



FOR IMMEDIATE RELEASE:

Temenos reports strong Q2 results – net profit up 37% on previous year - and raises full year outlook

Geneva, Switzerland, July 30, 2008 – Temenos Group AG (SWX: TEMN), a market leading provider of mission-critical core banking software, today announced its financial results for the second quarter 2008.

Financial Highlights

	Q2 08	Q1 08	% Δ	Consensus	% Diff
Licence revenue	33.8	29.1	16%	33.2	2%
Total Revenue	96.0	73.5	31%	94.4	2%
EBIT	10.1	7.4	36%	9.7	4%
Adjusted EPS	0.15	0.11	36%	0.15	n/a

All numbers are in USDm, except adjusted EPS USD

Highlights

- 12 new T24 banking clients signed in the quarter, including deals with Westpac in Asia, Standard Bank in Africa and two deals in Germany (further illustrating the success of the Actis acquisition last year)
- Announced recommended cash acquisition of Financial Objects, which should close in September and which we believe will create significant value for our shareholders.
- Acquired the core banking assets of Informer Group, a long-serving T24 system integrator and authorised licensor, which we expect to boost revenue and earnings from this year.
- Promoted to the SMIM (the SMI-mid) index in Switzerland, which contains the 30 largest, most liquid stocks outside of the blue-chip SMI index, which has 20 constituents.
- Held our annual Temenos Client Forum in Rome, attended by a record number of delegates, at which we launched the R08 releases of T24 and TCB, which incorporate over 150 enhancements, such as a retail product builder for T24.
- Signed in late July a sales and marketing agreement with Metavante for T24 in the US, through which we hope to leverage Metavante's client relationships, distribution network and hosting capabilities to penetrate the foreign banking market in the US.



Commenting on the results, CEO Andreas Andreades said, "I am very pleased by our continued strong performance especially in the context of all that is happening in the financial services sector, which is the only market into which we sell our software. Banks are clearly facing challenging times which if anything have worsened. Since we last reported, more banks - especially Tier 1s - have faced recapitalisation issues. Yet, we continue to deliver ahead of our forecasts. I think in part this reflects the profile of the Temenos customer base – around two-thirds of new licences are coming from emerging markets – and, in part, it reflects the nature of the software we sell, which remains a strategic area of capital expenditure for banks that want to pursue growth and profitability.

We remain confident about our full year performance and indeed have revised up our outlook for organic growth and revenues. The inclusion of the revenue and profit from our Informer acquisition takes our revised outlook for 2008 adjusted EPS to a growth of 35%; an excellent performance by any standard".

Revenue

Revenue for the first quarter was USD96.0m, up from USD73.5m in the same period last year, representing growth of 31%. Licence revenue for the quarter was USD33.8m, 16% ahead of previous year, driven by strong year-on-year growth in T24 licences of 37%.

Operating profit

Operating profit for the quarter was USD10.1m, compared with USD7.4m in the same period last year, an increase of 36%. Margin for the quarter was 10.6%, 50 basis points higher than in the prior year, reflecting natural leverage and good cost control.

Notwithstanding the fact that revenues will be higher and we are absorbing the Informer acquisition in the second half, we continue to expect full year margins to be about 2% higher than in 2007.

Net income and Earnings Per Share (EPS)

Net income rose to USD8.6m in the quarter. This represented an increase of 37% on the prior year. Adjusted EPS, which excludes amortisation of acquisition-related intangibles, was USD0.15 in the quarter, a 36% increase over 2007 (USD0.11).

Cash

Operating cash, which can vary significantly from quarter to quarter, was USD -8.1m in the quarter representing cash conversion - conversion of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) into operating cashflow – of 54% over the last 12 months. This is consistent with achieving our full year targets of 75% cash conversion and a 10-15 day reduction in DSOs (Days of Sales Outstanding).



