

**Innovative Solutions**

**ANNUAL  
REPORT  
2014**



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## COMPANY PROFILE

### About Hansen Technologies Limited

Hansen Technologies (ASX: HSN) is a global provider of customer care and billing, and meter data management software solutions for utilities (electricity, gas and water), Pay TV and telecommunications companies.

The Hansen family of products, which has grown since 1971, includes: HUB, ICC, NirvanaSoft, Peace, Banner and Utilisoft. Hansen's unique approach to best-fit solutions leverages its proprietary product sets to develop, deliver, and support high-value solutions for clients in over 40 countries. In addition Hansen also offers outsourcing and facilities management services from purpose built facilities globally. Hansen has offices in Australia, United States of America, New Zealand, China, Argentina and the United Kingdom.

Hansen is recognised by the relevance of its technology and the people who support it. Our innovative solutions are constantly evolving alongside their respective industries to accommodate business, market and technology changes, and our experienced implementation team has an impeccable record of delivering solutions through flexible engagement approaches. For more information, please visit [www.hsntech.com](http://www.hsntech.com)



### Notice of Annual General Meeting

The Annual General Meeting of the Company is to be held on Wednesday 26 November 2014 at 11am at 2 Frederick Street, Doncaster Victoria 3108.

## HIGHLIGHTS

**\$86 million**

Operating revenue  35%


**\$24.1 million**

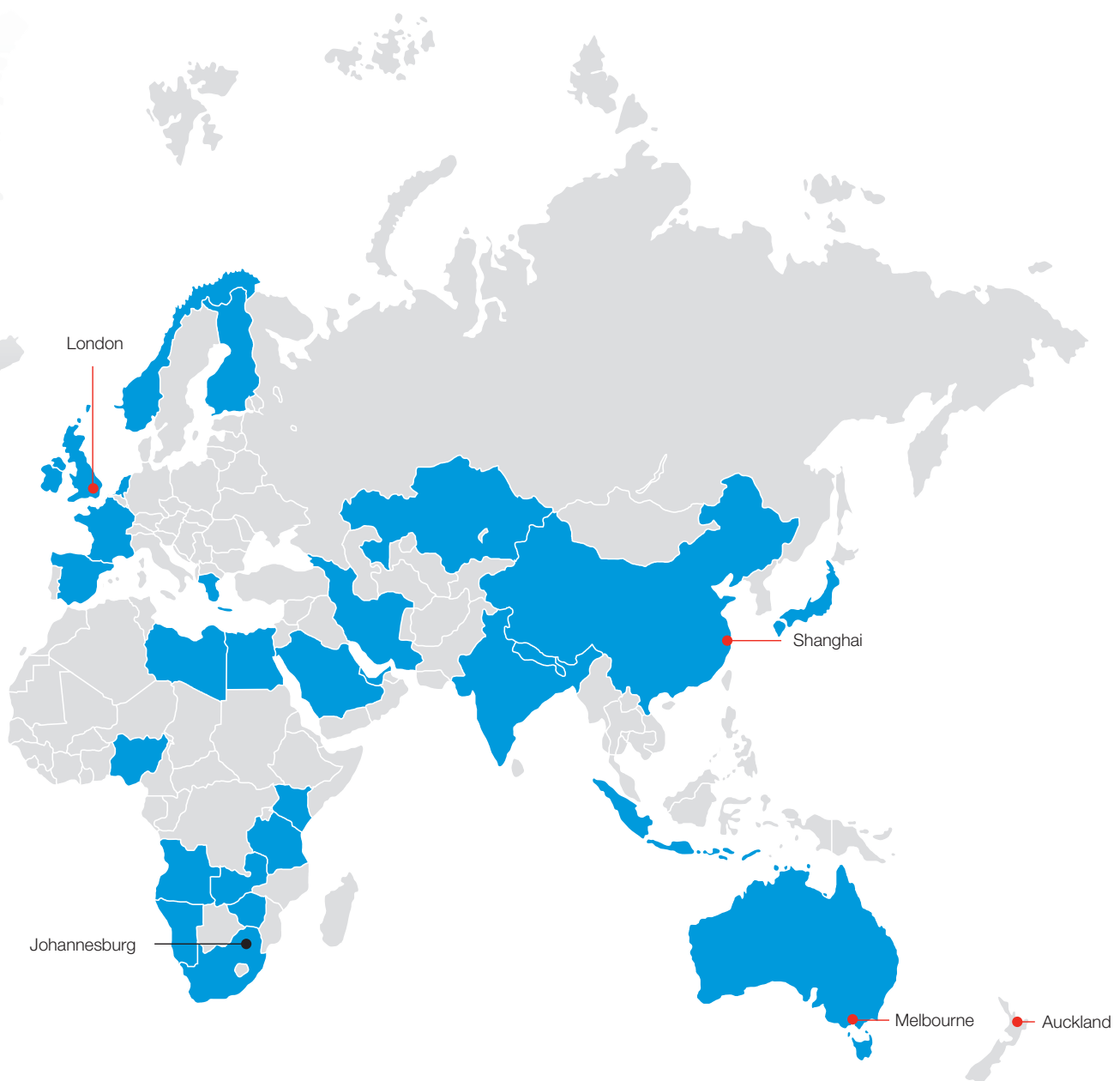
EBITDA  53%

**\$14.8 million**

After tax profit  62%

**9.2 cents**

Earnings per share  61%



We see great opportunity for convergence within the Telecoms and Pay TV space, which aligns very well with our solutions and industry expertise.



# CHAIRMAN AND CHIEF EXECUTIVE OFFICER JOINT REPORT

Fiscal 2014 was a very good year for Hansen. We delivered an impressive level of profitable growth, culminating in a record financial performance. At the same time we have continued to build upon the foundation of our business with further international expansion and the strategic acquisition of a well aligned and compatible billing business, servicing the North American utility market.

Over the past two years our business has continued to grow, with each half year's performance better than the preceding half year. This level of compounding profitable growth is an achievement to be proud of and we wish to congratulate and thank all of our 400 plus employees across 12 countries on their contribution and commitment over this past year.

The acquisition of the Banner business in May 2014 increased our commitment to and presence in North America, extended our product offerings, and opened up new markets for Hansen. We are delighted by the way the Banner staff have responded to joining the Hansen team. Their level of commitment and support throughout the transition phase has been excellent and we look forward to the prospects for growth that the Banner business represents.

We have expanded our market presence significantly, growing our utilities billing business to include electricity, gas and water for major industry leaders as well as municipalities and smaller emerging players. We are now expanding into areas that operate in parallel and adjacent to our billing products and which service these same industries. Our lengthy history of solutions for the telecommunications industry is ongoing. We are a major supplier of billing applications to the Digital Pay TV industry with a product offering targeted at the industry's highest growth opportunity – satellite-delivered Digital Pay TV in emerging markets and geographies.

All of these solutions are now being delivered globally by a growing team of skilled industry experts. We have significantly increased our physical presence around the world over the past two years and we now have a substantial international infrastructure and capacity upon which to build and continue to expand.

Other highlights for Fiscal 2014:

- completed the integration and alignment of the ICC Pay TV and Utilisoft businesses, acquired during the previous year, and consolidated their key customer relationships;
  - more recently we have signed a significant seven year contract with Direct TV for our ICC Pay TV solutions across nine countries in South America;
- completed the restructuring of our management team into a geographical regional structure;
- undertook the merging of our worldwide development and product delivery teams under a single management structure and progressed strongly with cross skilling of the IT resources in the various geographic centres within which we operate;
- established branch offices in Argentina (Buenos Aires) to support the South American market and South Africa (Johannesburg) for the African market;
- implemented a new CRM solution for managing our customer relationships and rolled this out worldwide;
- implemented a new management reporting solution to provide more widely distributed and timely financial performance information across the Group; and
- relocated both the New York and California offices when the original leases, assumed as a result of acquisitions, expired.

Operationally it was a year of solid performance supported by marginally lower average exchange rates for the Australian dollar across the year. Our investment over the past two years in sales and marketing, expansion in North America and enhanced delivery capacity are now paying off. New deals are being

closed, delivery is performing to targeted expectations and we have a customer prospect list which is expanding.

## 2013–14 Financial performance

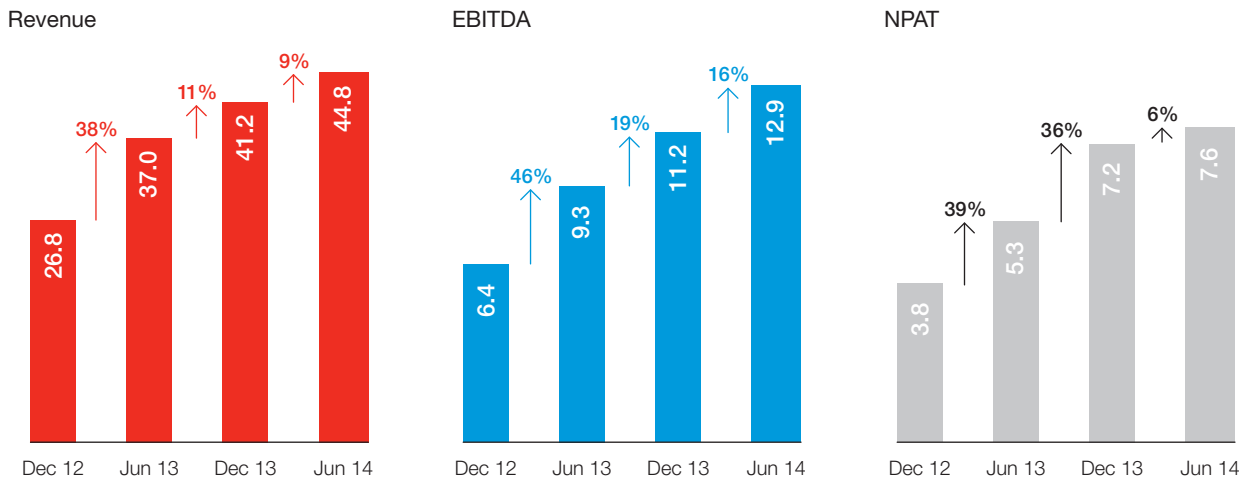
Operating revenue of \$86 million for the year was up 35% on the previous year and 52% on Fiscal 2012. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$24.1 million, represents an increase of 53% over Fiscal 2013 and represents a return on Operating Revenue of 28%.

Net profit after tax (NPAT) of \$14.8 million represents a return of 9.2 cents per share compared with \$9.1 million and 5.7 cents per share last year.

Following the release of the full year's operating results, the Directors declared a consistent fully franked final dividend of 3 cents per share to be paid on 30 September 2014 to those shareholders on record as at 9 September 2014. When combined with the 3 cents per share interim dividend, the total distribution of 6 cents per share is consistent with the previous year.

**Half-on-half comparison (A\$m)**

The six months to June 2014 has shown continued growth over the half year ending December 2013, which had benefited from a full six month contribution from both the ICC and Utilisoft acquisitions.



**Hansen people**

May we record our appreciation for the achievements over this past year of the Hansen team members worldwide. The quality and commitment of our people are the foundation of our business and we are fortunate to have such a large number of industry experts dedicated to the success of our business.

Of the Hansen staff around the world, approximately half of these are located outside of Australia, with the larger international offices being located in China, the United States, United

Kingdom and New Zealand. Our personnel are now more widely distributed than ever before and our international expansion aspirations suggest the breadth of this distribution is likely to continue. As we grow we have to acknowledge and accept the challenge of ensuring every staff member of Hansen, no matter where located, is and feels part of our international team.

The successful integration of the ICC and Utilisoft business personnel, and more recently the Banner personnel into the Hansen team has been a credit to them

and their management. Restructuring our management along geographic lines has required all three geographic regions to become knowledgeable of, and active contributors to, our customer and product management. Wherever relevant we will continue to strive to grow as an integrated business with each region providing support and active contribution across all areas of relevant focus.







Thank you also to the Board who have diligently overseen and supported the strategies presented by the management team.

## Who We Are

The Hansen business comprises multiple independent but compatible software solutions applied across four industry verticals and deployed in a multiplicity of countries around the world.

Our goal has been to develop an individual and unique brand for each business unit, offering them their own individual personality but with uniformity across the Group, while recognising that each business unit is part of the broader Hansen Group that delivers consistent values.

### Strategic matrix – products and industries

	Electricity, Gas and Water	Pay TV and Telco
	Energy and Telecommunications	
	Energy – large retailers and distribution companies	
	Energy – complex billing and smart grid	
		Pay TV
	Energy – market data management	
	Energy and Water – municipal market	

## Where We Are

### Asia Pacific – APAC

The past 12 months has seen a number of large projects operating in each of our industry verticals. These projects consolidated our presence with existing customers as well as positioned Hansen solutions to new opportunities.

The energy sector continues to undergo significant change with retailers constantly looking to leverage their existing solutions to maximise their market opportunities and the distributors having to respond to government mandated change. With Hansen solutions deployed across these sectors, and with the inclusion of the Utilisoft suite of products, we have experienced significant increase in project related activity and opportunity.

