

FOR IMMEDIATE RELEASE

**TEMENOS REPORTS STRONG START TO THE YEAR, WITH
SIGNINGS OF T24 PRODUCT AHEAD OF TARGET
AND
RECONFIRMS ITS FULL YEAR GUIDANCE**

Geneva, Switzerland, Wednesday 27th April 2005, TEMENOS Group AG (SWX: TEMN), a provider of integrated core banking software, today announced its first quarter 2005 financial results.

Highlights – First Quarter 2005

- Strong start to 2005
- T24 ILF signings at US\$ 12 million, up 58% compared to Q1 2004. Ahead of target. Excellent progress on delivering TCB targets for the year
- Business model on target as evidenced by all line items. Maintenance revenues up 27.3% compared to Q1 2004 and total expenses down 6.2.% compared to Q1 2004
- Pipeline and conversions demonstrate strengthening markets with banks showing increasing commitment to replacement of old legacy systems
- Accrued Revenues of US\$ 19.7 million for Q1 2005 (Q1 2004: US\$ 35.9 million) down 45.1%
- Good T24 uptake with 39 clients live. All Globus clients to migrate in the next 18 months
- TEMENOS on track for positive year performance

Andreas Andreades, Chief Executive of TEMENOS, stated:

“Although first quarter comparatives are unfavourable due to large TCB deal in the first quarter of last year, TEMENOS has made a strong start to the year. In particular, the level of T24 signings has been excellent, growing by 58% compared to last year and our maintenance revenue, which is the recurring part of our business, growing at 27% to last year. We have continued to control our costs for the ninth quarter in a row. There is increasing evidence that the banking sector is looking to replace ageing legacy systems, and we expect continuing robust growth in core spending for retail and universal banks on a global basis over the next 12-18 months.

TEMENOS is committed to becoming the leading global brand in financial services software, through both controlled acquisitions and organic activities, by achieving sustainable revenue growth. This positive start to the year, combined with the rising levels of activity across the group and the positive long-term market trends strengthens our expectation that our full year targets will be achieved. I look forward to reporting further progress at the half year.”

Operational Review

Excluding the impact of the major Corebanking deal in Q1 2004, total licensing revenues for Q1 2005 were US\$ 9.6 million, up 28% on the same period last year. Q1 2004 was impacted by a large TCB deal and legacy of revenues signed in the prior period bundled with services and recognised on a percentage of completion basis. Including the comparison of the TCB deal, total revenues for Q1 2005 were at US\$ 34.9 million compared to US\$ 40.7 million in the same period last year, down 14.2%. The drivers for the change in revenues are explained below:

When adjusted for the Q1 2004 TCB deal, as well as license revenues relating to contracts signed in prior periods and deferred into 2004 under 'percentage completion' accounting, license revenue increased by 126.3% to US\$ 8.6 million. Including the comparison of the Corebanking deal, as well as license revenues relating to contracts signed in prior periods under 'percentage completion' accounting licensing revenues for Q1 2005 decreased by 48.2% compared to US\$ 18.5 million in the same period last year. We are now largely unbundling licensing revenues from services, which results in licensing revenues more closely correlating to Initial Licence Fees ("ILF") signings.

Maintenance revenues increased to US\$ 11.3 million in Q1 2005, up 27.3% on the comparable period last year. Maintenance grows as we sign new licenses that carry a standard maintenance rate of 21% applied on the ILF. New licences contributing to maintenance in the quarter amounted to US\$ 58 million, our 12 months run rate. In the absence of a material attrition rate our maintenance revenues grow as our cumulative client base grows.

Service revenues increased by 5.0% in Q1 2005 compared to the same period last year. Services capacity created in 2004 through our strategic partnership program now enables our services organisation to grow slower than our licensing business. We continue to maintain our full year services at a total revenue range of between 30-35% of total revenue.

