked (2015 - 100%) based on tax paid at 30%	6,265	6,213
Interim dividend for the year ended 30 September 2017 of 2.60 cents (2016 - 2.36 cents) per fully paid share paid in June 2017 (2016 - June 2016) 100% franked (2016 - 100%) based on tax paid at 30%	8,158	7,355
Total dividends provided for or paid	30,370	27,958

(a) Dividend Policy

The Board will continue to consider paying a special dividend in future years if cash reserves remain high, available franking credits, growth continues as is expected and there is no compelling alternative use for the cash reserves.

(b) Dividends not recognised at the end of the reporting period

	2017 \$'000	2016 \$'000
Final		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 5.60 cents per fully paid ordinary share, (2016 - 5.09 cents) 75% franked based on tax paid at 30% (2016 - 30%). The aggregate amount of proposed dividend expected to be paid out of retained earnings, but not recognised as a liability at year end	17,664	15,947
Special		
In addition to the above dividends, since year end the directors have recommended that payment of a special dividend of 2.00 cents per fully paid ordinary share (2016 - 2.00 cents) 75% franked based on a tax paid at 30%. The aggregate amount and the proposed dividend expected to be paid in December 2017 out of retained earnings at 30 September 2017, but not recognised as a liability at the end of the year	6,309	6,266
	23,973	22,213

(c) Franked dividends

The franked portions of the final dividends recommended after 30 September 2017 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 September 2018.

	2017 \$'000	2016 \$'000
Final		
Franking account balance as at the end of the financial year at 30% (2016: 30%)	(876)	678
Franking credits that will arise from the payments of income tax	3,868	4,601
	2,992	5,279

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (A) franking credits that will arise from the payment of the amount of the provision for income tax, and
- (B) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

The impact on the franking account of the dividend recommended by the Directors since the end of the reporting date, but not recognised as a liability at the reporting date, will be a reduction in the franking account of \$7,705,607 (2016 - \$9,519,690). Additional franking credits to partially frank dividends at 30 September 2017 will be generated by income tax payments up to 30 September 2018.

23 Key management personnel disclosures

(a) Key management personnel compensation

	2017 \$	2016 \$
Short-term employee benefits	4,948,797	5,061,219
Post-employment benefits	70,246	71,842
Termination benefits	-	65,500
Share-based payments	546,801	827,988
	5,565,844	6,026,549

(b) Equity instrument disclosures relating to key management personnel

Details of options provided as remuneration to KMP and shares issued on the exercise of such, together with terms and conditions can be found in the remuneration report.

24 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the consolidated entity:

	2017 \$	2016 \$
Audit and other assurance services		
Audit and review of financial statements	306,208	307,135
Other assurance services		
Compliance services <sup>1</sup>	593,130	146,353
Due diligence services	-	5,555
Total remuneration for audit and other assurance services	899,338	459,043
Other services		
Taxation advice	134,550	31,690
Total remuneration of Ernst & Young	1,033,888	490,733

<sup>1</sup> Compliance services relate to assurance of cloud software and hosting provided to customers of the Group.

25 Contingencies

The Company had contingencies at 30 September 2017 in respect of:

Guarantees

At 30 September 2017, the Company had \$6,478,061 (2016 - \$6,801,304) in outstanding performance guarantees. The total available guarantee facility is \$7,000,000 (2016 - \$7,000,000). The Company also had unused foreign currency dealing limits of \$950,576 (2016 - \$1,253,365).

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

Earn Out

At 30 September 2017, the Company had \$16,467,362 (2016 - \$17,399,462) in earn out contingencies relating to the acquisitions during the 2016 year. This included \$9,564,301 of earn out payments and \$6,903,061 of contingent considerations. The valuation techniques and fair value of the consideration and the recording of the liability is outlined in note 28.

Brisbane City Council

During the period ended 30 September 2017, TechnologyOne received a claim for damages from Brisbane City Council (BCC) for AUD \$50million. TechnologyOne has been open and transparent to the market from the outset and has made numerous disclosures on the ASX throughout the process. These disclosures were made on; 25 January 2017, 30 January 2017, 28 April 2017, 3 May 2017, 23 May 2017, 28 June 2017, 4 July 2017, 24 July 2017 and 28 July 2017. To reiterate, TechnologyOne has stated previously that BCC has wrongfully terminated the agreement and will pursue the matter and seek legal compensation.

TechnologyOne has engaged legal counsel in relation to the matter and made appropriate representations to its insurers, as it is required to do for any and all matters regardless of prospects.



The matter is now being dealt with via the contract process. TechnologyOne remains confident of its legal and commercial position under the contract.

General Contingencies

TechnologyOne is a global business and from time to time in the ordinary course of business it receives enquiries from various regulators and government bodies. TechnologyOne cooperates fully with all enquiries and these enquiries do not require disclosure in their initial state, however should the company become aware that an enquiry is developing further or if any regulator or government action is taken against the group, appropriate disclosure is made in accordance with the relevant accounting standards.

