

Temenos reports another excellent set of results for Q3 2007 and raises full year outlook for the third time this year

Geneva, Switzerland, October 31, 2007 – Temenos Group AG (SWX: TEMN), a leading provider of integrated core banking systems, today announced financial results for its third quarter 2007.

Revenue

Revenue for the third quarter was USD70.8m, up from USD44.8m in the same period last year, representing growth of 58%. While all revenue lines enjoyed solid growth, licence sales were particularly strong at USD28m, an increase of 109% on the prior year.

Operating profit, net income and EPS

Operating profit for the quarter was USD6.2m, compared with USD0.5m in the same period last year, reflecting a favourable change in the sales mix, good cost control and continued improvement in services margins, which reached 8% in the quarter (up from 3% a year ago).

Gains from forward foreign exchange contracts gave an additional boost to net income, which rose to USD9.9m for the quarter against a loss of USD0.5m for Q3 2006. Net income translated into diluted EPS of USD0.16 compared to a loss of USD0.01 in the same period last year. Adjusted EPS, which excludes amortisation of acquisition-related intangibles, was USD0.17, compared to a loss of USD0.01 in the same period last year.

Commenting on the results, CEO Andreas Andreades said, "We are very pleased with the third quarter results. The desire to grow revenue, improve business agility and enhance customer service - coupled with changes in competition and regulation, such as SEPA - are causing banks to replace their core banking systems and, as these results demonstrate, we continue not only to increase our share of a buoyant market, but also to attract big, high profile clients.

"So far, we have not seen any impact on our business from the sub-prime crisis in the US and our pipeline remains strong, both into Q4, where we are well ahead of 2006 at the end of October, and into 2008. We believe that the momentum we have built up in terms of new signings will be sustained through 2008 and beyond as the many growth initiatives we have put in place, such as the partnership with Metavante in the US and the launch of ARC (our front-end product), start to gain traction. In view of our strong performance and our improved visibility over Q4, we are happy to raise guidance once more for the full year."

Q3 highlights

- 9 new core banking clients signed in the quarter (45 in LTM), including:
 - High-profile endorsement of T24's cash management and SEPA compliance offering through the deal with Dresdner Kleinwort
 - Important recognition of T24's open and modular architecture through Banque Libano-Française's decision to deploy T24 in an SOA environment
- An acceleration in the take-up of ARC, our front-office CRM solution, with 7 new clients added in the quarter bringing the total to 16.
- The appointment of a new Global Services Director, who will oversee the improving performance of this division.

Outlook

The company's outlook for the remainder of the year assumes a zero tax rate, a USD/EUR rate of USD0.71, a USD/CHF rate of USD1.19 and a USD/GBP rate of USD0.49.

The latest outlook, which has been raised for the third time this year, anticipates licences in the range of USD135-140m, up 38%-43% on 2006; total revenue of USD310-315m, up 43%-46% on 2006; EBIT of USD59m, up 77% on 2006, giving a margin of 19% (unchanged from previous guidance); and adjusted EPS of USD0.92.

At 13.30 GMT/ 14.30 CET/ 9.30 EDT, today, October 31, Andreas Andreades, CEO, David Arnott, CFO, and Max Chuard, Head of Corporate Finance and Investor Relations, 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 (1) 866 291 4166 (USA)

+44 (0) 207 107 0611 (UK)

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

<http://www.temenos.com/content.asp?ID=Financialpresentations>

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About TEMENOS

Founded in 1993, TEMENOS Group AG is a provider of integrated modular core banking systems to over 600 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 43 offices in 31 countries and is listed in Zurich on 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 statement

All amounts are expressed in thousands of US dollars

except earnings per share

	3 months to 30 September 2007	3 months to 30 September 2006	12 months to 30 September 2007	12 months to 30 September 2006
Revenues				
Software licensing	27,968	13,389	124,722	82,939
Maintenance	19,291	14,308	69,525	52,234
Services	23,538	17,114	89,124	60,367
Total revenues	70,797	44,811	283,371	195,540
Operating costs				
Services	21,636	16,613	84,079	66,346
Software development and maintenance	14,938	9,180	47,914	32,121
Sales and marketing	19,590	10,922	63,309	43,579
General and administrative	8,392	7,638	42,403	31,486
Total operating costs	64,556	44,353	237,705	173,532
Operating profit	6,241	458	45,666	22,008
Other income (expenses)				
Interest income (expense) - net	(894)	35	(1,961)	(168)
Financial instrument related expenses	(154)	(78)	(468)	(333)
Fair value gain (loss) from financial instruments, net	1,679	(645)	3,351	2,576
Foreign exchange gains (losses) - net	3,022	(366)	2,397	206
Total other income (expenses)	3,653	(1,054)	3,319	2,281
Profit (loss) before taxation	9,894	(596)	48,985	24,289
Taxation	-	78	(2,922)	(2,682)
Profit (loss) for the period	9,894	(518)	46,063	21,607
Attributable to:				
Equity holders of the Company	9,876	(513)	46,015	21,786
Minority interest	18	(5)	48	(179)
	9,894	(518)	46,063	21,607
Earnings per share (in US\$):				
basic	0.17	(0.01)	0.79	0.39
diluted	0.16	(0.01)	0.73	0.37