Similarly Pay TV is a sector which is presenting significant opportunity in the region. Our existing customers continually look to leverage their Hansen solution to increase market share and with technological advancement being a great driver of change, we have seen higher demand for project and services than originally expected.

The next 12 months of activity in the APAC region will continue to be influenced by continued market change and industry consolidation. With the NSW and QLD governments making significant decisions with regards to their utility assets we are actively involved in helping both existing and new customers adapt to these government mandated changes. Having already embarked on some major projects associated with the market changes we are seeing strong demand for our expertise and products.

Further to this, the Pay TV industry is seeing unprecedented change in the APAC region that we see as presenting great opportunity to us. The move to digital technology is occurring in a number of our key target markets and the continued strong growth of the Direct to Home (DTH) delivery of Pay TV ideally places our ICC solution as a prime solution in this region. Having invested in pre-sales efforts focusing on Pay TV over the last 12 months, we have an expectation that next year should present us with a number of opportunities to gain new customers in this dynamic sector.

### Europe, the Middle East and Africa – EMEA

This has been a great year for Hansen within the EMEA region during which we have had significant client engagement on many new initiatives. We have a major Pay TV project in Africa that has progressed into the implementation stage, setting up 2014–15 as an exciting new phase for our client. We have experienced demand for engagement of our staff to be deployed onsite with our clients, driving closer engagement and mutual benefits.

We have also witnessed an increased appetite for change across our existing client base in Europe which has driven a large volume of enhancements in our software. With our high-touch account management and flexibility towards clients' requirements and timing we expect this trend to continue in the year ahead. There have been a number of mergers within our client base, a common trend as market consolidation and convergence builds. Our wide range of solutions allows us to support the rapid and diverse changes amongst our clients so that we are well placed to assist our clients in their journey of convergence. We see an increasing level of interest from our existing clients who are considering expanding their businesses into new markets/sectors. We have a number of prospects that have advanced this year with the potential to develop further in the year ahead.

The UK energy market is currently going through massive change due to the introduction of smart metering which brings reforms to every part of the UK energy industry. Our acquisition of Utilisoft has positioned us well to engage with energy distribution companies who need to connect to the new market hub along with energy retailers who will also need a similar solution.

We also have new opportunities within the EMEA region due to a number of new Pay TV content business providers coming into the market, for which our ICC solution is very well suited. Changes in the broadcast model in several countries within the EMEA region, with the transition from analogue to digital technology, is also allowing new business to enter markets that were previously unavailable.

### The Americas

FY2013–14 has been an important year in the growth and development of Hansen's positioning in the Americas. The worldwide trend of consolidation of market participants is evident in our market space and client base opening up both opportunities as well as challenges for Hansen.

During the year we have expanded our presence throughout both North and South America.

In the energy sector we completed a major long term project for a key energy company in North America. We installed and went live with new implementations of Hansen's Nirvanasoft CIS software solution with Agway Energy Services, LLC of New York (a subsidiary of Suburban Propane, LP) and EDF Trading, a leader in the international wholesale energy market and a subsidiary of Electricité de France, Europe's leading electricity producer.

The acquisition of the Banner CIS utilities billing and customer care business in May 2014 has expanded our presence in the North American market. The 50 plus Banner customers located throughout the United States, Canada and the Caribbean added a significant water supply and municipality presence to our well established gas and electricity markets. Banner's existing and target markets fit synergistically with our existing ICC Pay TV, Peace and Nirvanasoft solutions.

The recent signing of a long term ICC licensing and support arrangement with DIRECTV for its Pan Americana division in Latin America includes operational products in Argentina, Columbia, Chile, Ecuador, Peru, Puerto Rico, Venezuela, the Caribbean and Uruguay. This agreement will allow us to further develop within the region by leveraging our Argentina-based consulting, services and support team.

We are well positioned for the emerging business activities in both North and South America and are excited by the prospect of integrating Banner into our existing business.



With a number of significant projects already underway, we see the energy market as being one of continued and significant opportunity over the coming years.



## What We Do

### 1. Core market focus

Our core business is the delivery of proprietary customer care, billing and meter data management software solutions to the energy, telecommunication, water and Pay TV industries. We couple these offerings with optional full-scale outsourcing services.

Our business success is based on delivering relevant and current software solutions that meet our customers' requirements and keep pace with or exceed industry-driven change.

### 2. Market differentiation

We compete on the international market with the world's largest software houses. Our competitors commonly target the delivery of full enterprise solutions through systems integrators worldwide.

We differentiate ourselves by:

- focusing on selected geographies, either directly or with partners, where we will most readily deliver our solutions on budget and on time;
- specialising in the provision of 'best-of-breed' applications that deliver the specific solutions required by our customers;
- taking a hands-on and collaborative approach with our customers to deliver the optimum outcomes for their projects;
- being large enough to provide the highest level of confidence for our customers, while retaining a more flexible product and management accessible approach than our 'hands-off' competitors;
- offering most of our customers the option of a fully outsourced facility managed solution service; and
- ensuring our technology keeps pace as the demand for complex, flexible, multi-level billing solutions increases.

We are positioned in our selected geographies as the flexible alternative provider of best-of-breed solutions in our core business focus areas.

### 3. Energy and water utilities

#### (a) Energy billing and customer information systems

The energy industry remains a sector that is undergoing continual change. A number of initiatives that had been on hold during the recent global economic downturn have now been restarted and these, coupled with the regulatory changes, the embracing of the 'smart grid' and specific regional and competitive drivers, continue to make this a very attractive vertical for Hansen and our products.

The evolution of the 'smart grid' has been an interesting one to observe. While the benefits of the 'Smart Grid' are clear in terms of smoothing energy peaks, managing demand response and ultimately creating a more efficient system for the delivery and consumption of energy, the challenge for industry participants has been the rollout and take up of the integrated technologies required to deliver these benefits. Coupled with the economic downturn and other specific market drivers, this had slowed the embracing of the 'smart grid' until recent times.

With a number of major global initiatives now starting we are beginning to see a greater degree of interest and opportunity in this market. In the United Kingdom, the Department of Energy and Climate Change has created an implementation program for electricity and gas smart meters, that is targeting to have all domestic and non-domestic properties supplied with smart meters by 2020. In Japan, the government has mandated the rollout of smart meters as a means by which they can have greater control over energy demands post Fukushima. In Australia the Australian Energy Market Commission (AEMC) is looking to introduce the Power of Choice whereby energy retailers, rather than government mandate, can determine where they wish to deploy smart meters. In the United States, a number of the initiatives that were established with the 'Obama funding' are now at the point where solutions are required to ensure that the customers benefit from the investment that has been made.

In response to this challenge, Hansen has developed a 'Smart Grid Bridge', being a scalable, plug-in front-end to an existing

CIS to support the requirements of the introduction of a smart grid initiative without the cost and commitment of a full-scale system implementation or upgrade.

Simultaneous to this evolution we are also seeing the impact of regulatory mandates and the continued maturing of various energy markets. These impacts are always significant drivers of change and innovation, and we are seeing a continuation of this trend in a number of our significant markets. The Japanese market place is moving towards full retail contestability in April 2016, the QLD and NSW governments in Australia continue to make structural changes that impact on the energy market participants and the United Kingdom and the United States markets are continuing in the same vein.

With Hansen operating in each of these markets and coupled with the strategic acquisition of Utilisoft we have established a global footprint in the world's most dynamic energy markets, which positions us to not only leverage our current deployments and relationships, but also allows us to provide further strategic and complimentary products into these markets. With a number of significant projects already underway we see the energy market as being one of continued and significant opportunity over the coming years.

#### (b) Utilisoft

Utilisoft functionality is tied strongly to market-mandated requirements and with ongoing market changes impacting our customer base, often twice per year, we are consistently updating and refreshing our product set. This activity keeps our off-the-shelf products compliant with market requirements and relevant to the continuing business needs of our customers.

With continuing change in the Australian electricity and gas markets we can expect to see more change driven by both mandatory market specification and industry growth resulting in new requirements for our existing customer base. Substantial reforms to the National Electricity Market (NEM) in Australia are currently underway following recommendations to Commonwealth and State governments made by the AEMC 'Power of Choice' review in November 2012, which will give consumers more

options in the way they use electricity. These reforms will allow customers to have more access to information about their electricity consumption and will also expand competition in metering and related services, opening the doors for more participants in the smart meter space. Both of these developments will drive further market change and pose challenges to participants which Hansen is well placed to offer assistance with.

Our expertise in the Australian deregulated energy market puts us in a strong position to consider the move into other developing markets around the world. For example, Japan and the United Kingdom are beginning to implement market changes which will require gateway functionality similar to that already provided by the Utilisoft suite of products.

Energy markets will continue to grow and expand in complexity as the demand for renewable energy, consumer awareness, smart grids and energy efficiency drives change in our customer base. Our critical role in the value chain for energy market data for our clients will guarantee interesting new projects and challenges for our teams to solve.

### (c) Banner

The Banner solution is a full-featured, functionally rich CIS for utility billing and brings to the Hansen stable of products strong reference ability in water billing and application in the North American municipal market. The product is applicable for some of the largest utilities in the United States as well as smaller municipalities. This allows for a significant addressable market of a product with a proven track record and an established customer base.

With the acquisition of Banner CIS by Hansen new opportunities are beginning to surface. Banner has a long history of success and a loyal customer base that is being re-energised by this change. Historical customers have reached out to Hansen to learn more about our future plans for the product. Opportunities have been identified to bring customers back to the 'Banner family'.

With the initial shifting of existing Hansen resources over to the Banner CIS product, a clear message of investment and a long term commitment has been sent to existing customers as well as the market.

Additional resources along with the roll out of the future product roadmap in October will generate additional upgrade opportunities as well as possible new customer acquisitions in the coming year.

The acquisition by Hansen was viewed as a positive move by both the customers as well as the impacted employees. The integration of the Banner team into the different functional areas of Hansen affords access to a broader resource pool, development and delivery capabilities, as well as implementation expertise. The Hansen philosophy of account management will help to align the future of the Banner products with the requirements of customers and will engender confidence in the customer base for the long term future of the Banner products.

## 4. Telecommunications

Hansen has a long pedigree in dealing with tier 1 international telecoms providers and has delivered success by implementing our HUB telecoms solution to support the ever changing backdrop of change in the industry. With the evolution of new technology, network providers are investing heavily to meet the expanse of new ways that customers are driving a constantly connected world. With the proliferation of smartphones, tablets and connected devices, consumers have more choice than ever and customer churn has become more prevalent due to the regular annual technology updates by major device companies. Hansen has worked with our Telecoms clients to implement innovative solutions that help operators leverage their customer insight to offer strong product offerings that give their customers great value, in turn building stronger loyalty. Our telecoms solution provides flexibility and speed to market, matched with strong product bundling and shared allowance management, allowing our clients to take a lead when they take new propositions to market.

The level of maturity in the Telecoms industry internationally does mean the number of opportunities within this space is limited. Our focus has been in exploring developing markets where, though deregulation and market reform, new network operators and virtual operators are forming. There is a large level of growth occurring in the Telecoms space across Africa due to the introduction

of fourth generation mobile technology, where many parts of Africa will benefit from moving from GSM to 4G/LTE/WiMax. With many parts of Africa going through economic growth, matched with the size of its population, international telecoms firms are investing in licences and infrastructure. With our expanded footprint in Africa, we are well placed to take advantage of future telecoms opportunities within this region. We see great opportunity for convergence within the Telecoms and Pay TV space, which aligns very well with our solutions and industry expertise. There have already been high profile joint ventures and mergers between content delivery players and traditional telecoms companies as they scramble to keep pace with the rate of market change. We are working with our clients that have already started down this path by bundling content over their cable or mobile networks. Clients have also expressed interest in bringing more complex product offerings to market that expand on the triple and quad-play concepts, which works well with our modular solution approach. We expect that this trend will continue over the coming years and the only constant will be the level of change within the Telecoms industry.

## 5. Pay TV

Hansen's Customer Care & Billing Solution, ICC (Intelligent Customer Care), integrates billing, customer care and business intelligence to enable Pay TV operators to provide a customised service experience while streamlining back-office activities. Our solution delivers a 360-degree view of the customer relationship, encompassing triple and quad-play services to:

- Improve customer service and enhance customer loyalty with targeted promotions.
- Provide critical business intelligence to operators together with a reduced total cost of ownership.
- Provide a variety of post-pay and pre-pay options, as well as voucher systems, wallets, and quote based billing.
- Offer full account receivable capabilities.

Our extensive knowledge and experience with digital satellite and digital terrestrial distribution, as well as cable networks,

## What We Do continued

coupled with flexible pricing models/ offerings for consumers, businesses, and multiple dwelling units, facilitates a lower cost of deployment when compared with other industry leading CRM and billing platforms. The software can be configured to run multiple territories or countries from a single schema for additional economies of scale.