As a global business, from time to time TechnologyOne is also subject to various claims and litigation from third parties during the ordinary course of its business. The directors of TechnologyOne have given consideration to such matters which are or may be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims of litigation exists. The group had no other material contingent assets or liabilities

26 Commitments

(a) Operating lease commitments

Operating leases are entered into as a means of acquiring access to office property. Rental payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

There is a sublease which completed in 2017. The current year revenue is \$245,181 (2016 - \$1,529,512) and this has not been included in the numbers below.

	2017 \$'000	2016 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	7,144	8,175
Later than one year but not later than five years	17,245	22,645
Later than five years	64	319
	24,453	31,139

(b) Finance lease commitments

The primary finance lease liabilities are secured by a Registered Mortgage Debenture given by the Company in favour of ANZ Banking Group Limited for the assets under lease. The Company has a separate available leasing facilities of \$nil (2016 - \$439,370 ) of which \$nil remains un-drawn at 30 September 2017 (2016 - \$409,370). The borrowings carry a rate between 1.72% and 1.94% (2016 - 1.81%) and have an average term of 12 months.

	2017 \$'000	2016 \$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	10	25
Later than one year but not later than five years	-	5
Minimum lease payments	10	30
Future finance charges	-	(1)
Total lease liabilities	10	29
Representing lease liabilities:		
Current (note 16)	10	29

27 Related party transactions

(a) Ultimate controlling entity

The ultimate controlling entity of the consolidated entity is Technology One Limited, a company incorporated in Australia.

(b) Transactions with related parties

The parent entity entered into the following transactions during the year with related parties in the wholly owned group:

- Loans were advanced and repayments received on short-term intercompany accounts, and
- Marketing support and management fees were charged to wholly owned controlled entities.

These transactions were undertaken on commercial terms and conditions. No provision for doubtful debts has been raised on amounts due to and receivable from related parties.

The ownership interest in related parties in the wholly owned group is set out in note 29.

28 Business combination

There were no business combinations in the 2017 year. Contingent consideration relating to the business combinations of ICON, DMS or JRA as set out in the prior year is classified as Level 3 (2017: \$16.5m). The impact on the income statement during the period represents the unwinding of the contingent consideration. The inputs and valuation techniques are consistent with those in the prior year and as such, the amounts payable under the respective acquisition agreements have been discounted to present value.

The fair value of the estimate of the ICON contingent consideration of \$4,974,233 was calculated based on the assumption that a maximum \$5,000,000 earn out tranche may be payable three calendar years after acquisition and a discount rate of 1.54% based on relevant government bonds with terms to maturity. The contingent consideration is classified as Level 3.

The fair value of the estimate of the DMS contingent consideration of \$3,123,158 was calculated based on the assumption that a maximum \$3,000,000 earn out tranche and \$150,000 DMS NZ tranches may be payable three calendar years after acquisition and a discount rate of 1.54% based on relevant government bonds with terms to maturity. The contingent consideration is classified as Level 3.

The fair value of the estimate of the JRA contingent consideration of \$8,369,970 was calculated based on the assumption that a maximum \$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 three calendar years after acquisition and a discount rate of 1.54% based on relevant government bonds with terms to maturity. The contingent consideration is classified as Level 3.

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 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 3 year cumulative actual NPBT Bonus Tranche divided by the Target NPBT of \$6,300,000 multiplied by 33% of any amount above the Bonus tranche figure to a maximum of \$1,000,000. The additional bonus tranche is payable 3 years after the completion of the acquisition.

TechnologyOne has agreed to pay the selling shareholders an additional North American tranche based on JRA's 3 year cumulative 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 additional North American tranche is payable 3 years after the completion of the acquisition.

	\$'000
Balance at 30 September 2016	17,399
Payments	(1,322)
(Gains) / Losses recognised in income statement	390
	16,467

	ICON \$'000	DMS \$'000	JRA \$'000	Total \$'000
Current	4,974	3,123	-	8,097
Non Current	-	-	8,370	8,370
Total	4,974	3,123	8,370	16,467

29 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of Incorporation	Class of shares	Equity holding	
			2017 %	2016 %
Technology One Corporation Sdn Bhd	Malaysia	Ordinary	100	100
Technology One New Zealand Ltd	New Zealand	Ordinary	100	100
Technology One UK Limited	England	Ordinary	100	100
Avand Pty Ltd	Australia	Ordinary	100	100
Avand (New Zealand) Pty Ltd	New Zealand	Ordinary	100	100
Technology One Employee Share Trust	Australia	Ordinary	100	100
Desktop Mapping Systems Pty Ltd	Australia	Ordinary	100	100
Digital Mapping Solutions NZ Limited	New Zealand	Ordinary	100	100
Boldridge Pty Ltd	Australia	Ordinary	100	100
Icon Solution Unit Trust	Australia	Ordinary	100	100
Jeff Roorda & Associates Pty Ltd	Australia	Ordinary	100	100

The parent entity is Technology One Limited, a public company, limited by shares and is domiciled in Brisbane, Australia and whose shares are traded on the Australian Securities Exchange. All entities operate in the software industry in their geographical locations.