Outlook

The revised 2008 outlook, updated to reflect the consolidation of the Informer asset acquisition as well as higher management expectations for the organic business, is as follows:

	Revised outlook 2008	2007	% Δ
Licence revenue	176.5	148.8	19%
Total revenue	433	329.9	31%
EBIT	88.6	62.5	42%
Adjusted EPS	1.39	1.03	35%

All numbers are in USDm, except adjusted EPS USD

Conference call

At 13.30 GMT/ 14.30 CET/ 8.30 EDT, today, July 30, Andreas Andreades, CEO, David Arnott, CFO, and Max Chuard, Director of M&A and IR, will host a conference call to present results and offer an update on business outlook. Listeners can access the conference call using the following dial in numbers:

+41 (0) 91 610 56 00 (Europe)

+1 866 291 4166 (USA)

+44 (0) 207 107 0611 (UK)

A playback will also be available for up to 48 hours after the call, using the following numbers:

+41 (0) 91 612 4330 (Europe)

+1 866 4162558 (USA)

+44 (0) 207 108 6233 (UK)

Pin: ID 10295 #

Presentation slides for the call can be accessed using the following link

<http://www.temenos.com/Investor-Relations/New-Presentations/>



TEMENOS GROUP AG

All amounts are expressed in thousands of US dollars
except earnings per share

consolidated income statement

	Three months to 30 June 2008	Three months to 30 June 2007	Twelve months to 30 June 2008	Twelve months to 30 June 2007
Revenues				
Software licensing	33,755	29,123	161,170	110,143
Maintenance	23,735	19,082	88,478	64,542
Services	38,465	25,299	130,768	82,700
Total revenues	95,955	73,504	380,416	257,385
Operating expenses				
Sales and marketing	16,619	15,374	77,262	54,641
Services	37,482	24,456	122,224	79,055
Software development and maintenance	20,258	14,399	70,266	42,155
General and administrative	11,455	11,895	44,076	41,650
Total operating expenses	85,814	66,124	313,828	217,501
Operating profit	10,141	7,380	66,588	39,884
Other income (expenses)				
Net financing expenses	(764)	(927)	(3,339)	(1,424)
Foreign exchange gain (loss) - net	(844)	(154)	6,073	35
Total other income (expenses)	(1,608)	(1,081)	2,734	(1,389)
Profit before taxation	8,533	6,299	69,322	38,495
Taxation	47	-	454	(2,844)
Profit for the period	8,580	6,299	69,776	35,651
Attributable to:				
Equity holders of the Company	8,661	6,243	69,804	35,626
Minority interest	(81)	56	(28)	25
	8,580	6,299	69,776	35,651
Earnings per share (in US\$):				
basic	0.15	0.11	1.21	0.62
diluted	0.14	0.10	1.09	0.58



TEMENOS GROUP AG

consolidated cash flow statement

All amounts are expressed in thousands of US dollars

	Three months to 30 June 2008	Three months to 30 June 2007	Twelve months to 30 June 2008	Twelve months to 30 June 2007
Cash flows from operating activities				
Profit before taxation	8,533	6,299	69,322	38,495
<u>Adjustments:</u>				
Depreciation and amortisation	5,392	3,858	19,206	12,027
Other non-cash items	2,652	919	6,113	796
<u>Changes in working capital:</u>				
Trade and other receivables and prepayments	(9,587)	(4,166)	(86,388)	(47,917)
Trade and other payables	(7,948)	10,351	18,285	30,831
Deferred revenues	(7,132)	(2,530)	19,527	9,790
Cash generated from (used in) operations	(8,090)	14,731	46,065	44,022
Income taxes paid	(902)	(1,041)	(3,909)	(1,920)
Net cash generated from (used in) operating activities	(8,992)	13,690	42,156	42,102
Cash flows from investing activities				
Purchase of property, plant and equipment	(710)	(1,910)	(7,260)	(3,859)
Disposal of property, plant and equipment	5	12	59	189
Purchase of intangible assets	(2,149)	(1,708)	(3,063)	(4,036)
Disposal of intangible assets	-	34	1	34
Capitalised development costs	(4,944)	(3,466)	(18,402)	(15,574)
Acquisitions	(9)	(671)	(3,722)	(23,601)
Cash effect from financial instruments	(1,357)	741	1,201	2,407
Interest received	233	496	1,471	4,188
Net cash used in investing activities	(8,931)	(6,472)	(29,715)	(40,252)
Cash flows from financing activities				
Proceeds from issuance of shares, net of related expenses	15	-	17	957
Proceeds from issuance of convertible bond, net of related expenses	-	-	-	(879)
Acquisition of treasury shares	-	(15,572)	(33,154)	(38,777)
Interest payments	(41)	(73)	(2,305)	(1,964)
Payment of financial instrument related expenses	(2,881)	(28)	(3,319)	(51)
Payment of finance lease liabilities	(124)	(139)	(470)	(400)
Net cash used in financing activities	(3,031)	(15,812)	(39,231)	(41,114)
Effect of exchange rate changes	(424)	280	3,406	465
Decrease in cash and cash equivalents in the period	(21,378)	(8,314)	(23,384)	(38,799)
Cash and cash equivalents at the beginning of the period	66,514	76,834	68,520	107,319
Cash and cash equivalents at the end of the period	45,136	68,520	45,136	68,520