Throughout Asia, the Middle East, Africa and South America the consumer interest in the provision of digitally delivered Pay TV is expanding. Existing providers are experiencing strong growth and new content providers are entering those geographic markets which are in their infancy or not as yet fully mature. Hansen's ICC solution is in use by a number of customers in these regions. The opportunity of growth with existing customers as well as new entrants offers genuine upside for Hansen over the coming years.

The Pay TV vertical encompasses a wide variety of traditional broadcasters, telco's, satellite operators, and cable companies. As operators diversify their service offerings to include telephony, mobile telephony, broadband, and broadcast TV entertainment, the solutions in Hansen's portfolio will mesh synergistically.

## 6. Outsourcing

With a large internal demand for IT development capacity and with a full service approach offering to our customers, we run and operate a 24/7 IT department, incorporating a first grade data centre with a full 'cloud' and facilities management operation. As a natural business progression, we offer a full range of IT services to customers who are in need of varying degrees of outsourced support. This business unit represents a valuable contribution to our Company's market differentiation and is a strong contributor to our overall business performance.

Cloud computing continues to grow in popularity in the market. Our solution has expanded to include a Virtual Data Centre offering in partnership with Managed Service Providers. A 'Backup as a Service' solution has also been launched to meet growing interest in this area.

This business unit provides market differentiation adding significant value to the Company's software business through the ability to provide a full range of IT services to customers.

## 7. Superannuation

Our long term relationship with the CLASSIC superannuation membership administration solution has been taken to a new level this year. This year we completed the customisation of CLASSIC to fully comply with the new initiative of the Australian Government with the implementation of the 'SuperStream' Standards. This achievement placed our long term customer, Vision Super, at the forefront of the Superannuation industry by providing a fully compliant SuperStream solution to employers.

Hansen, using Visions Super's CLASSIC solution, was chosen by the ATO as the very first employer in Australia to apply SuperStream. The whole of the Australian Superannuation industry watched the success of the implementation which was a very pleasing result for both Vision Super and Hansen.

## The Future

We will continue with a disciplined approach to the pursuit of strategic growth and balanced diversification through acquisition. Our focus remains with businesses which are compatible with our existing business, which build upon our focused markets and expand our geographic and industry reach, while maintaining the key elements of our financial model underpinned by sustainable annuity revenue streams derived from proprietary software solutions. The opportunity for organic growth is expanding. Our increased sales and marketing effort is delivering new business and prospects into the delivery funnel. We have a high degree of new project activity underway as well as a healthy pipeline of future projects lining up for next year and beyond. The advanced investment we made in delivery capacity was well timed as the demands upon our people to deliver projects into the coming years looks to be considerable.

We are proud of our business achievements and the enhanced value we are delivering to our shareholders through sustainable growth. Since listing on the ASX in 2000 Hansen has returned a combined total of \$71 million to its shareholders by way of capital distribution and dividend payments. We look forward to continuing to deliver on our growth aspirations with minimal risk to our core

business, while striving to deliver on the dividend return aspirations of shareholders.

The outlook for growth next year and beyond is bright. With revenue from international customers increasing, we expect to see our revenues trending towards being every spread across our three geographic management regions. We are confident that we will continue to be able to deliver sustainable growth and expect revenues next year to exceed \$95 million, resulting in an increased operating performance exceeding this year's record performance.

Finally, may we record our appreciation for the continued strong support we receive from shareholders. Our shareholder base has now grown to in excess of 4,100. This year there have been a number of institutional shareholders, both Australian and International funds, introduced to the Hansen share register. Correspondingly the Hansen family interest has reduced to 24% providing the opportunity for wider and more diverse shareholding as well as the improved liquidity evidenced by the increased average daily trading of our shares over the past year.

We welcome all the new shareholders who have joined our register in this past year and affirm our commitment to expanding and improving the business of Hansen Technologies with the consistent and sole objective of enhancing shareholder value.

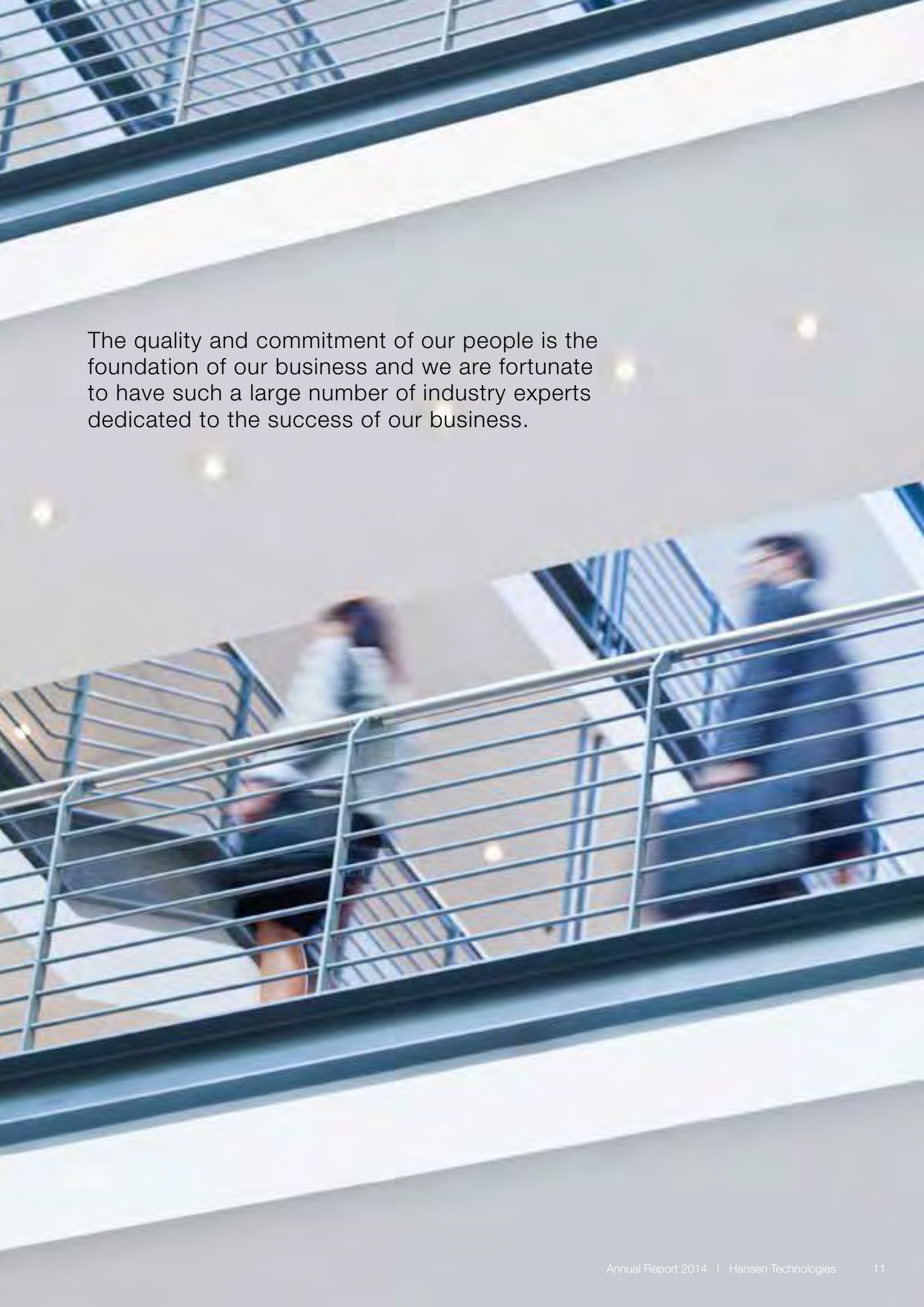


**David Trude**  
Chairman



**Andrew Hansen**  
Chief Executive Officer

30 September 2014



The quality and commitment of our people is the foundation of our business and we are fortunate to have such a large number of industry experts dedicated to the success of our business.

## INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a Director of Hansen Technologies Ltd at any time during or since the end of the financial year are provided below, together with details of the Company Secretary as at the year end.



**Mr David Trude**

Non-Executive Director  
Chairman since 2011  
Director since May 2011  
Age 66

David has extensive experience in a variety of financial services roles within the banking and securities industries. He holds a Degree in Commerce from the University of Queensland and is a member of many professional associations including the Society of Investment Professionals, Stockbrokers Association of Australia and the Australian Institute of Company Directors. He is also Chairman of E.L & C. Baillieu, Waterford Retirement Village and East West Line Parks Limited, a Director of CHI-X Australia Limited and a consultant at Credit Suisse Australia. On 27 February 2014 David was appointed Non-Executive Director of Acorn Capital Investment Fund Limited an ASX listed entity.



**Mr Andrew Hansen**

Managing Director and CEO  
Managing Director since 2000  
Age 54

Andrew has over 30 years' experience in the IT industry, joining Hansen in 1990. Prior to Hansen he held senior management positions with Amfac-Chemdata, a software provider in the Health industry. Andrew is responsible for implementing the Group's strategic direction and overseeing the everyday affairs of the Hansen Group.



**Mr Bruce Adams**

Non-Executive Director  
Director since 2000  
Member of the Remuneration Committee  
Age 54

Bruce has over 20 years' experience as a commercial lawyer. He has practised extensively in the areas of information technology law, mergers and acquisitions and has considerable experience advising listed public companies. In early 2002, after more than 10 years as a partner of two Melbourne law firms, Bruce took up a position as general counsel of Club Assist Corporation Pty Ltd, a worldwide motoring club service provider. Bruce holds degrees in Law and Economics from Monash University.



**Mr Peter Berry**

Non-Executive Director  
Director since 2012  
Chairman of the Audit and  
Remuneration Committees  
Age 54

Peter has been an investment banker in excess of 20 years, specialising in mergers and acquisitions and project financing. Peter's career has focused on the energy sector, including sector reform and privatisation, as well as renewable energy, and infrastructure more broadly. He is currently also Chairman of Victorian Clean Technology Fund, a venture capital investor, and a Director of Metgasco Ltd. Previously Peter practised as a corporate lawyer in both Melbourne and New York, and holds Degrees in Bachelor of Laws and Bachelor of Commerce from Melbourne University.



**Mr David Osborne**

Non-Executive Director  
Director since 2006  
Member of the Audit  
Committee  
Age 65

David is a Fellow of the Institute of Chartered Accountants, a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors, with over 30 years' of financial management, taxation and accounting experience in public practice. David has a long-standing association with Hansen, having been a Board member for some years prior to the Company's listing on the ASX in June 2000.



**Ms Melinda Osborne**

Non-Executive Director  
Director since 2012  
Resigned 22 August 2014  
Age 59

Melinda is a Fellow of the Institute of Chartered Accountants with over 30 years' of experience in executive leadership and financial management roles in the accountancy, stockbroking, and investment banking industries. Melinda was CFO and Company Secretary of Credit Suisse First Boston and First Pacific Stockbrokers. She was also an Executive Director and Company Secretary of the listed Fleet Capital Limited.

**Mr Grant Lister**

CFO and Company Secretary  
CFO since 2002  
Company Secretary since  
2004  
Age 62

Grant is a qualified Chartered Accountant with more than 30 years' experience in senior financial management roles and over 15 years' experience in such roles within the IT industry in Australia, Asia and the United States. As Chief Financial Officer he has responsibility for all of the financial aspects of the Hansen Group's operations throughout the world.

Other than as disclosed no Director of Hansen Technologies Ltd held any other Directorships of listed companies at any time during the three years prior to 30 June 2014.

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## DIRECTORS' REPORT

The Directors present their report together with the Financial Report of the consolidated entity consisting of Hansen Technologies Ltd and the entities it controlled, for the financial year ended 30 June 2014 and auditor's report thereon. This Financial Report has been prepared in accordance with Australian Accounting Standards.

### Principal activities

The principal activities of the consolidated entity during the financial year were the development, integration and support of billing systems software for the utilities (gas and electricity), telecommunications, Pay TV, water and wastewater industries. Additional activities undertaken by the consolidated entity include IT outsourcing services and the development of other specific software applications. With the exception of the acquisition detailed below there has been no other significant change in the nature of these activities during the financial year.

### Results

The consolidated profit after income tax attributable to the members of Hansen Technologies Ltd for the 2014 financial year was \$14,800,849 (2013: \$9,132,513).

### Review of operations

The Fiscal year 2013–14 has been a very successful year for our Company with the second half of the year being the fourth consecutive half year of compounding growth over the preceding half year. We delivered on all of our key objectives and produced a financial result which represents considerable growth on the previous year and record revenues, profits and earnings per share.

The Group's operating performance for the fiscal year to June 2014 and its comparison with the previous year was:

- Operating Revenue of \$86 million up 35% or \$22 million on the previous year;
- Earnings before Interest, Tax, Depreciation and Amortisation at \$24.1 million is up 53% on the previous year and represents a return on Operating Revenue of 28%; and
- Net Profit After Tax of \$14.8 million representing earnings of 9.2 cents per share compared with 5.7 cents per share in the previous year.