The Registered office is located at:

Level 11, TechnologyOne HQ  
540 Wickham Street  
Fortitude Valley QLD 4006



30 Reconciliation of profit after income tax to net cash inflow from operating activities

	2017 \$'000	2016 \$'000
Profit for the period	44,494	41,344
Depreciation and amortisation	4,237	3,924
Non-cash employee benefits expense - share-based payments	1,576	1,496
Provision for onerous contract	-	842
Transfers to / (from) provisions:		
Employee entitlements	(319)	1,139
Doubtful debts	(3)	(216)
Net (gain) / loss on sale of non-current assets	179	1
Movements in provision for:		
Income tax payable	(361)	(294)
Deferred income tax	3,379	1,479
Change in operating assets and liabilities:		
Decrease / (increase) in trade debtors	(10,461)	(3,270)
Decrease / (increase) in sundry debtors	(1,440)	159
Decrease / (increase) in prepayments	(2,470)	(3,996)
Decrease / (increase) in earned and unbilled revenue	(5,818)	(7,656)
Decrease / (increase) in other assets	600	(283)
Increase / (decrease) in trade creditors	5,932	833
Increase / (decrease) in other liabilities	286	816
Increase / (decrease) in unearned revenue	6,900	7,512
Increase / (decrease) in lease liability	(269)	(89)
Net cash inflow / (outflow) from operating activities	46,442	43,741

31 Earnings per share

(a) Basic earnings per share

	2017 Cents	2016 Cents
Basic earnings per share (cents per share)	14.18	13.26
Diluted earnings per share (cents per share)	14.10	13.11
Profit used for calculating basic and diluted earnings per share (\$'000)	44,494	41,344

(b) Weighted average number of shares used as denominator

	2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	313,865,453	311,780,703
Adjustments for calculation of diluted earnings per share: Options	1,637,750	3,595,835
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	315,503,203	315,376,538

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

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

32 Share-based payments

(a) Employee Option Plan

Options are granted to employees at the discretion of the Board based on the option plan approved by the Board.

TechnologyOne issues options with typically between 0% and 50% discount on the volume weighted average price for the 10 days prior to the grant date. The discount can be reduced or removed prior to vesting at the Board's discretion. The option can be withheld by the Executive Chairman for unsatisfactory performance for as long as it takes for the employee to rectify the performance matter.

The options typically vest if and when the employees satisfy the following conditions:

- The employee must be in the same or higher position at the time of exercise;
- A successor must be in place before the last tranche of options can be exercised; and
- Satisfactory performance on non-financial indicators as determined by the Executive Chairman.

The period available between vesting date and expiry date of each option is five years. There are no cash settlement alternatives.

Each option entitles the holder to purchase one share. Fair values of options granted as part of remuneration are based on values determined using the Black-Scholes option pricing model.

Set out below are summaries of options granted under the plan:

Issue date	Expiry date	Exercise price \$	Balance at start of the period Number	Issued during the period Number	Exercised during the period Number	Forfeited during the period Number	Balance at the end of the period Number	Vested and exercisable at end of the period Number
2017								
23-May-17	Oct-24	5.60	-	247,373	-	(57,614)	189,759	-
10-Mar-17	Oct-24	5.60	-	22,516	-	-	22,516	-
20-Feb-17	Oct-24	5.11	-	151,863	-	(50,621)	101,242	-
14-Feb-17	Oct-24	5.07	-	50,000	-	-	50,000	-
07-Feb-17	Oct-24	5.23	-	50,000	-	-	50,000	-
18-Oct-16	Oct-24	5.87	-	195,804	-	(195,804)	-	-
01-Oct-16	Oct-24	5.75	-	1,725,828	(22,650)	(221,415)	1,481,763	-
01-Jul-16	Jul-23	0.57	200,000	-	-	-	200,000	-
01-Jul-16	Jul-23	1.59	200,000	-	-	(200,000)	-	-
01-Jul-16	Jul-23	0.68	200,000	-	-	-	200,000	-
01-Jul-16	Jul-23	0.48	60,000	-	-	-	60,000	-
01-Jul-16	Jul-23	1.89	50,000	-	-	-	50,000	-
01-Jul-16	Jul-23	1.03	200,666	-	-	-	200,666	-
01-Jul-16	Jul-23	1.16	16,650	-	-	-	16,650	-
01-Jul-16	Jul-23	0.53	150,000	-	-	(50,000)	100,000	-
01-Jul-16	Jul-23	0.86	249,950	-	-	-	249,950	-
01-Jul-16	Jul-23	4.10	100,000	-	-	(100,000)	-	-
01-Jul-16	Jul-23	1.59	12,500	-	-	-	12,500	-
11-Apr-16	Oct-23	4.80	317,211	-	-	(84,590)	232,621	-
10-Oct-15	Oct-23	3.78	50,262	-	-	(50,262)	-	-
01-Oct-15	Jul-22	3.03	100,000	-	(50,000)	(50,000)	-	-
01-Oct-15	Jul-22	1.89	50,000	-	(50,000)	-	-	-
01-Jul-15	Jul-22	0.57	200,000	-	(200,000)	-	-	-
01-Jul-15	Jul-22	1.59	200,000	-	(200,000)	-	-	-
01-Jul-15	Jul-22	0.68	200,000	-	(200,000)	-	-	-
01-Jul-15	Jul-22	0.48	50,000	-	(50,000)	-	-	-
01-Jul-15	Jul-22	1.03	200,666	-	(200,666)	-	-	-
01-Jul-15	Jul-22	1.16	16,650	-	(16,650)	-	-	-
01-Jul-15	Jul-22	0.53	150,000	-	(50,000)	(50,000)	50,000	-
01-Jul-15	Jul-22	0.86	249,950	-	(208,300)	-	41,650	41,650
01-Jul-15	Jul-22	1.59	12,500	-	(12,500)	-	-	-
01-Oct-14	Jul-21	1.59	200,000	-	(200,000)	-	-	-
14-Jul-14	Jul-22	1.34	167,000	-	(167,000)	-	-	-
14-Jul-14	Jul-23	1.34	167,000	-	-	-	167,000	-