TEMENOS GROUP AG

consolidated balance sheet

All amounts are expressed in thousands of US dollars

	30 June 2008	31 March 2008	31 December 2007	30 June 2007
Assets				
Current assets				
Cash and cash equivalents	45,136	66,514	93,062	68,520
Trade receivables	227,856	214,109	187,068	143,807
Other receivables	17,812	14,134	14,306	15,251
Total current assets	290,804	294,757	294,436	227,578
Non-current assets				
Property, plant and equipment	15,591	16,150	16,446	12,562
Intangible assets	98,080	95,887	93,535	86,496
Trade receivables	20,627	25,657	25,936	19,600
Other receivables	1,292	1,120	1,453	1,345
Deferred tax assets	26,966	26,223	25,771	16,020
Total non-current assets	162,556	165,037	163,141	136,023
Total assets	453,360	459,794	457,577	363,601
Liabilities and equity				
Current liabilities				
Trade and other payables	71,426	81,319	79,408	63,994
Deferred revenues	65,587	72,694	57,535	45,770
Income taxes payable	20,346	19,856	19,964	13,422
Borrowings	1,002	230	1,842	539
Provisions for other liabilities and charges	42	104	104	111
Total current liabilities	158,403	174,203	158,853	123,836
Non-current liabilities				
Borrowings	130,430	132,796	116,332	105,441
Deferred tax liabilities	3,795	4,591	4,469	4,074
Trade and other payables	469	478	487	3,044
Total liabilities	293,097	312,068	280,141	236,395
Shareholders' equity				
Share capital	170,867	170,867	170,867	170,867
Treasury shares	(17,856)	(25,511)	(696)	(1,217)
Share premium	(98,428)	(93,856)	(92,589)	(92,735)
Fair value and other reserves	(16,168)	(17,029)	(6,354)	(1,767)
Retained earnings	121,573	112,912	105,872	51,769
Total shareholders' equity	159,988	147,383	177,100	126,917
Minority interest				
	275	343	336	289
Total liabilities and equity	453,360	459,794	457,577	363,601



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About Temenos

Founded in 1993 and listed on the Swiss Stock Exchange (SWX: TEMN), Temenos Group AG is a global provider of banking software systems in the Retail, Corporate & Correspondent, Universal, Private, Islamic and Microfinance & Community banking markets. Headquartered in Geneva with 45 offices worldwide, Temenos serves over 600 customers in more than 120 countries.

Temenos' software products provide advanced technology and rich functionality, incorporating best practice processes that leverage Temenos' experience in over 600 implementations around the globe.

Temenos' advanced and automated implementation approach, provided by its strong Client Services organisation, ensures efficient and low-risk core banking platform migrations. Temenos annually invests around 20% in R&D, significantly more than its peers, into a single fully packaged upgradeable software release, which ensures all Temenos customers benefit from modern technology and support indefinitely.

For more information please visit 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.