During 2014 we completed the integration of the two businesses acquired during the previous year, ICC Pay TV and Utilisoft, and gained significant traction in their respective markets and geographies. Both acquisitions have been a success and are performing above expectations.

We completed the roll out of our revised geographic management structure and more significantly completed the merging, under a single management structure, of all development and delivery teams across all software products and geographic regions. We also achieved considerable advances in cross skilling our various development teams around the world into products and solutions previously delivered from single product focused geographic development centres. In addition, we focused the role of a Chief Technology Officer on the management of our Group's product direction across all applications and markets.

Our organic growth has been positive with new energy billing deals being closed and delivered, plus increased activity with existing customers across the board, as well as expansion of our presence and customer base in the emerging markets for Pay TV in South America and Africa.

The acquisition of the Banner software business in May 2014 further increased our presence and commitment to North America. The Banner business increased our customer base in North America by more than 50, added complementary software solutions to our product suite and expanded our market reach to include water and municipality billing.

In support of our expanding business in Latin America, we established a branch office in Argentina to complement a similar structure created in South Africa last year. We relocated our San Diego (Carlsbad) and New York offices at the expiration of the leases we inherited through earlier acquisitions.

Our IT services and Facility Management (FM) outsourcing business is experiencing increased competition from new facilities opening primarily in Melbourne and revenue from FM is down as a result. However, the provision of IT services, support and hosting representing a full service turnkey offering to our core billing customers remains a key element of differentiation for Hansen. During the year, two new hosted solutions were implemented for energy customers.

A key focus of the Superannuation industry in 2014 has been the implementation of the government's new SuperStream standards. We have worked closely with Vision Super to place them at the forefront of this initiative. We are pleased to note that Hansen Technologies Limited was acknowledged by the ATO as the first company to implement the SuperStream payment process and in so doing continued our commitment to the support of our long term collaborative relationship with Vision Super. Please refer to the Chairman's and CEO's report on pages 3 to 11 for further detail on the operations of the company.

### Significant changes in the state of affairs

On 1 May 2014 the Company made the strategic decision to acquire the Banner Customer Suite Water and Wastewater billing business. For further details refer to note 19(a).

There have been no other significant changes in the consolidated entity's state of affairs during the financial year.

### After balance date events

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.



## Likely developments

The Company will continue to pursue its operating strategy of providing proprietary billing solutions to our targeted industries while pursuing appropriate acquisitions to create shareholder value.

As part of normal business activities the Company is from time to time in negotiations with customers and third parties over prospective new business opportunities. When these new opportunities are significant in the overall context of our business and the negotiations reach a level where the transaction contemplated is confirmed, then releases are made to the ASX in accordance with the listing rules on Continuous Disclosure.

## Environmental regulations

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

## Dividend paid, recommended and declared

A 3 cent per share fully franked final dividend was announced to the market on 26 August 2014 with payment to be made on 30 September 2014.

The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2014.

Dividends paid during the year:

- 3 cent per share fully franked final dividend paid 30 September 2013, totalling \$4,807,488; and
- 3 cent per share partially franked interim dividend paid 28 March 2014, totalling \$4,817,174.

## Share options

Options over shares may be issued to key management personnel as an incentive for motivating/rewarding performance as well as encouraging longevity of employment. The issuing of options is intended to enhance the alignment of key management personnel with the primary shareholder objective of increasing shareholder value. Options over unissued ordinary shares granted by Hansen Technologies Ltd during or since the end of the financial year to the key management personnel as part of their remuneration are as follows:

	Number Granted	Grant Date
<b>Directors</b>		
A Hansen	1,050,000	12 December 2013
<b>Specified executives</b>		
M Benne	75,000	2 July 2013
	75,000	2 July 2014
C Hunter	100,000	2 July 2013
	100,000	2 July 2014
G Lister	100,000	2 July 2013
	100,000	2 July 2014
D Meade	75,000	2 July 2013
	75,000	2 July 2014
S Weir	75,000	2 July 2013
	75,000	2 July 2014
<b>Total</b>	<b>1,900,000</b>	

All grants of options are subject to the achievement of performance measurements. The measurements vary for each executive but are commonly subject to the achievement as a whole of the Company's financial objectives for the year of issue and may be balanced with specified key performance indicators related to each executive's area of responsibility. Subject to continuation of employment, options commonly vest three years after issue date. If the continuation of employment vesting criteria is not met, options are prima facie forfeited upon termination. Directors may exercise their discretion to vary the vesting criteria based on the contribution of the executive and/or the circumstances of their termination. Options expire two years after vesting or 28 days after termination of employment.

## DIRECTORS' REPORT continued

### Shares under option

Unissued ordinary shares of Hansen Technologies Ltd under option at the date of this report are as follows:

Grant Date	Exercise Date	Expiry Date	Exercise Price	Number of Options at Date of Report
1 Jan 2011	1 Jan 2014	1 Jan 2016	\$0.75	75,000
2 July 2011	2 July 2014	2 July 2016	\$0.91	370,000
2 Dec 2011	2 July 2014	2 July 2016	\$0.91	40,000
2 July 2012	2 July 2015	2 July 2017	\$0.92	785,000
1 Dec 2012	2 July 2015	2 July 2017	\$0.92	70,000
1 Dec 2012	2 July 2015	2 July 2017	\$0.97	350,000
1 Dec 2012	2 July 2015	2 July 2017	\$1.02	350,000
1 Dec 2012	2 July 2015	2 July 2017	\$1.07	350,000
2 July 2013	2 July 2016	2 July 2018	\$0.92	895,000
12 Dec 2013	2 July 2016	2 July 2018	\$1.06	350,000
12 Dec 2013	2 July 2016	2 July 2018	\$1.11	350,000
12 Dec 2013	2 July 2016	2 July 2018	\$1.16	350,000
2 July 2014	2 July 2017	2 July 2019	\$1.30	1,115,000
<b>Total</b>				<b>5,450,000</b>

If the Company makes a bonus issue of securities to ordinary shareholders, each unexercised option will, on exercise, entitle its holder to receive the bonus securities as if the option had been exercised before the record date for the bonus issue.

### Shares issued on exercise of options

The following ordinary shares of Hansen Technologies Ltd were issued during or since the end of the financial year as a result of the exercise of an option:

Date Issued	Number of Ordinary Shares Issued	Amount Paid Per Share
9 July 2013	40,000	\$0.41
9 July 2013	250,000	\$0.58
12 July 2013	75,000	\$0.41
30 August 2013	250,000	\$0.58
2 July 2014	100,000	\$0.91
8 July 2014	250,000	\$0.95
8 July 2014	250,000	\$1.00
8 July 2014	250,000	\$1.05
24 July 2014	60,000	\$0.91
5 August 2014	75,000	\$0.58
29 August 2014	255,000	\$0.91
29 August 2014	30,000	\$0.58
<b>Total</b>	<b>1,885,000</b>	

There are no amounts unpaid on shares issued on exercise of options.

## Indemnification and insurance of Directors, officers and auditors

### Indemnification

The Company has agreed to indemnify all of the current and former Directors and officers of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and officers of the Company and its controlled entities, except where the liability arises

out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. The Company has not entered into any agreement to indemnify its auditors against any claims that might be made by third parties arising from their report on the Annual Financial Report.

### Insurance

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and

officers' liability and legal expenses, insurance policies for current and former Directors and officers, including executive officers of the Company and Directors, executive officers and secretaries of its controlled entities. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

No insurance premium is paid in relation to the auditors.

## Directors' meetings

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the numbers of meetings attended by each Director were:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr Bruce Adams	12	12	3	3	4	4
Mr Peter Berry	12	12	3	3	4	4
Mr Andrew Hansen	12	12	-	-	-	-
Mr David Osborne	12	12	3	3	4	4
Ms Melinda Osborne	12	11	3	2	4	3
Mr David Trude	12	12	-	-	-	-

## Directors' interests in shares or options

Directors' relevant interests in shares of Hansen Technologies Ltd or options over shares in the Company at the date of this report are detailed below.

Directors' Relevant Interests in:	Ordinary Shares of Hansen Technologies Ltd	Options over Shares in Hansen Technologies Ltd
B Adams	150,000	-
P Berry	13,000	-
A Hansen	38,741,890	2,100,000
D Osborne	362,653	-
M Osborne	54,000	-
D Trude	100,000	-

## Directors' interests in contracts

Directors' interests in contracts with the Company are limited to the provision of leased premises on arm's length terms and are disclosed in note 23 to the financial statements.

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

## DIRECTORS' REPORT continued

### Non-audit services

The provision of non-audit services are approved by the Audit Committee and approval is provided to the Board of Directors. Non-audit services were provided by the auditors of entities in the consolidated Group during the year, namely Pitcher Partners Melbourne, network firms of Pitcher Partners, and other non-related audit firms, as detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

	Consolidated	
	June 2014	June 2013
	\$'000	\$'000
Amounts paid and payable to Pitcher Partners Melbourne for non-audit services:		
– taxation services	46	33
– compliance services	12	30
	<b>58</b>	<b>63</b>
Amounts paid and payable to network firms of Pitcher Partners for non-audit services:		
– taxation services	12	3
– compliance services	64	4
	<b>76</b>	<b>7</b>
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
– taxation services	20	9
– compliance services	2	3
	22	12
<b>Total auditors' remuneration for non-audit services</b>	<b>156</b>	<b>82</b>

## AUDITED REMUNERATION REPORT

The Directors present the consolidated entity's 2014 Remuneration Report.

This report outlines the remuneration arrangements in place for the key management personnel (KMP) being those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

This Remuneration Report section of the Directors' Report is subject to external audit and is required to disclose at a minimum such detail as specified by section 300A of the *Corporations Act 2001*. The Auditor's Report and opinion on this Remuneration Report may be found on page 75 of this Annual Report.

At the Company's most recent AGM in November 2013, over 25% of the qualifying votes cast were not supportive

of the adoption of the Remuneration Report resolution for the year ended 30 June 2013. Following the failure of the resolution the Remuneration Committee, Board of Directors and management have made contact with dissenting shareholders to identify their concerns. The Board takes the receiving of its 'first strike' seriously and has obtained advice on the issues identified.

### Key management personnel details (KMP)

The names of the KMP, together with their title/function within the Consolidated Group for the financial year are:

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#### (i) Non-Executive Directors

D Trude	Chairman
B Adams	Director
P Berry	Director
D Osborne	Director
M Osborne	Director (resigned August 2014)

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#### (ii) Executive Director

A Hansen	Managing Director and Chief Executive Officer
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#### (iii) Other executive KMP

C Hunter	Chief Operating Officer
G Lister	Chief Financial Officer and Company Secretary
M Benne	Global Sales and Marketing Director, General Manager, APAC
S Weir	Director, EMEA
D Meade	Group Client Services and Delivery Manager

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There have been no changes other than that noted above to the KMP after the reporting date and before the date the Financial Report was authorised for issue.

## AUDITED REMUNERATION REPORT continued

### Remuneration governance

The Board has delegated to the Remuneration Committee the responsibility to make recommendations to the Board for determining and reviewing compensation arrangements for the Directors, executive KMP and the balance of the CEO's direct reports.

As at 30 June 2014 the Remuneration Committee was made up of three Non-Executive Directors, Bruce Adams, Melinda Osborne and the Chairman Peter Berry. The CEO and other Directors attend meetings as required at the invitation of the Committee Chairman.

The Remuneration Committee assesses the appropriateness of both the nature and amount of the remuneration of the KMP on an annual basis, by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit for the retention of a quality Board and executive

team. In doing so it uses reports on the remuneration practices of similar ASX listed entities as a basis to ensure remuneration remains relevant to the market conditions as well as the size and nature of our business.

Recommendations to provide equity/option based remuneration to the Managing Director or any other Director are required to be approved by resolution at a General Meeting of shareholders. A Director or any associate of a Director is excluded from voting on a resolution to approve the issue of equity-based remuneration to a Director.

### Independent advice

To ensure it is fully informed when making decisions in relation to remuneration, the Remuneration Committee seeks advice from specialist external remuneration consultants as well as the Company's CEO and Company Secretary. The Remuneration Committee sought and

received advice from the Godfrey Remuneration Group and the Remuneration and Strategies Group during the year on the issues of benchmarking the remuneration of the CEO and Non-Executive Directors against other listed entities as well as the nature, size and structure of short and long term incentive arrangements.

The fees paid to consultants for remuneration related advice this year was a total of \$21,500.

The Remuneration Committee is satisfied that the advice received from both consultants was free from undue influence from the KMP to whom the recommendations may relate as they were engaged by, and reported directly to, the Chairman of the Remuneration Committee.