Issue date	Expiry date	Exercise price \$	Balance at start of the period Number	Issued during the period Number	Exercised during the period Number	Forfeited during the period Number	Balance at the end of the period Number	Vested and exercisable at end of the period Number
14-Jul-14	Jul-24	1.34	167,000	-	-	-	167,000	-
14-Jul-14	Jul-25	1.34	167,000	-	-	-	167,000	-
14-Jul-14	Jul-26	1.34	167,000	-	-	-	167,000	-
12-Jul-14	Jul-21	0.40	60,000	-	(60,000)	-	-	-
01-Jul-14	Jul-21	1.03	74,000	-	(74,000)	-	-	-
01-Jul-14	Jul-21	0.86	124,950	-	(99,950)	-	25,000	25,000
12-Aug-13	Jul-20	1.03	4,000	-	(4,000)	-	-	-
01-Jul-13	Jul-22	0.86	71,717	-	(71,717)	-	-	-
01-May-09	Jul-22	0.36	55,000	-	-	-	55,000	55,000
10-Oct-08	Jul-20	0.41	210,000	-	(210,000)	-	-	-
25-Aug-06	Aug-24	0.35	142,500	-	-	-	142,500	142,500
			5,014,172	2,443,384	(2,147,433)	(1,110,306)	4,199,817	264,150
Weighted average exercise price			\$1.35	\$5.68	\$1.07	\$4.08	\$3.28	\$0.48

Issue date	Expiry date	Exercise price \$	Balance at start of the period Number	Issued during the period Number	Exercised during the period Number	Forfeited during the period Number	Balance at the end of the period Number	Vested and exercisable at end of the period Number
2016								
01-Oct-16	Jul-22	3.03	-	100,000	-	-	100,000	-
01-Oct-16	Jul-22	1.89	-	50,000	-	-	50,000	-
21-Sep-16	NA	-	-	4,479	(4,479)	-	-	-
04-Aug-16	NA	-	-	4,479	(4,479)	-	-	-
01-Jul-16	Jul-23	0.57	-	200,000	-	-	200,000	-
01-Jul-16	Jul-23	1.59	-	200,000	-	-	200,000	-
01-Jul-16	Jul-23	0.68	-	200,000	-	-	200,000	-
01-Jul-16	Jul-23	0.48	-	60,000	-	-	60,000	-
01-Jul-16	Jul-23	1.89	-	50,000	-	-	50,000	-
01-Jul-16	Jul-23	1.03	-	200,666	-	-	200,666	-
01-Jul-16	Jul-23	1.16	-	16,650	-	-	16,650	-
01-Jul-16	Jul-23	0.53	-	150,000	-	-	150,000	-
01-Jul-16	Jul-23	0.86	-	249,950	-	-	249,950	-
01-Jul-16	Jul-23	4.10	-	100,000	-	-	100,000	-
01-Jul-16	Jul-23	1.59	-	12,500	-	-	12,500	-
11-Apr-16	Oct-23	4.80	-	317,211	-	-	317,211	-
10-Oct-15	Oct-23	3.78	-	50,262	-	-	50,262	-