TEMENOS GROUP AG

consolidated balance sheet

All amounts are expressed in thousands of US dollars

	30 September 2007	30 June 2007	31 December 2006	30 September 2006
Assets				
Current assets				
Cash and cash equivalents	51,812	68,520	111,368	102,461
Trade and other receivables	168,835	149,053	138,740	130,354
Prepayments and other assets	10,918	10,005	12,606	5,943
Total current assets	231,565	227,578	262,714	238,758
Non-current assets				
Property, plant and equipment	14,869	12,562	10,873	10,717
Intangible assets	89,895	86,496	53,722	48,904
Long-term trade and other receivables	26,502	20,945	19,323	3,915
Deferred tax assets	16,593	16,020	5,534	2,449
Total non-current assets	147,859	136,023	89,452	65,985
Total assets	379,424	363,601	352,166	304,743
Liabilities and equity				
Current liabilities				
Trade and other payables	66,665	64,240	55,503	42,871
Deferred revenues	44,759	45,770	44,973	35,767
Income taxes payable	13,843	13,422	5,727	2,600
Borrowings	853	404	1,220	-
Total current liabilities	126,120	123,836	107,423	81,238
Non-current liabilities				
Borrowings	110,956	104,797	103,674	107,303
Deferred tax liabilities	3,611	4,074	1,258	-
Other long-term payables	4,349	3,688	3,668	524
Total liabilities	245,036	236,395	216,023	189,065
Shareholders' equity				
Share capital	170,867	170,867	168,828	166,952
Treasury shares	(1,736)	(1,217)	(2,974)	(771)
Share premium	(92,066)	(92,735)	(66,521)	(61,552)
Fair value and other reserves	(4,623)	(1,764)	(4,719)	(4,832)
Retained earnings	61,644	51,766	41,198	15,629
Total shareholders' equity	134,086	126,917	135,812	115,426
Minority interest	302	289	331	252
Total	134,388	127,206	136,143	115,678

TEMENOS GROUP AG
consolidated cash flow statement

All amounts are expressed in thousands of US dollars

	3 months to 30 September 2007	3 months to 30 September 2006	12 months to 30 September 2007	12 months to 30 September 2006
Cash flows from operating activities				
Profit before taxation	9,894	(596)	48,985	24,289
Adjustments:				
Depreciation and amortisation	4,262	2,454	13,835	9,415
Losses on disposal of assets	21	283	137	187
Interest expense (income) - net	894	(35)	1,961	168
Fair value (gains) losses from financial instruments	(1,679)	645	(3,351)	(2,576)
Financial instrument related expenses	154	78	468	333
Changes in working capital:				
Trade and other receivables and prepayments	(24,772)	(8,518)	(62,354)	(45,908)
Trade and other payables	6,143	567	34,916	19,477
Deferred revenues	(1,272)	5,202	2,989	11,238
<i>Cash generated from operations</i>	(6,355)	80	37,586	16,623
Income taxes paid	(942)	(354)	(2,509)	(2,209)
<i>Net cash (used in) generated from operating activities</i>	(7,297)	(274)	35,077	14,414
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,773)	(633)	(5,999)	(4,393)
Disposal of property, plant and equipment	4	159	34	318
Purchase of intangible assets	(1,080)	(742)	(4,374)	(1,408)
Disposal of intangible assets	-	-	34	-
Capitalised development costs	(4,124)	(4,114)	(15,584)	(15,129)
Acquisitions, net of cash acquired	(666)	-	(24,267)	(3,266)
Disposal of available-for-sale investment	-	-	-	1,200
Settlement of financial instruments	815	-	3,042	-
Interest received	381	1,707	3,042	3,139
<i>Net cash used in investing activities</i>	(7,443)	(3,623)	(44,072)	(19,539)
Cash flows from financing activities				
Proceeds from issuance of shares, net of related expenses	-	417	540	4,746
Proceeds from issuance of convertible bond, net of related expenses	-	(879)	-	99,089
Acquisition of treasury shares	(2,814)	-	(41,590)	(6,816)
Interest payments	(71)	(110)	(1,925)	(497)
Payment of financial instrument related expenses	(21)	(4)	-68	(146)
Payment of finance lease liabilities	(124)	(66)	(458)	(313)
<i>Net cash (used in) generated from financing activities</i>	(3,030)	(642)	(43,501)	96,063
Effect of exchange rate changes	1,062	(319)	1,847	218
(Decrease) increase in cash and cash equivalents in the period	(16,708)	(4,858)	(50,649)	91,156
Cash and cash equivalents at the beginning of the period	68,520	107,319	102,461	11,305
Cash and cash equivalents at the end of the period	51,812	102,461	51,812	102,461