### Details of key management personnel remuneration

#### Directors' and executives' remuneration

	Short term				Post	Share-based		Total Performance Related 2014	Options as % of Total 2014
	Salary Fees 2014	Cash Bonus 2014	Maximum Bonus Paid 2014	Non-monetary 2014	Super 2014	Options 2014	Total 2014		
	\$	\$	%	\$	\$	\$	\$	%	%
<b>Directors</b>									
B Adams	54,137	-	-	-	5,007	-	59,144	-	-
P Berry	54,137	-	-	-	5,007	-	59,144	-	-
A Hansen	618,941	248,000	80	-	25,000	123,831	1,015,772	37	12
D Osborne	54,137	-	-	-	5,007	-	59,144	-	-
M Osborne	54,137	-	-	-	5,007	-	59,144	-	-
D Trude	88,590	-	-	-	8,194	-	96,784	-	-
	<b>924,079</b>	<b>248,000</b>		<b>-</b>	<b>53,222</b>	<b>123,831</b>	<b>1,349,132</b>	<b>28</b>	<b>9</b>
<b>Specified executives</b>									
M Benne	216,480	46,000	90	-	20,024	7,185	289,689	18	2
C Hunter	285,632	60,000	100	-	24,999	9,580	380,211	18	3
G Lister	295,238	56,000	90	13,367	30,257	9,580	404,442	16	2
D Meade	234,415	45,500	91	-	21,146	7,185	308,246	17	2
S Weir	194,767	44,333	100	-	17,689	7,185	263,974	20	3
	<b>1,226,532</b>	<b>251,833</b>		<b>13,367</b>	<b>114,115</b>	<b>40,715</b>	<b>1,646,562</b>	<b>18</b>	<b>2</b>
	<b>2,150,611</b>	<b>499,833</b>		<b>13,367</b>	<b>167,337</b>	<b>164,546</b>	<b>2,995,694</b>	<b>22</b>	<b>5</b>

Directors' and executives' remuneration continued

	Short term			Non-monetary	Post	Share-based		Total Performance Related	Options as % of Total
	Salary Fees	Cash Bonus	Maximum Bonus Paid		Employment	Options	Total		
	2013	2013	2013	2013	2013	2013	2013	2013	2013
	\$	\$	%	\$	\$	\$	\$	%	%
<b>Directors</b>									
B Adams	51,972	-	-	-	4,677	-	56,649	-	-
P Berry	28,185	-	-	-	2,536	-	30,721	-	-
A Hansen	598,670	270,000	90	-	25,000	103,284	996,954	37	10
K Hansen	9,166	-	-	-	-	-	9,166	-	-
P James	17,324	-	-	-	1,559	-	18,883	-	-
D Osborne	51,972	-	-	-	4,677	-	56,649	-	-
M Osborne	37,246	-	-	-	3,586	-	40,832	-	-
D Trude	85,046	-	-	-	7,654	-	92,700	-	-
	<b>879,581</b>	<b>270,000</b>		<b>-</b>	<b>49,689</b>	<b>103,284</b>	<b>1,302,554</b>	<b>29</b>	<b>8</b>
<b>Specified executives</b>									
M Benne	201,835	41,284	83	-	21,880	11,007	276,006	19	4
C Hunter	252,294	60,000	100	-	22,707	14,676	349,677	21	4
G Lister	279,201	60,000	100	15,810	25,000	14,676	394,687	19	4
D Meade	224,771	36,697	82	-	23,532	11,007	296,007	16	4
S Weir	178,235	25,707	60	-	16,041	13,429	233,412	17	6
	<b>1,136,336</b>	<b>223,688</b>		<b>15,810</b>	<b>109,160</b>	<b>64,795</b>	<b>1,549,789</b>	<b>19</b>	<b>4</b>
	<b>2,015,917</b>	<b>493,688</b>		<b>15,810</b>	<b>158,849</b>	<b>168,079</b>	<b>2,852,343</b>	<b>23</b>	<b>6</b>

Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments. No options previously granted as remuneration to key management personnel have lapsed during the year.

### Remuneration Policy

The Company policy is to ensure that the remuneration package for KMP properly reflects each employee's duties and responsibilities and that it is market competitive in attracting, retaining and motivating people of the highest quality.

The Board links the nature and amount of remuneration for executive KMP and other senior executives' remuneration to the Company's financial and operational performance and, when appropriate, specific individual key performance indicators within the direct control of the relevant executive.

Remuneration paid to the Company's Directors and executives is also determined with reference to the market level of remuneration for other similar ASX listed entities in Australia. This assessment is undertaken with reference to published information provided by various remuneration support and advisory organisations operating in the sector.

Remuneration for the KMP is based around a Fixed Remuneration component plus, for the executives and senior management, performance-linked elements. The targeted levels of performance-linked elements are determined each year by the Board and ratios vary between the individual executives and from year to year. The relativities in recent years between fixed and targeted performance-linked remuneration have been broadly:

- Chief Executive Officer:
  - base salary comprising between 50% and 60% of total remuneration;
  - plus performance linked;
    - targeted short term cash incentive, 50% of base salary;
      - of which not less than half is related to the achievement of key financial performance criteria including revenue and EBITDA;
    - with the balance relating to specific targeted activities and focused objectives as established by the Board from year to year; and
  - targeted long term incentive approximately 25% of base salary.

# AUDITED REMUNERATION REPORT continued

## Remuneration Policy continued

- Other Executive KMP:
  - base salary comprising between 70% and 75% of total remuneration;
  - plus performance linked;
    - targeted short term cash incentive, 15% to 25% of base salary;
      - of which between 30% and 50% is related to the achievement of key financial performance criteria including revenue and EBITDA;
    - with the balance relating to specific targeted activities and focused objectives as set by the CEO and Board from year to year; and
  - targeted long term incentive, 5% to 10 % of base salary.

## A. Fixed remuneration

### i. Executive KMP

Fixed remuneration generally comprises a base salary plus employer contributions to superannuation funds at the legislated Superannuation Guarantee Contribution rate.

Fixed remuneration levels for executive KMP and other senior executives are reviewed annually by the Board through a process that considers each employee's personal development, qualifications, changes in job descriptions and responsibilities, industry benchmarks and CPI data.

### ii. Non-Executive Directors

Non-Executive Directors receive a base salary reviewed annually (inclusive of superannuation guarantee contribution as required by government regulation).

Non-Executive Directors do not receive any performance-related remuneration or retirement benefits and are excluded from participation in the Hansen Executive Option and Share Plans.

The maximum remuneration payable for Non-Executive Directors as a collective group is determined by resolution of shareholders. The maximum available aggregate cash remuneration approved for Non-Executive Directors at the 2013 Annual General Meeting is \$430,000.

## B. Incentive elements of remuneration

The performance-based incentives for the CEO and senior executives are structured to include a mixture of both short and longer term components which are designed to reward management for meeting or exceeding their financial and performance objectives. The Board is cognisant of the need to achieve a balance between short term and longer term incentives to ensure the continued focus on driving the Company's performance in a balanced way over time and thus enhancing shareholder confidence.

The Remuneration Committee and the Board, after due consideration of the characteristics of our business, its aspirations and growth objectives, and having considered the advice from third parties, currently considers a combination of cash bonuses and share option allocations to be the appropriate elements of a short and long term incentive package. This structure is regularly reviewed to ensure it remains relevant to the best interest of our business and represents optimum incentive to the executives for both operational performance as well as employee retention.

### i. Short term performance-linked remuneration

Each year when the KMP remuneration is reviewed, the Remuneration Committee, in consultation where appropriate with the CEO, establishes a performance dependent bonus that may be payable to each senior executive. Although the ultimate payment of any bonus is at the discretion of the Remuneration Committee and the Board, Key Performance Indicators (KPIs), comprising a combination of qualitative and quantitative measures, are established and individually tailored for each senior executive to ensure their operational performance is aligned with the Groups strategic objectives, targeted improvements in operating performance and the overall Corporate objective of creating enhanced shareholder value for that year.

The nature and range of KPI's and other targets against which the individual performance of KMP may be measured is described below. These measures are chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value:

#### Financial:

- the actual worldwide Group operational performance compared to budget for revenue and EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation). The actual parameters applied may be dependent upon the roles and responsibilities of each individual executive and their ability to influence the performance outcome; and
- the financial operating performance of individual business units and geographic regions against budget revenue and EBITDA;
- these parameters commonly comprise between 30% and 50% of the performance-based compensation available to be earned.

#### Business management:

- improving staff utilisation and delivering software projects in line with budget and time estimates.

#### Customer relationship and business growth:

- retention of existing customers and cross-selling of products and services; and
- achievement of new licence sales to new and existing strategic customers.

#### Departmental operating efficiency:

- enhanced performance of individual departments to achieve specified efficiency improvements; and
- training and development of employees.

#### Other:

- acquisition and integration of compatible businesses; and
- compliance with the Company's corporate governance principles.



At the end of each financial year, in the knowledge of the financial performance of the Company as a whole, each individual executive's performance in general, and specifically against their targeted objectives throughout the year, is evaluated and recommended by the CEO to the Remuneration Committee which assesses the performance of each senior executive, including the CEO, in achieving their KPIs. Based on this assessment and discretion applied by the Remuneration Committee for non-quantifiable measures and any other relevant factors, a determination is then made of the appropriate percentage of each KPI to be awarded based on the performance achieved. The performance bonus recommended by the Remuneration Committee is provided to the full Board for consideration and approval. The combination of these review processes provides the Remuneration Committee and the Board with a balanced assessment of the performance of the senior executive group as well as executives generally.

In 2014, two of the KMP received remuneration increases that were above the general trend of salary increases. The reasons for these increases are summarised as follows:

- Cameron Hunter – Chief Operating Officer – increase in total remuneration of 9%:
  - The acquisitions over the past two years have increased the complexity of this role with a significant increase in the international elements of the Group, and a one third plus increase in personnel under management.
  - The function of integrating the acquisitions largely falls to the COO and this task required substantial increased commitment to residing overseas during Fiscal 2014.
  - The COO assumed responsibility for the direct management and mentoring of the regional managers.
  - In summary, the remuneration increase was a reflection of the increase in the growth of business under management and the expanded internationalisation as well.

- Scott Weir – Director EMEA – increase in total remuneration of 13%:
  - Function was previously restricted to Europe, and has been expanded to include the Middle East and Africa as part of the regional management restructure.
  - This realignment more than doubled the number of customers and revenue generated under his management.
  - In summary, the remuneration increase was a reflection of an expanded level of responsibility and accountability.

## ii. Long term incentives

The Company's long term incentive component of KMP remuneration generally comprises the issue of options in accordance with the Company's Executive Option Plan as approved at the 2011 Annual General Meeting of shareholders.

While options may be granted as part of compensation, the exercising of vested options does require payment by the applicable executive to the Company of the predetermined exercise price of the options, being based on the market share price on the deemed effective date of the granting of the options. Executives receiving options are also subject to taxation on gains arising from any increase in the price per share over the vesting/qualifying period of the option, effectively increasing their cost of acquisition.

The fundamental principle behind the use of options as a long term incentive is the alignment of any benefit from the incentive to the KMP with the overriding objective of enhanced shareholder value delivered, in this instance, by way of increased share prices over the period of the option term. Options offer the additional incentive of enhancing the prospect for retention of KMP as the benefit to the employee is derived over time subject to the qualifying period of the option.

Significant changes in the taxing of options as well as growth in the Company's internationalisation have occurred over recent years which collectively may be eroding the value to the KMP as well as the Company of options as incentives going forward. With this knowledge the Remuneration Committee is reviewing alternative long term incentive structures, including cash bonuses with payments deferred over successive years subject to continued employment. Once alternative structures are identified which, in the opinion of the Directors would be more effective in achieving the Company's objectives, then appropriate guidance would be obtained and the incentive structures modified accordingly.

Options are issued to the KMP in accordance with the shareholder approved Executive Option Plan. The fundamental elements of the practical application of the Plan may be summarised as follows:

- Options are issued with:
  - a long term vesting/qualifying period, commonly three years;
  - are conditional upon continued employment throughout the vesting period;
  - may not be exercised until the end of the vesting period; and
  - must be exercised within two years of when they vest.
- They are conditionally issued in respect of the operating performance for the initial financial year and are subject to achieving specified financial performance targets for that year as determined by the Board, typically the achievement of the budgeted objectives of the Group as a whole for the initial year.
  - At the end of the year the Directors assess the Group's performance against the agreed targets; and
  - determine whether to confirm, vary or cancel the options previously issued.

## AUDITED REMUNERATION REPORT continued

### ii. Long term incentives continued

- The price payable to convert the options to shares is specified at the original date of issue as being a price per share not less than the volume weighted average price (VWAP) at the date on which the options were originally issued, or in the case of the CEO, the VWAP on the date the intention to issue the options is announced plus a graduated premium:
  - The benefit to the employee arises where the pre specified exercise price is less than the market price when the options vest at the end of the vesting/qualifying period.
- Once an option has vested at the end of the qualifying period the employee may elect to exercise the option in which event:
  - The employee must pay in cash to the Company the previously specified exercise price multiplied by the number of options received;

- e.g. For 100,000 options with an exercise price of \$0.91 per share the employee will be required to pay the Company \$91,000 to convert the options to shares;
- In addition, and regardless of whether the employee has exercised the options or not, the employee will be required to declare for tax purposes a taxable revenue gain to the extent the VWAP at the vesting date exceeds the exercise price and pay tax to the relevant tax authority on this gain as if it was normal personal income,
- e.g. for 100,000 options with an exercise price of \$0.91 per share and a VWAP at the date of vesting of say \$1.30, the employee would be required to declare as income for tax purposes \$39,000 and pay to the tax authority the applicable tax on this income.