Issue date	Expiry date	Exercise price \$	Balance at start of the period Number	Issued during the period Number	Exercised during the period Number	Forfeited during the period Number	Balance at the end of the period Number	Vested and exercisable at end of the period Number
01-Jul-15	Jul-22	0.57	200,000	-	-	-	200,000	-
01-Jul-15	Jul-22	1.59	225,000	-	-	(25,000)	200,000	-
01-Jul-15	Jul-22	0.68	400,000	-	-	(200,000)	200,000	-
01-Jul-15	Jul-22	0.48	50,000	-	-	-	50,000	-
01-Jul-15	Jul-22	1.03	227,316	-	-	(26,650)	200,666	-
01-Jul-15	Jul-22	1.16	16,650	-	-	-	16,650	-
01-Jul-15	Jul-22	0.53	150,000	-	-	-	150,000	-
01-Jul-15	Jul-22	0.86	249,950	-	-	-	249,950	-
01-Jul-15	Jul-22	1.59	12,500	-	-	-	12,500	-
01-Oct-14	Jul-21	1.59	235,000	-	-	(35,000)	200,000	200,000
01-Oct-14	Jul-21	1.59	12,500	-	(12,500)	-	-	-
14-Jul-14	Jul-21	1.34	165,000	-	(165,000)	-	-	-
14-Jul-14	Jul-22	1.34	167,000	-	-	-	167,000	-
14-Jul-14	Jul-23	1.34	167,000	-	-	-	167,000	-
14-Jul-14	Jul-24	1.34	167,000	-	-	-	167,000	-
14-Jul-14	Jul-25	1.34	167,000	-	-	-	167,000	-
14-Jul-14	Jul-26	1.34	167,000	-	-	-	167,000	-
12-Jul-14	Jul-21	0.40	60,000	-	-	-	60,000	60,000
01-Jul-14	Jul-21	0.57	200,000	-	(200,000)	-	-	-
01-Jul-14	Jul-21	0.68	400,000	-	(400,000)	-	-	-
01-Jul-14	Jul-21	0.48	50,000	-	(50,000)	-	-	-
01-Jul-14	Jul-21	1.03	157,317	-	(66,667)	(16,650)	74,000	74,000
01-Jul-14	Jul-21	1.16	16,650	-	(16,650)	-	-	-
01-Jul-14	Jul-21	0.53	150,000	-	(150,000)	-	-	-
01-Jul-14	Jul-21	0.86	249,950	-	(125,000)	-	124,950	124,950
20-Dec-13	Jul-20	1.16	16,650	-	(16,650)	-	-	-
12-Aug-13	Jul-20	1.03	4,000	-	-	-	4,000	4,000
12-Jul-13	Jul-20	0.40	60,000	-	(60,000)	-	-	-
01-Oct-12	Jul-19	0.86	108,300	-	(36,583)	-	71,717	71,717
01-Oct-12	Jul-19	0.68	100,000	-	(100,000)	-	-	-
12-Jul-12	Jul-19	0.40	60,000	-	(60,000)	-	-	-
12-Jul-11	Aug-18	0.40	60,000	-	(60,000)	-	-	-
26-Nov-10	Jul-24	0.36	135,000	-	(135,000)	-	-	-
01-May-09	Jul-22	0.36	1,090,000	-	(975,000)	(60,000)	55,000	55,000
10-Oct-08	Jul-20	0.41	210,000	-	-	-	210,000	210,000



Issue date	Expiry date	Exercise price \$	Balance at start of the period Number	Issued during the period Number	Exercised during the period Number	Forfeited during the period Number	Balance at the end of the period Number	Vested and exercisable at end of the period Number
25-Aug-06	Aug-24	0.35	165,000		(22,500)		142,500	142,500
			<b>6,071,783</b>	<b>1,966,197</b>	<b>(2,660,508)</b>	<b>(363,300)</b>	<b>5,014,172</b>	<b>942,167</b>
<b>Weighted average exercise price</b>			<b>\$0.78</b>	<b>\$1.91</b>	<b>\$0.57</b>	<b>\$0.80</b>	<b>\$1.35</b>	<b>\$0.79</b>

At 30 September 2017 a total of 3,411,144 options (2016 - 3,178,068) were on offer to employees. The amount of options offered is in excess of options granted as certain options while offered will only be granted in a future period at the discretion of the Executive Chairman.

The weighted average share price at the date of exercise of options exercised during the year ended 30 September 2017 was \$1.07 (2016 - \$0.57).

The weighted average remaining contractual life of share options outstanding at the end of the period was 6.56 years (2016 - 6.27 years).

#### *Fair value of options granted*

The fair value of the equity-settled options is measured at the reporting date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

The fair value of options granted during the year was between \$0.68 - \$1.27 (2016 – between \$0.60 - \$1.68). The model inputs for options granted during the year ended 30 September 2017 included:

- (I) Dividend yield between 1.6% and 1.9% (2016 - between 1.7% - 2.3%)
- (II) Expected volatility between 20.2% and 33.6% (2016 – between 11.3% - 20.2%)
- (III) Risk free interest rate between 1.5% and 2.0% (2016 –between 1.7% - 2.4%)
- (IV) Expected life of option 3.3 years (2016 - 6 years)
- (V) Option exercise price between \$5.07 and \$5.75
- (VI) Weighted average share price at grant date between \$5.07 and \$5.75 (2016 – between \$3.89 - \$5.13)

The expected volatility reflects the assumption that the historical volatility of a basket of similar companies over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

#### **(b) Executive Performance Rights**

After further market consultation, the company made the decision to return to issuing options instead of EPRs. The view is that the use of options under an LTI scheme for a growth company best aligns shareholder and executive interests. Please refer to section 3 of the remuneration report for further information.