The value of ILF for new T24 contracts signed during the first quarter of 2005 amounted to US\$ 12 million, an increase of 58% compared to the same period last year. When adjusted for two T24 deal slippages for a total value of US\$ 4 million in Q4 2004, T24 grew at 15% compared to the same period last year, ahead of our target of 10%. The 12 month T24 ILF signings run rate reached US\$ 55 million compared to US\$ 45 million for the same period last year, an increase of 23%. During the quarter we have made excellent progress on TCB deals in accordance with our plans and a number of deals are in the final stage. We therefore reconfirm our target of two to four TCB deals for the year 2005 and one TCB deal in the first half of the year. We have seen our strong pipeline develop in EMEA and APAC, and we expect at least 50% of our TCB deals from EMEA. More than 66% of signings in the quarter were with retail and universal banks compared to 72% for the same period last year, which is in line with TEMENOS' retail strategy.

Total expenses in Q1 2005 fell 6% to US\$ 34.5 million, compared to US\$ 36.7 million for Q1 2004. At constant currency rates, cash costs for Q1 2005 decreased by 7.8% compared to the same period last year. Capitalised development costs were US\$ 1.6 million for Q1 2005, compared to US\$ 3.4 million for the previous quarter and US\$ 0.7 million for the same period last year. Due to our significant investment in both T24 and TCB, a portion of our development effort is capitalised where the criteria are met. Expenses include US\$ 0.8 million related to stock option costs under IFRS2. Comparative figures have been restated accordingly. Within the individual cost lines, transfer of personnel (notably from development into services) took place at the start of 2005 to provide additional capacity, and this has resulted in changes in the allocation of our costs between cost centres, but no increase in total costs or total headcount.

Earnings before interest and taxes (EBIT) for the quarter were US\$ 0.5 million compared to US\$ 4.0 million for the same period last year. Earnings before interest, taxes, depreciation and amortization (EBITDA) for Q1 2005 were US\$ 4.0 million compared to US\$ 7.3 million for the same period last year.

Net profit for the quarter was US\$ 0.0 million, compared to US\$ 3.4 million for the same period last year. The only noteworthy item below operating costs is foreign exchange. As a result of a strengthening of the US\$ during the first quarter, a foreign exchange loss of US\$ 0.4 million was incurred during the quarter on unrealised (and non cash) retranslation of the Group's monetary assets and liabilities into the Group's functional currency. We do not expect this to continue and forecast for this expense to reverse during the balance of year. Operating Cashflows for 2005 remain 90% hedged.

Operating cash outflows were US\$ 7.7 million in Q1 2005 which were per our plan. We are on target to deliver operating cash inflows in excess of US\$ 25 million for the year 2005 compared to cash inflows of US\$ 15.9 million for 2004. This compares to cash outflows of US\$ 1.4 million in Q1 2004, bringing total net cash at the end of March 2005 to US\$ 19.3 million compared to US\$ 30.8 million as of December 31st 2004. Q1 is traditionally a cash flow negative quarter as a result of lower than average new ILF signings and maintenance cashflows. In April we expect to generate approximately US\$ 7.0 million of operating cashflow, bringing our operating cash flow year to date to negative US\$ 0.7 million, broadly in line with prior years.

Working capital has increased during the first quarter of 2005 as a result of seasonality coupled with increased investment in new territories and segments. Our business model is characterised by long working capital cycles for individual clients, but very limited bad debt exposure.

Accounts receivable as at March 31, 2005 were US\$ 62.4 million, an increase of 81% compared to the same date last year. This increase reflects the growth of our business over the intervening

period, as well as our ability to invoice the vast majority of licensing from the day of signing, as payment terms are now linked to calendar dates. This has significantly reduced accrued revenues and we expect this to continue. DSOs for TEMENOS, as illustrated in the presentation that accompanies our Q1 results announcement, have been flat for the past 2 years, and during this period we have had less than 1% bad debt. Net working capital DSO's are currently in the range of 80 - 85 days, a marginal increase over the past 2 years.

Over the past two years we have been increasingly successful in removing licence inflows based on achievement of operational milestones in favour of calendar date triggers. This significantly improves our cashflow visibility and has resulted in a dramatic reduction of accrued revenues, which are down from US\$ 35.9 million at the 31st of March 2004 to US\$ 19.7 million at the end of March 2005, a decrease of 45%.