Options issued to executives are not able to be traded on the ASX. They do not qualify for receipt of dividends nor have any voting rights until they have been exercised and converted to shares by the employee paying the required exercise price to the Company.

The Company prohibits KMP from entering into arrangements to protect the value of unvested equity awards. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

The Company does not provide loans or financial support to executives to assist them in the funding of the amount required to exercise options.

### Details of compensation options

During the financial year the Company granted options over unissued ordinary shares to the following key management personnel of the Company as part of their remuneration:

	Options Vested During the Year	Options Granted	Grant Date	Value Per Option at Grant Date	Terms and Conditions for Each Grant			
					Exercise Price \$	Vesting Date	Last Exercise Date	
<b>Directors</b>								
A Hansen	-	350,000	12 Dec 13	\$0.139	\$1.060	2 July 16	2 July 18	
	-	350,000	12 Dec 13	\$0.131	\$1.110	2 July 16	2 July 18	
	-	350,000	12 Dec 13	\$0.123	\$1.160	2 July 16	2 July 18	
<b>Specified executives</b>								
M Benne	75,000	75,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18	
C Hunter	75,000	100,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18	
G Lister	75,000	100,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18	
D Meade	75,000	75,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18	
S Weir	40,000	75,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18	
<b>Total</b>	<b>340,000</b>	<b>1,475,000</b>						

All grants of options are subject to the achievement of performance measurements for the year of issue. Subject to continuation of employment criteria, options commonly vest three years after issue date. If the vesting criteria are not met the options may be forfeited at the discretion of the Directors. Options expire two years after vesting.

## Key management personnel's equity holdings

### Number of options held by key management personnel

	Balance 1 July 2013	Granted as Remuneration	Options Exercised	Options Forfeited	Balance 30 June 2014	Vested at 30 June 2014		
						Total	Exer- cisable	Unexer- cisable
<b>Directors</b>								
A Hansen	1,800,000	1,050,000	-	-	2,850,000	-	-	-
<b>Specified executives</b>								
M Benne	225,000	75,000	75,000	-	225,000	-	-	-
C Hunter	275,000	100,000	75,000	-	300,000	-	-	-
G Lister	275,000	100,000	75,000	-	300,000	-	-	-
D Meade	225,000	75,000	75,000	-	225,000	-	-	-
S Weir	190,000	75,000	40,000	-	225,000	-	-	-
<b>Total</b>	<b>2,990,000</b>	<b>1,475,000</b>	<b>340,000</b>	<b>-</b>	<b>4,125,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Number of shares held by key management personnel

	Balance 30 June 2013	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2014
B Adams	150,000	-	-	-	150,000
P Berry	-	-	-	-	-
A Hansen	70,163,026	-	-	(17,171,136)	52,991,890
D Osborne	344,781	-	-	17,872	362,653
M Osborne	-	-	-	54,000	54,000
D Trude	40,000	-	-	60,000	100,000
<b>Specified executives</b>					
M Benne	6,913	-	75,000	(40,429)	41,484
C Hunter	628,578	-	75,000	-	703,578
G Lister	1,339,357	-	75,000	14,635	1,428,992
D Meade	4,943	-	75,000	(75,823)	4,120
S Weir	87,039	-	40,000	6,506	133,545
<b>Total</b>	<b>72,764,637</b>	<b>-</b>	<b>340,000</b>	<b>(17,134,375)</b>	<b>55,970,262</b>

## AUDITED REMUNERATION REPORT continued

### Service agreements and contract details

The contract of employment of the CEO includes a mutual minimum termination notice period of six months. The conditions of employment for the other KMP are not subject to any

particular term or significant condition other than those normally applying by law for persons of their remuneration level and position in the Company.

As shown in note 23 to the accompanying financial statements, the CEO is a Director of a Trust from whom the Company leases

premises in Melbourne. The terms and conditions of the lease arrangements are no more favourable than those available, or which might reasonably be expected to be available, from others on an arm's length basis.

### Measurements of performance on shareholder value

In assessing the relative performance of the senior executives and the Group as a whole on the primary corporate objective of enhancing shareholder value, the Remuneration Committee and the Board have regard to key financial indicators measured over time, including:

	2014	2013	2012	2011	2010	2009
EBITDA (\$A millions)	24.1	15.7	19.1	20.5	17.2	14.3
Earnings per share	\$0.092	\$0.057	\$0.082	\$0.087	\$0.072	\$0.053
ASX share price at 30 June	\$1.27	\$0.91	\$0.92	\$0.90	\$0.62	\$0.41
Market capitalisation (millions) at 30 June	\$203.9	\$145.3	\$145.4	\$140.5	\$95.9	\$62.9
Dividend (cents per share)	6	6	6	6	5	5

### Rounding of amounts

The amounts contained in the report and in the Financial Report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



**David Trude**  
Director



**Andrew Hansen**  
Director

Melbourne  
30 September 2014

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## AUDITOR'S INDEPENDENCE DECLARATION



To the Directors of Hansen Technologies Ltd.

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'S D Whitchurch'.

**S D Whitchurch**  
Partner

30 September 2014

A handwritten signature in black ink, appearing to read 'Pitcher Partners'.

**Pitcher Partners**  
Melbourne

# CORPORATE GOVERNANCE STATEMENT

For the Year Ended 30 June 2014

**The Corporate Governance principles and related Charters and Policies for the management and operation of the Hansen Group of Companies are available for review on the corporate website: [www.hsntech.com](http://www.hsntech.com)**

Hansen Technologies Limited (Hansen or The Company) regularly reviews its principles, policies and charters to ensure they remain consistent with the Board's objectives, current laws and best practice.

The Hansen Corporate Governance principles provide direction to the business to help meet our responsibilities to shareholders, customers, employees and community. In relation to Corporate Governance, the Board aims to:

- embrace best practice in Corporate Governance;
- remain mindful of operating practices in the international jurisdictions in which we operate;
- recognise and comply with the principles of the ASX Corporate Governance Council; and
- ensure Directors, executives, management, and staff are cognisant of the Hansen Governance principles.

In accordance with the most recent edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (the Principles), the Corporate Governance statement contains specific information and also reports on the Company's adoption of the Council's good practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company and why. The Company's corporate governance principles and policies are therefore structured with reference to the Principles.

## Principle 1: Lay solid foundations for management and oversight

The primary role of the Board of Directors is to provide effective governance over the performance and affairs of the Hansen Technologies Group. In carrying out its responsibilities, the Board undertakes to serve the interest of shareholders, employees, customers and the broader community honestly, fairly, diligently and in accordance with applicable laws.

The specific functions established and reserved for the Board are:

- providing strategic direction and approving corporate strategies;
- selecting and appointing the Chief Executive Officer (CEO), determining conditions of service and monitoring performance against established objectives. If necessary removing the CEO from office;
- monitoring financial performance against budgeted objectives;
- ensuring adequate risk management controls and reporting mechanisms are maintained;
- approving and monitoring progress of major capital expenditure, capital management, acquisitions and divestments;
- ensuring that continuous disclosure requirements are met; and
- ensuring responsible corporate governance is understood and observed at management, executive, and Board level.

The Board has delegated to the CEO the authority and responsibility for implementing the Group's strategic direction and overseeing the everyday affairs of the Hansen Group. The CEO's specific responsibilities include ensuring business activities are in accordance with the Group's overall business strategy, ensuring the Group conducts its affairs within the law and the principles outlined in Hansen's Corporate Governance policies, keeping the Board informed of all major developments and approving expenditure and setting remuneration levels of personnel within the normal course of business. The CEO consults with the Chairman of the Board and respective Committees on matters that are sensitive, extraordinary or of a strategic nature.

Through the CEO, the Board has delegated authority and responsibility to other executives and management for their respective business functions.

In identifying suitable persons to become Directors, after undertaking appropriate background checks, the Board will look to achieve an appropriate balance of relevant legal, commercial and financial management skills as well as expertise specific to the industries in which our Company operates. In pursuing this objective the Board will be cognisant

of its policy to pursue a balance of gender diversity at all levels of the Company's management. Additionally, Hansen will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

All Directors and senior executives are engaged under a contract of service which clearly specifies roles, responsibilities and any terms of employment.

## The Company Secretary

The Company Secretary is accountable through the Chairman to the Board for the proper functioning of the Board. The Company Secretary also advises the Board on Corporate Governance issues as well as monitoring the activities of Committees for compliance with policy and procedures.

## Diversity

The Board recognises that a diverse and inclusive workforce is not only good for our employees but also good for the business. The Diversity Policy can be found in the Ethics and Responsibilities document in the Corporate Governance section of the Company's website.

This focus on diversity at all levels of the business is intended to reinforce the importance of equality in the workplace and is a logical extension of Hansen's active participation in the Workplace Gender Equality initiatives of the Australian Government's Workplace Gender Equality Agency. A copy of the public report submitted by Hansen may be found on the Workplace Gender Equality Agency's website:

[www.wgea.gov.au](http://www.wgea.gov.au)

The table below shows the gender diversity of the Group as at 30 June 2014

	Female %	Male %
Board	17	83
Senior management	13	87
Hansen Group	26	74

For this purpose senior management is defined as the corporate leadership team reporting directly to the CEO.

## Performance of the Board

Board members may periodically review and evaluate the Board's performance and that of the Board Committees. Given the limited size of the Board and its Committees an annual formal review is not deemed warranted. However there is an ongoing and constant provision for each Director to contribute judgements and observations at any time.

The performance evaluation process is as follows:

- each Director, as they see fit, will periodically evaluate the effectiveness of the Board and its Committees and submit observations to the Chairman;
- the Chairman of the Board will make a presentation incorporating his assessment of such observations to enable the Board to assess and, if necessary, take action;
- the Board will agree and develop actions that may be required to improve performance;
- outcomes and actions will be minuted; and
- the Chairman will assess the progress of the actions to be achieved.

This process aims to ensure that individual Directors have an unlimited opportunity to assess and comment on the performance of the Board and its Committees with the objective of enhancing the Board's effectiveness in achieving its duties and responsibilities.

Periodically the Chairman may propose a formal performance evaluation review and he may commission a third party to assist in such a review if deemed desirable. No such formal review was conducted during this reporting period.

## Performance of senior executives

The Company has a defined process for periodically evaluating the performance of its senior executives as set out in the Remuneration Policy available in the 'Board' document on the Corporate Governance section of the Company's website. A performance evaluation of the CEO and senior executives was undertaken during the reporting period in accordance with this Remuneration Policy.

## Principle 2: Structure the Board to add value

Considering the level of operations of the Group and the current number of Board members, the appointment of a formal Nominations Committee is not deemed necessary. Nominations for positions on the Board are considered during a meeting with all Board members present.

The Board determines the Board's size and composition, subject to limits imposed by the Company's Constitution. The Constitution determines the basis for the election and appointment of Directors and specifies a minimum of three Directors and a maximum of 10. Currently, the Board comprises five Directors, four of whom are Non-Executive Directors: the Chairman, David Trude, three other Non-Executive Directors, being Bruce Adams, Peter Berry and David Osborne, and one Executive Director, the CEO Andrew Hansen. (Note: Melinda Osborne resigned as a Director on 22 August 2014.)

The skills, tenure of office, experience and expertise relevant to the position of Director held by each Director is detailed in the Annual Report.

## Director independence

It is the Board's objective to strive for a majority of independent Directors and has for a number of years been successful in this endeavour. The Chair of the Board, Mr David Trude is an independent Director. Mr Bruce Adams, a Director of the Company since its listing in 2000, has a continuous term as a Director exceeding 10 years. For reasons associated with his extensive length of service Mr Adams has assessed, and the Board has agreed, that he should no longer be considered independent.

Following the resignation of Melinda Osborne on 22 August and Mr Adams reclassification, the Board's number of independent Director's was reduced to two, David Trude, and Peter Berry, representing 40% of the Board's total membership. The Board is actively looking to identify and appoint a replacement for the vacancy left by Melinda Osborne's resignation and has the very clear requirement that any such appointment would be an independent person.

## Director induction training and continuing education

All incoming Directors are required to undertake the standard company induction programme so as to become informed of the Company's business activities and policies. Directors are encouraged to pursue professional development opportunities and the Company will provide information and advice that may be of relevance to allow Directors to maintain the skills and knowledge required to perform their role within the business.

## Principle 3: Act ethically and responsibly

At Hansen we recognise that our Company is made up of the individual employees representing our operations globally. Each person has an individual responsibility for their own behaviour and should take accountability for their actions and choices. The Hansen Technologies Code of Conduct has been established to assist all Hansen representatives to make considered choices with regard to their behaviour. The Code of Conduct reflects the Hansen Group's primary values of ethical behaviour, compliance with legal obligations, and respecting the expectations of all stakeholders.