#### **(c) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2017 \$'000	2016 \$'000
Options issued under employee option plan:		
Vested	<b>1,993</b>	1,591
Forfeited	<b>(417)</b>	(95)
<b>Total share-based payment expense</b>	<b>1,576</b>	<b>1,496</b>

### 33 Parent entity financial information

#### **(a) Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	2017 \$'000	2016 \$'000
<b>Balance sheet</b>		
Current assets	146,573	138,102
Non-current assets	63,206	61,214
<b>Total assets</b>	<b>209,779</b>	<b>199,316</b>
Current liabilities	52,466	55,970
Non-current liabilities	6,384	18,732
<b>Total liabilities</b>	<b>58,850</b>	<b>74,702</b>
<b>Shareholders' equity</b>		
Contributed equity	32,152	29,983
Dividend reserve	15,775	22,170
Share option reserve	19,668	16,739
Retained earnings	83,334	55,722
	<b>150,929</b>	<b>124,614</b>
<b>Profit or loss before tax for the year</b>	55,525	50,613
<b>Total comprehensive income</b>	<b>54,798</b>	<b>50,268</b>

The reserves balance is higher than Group due to the foreign currency translation reserve losses of \$167,000 (2016 - loss of \$345,000).

#### **(b) Guarantees entered into by the parent entity**

At 30 September 2017, the parent entity had \$6,628,690 (2016 - \$6,801,304) in outstanding performance guarantees. The total available guarantee facility is \$7,000,000 (2016 - \$7,000,000). The parent entity also had unused foreign currency dealing limits of \$1,051,343 (2016 - \$1,253,356).

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

#### **(c) Contingent liabilities of the parent entity**

At 30 September 2017, the Parent had \$16,316,608 (2016 - \$17,161,479) in earn out contingencies relating to the acquisitions during the year. This included \$9,413,547 of earn out payments and \$6,903,061 of contingent considerations. The valuation techniques and fair value of the consideration is outlined in note 28.

Please refer to note 25 in regards to the BCC contingent liability.

### 34 Events occurring after the reporting period

#### **(a) Dividends**

On 21 November, the directors of Technology One Limited declared a final dividend on ordinary shares in respect of the 2017 financial year. The total amount of the dividend is \$17,664,000 and is 75% franked. There was also a special dividend declared for the 2017 financial year of \$6,309,000 and this is also 75% franked.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.



Directors' declaration

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


In the opinion of the directors:

- (a) the financial statements and notes set out on pages 60 to 107 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2017 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the reporting year ended 30 September 2017.

On behalf of the Board of Directors

A. Di Marco

Adrian Di Marco  
Director  
Brisbane  
21 November 2017



Building a better  
working world

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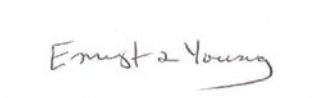
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Auditor's Independence Declaration to the Directors of Technology One Limited

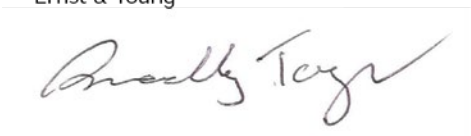
As lead auditor for the audit of Technology One Limited for the financial year ended 30 September 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



Brad Tozer  
Partner  
21 November 2017

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## Independent Auditor's Report to the Shareholders of Technology One Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Technology One Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 September 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 September 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

#### Measurement and Recognition of Revenue and Associated Assets and Liabilities

Why significant	How our audit addressed the key audit matter
<p>The Group contracts with its customers using written contracts which often encompass a number of activities (separately identifiable components) as referred to in Note 1 (d).</p> <p>The process to recognise revenue, which included the allocation of revenue to the activities and the estimation and determination of when delivery or service provision took place, involved significant judgment by the Group. This judgment impacted the value of revenue recognised and unearned revenue that has been recorded as a liability in the Consolidated Statement of Financial Position. Revenue recognition for multiple element arrangements was considered to be a key audit matter due to the complexity of contracts and the judgement required to allocate revenue amongst the respective contracted activities.</p> <p>Note 1(d) to the financial statements details the Group's revenue streams and the associated accounting policies. Revenue is disclosed in Note 5 and associated assets in Note 9.</p>	<p>Our audit procedures addressed revenue from the following business activities:</p> <ul style="list-style-type: none"> <li>▶ Software licence fees;</li> <li>▶ Implementation and consulting services;</li> <li>▶ Project services;</li> <li>▶ Post sales customer support; and</li> <li>▶ Cloud service fees.</li> </ul> <p>We considered the Group's identification and separation of these activities and the allocation of the total contract value to these activities.</p> <p>We also considered if the revenue recognition criteria used by the Group was consistent with Australian Accounting Standards.</p> <p>Our audit procedures for each of the revenue generating activities identified in signed customer contracts included the following:</p> <p><i>Software licence fees</i></p> <p>We read a sample of individual customer contracts and determined whether the risks and rewards associated with the relevant licensed software passed to the customer in the reporting period. We then assessed whether the recorded amount for the licence software fees agreed with the determined contract value and whether any refund clauses or termination of convenience clauses should have prevented revenue recognition.</p> <p><i>Implementation and Consulting Services; and Project Services</i></p> <p>For a sample of consulting service arrangements (time and materials) we assessed the Group's controls associated with the recording of consulting days delivered and the application of contracted fee rates to these days.</p>