Deferred revenues as at March 31, 2005 were US\$ 29.0 million compared to US\$ 34.6 million as at December 31, 2004 reflecting the seasonality in our maintenance revenue stream, which results in maximum deferred revenues on December 31. Deferred revenues at the end of the comparative quarter were higher than today as they contained the residual backlog from our previous "percentage completion" of initial licence fees, which contributed US\$ 6 million to comparative deferred licence revenues. Going forward, deferred revenues will be impacted solely by maintenance seasonality and signings trends.

US Market Update

TEMENOS has strengthened its US operations significantly by the appointment of Alex Groenendyk and Greg Green to the roles of president of the Americas and senior vice president of the Americas. Groenendyk and Green arrive at TEMENOS from Fiserv CBS Worldwide, a division of Fiserv, Inc., where they held the positions of president and chief operating officer respectively.

This is a major step for TEMENOS and will help us to significantly drive our American efforts forward. Alex and Greg make a very strong team with the market knowledge to significantly accelerate our revenues and position in the region.

Business Outlook

We continue to see robust growth in core spending for retail and universal banks on a global basis. Core system replacement represents today either the top or the number 2 priority for CIOs

of large institutions driven by inadequacy of current systems to provide a platform for growth in banks. The ability to retain customers, introduce new innovative products and cross sell effectively is core to the banking sector's strategy today. We have started to see and are engaged with Tier 1 Western European Banks to evaluate core system replacements. Temenos has the technology, systems and relationships in place to service this significant market opportunity. In particular, our T24 product is the established market leader and has an excellent pipeline in place ahead of our full year targets for the year. Our TCB business is also making excellent progress, with a strong pipeline developing in both the EMEA region and APAC. We will always be focused on maximising profitability and delivering value to shareholders and in 2005 we target to grow fully diluted Earnings Per Share ("EPS") at between 20% to 25% compared to 2004. This improved performance will be driven by increases in maintenance revenues and broadly flat costs. Our assumptions are based on ILF signings of between US\$ 70-75 million, a tax rate of 16% and an exchange rate of US\$/Euro at 1:1.35.

Trading in TEMENOS shares

Over the next 18 months approximately 1.5 million TEMENOS Stock Options will vest and could be exercised by option holders. Based on our current stock price, management continues to believe that it is accretive to shareholders to fund this potential obligation out of stock purchased in the market up to a maximum amount of 2% of our outstanding shares. Shares purchased will not be actively traded and will be held as treasury shares on the company's balance sheet, and any fair value adjustments will be taken directly to reserves until the shares are issued to option holders. During the first quarter 2005, a total amount of 40,000 TEMENOS shares have been acquired at an average price of CHF 7.63 or a total consideration of CHF 305,040.

SWX will issue new rules on the disclosure of management transactions to be effective as of July 1st, 2005, which oblige the issuer (TEMENOS) to report transactions conducted by members of the Board of Directors and Executive Board. TEMENOS will adopt these regulations effective April 1st 2005. In March, Executive Directors of TEMENOS Group AG acquired an amount of 130,000 shares at an average price of CHF 7.8 or a total consideration of more than CHF 1 million.

Dual Currency

TEMENOS' stock price is denominated in CHF for a business which is mainly US\$ based, hedged in US\$ and has its reporting currency is US\$ as well. Therefore TEMENOS' stock price movement masks an underlying currency exposure between CHF and US\$.

To balance this underlying currency exposure, TEMENOS filed an application for dual currency trading. TEMENOS is pleased to announce that the SWX Swiss Exchange Management Committee has accepted TEMENOS and Deutsche Bank Zurich's (TEMENOS listing agent) application for dual currency trading.

TEMENOS is therefore very proud to be the first Swiss company listed in the Main Segment of the SWX Swiss Exchange to be able to trade and be listed in both CHF and US\$ currencies. From a corporate governance point of view, this is an important development as it will improve transparency and fair view, especially for investors and the analyst community, bringing the stock price in line with TEMENOS' business and reporting currency, while removing the currency mismatch between US\$ and CHF.