The Code of Conduct outlines how the Company expects Directors, senior executives and staff to behave and conduct business in a range of circumstances. Directors, management and staff are expected to act ethically and responsibly. All Board members are qualified professionals within their respective industries and accordingly conduct themselves in a professional and ethical manner in both their normal commercial activities and the discharge of their responsibilities as Directors. The Company's Code of Conduct is posted on the Corporate Governance section of its website.

Employees who breach this Code may face disciplinary action, which could result in changes to their employment. Where potential for conflict is identified the Board appoints a sub-committee specifically structured, authorised and tasked to determine the appropriate actions or responses so as to eliminate any potential for conflicts.

# CORPORATE GOVERNANCE STATEMENT continued

## For the Year Ended 30 June 2014

### Principle 4: Safeguard integrity in corporate reporting

#### Audit Committee

The Board has established an Audit Committee. The Audit Committee monitors and reviews the effectiveness of the Company's controls in the areas of operational reporting. The Audit Committee makes an assessment of external auditor performance and makes recommendations in respect of the external auditor's appointment and remuneration. The Audit Committee has a formal charter which is contained in the 'The Board' document which is available in the Corporate Governance section of the Company's website.

The members of the Committee as at 30 June 2014 were Non-Executive Directors, David Osborne, Peter Berry, and the Chairman of the Committee Melinda Osborne, with 67% of the membership being deemed independent.

Upon the resignation of Melinda Osborne on 22 August 2014, Mr Peter Berry was appointed as the independent Chairman of the Audit Committee. The Board is actively looking to recruit a new independent Director who would also become a member of the Audit Committee, with the objective of returning the Audit Committee to its minimum of three members with a majority of independent Directors as soon as practical.

The skills, tenure of office, experience and expertise relevant to the positions of the members of the Audit Committee are detailed in the Annual Report.

The Committee shall meet as required, but no less than twice each year. In the relevant reporting period the Committee met three times and the attendances at these meetings are detailed with the Directors Report which forms part of the Annual Report.

#### Declarations from CEO and CFO

The integrity of the Group's financial reporting depends upon the existence of a sound system of risk oversight and management and internal control. The Board receives regular reports about the financial condition and operational results.

The CEO and the CFO annually provide a formal declaration to the Board that the financial records of the Group for the financial year have been properly maintained in that they:

- accurately record and explain its financial position and performance;
- enable true and fair financial statements to be prepared and audited;
- the financial statements and notes required by the accounting standards for the financial year comply with the accounting standards; and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

Such a statement has been provided in respect of the financial year ending 30 June 2014.

#### External auditor

The external auditor attends the Annual General Meeting (AGM) and is available to answer questions from security holders relevant to the audit.

### Principle 5: Make timely and balanced disclosure

The Hansen Continuous Disclosure and Communication Policy has been developed to provide clear guidelines for the operations of the Hansen business and establishes appropriate processes and criteria for continuous disclosure to ensure compliance with the requirements of the ASX and other securities and corporations legislation. A summary of the policy is included in the 'Ethics and Responsibilities' document on the Company's website. The Policy's primary objective is the promotion of effective communication with Shareholders and related stakeholders.

The key principles of the Policy are:

- material Company information is issued to shareholders and the market in a timely manner and in accordance with our obligations to the market;
- such information is communicated in a way that allows for all interested parties to have equal and timely access;
- communication is presented in a clear, factual and balanced manner; and
- ASX reporting obligations are met.

### Principle 6: Respect the rights of security holders

Hansen encourages the use of electronic communications by providing up-to-date information on the Group website, [www.hsntech.com](http://www.hsntech.com). The 'Investors' section of the website contains a range of information relevant to shareholders. In particular:

- the Annual Report is distributed either over the web or by post;
- notice of Annual General Meeting is distributed by mail or, where a shareholder has requested, by email; and
- whenever there are other significant developments to report, these are communicated via the Company's website or direct communication to shareholders.

Hansen is committed to continuing to improve communication with shareholders. The AGM is seen as an important communication forum. In preparing notices of meeting and related explanatory information, Hansen aims to provide all information that is relevant to shareholders in making a decision on the matter to be voted on by shareholders in a clear and concise format. During the meeting, time is dedicated to accommodating shareholders questions. Following the meeting, Directors and shareholders are able to further communicate informally.

Communication mechanisms will be reviewed regularly to ensure they provide the optimum information flow to Shareholders and potential investors, enabling them to make decisions in an informed manner.

The Company gives security holders the option to receive and send communications to the entity and its security registry electronically.

### Principle 7: Recognise and manage risk

The Company has established a Risk Management policy for the oversight and management of material business risks. The policy is available from the Corporate Governance section of the Company's website. The Board of Directors is responsible for overseeing the Company's risk management framework. The Board does not have a separate committee to oversee risk.



The Board reviews the Company's risk management framework regularly to satisfy itself that it continues to be sound. Following the recent business acquisitions a risk review was undertaken this year on the extended business. The risk register and related actions were updated.

At this stage of the Company's development it is deemed that a formal internal audit function is not warranted. However the Company does acknowledge the risk represented by its decentralised infrastructure and has put in place a number of internal controls which are regularly tested by internal review tasks to ensure they are operating satisfactorily.

The key risk categories to which the Company is exposed, and how it manages or intends to manage those risks, is set out in the Risk Management policy.

## Principle 8: Remunerate fairly and responsibly

### Remuneration Committee

The Remuneration Committee members as at 30 June 2014 were Bruce Adams plus independent Non-Executive Directors, Melinda Osborne and the Chairman Peter Berry.

The resignation of Melinda Osborne on 22 August 2014 reduced the membership of this Committee to just two members only one of whom is considered independent. The Board is actively looking to recruit a new independent Director who would also become a member of the Remuneration Committee with the objective of returning the Remuneration Committee to its minimum of three members with a majority of independent Directors as soon as practical.

The Committee meets at least annually to assess annual remuneration changes, and will hold additional meetings where required.

The Remuneration Committee charter is set out in the 'The Board' document posted in the Corporate Governance section of the Company's website.

### Remuneration policies and practices

The Remuneration Report contained in this Annual Report sets out the remuneration details and structures for the specified key management personnel including all Non-Executive Directors.

The Company has Share and Option plans for its employees. The Company's Employee Option Plan was approved by shareholders at the 2011 Annual General Meeting.

The Group's aim in remunerating the CEO and other executives is to provide base pay plus rewards and other benefits that will attract, motivate and retain key executives while aligning their financial interests with those of our shareholders. Our policy is to provide individual executives with a level of income that:

- recognises the market value of each position in a competitive market;
- rewards the individual's capabilities and experience;
- recognises the performance of individuals;
- assists in executive retention; and
- is structured to provide a mix of fixed and variable pay, and a blend of short and long-term incentives.

The Remuneration Committee sets the remuneration package for the CEO and engages with external third party consultants from time to time to verify the appropriateness and market competitiveness of the CEO's remuneration package. The CEO establishes employment arrangements and remuneration packages for the executives. Each year performance based incentives, at the discretion of the Directors, are set for the CEO and the executives, incorporating objectives designed around Group, business unit and individual goals, with agreed short and long term performance incentives. The CEO submits the proposed annual executive package to the Remuneration Committee where it is assessed for reasonableness. The Remuneration Committee then makes its recommendations in respect of the CEO, and executives to the Board for approval.

The structure of Hansen executive pay and reward is made up of three parts: a base salary package (inclusive of superannuation), short term performance incentives and long term performance incentives. The combination of these comprises the executive's total compensation. Details of the pay and rewards for Hansen's top five key management personnel and their total remuneration are set out in the Annual Report each year.

The Remuneration Committee recommends the remuneration of Non-Executive Directors to the Board for consideration and approval. Remuneration for Non-Executive Directors consists of a base salary package, inclusive of superannuation contribution as required by the Superannuation Guarantee Scheme. Non-Executive Directors are excluded from participation in the Company's share and option plans. The maximum collective amount payable to Non-Executive Directors, in their capacity as Directors, is established by resolution passed by a majority of Shareholders at an Annual General meeting of the Company. Any increase in the maximum amount is required to be submitted to shareholders for approval. No separate or additional retirement benefits are provided for Non-Executive Directors.

### Share trading policy

The Company has a Share Trading Policy which can be found in the Ethics and Responsibilities document posted in the Corporate Governance section of the Company's website.

The Corporations Act prohibits the key management personnel of an ASX listed company established in Australia, or a closely related party of such personnel, from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2014

		Consolidated Entity	
	Note	2014 \$'000	2013 \$'000
Revenue from continuing operations	4	86,021	63,780
Other revenues	4	436	1,578
<b>Total revenues</b>		<b>86,457</b>	<b>65,358</b>
Employee expenses	5	(46,425)	(35,075)
Depreciation expense	5	(1,588)	(1,597)
Amortisation expense	5	(3,130)	(2,075)
Property and operating rental expenses	5	(3,993)	(3,391)
Contractor and consultant expenses		(1,779)	(1,565)
Software licence expenses		(443)	(424)
Hardware and software expenses		(2,741)	(3,282)
Travel expenses		(2,317)	(1,597)
Communication expenses		(808)	(637)
Professional expenses		(1,022)	(766)
Other expenses		(2,753)	(2,280)
<b>Total expenses</b>		<b>(66,999)</b>	<b>(52,689)</b>
<b>Profit before income tax</b>		<b>19,458</b>	<b>12,669</b>
Income tax expense	6(b)	(4,657)	(3,536)
<b>Profit after income tax from ongoing operations</b>		<b>14,801</b>	<b>9,133</b>
<b>Other comprehensive income/(expense)</b>			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Movement in carrying value of foreign entities due to currency translation	17(a)	(658)	1,590
<b>Other comprehensive income/(expense) for the year</b>		<b>(658)</b>	<b>1,590</b>
<b>Total comprehensive income for the year attributable to members of the parent</b>		<b>14,143</b>	<b>10,723</b>
Basic earnings (cents) per share for continuing operations	21	9.2	5.7
<b>Total basic earnings (cents) per share</b>		<b>9.2</b>	<b>5.7</b>
Diluted earnings (cents) per share for continuing operations	21	9.0	5.6
<b>Total diluted earnings (cents) per share</b>		<b>9.0</b>	<b>5.6</b>

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 37 to 73.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	Consolidated Entity 2014 \$'000	2013 \$'000
<b>Current assets</b>			
Cash and cash equivalents	8	3,829	9,653
Receivables	9	14,701	14,671
Other current assets	10	5,309	2,164
<b>Total current assets</b>		<b>23,839</b>	26,488
<b>Non-current assets</b>			
Plant, equipment and leasehold improvements	11	4,376	4,699
Intangible assets	12	68,774	45,654
Deferred tax assets	6	448	823
<b>Total non-current assets</b>		<b>73,598</b>	51,176
<b>Total assets</b>		<b>97,437</b>	77,664
<b>Current liabilities</b>			
Payables	13	5,006	5,489
Borrowings	14	10,055	-
Current tax payable	6	1,061	1,116
Provisions	15	6,973	6,649
Unearned income		8,133	4,367
<b>Total current liabilities</b>		<b>31,228</b>	17,621
<b>Non-current liabilities</b>			
Provisions	15	123	176
<b>Total non-current liabilities</b>		<b>123</b>	176
<b>Total liabilities</b>		<b>31,351</b>	17,797
<b>Net assets</b>		<b>66,086</b>	59,867
<b>Equity</b>			
Share capital	16	45,126	43,650
Foreign currency translation reserve	17(a)	(2,106)	(1,448)
Options granted reserve	17(b)	748	523
Retained earnings	17(c)	22,318	17,142
<b>Total equity</b>		<b>66,086</b>	59,867

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 37 to 73.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2014

Consolidated entity	Note	Consolidated Entity			Total Equity \$'000
		Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	
<b>Balance as at 1 July 2013</b>		43,650	(925)	17,142	59,867
Profit for the year		-	-	14,801	14,801
Movement in carrying value of foreign entities due to currency translation	17(a)	-	(658)	-	(658)
<b>Total comprehensive income for the year</b>		-	(658)	14,801	14,143
<b>Transactions with owners in their capacity as owners:</b>					
Employee share plan	16	160	-	-	160
Options exercised	16	337	-	-	337
Employee share options	17(b)	-	225	-	225
Equity issued under dividend reinvestment plan	16	979	-	-	979
Dividends paid	7	-	-	(9,625)	(9,625)
<b>Total transactions with owners in their capacity as owners</b>		1,476	225	(9,625)	(7,924)
<b>Balance as at 30 June 2014</b>	16 and 17	45,126	(1,358)	22,318	66,086

Consolidated entity	Note	Consolidated Entity			Total Equity \$'000
		Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	
<b>Balance as at 1 July 2012</b>		42,579	(2,692)	17,540	57,427
Profit for the year		-	-	9,133	9,133
Movement in carrying value of foreign entities due to currency translation	17(a)	-	1,590	-	1,590
<b>Total comprehensive income for the year</b>		-	1,590	9,133	10,723
<b>Transactions with owners in their capacity as owners:</b>					
Employee share plan	16	164	-	-	164
Options exercised	16	231	-	-	231
Employee share options	17(b)	-	177	-	177
Equity issued under dividend reinvestment plan	16	676	-	-	676
Dividends paid	7	-	-	(9,531)	(9,531)
<b>Total transactions with owners in their capacity as owners</b>		1,071	177	(9,531)	(8,283)
<b>Balance as at 30 June 2013</b>	16 and 17	43,650	(925)	17,142	59,867

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 37 to 73.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2014

		Consolidated Entity	
	Note	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		93,440	65,791
Payments to suppliers and employees		(70,314)	(50,609)
Interest received		149	611
Finance costs		(58)	-
Income tax paid		(4,339)	(4,495)
<b>Net cash provided by operating activities</b>	18(a)	<b>18,878</b>	11,298
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment		-	4
Payment for acquisition of business	19	(21,812)	(13,827)
Payment for plant and equipment	11	(1,244)	(1,026)
Payment for capitalised development	12	(3,553)	(2,303)
<b>Net cash used in investing activities</b>		<b>(26,609)</b>	(17,152)
<b>Cash flows from financing activities</b>			
Proceeds from share issue	16	160	164
Proceeds from options exercised	16	337	231
Proceeds from borrowings	14	10,055	-
Dividends paid net of dividend re-investment		(8,645)	(8,855)
<b>Net cash provided by (used in) financing activities</b>		<b>1,907</b>	(8,460)
<b>Net decrease in cash and cash equivalents</b>		<b>(5,824)</b>	(14,314)
Cash and cash equivalents at beginning of year		9,653	23,967
<b>Cash and cash equivalents at end of the year</b>	18(b)	<b>3,829</b>	9,653

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 37 to 73.