Why significant	How our audit addressed the key audit matter
	<p>For a sample of fixed rate project agreements we assessed the Group's controls associated with the recognition of revenue and the calculation of the percentage of completion of the project &amp; its application to the agreed fee. For fixed rate project agreements we also considered the Group's identification and measurement of onerous contracts.</p> <p>Where licence and optional services were sold together we assessed on a sample basis the Group's assessment of whether the services sold with licences should be recognised separately.</p> <p><i>Post Sales Customer Support</i></p> <p>For a sample of contracts entered into during the current period, we assessed whether the appropriate revenue recognition criteria had been met.</p> <p>For post sales customer support revenue billed annually (renewing customers) for a sample of customers we compared the amount and timing of amounts recorded in 2017 to the amounts and timing of revenue recorded in prior periods and obtained explanations from the Group where significant differences were identified. We also tested a sample of customers and determine whether they had consented to the renewal of their support.</p> <p>We assessed whether the Group, had any legal or constructive obligation at balance date, through its support agreements, to provide general new software releases to customers and whether it was appropriate to recognise amounts as revenue, related to this business activity up front as described in note 1 (d).</p> <p><i>Cloud Service Fees</i></p> <p>For a sample of significant service fee contracts we read individual service contracts and assessed whether revenue recognised was based upon the appropriate contract value and the service period.</p> <p>The above procedures also addressed the amounts of revenue deferred and recognised as a liability in the Consolidated Statement of Financial Position as at 30 September 2017 for services to be provided in a future period.</p>

#### Impairment Testing of Intangible Assets

Why significant	How our audit addressed the key audit matter
<p>The Group has recorded goodwill of \$40 million and other intangibles of \$7.5 million in its Consolidated Statement of Financial Position at 30 September 2017. Each of the Group's three cash generating units (CGU's) contain goodwill and other intangibles. These are tested for impairment annually.</p> <p>Note 12 to the financial statements discloses the assumptions used by the Group in testing its intangible assets for impairment. It also sets out the Groups' CGU's, the goodwill and other intangible assets.</p> <p>The annual impairment assessment performed by the Group was considered to be a key audit matter due to the size of the asset's carrying value and the degree of estimation and assumptions involved in the assessment, specifically concerning the revenue growth and margin assumptions inherent in the future discounted cash flows.</p>	<p>We considered whether the Group's impairment testing satisfied the requirements of the relevant Australian Accounting Standard. This included considering the identification of CGU's to which goodwill and other assets were allocated.</p> <p>The assumptions used in the impairment testing by the Group and in the cash flow forecasts upon which it was based are summarised in Note 12 to the financial statements. We evaluated these assumptions and forecasts by addressing mathematical accuracy, considering the reliability of the Group's historical cash flow forecasts and applying our knowledge of the business, corroborating our work with external information where possible.</p> <p>We assessed the relevant disclosure in Note 12 of the Financial Statements.</p>

#### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2017 Annual Report other than the financial report, the Remuneration Report and our auditor's report thereon. We obtained the Appendix 4E, Directors' Report and the Corporate Governance Statement that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Audit of the Remuneration Report

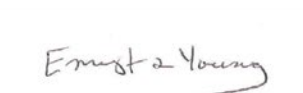
#### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 September 2017.

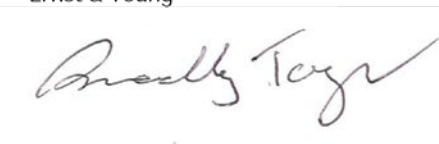
In our opinion, the Remuneration Report of Technology One Limited for the year ended 30 September 2017, complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Brad Tozer  
Partner  
Brisbane  
21 November 2017





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# SHAREHOLDER INFORMATION

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Shareholder information

Substantial shareholders as at 4 December 2017

Shareholder Name	Number of Issued Shares Held	Percentage of Issued Shares Held
JL Mactaggart Holdings Pty Ltd	42,902,500	13.69%
Hyperion Asset Management Limited	40,942,844	13.07%
Masterbah Pty Ltd	31,372,500	10.01%
FSS Trustee Corporation	15,835,969	5.02%

Distribution of shareholdings as at 4 December 2017

Size of Holding	Ordinary Shareholders
100,001 and Over	73
10,001 to 100,000	1,130
5,001 to 10,000	1,153
1,001 to 5,000	2,773
1 to 1,000	1,851
Total	6,980
Unmarketable Parcels	111

Voting rights

All ordinary shares issued by Technology One Limited carry one vote per share without restriction.