The stock will retain the same symbol, valour/ISIN number. The evening before the first day of dual currency trading, the SWX will align a US\$ value to TEMENOS' shares based on the latest exchange rate. The first trading day will be the 15th of June 2005.

Others

The 4th Ordinary General Meeting of Shareholders of TEMENOS will be held on Wednesday, 25th May 2005 at 2.00 pm CET at the Mandarin Oriental-Hôtel du Rhône in Geneva, Switzerland.

The TEMENOS Client Forum will be held from the 13-15th of June 2005 in Monaco, with a dedicated investor and analyst session on the Tuesday, 14th of June 2005. Further details on our website at www.temenos.com

The TEMENOS 2004 annual report is now available on our website at www.temenos.com

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About TEMENOS

Founded in 1993, TEMENOS Group AG is a provider of integrated modular core banking systems to over 400 financial institutions worldwide. TEMENOS software provides banks with a single, real-time view of the client across the enterprise, enabling banks to maximize returns while streamlining costs. Whether providing 24/7 functionality to the wholesale, retail and private banking sectors, partnering with central banks on core system replacement, or working with the World Bank on solutions for the emerging markets, TEMENOS knows banking. The company has a transparent approach to its operations and brings to bear its experience, expertise, commitment and professionalism on every project.

Headquartered in Geneva, Switzerland, the company has 34 offices in 29 countries and is listed on the main segment of the SWX Swiss Exchange (TEMN). www.temenos.com

Any statements in this press release about future expectations, plans and prospects for the company and statements containing the words “believes”, “anticipates”, “plans”, “expects”, “will” and similar expressions, constitute forward-looking statements. Actual results may differ materially from those indicated by these forward-looking statements as a result of various factors. In particular, the forward-looking financial information provided by the company in this press release represents the company’s estimates as today’s date. We anticipate that subsequent events and developments will cause the company’s estimates to change. However, while the company may elect to update this forward-looking financial information at some point in the future, the company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the company’s estimates of its future financial performance as of any date subsequent to today’s date.

TEMENOS GROUP AG

consolidated income statements

All amounts are expressed in thousands of US dollars

except earnings per share

	Three months to 31 March 2005	Three months to 31 March 2004 restated
Revenues		
Software licensing	9,566	17,438
Maintenance	11,309	8,887
Services	14,054	13,378
Total revenues	34,929	39,703
Operating expenses		
Cost of licences	364	1,895
Services	14,129	11,704
Software development and maintenance	6,555	8,362
Sales and marketing	7,060	6,598
General and administrative	6,344	7,747
Amortisation of goodwill	-	442
Total operating expenses	34,452	36,748
Other operating income	-	1,020
Operating profit	477	3,975
Other income (expenses)		
Interest (expense) income - net	(108)	6
Loss from financial instruments	-	(20)
Financial instrument related expenses	(14)	(179)
Foreign exchange losses, net	(409)	(61)
Total other income	(531)	(254)
Profit (loss) before taxation	(54)	3,721
Taxation	9	(525)
Profit (loss) for the period after taxation	(45)	3,196
Minority interest	54	229
Net profit for the period	9	3,425
Earnings per share (in US \$):		
basic	0.00	0.06
diluted	0.00	0.06

Note:

The operating expenses for 2004 have been restated by US\$ 709 thousand in respect of the requirements of International Financial Reporting Standard 2 (Share Based Payment) which is effective for accounting periods after 1 January 2005.