Twenty largest shareholders as at 4 December 2017

Name	30 Nov 2017	%IC
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	88,267,682	32.51
J P MORGAN NOMINEES AUSTRALIA LIMITED	28,779,208	10.60
CITICORP NOMINEES PTY LIMITED	18,868,493	6.95
JL MACTAGGART HOLDINGS PTY LTD	13,872,500	5.11
BNP PARIBAS NOMINEES PTY LTD	10,148,909	3.74
MASTERBAH PTY LTD	9,372,500	3.45
NATIONAL NOMINEES LIMITED	9,006,964	3.32
BNP PARIBAS NOMS PTY LTD	7,001,195	2.58
J L MACTAGGART HOLDINGS PTY LTD	7,000,000	2.58
ARGO INVESTMENTS LIMITED	5,964,564	2.20
UBS NOMINEES PTY LTD	4,342,164	1.60
CITICORP NOMINEES PTY LIMITED	3,487,788	1.28
MR NICHOLAS BARRY DEBENHAM	1,392,465	0.51
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,149,405	0.42
WARBONT NOMINEES PTY LTD	885,729	0.33
CS FOURTH NOMINEES PTY LIMITED	769,682	0.28
MRS JUDITH BARBARA MACTAGGART	655,000	0.24
ECAPITAL NOMINEES PTY LIMITED	557,537	0.21
CLAHSEN ENTERPRISES PTY LTD	480,000	0.18
POWERWRAP LIMITED	463,230	0.17

Corporate directory

Board of Directors

Adrian Di Marco

Ron McLean

John Mactaggart

Kevin Blinco

Richard Anstey

Jane Andrews

Company Secretary

Stephen Kennedy

Australian Business Number

84 010 487 180

Registered Office

Technology One Limited

Level 11, TechnologyOne HQ

540 Wickham Street

Fortitude Valley QLD 4006

Australia

www.TechnologyOneCorp.com

P. 1800 671 978

International: +617 3167 7300

Branch Offices

Brisbane

Sydney

Melbourne

Canberra

Adelaide

Perth

Hobart

Auckland

Wellington

Kuala Lumpur

Maidenhead

Glasgow

Port Moresby

Auditor

Ernst & Young

Level 51, 111 Eagle Street

Brisbane QLD 4000

www.ey.com/au

Lawyer

McCullough Robertson

Level 11, 66 Eagle Street

Brisbane QLD 4000

www.mccullough.com.au

Share Registry

Link Market Services Limited

Locked Bag A14

Sydney NSW 1235

Phone: 02 8280 7454

Fax: 02 9287 0303

www.linkmarketservices.com.au

Stock Exchange Listing

Australian Securities Exchange  
(ASX: TNE)



Financial calendar

The following calendar shows the planned dates for significant shareholder events for the 2018 year. These dates are subject to change and declaration of dividends, which should be checked before taking any action by referring to the company’s website: TechnologyOneCorp.com, under the heading Shareholders.

2018 (Year Ending 30 September 2018)	
Announcement of half year results for 2018	22 May 2018
Media interviews	22 May 2018
Presentations to institutions – Brisbane (tentative)	
Presentations to institutions – Sydney (tentative)	22 – 23 May 2018
Presentations to institutions – Melbourne (tentative)	30 May 2018
Record date for interim dividend	1 June 2018
Distribute 2018 Half Year Results Report	15 June 2018
Payment date for interim dividend	15 June 2018
Announcement of Full Year Results for 2018	20 November 2018
Media interviews	20 November 2018
Presentations to institutions – Sydney (tentative)	20 – 21 November 2018
Presentations to institutions – Melbourne	28 November 2018
Record date for 2018 dividend	30 November 2018
Payment date for 2018 final dividend	14 December 2018
Distribute 2019 Annual Report	21 January 2019
Annual General Meeting (tentative)	TBC

The Record Date is 5.00pm on the date TechnologyOne closes its share register to determine which shareholders are entitled to receive the current dividend. It is the date where all changes to registration details must be finalised. The Record Date must be at least seven business days after the announcement of the results (and record date being published).

The ex-dividend date occurs one business day before TechnologyOne’s Record Date. To be entitled to a dividend a shareholder must have purchased the shares before the ex-dividend date. If you purchase shares on or after that date, the previous owner of the shares (and not you) is entitled to the dividend.

The Payment Date is the date on which TechnologyOne’s dividend is paid to shareholders. The payment date is to be 10 business days after the Record Date.





Transforming business  
**making life simple**

TechnologyOne (ASX:TNE) is Australia's largest enterprise software company and one of Australia's top 200 ASX-listed companies, with offices across six countries. We create solutions that transform business and make life simple for our customers. We do this by providing powerful, deeply integrated enterprise software that is incredibly easy to use. Over 1,200 leading corporations, government departments and statutory authorities are powered by our software.

We participate in only eight key markets: government, local government, financial services, education, health and community services, asset intensive, project intensive and corporate. For these markets we develop, market, sell, implement, support and run our preconfigured solutions, which reduce time, cost and risk for our customers.

For 30 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology. Today, our software is available on the TechnologyOne Cloud and across smart mobile devices.

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