TEMENOS GROUP AG

consolidated balance sheets

All amounts are expressed in thousands of US dollars

	31 March 2005	31 December 2004 restated	31 March 2004 restated
Assets			
Current assets			
Cash and cash equivalents	19,264	30,788	26,234
Accounts receivable	62,373	52,252	34,361
Available-for-sale investment	-	2,100	-
Accrued revenues	19,714	22,614	35,848
Prepayments and other assets	6,733	6,751	6,777
<i>Total current assets</i>	<u>108,084</u>	<u>114,505</u>	<u>103,220</u>
Non-current assets			
Tangible fixed assets	9,652	10,394	8,867
Intangible assets	19,039	20,651	12,903
Capitalised development costs	13,149	12,482	8,739
Long-term receivables	2,347	2,637	-
Guarantees and deposits	1,189	1,207	1,395
Deferred tax assets	2,023	2,174	1,648
<i>Total non-current assets</i>	<u>47,399</u>	<u>49,545</u>	<u>33,552</u>
<i>Total assets</i>	<u><u>155,483</u></u>	<u><u>164,050</u></u>	<u><u>136,772</u></u>
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable	16,933	18,449	15,298
Accrued expenses	15,637	15,897	12,887
Deferred revenues	28,978	34,626	31,090
Income taxes payable	2,040	2,397	3,534
<i>Total current liabilities</i>	<u>63,588</u>	<u>71,369</u>	<u>62,809</u>
Non-current liabilities			
Long-term payables	8,353	8,274	-
Long-term liabilities under finance leases	215	224	196
<i>Total liabilities</i>	<u>72,156</u>	<u>79,867</u>	<u>63,005</u>
Minority interest	<u>667</u>	<u>723</u>	<u>3,297</u>
Shareholders' equity			
Share capital	157,870	157,454	155,801
Treasury shares	(374)	(124)	-
Share premium and capital reserves	(66,518)	(66,914)	(68,262)
Fair value and other reserves	3,620	4,991	3,989
Retained (deficit) earnings	(11,938)	(11,947)	(21,058)
<i>Total shareholders' equity</i>	<u>82,660</u>	<u>83,460</u>	<u>70,470</u>
<i>Total equity and liabilities</i>	<u><u>155,483</u></u>	<u><u>164,050</u></u>	<u><u>136,772</u></u>

Note:

Shareholders' equity for 31 March 2004 and 31 December 2004 have been restated for the impact of International Financial Reporting Standard 2 which is effective for accounting periods after 1 January 2005.

TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars

consolidated cash flow statements

	Three months to 31 March 2005	Three months to 31 March 2004 restated
Cash flows from operating activities		
Profit (loss) before taxation	(54)	3,721
Adjustments:		
Depreciation and amortisation	3,517	3,280
Gains on disposal of assets	(5)	(2)
Cost of employee share option scheme	803	792
Interest (income) expense - net	108	(6)
Loss from financial instruments	-	20
Financial instrument related expenses	14	179
Changes in working capital:		
(Decrease) increase in receivables, work-in-progress and prepayments	(5,423)	6,584
Decrease in accounts payables and accrued expenses	(1,160)	(9,016)
Decrease in deferred revenues	(5,372)	(6,978)
<i>Cash generated from operations</i>	(7,572)	(1,426)
Income taxes paid	(122)	74
<i>Net cash generated from operating activities</i>	(7,694)	(1,352)
Cash flows from investing activities		
Purchase of tangible fixed assets	(842)	(335)
Disposal of tangible fixed assets	3	15
Purchase of intangible assets	(649)	-
Disposal of intangible assets	-	217
Capitalised development costs	(1,626)	(677)
Disposal of available-for-sale investment	300	-
Impact of full consolidation of entity previously under proportionate consolidation	-	864
Contribution of cash to minority interest	-	980
Interest received	87	80
<i>Net cash (used in) generated from investing activities</i>	(2,727)	1,144
Cash flows from financing activities		
Proceeds from issuance of shares, net of related expenses	11	14
Repayment of short-term borrowings	-	(15,000)
Restricted cash released from a banking institution	-	10,000
Interest payments	(103)	(82)
Settlement of financial instruments	-	(20)
Payment of financial instrument related expenses	(436)	(156)
Payment of finance lease liabilities	(32)	(16)
<i>Net cash used in financing activities</i>	(560)	(5,260)
Effect of exchange rate changes	(543)	(34)
(Decrease) increase in cash and cash equivalents in the period	(11,524)	(5,502)
Cash and cash equivalents at the beginning of the period	30,788	31,736
Cash and cash equivalents at the end of the period	19,264	26,234