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# NOTES TO THE FINANCIAL STATEMENTS

30 June 2014

## 1. Statement of significant accounting policies

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the Financial Report. The accounting policies have been consistently applied, unless otherwise stated.

### (a) Basis of preparation of the Financial Report

This Financial Report is a general purpose Financial Report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Financial Report covers Hansen Technologies Ltd and controlled entities as a consolidated entity. Hansen Technologies Ltd is a company limited by shares, incorporated and domiciled in Australia. Hansen Technologies Ltd is a for-profit consolidated entity for the purpose of preparing the financial statements.

The Financial Report was authorised for issue by the Directors on 30 September 2014.

### Compliance with IFRS

The consolidated financial statements of Hansen Technologies Ltd also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### Historical cost convention

The Financial Report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

### Critical accounting estimates

The preparation of the Financial Report requires the use of certain estimates and judgements in applying the consolidated entity's accounting policies. Those estimates and judgements significant to the Financial Report are disclosed in note 2.

### (b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent consolidated entity, Hansen Technologies Ltd, and of all entities, which the parent controls. The consolidated entity controls an entity when it is exposed, or has rights, to variable returns from its involvement with the consolidated entity and has the ability to affect those returns through its power over the consolidated entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent consolidated entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established.

### (c) Revenue

Revenue from the provision of services to customers is recognised upon delivery of the service to the customer. Maintenance revenue when invoiced in advance is initially recognised as a liability until the service is performed. Accrued revenue is recognised on a percentage of completion basis in order to match revenues against incurred effort and expense.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered to have passed to the buyer at the time of delivery of the goods to the customer.

Interest revenue is recognised when it becomes receivable on a proportional basis, taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

### (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of six months or less held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 1. Statement of significant accounting policies continued

### (e) Plant, equipment and leasehold improvements

#### Cost and valuation

All classes of plant, equipment and leasehold improvements are stated at cost less depreciation.

#### Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

#### The useful lives for each class of assets are:

	2014	2013
Plant, equipment and leasehold improvements	2.5 to 12 years	2.5 to 12 years
Leased plant and equipment	2.5 to 12 years	2.5 to 12 years

### (f) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

#### Finance Leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

#### Operating Leases

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

### (g) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control.

Goodwill is recognised initially as the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, less the fair value of the identifiable assets acquired and liabilities assumed.

Acquisition-related costs are expensed as incurred.

### (h) Intangibles

#### Goodwill

Goodwill is initially measured as described in note 1(g).

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

#### Technology, trademarks and customer contracts

Technology, trademarks and customer contracts are recognised at cost and are amortised over their estimated useful lives, which range from the term of the contract or five to ten years. Technology, trademarks and customer contracts are carried at cost less accumulated amortisation and any impairment losses.



## Research and development

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible asset over a five-year period (or earlier if the development project is abandoned), commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

## (i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

## (j) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

### Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### Tax consolidation

The parent consolidated entity and all eligible Australian controlled entities have formed an income tax consolidated entity under the tax consolidation legislation. The tax consolidated entity has entered a tax funding agreement whereby each consolidated entity in the tax consolidated entity recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent consolidated entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;
- the current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head consolidated entity as inter-company payables or receivables.

The tax consolidated entity also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax consolidated entity arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent consolidated entity to meet its payment obligations. This means that under the tax sharing agreement, the subsidiaries are legally liable to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated entity.

## (k) Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 1. Statement of significant accounting policies continued

### (l) Employee benefits

#### (i) Short term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, long service leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short term employee benefits in the form of compensated absences such as annual leave and long service leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

#### (ii) Long term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which is not expected to be settled within 12 months of the reporting date is measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

#### (iii) Retirement benefit obligations

##### *Defined contribution superannuation plan*

The consolidated entity makes contributions to defined superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

#### (iv) Share-based payments

The consolidated entity operates share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the market bid price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

#### (v) Bonus plan

The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment or review letter and the amount can be reliably measured.

#### (vi) Termination benefits

Termination benefits are payable when employment of an employee or consolidated entity of employees is terminated before the normal retirement date.

The consolidated entity recognises a provision for termination benefits when the consolidated entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

### (m) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases. Borrowing costs are expensed as incurred.

### (n) Financial instruments

#### Classification

The consolidated entity classifies its financial instruments in the following categories: loans and receivables and financial liabilities. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

#### Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

#### Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties. Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## **(o) Foreign currencies translations and balances**

### **Functional and presentation currency**

The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

### **Transactions and balances**

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different to the presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- all resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve as a separate component of equity in the balance sheet.

## **(p) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## **(q) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

## **(r) Rounding amounts**

The parent consolidated entity and the consolidated entity have applied the relief available under ASIC Class Order CO 98/0100 and accordingly, amounts in the consolidated financial statements and the Directors' Report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## **(s) Going concern**

The financial report has been prepared on a going concern basis.

## **(t) Adoption of new and amended accounting standards that are first operative at 30 June 2014**

### **(a) AASB 10: Consolidated Financial Statements**

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent consolidated entity and of all entities which the parent controls. The consolidated entity controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated entity concluded that the adoption of AASB 10 did not change the consolidation status of its subsidiaries. Therefore, no adjustments to any of the carrying amounts were required.

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 1. Statement of significant accounting policies continued

### (b) AASB 11: Joint arrangements

Under AASB 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the rights and obligations of the parties to the arrangement, rather than the legal structure of the joint arrangements.

If the parties share the right to the net assets of the joint arrangement, these parties are parties to a joint venture. A joint venturer accounts for an investment in the arrangement using the equity method, and the choice to proportionately consolidate will no longer be permitted.

If the parties share the right to the separate assets and obligations for the liabilities of the joint arrangement, these parties are parties to a joint operation. A joint operator accounts for assets, liabilities and corresponding revenues and expenses arising from the arrangement by recognising their share of interest in each item.

The consolidated entity has performed a detailed analysis of the new requirements and has determined AASB 11 has no impact on the composition or performance of the consolidated entity.

### (c) AASB 12: Disclosure of interests in other entities

AASB 12 sets new minimum disclosures requirements for interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities, however, it was determined that these new requirements had no impact on the consolidated entity.

### (d) AASB 13: Fair value measurement

AASB 13 introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the Company's fair value measurements.

### (e) AASB 119: Employee benefits

The amendments to AASB 119 revise the definitions of short term and long term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The consolidated entity has assessed its impact and concludes that the adoption of AASB 119 has no material effect on the amounts recognised in current or prior years.

No other new and amended accounting standards effective for the financial year beginning 1 July 2013 affected any amounts recorded in the current or prior year.

## (u) Accounting standards and interpretations issued but not operative at 30 June 2014

The following standards and interpretations have been issued at the reporting date but are not yet effective. The Directors' assessment of the impact of these standards and interpretations is set out below.

*AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)*

AASB 9 *Financial Instruments* improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets.

AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the consolidated entity recognised \$0 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities.

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented, however the assessment of impact has not yet been completed.

## 2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions concerning the future which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below.

### (a) Impairment testing of Intangible assets

The intangible asset of goodwill is subjected to periodic review to assess if its carrying value has been impaired. This assessment compares the carrying book value with the recoverable amount of these assets using value in-use discounted cash flow projection calculations based on management's determination of budgeted cash flow projections and gross margins, past performance and its expectation for the future. The valuation utilises the billing business segment of the Board approved budget for the subsequent fiscal year (being the business segment to which the goodwill applies), and

- provides for a constant 3% growth rate for the remainder of the forecast period, and
- utilises a 14.5% weighted cost of capital discount rate, to
- determine the discounted value of the resultant cash flow over a 5 year period, plus a terminal value using a terminal growth rate of 3% at the end of the period.

### (b) Income tax

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Recognition of carried forward losses is based upon the probable future profits of the Group.

### (c) Research and development

Development costs incurred are assessed for each research and development project and a percentage of the expenditure is capitalised when technical feasibility studies demonstrate that the project will deliver future economic benefits and those benefits can be measured reliably.

There has been significant research and development expenditure incurred in relation to the HUB, Peace and ICC billing software in the 2014 year. Returns are expected to be derived from this investment over coming years.

## 3. Financial risk management

The consolidated entity is exposed to a variety of financial risks comprising:

- (a) Interest rate risk
- (b) Credit risk
- (c) Liquidity and foreign exchange risk
- (d) Fair values

The Board of Directors has overall responsibility for identifying and managing operational and financial risks.

### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The consolidated entity's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 3. Financial risk management continued

Financial Instruments	Note	Consolidated Entity				
		Interest Bearing \$'000	Non-interest Bearing \$'000	Total Carrying Amount \$'000	Weighted Avg. Effective Interest Rate %	Fixed/ Variable Rate
<b>2014</b>						
<b>Financial assets</b>						
Cash and cash equivalents	8	3,829	-	3,829	2.25	variable
Receivables	9	-	14,701	14,701		
Other current assets	10	-	5,309	5,309		
		3,829	20,010	23,839		
<b>Financial liabilities</b>						
Payables	13	-	5,006	5,006		
Borrowings	14	10,055	-	10,055	4.06	variable
		10,055	5,006	15,061		
<b>2013</b>						
<b>Financial assets</b>						
Cash and cash equivalents	8	9,653	-	9,653	3.22	variable
Receivables	9	-	14,671	14,671		
Other current assets	10	-	2,164	2,164		
		9,653	16,835	26,488		
<b>Financial liabilities</b>						
Payables	13	-	5,489	5,489		
		-	5,489	5,489		

Management are comfortable with the risk associated with using variable interest rates due to the current level of borrowings. No other financial assets or liabilities are expected to be exposed to interest rate risk.

### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date of recognised financial assets, is the carrying amount of those assets net of any provisions for impairment of those assets, as disclosed in the Consolidated Statement of Financial Position and Notes to the Consolidated Financial Statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers, performing credit checks, invoicing progressively upon milestones and where possible invoicing maintenance in advance.

Concentrations of credit risk on trade debtors: Utilities 37% (2013: 32%), Finance Sector 4% (2013: 2%), Telecommunications 18% (2013: 20%), Pay TV 35% (2013: 40%) and Other 6% (2013: 6%).

### (c) Liquidity and foreign exchange risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group has historically been able to generate and retain strong positive cash flows and in addition a multi-currency line of credit has been established with the Company's bankers to provide increased capacity for strategic growth objectives.

The Hansen Group operates internationally and as such has exposure to foreign currency movements as part of its day-to-day operational realities.

The Group has expanded its international operations substantially in recent years to the extent that in excess of 60% of its revenue is now earned in foreign currency designated transactions. The group has a number of offices located internationally and more than 50% of its work force are located overseas and paid in foreign currencies. Accordingly the group has an in built natural hedge against major currency fluctuation and with the exception of significant sudden change, is protected in part by its corporate structure against currency movements so that the impact is largely limited to the margin.

The Group's borrowings are due for repayment in April 2017 in line with the \$20 million multi-currency term facility. Management however believe this will be repaid much earlier and have treated the entire borrowings as current to reflect its intended repayment. Trade creditors are due for repayment within six months.

### (d) Fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

No assets or liabilities are carried at fair value on a recurring basis.

## 4. Revenue and other income

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>Revenues from continuing operations</b>		
Revenue from sale of goods and services	86,021	63,780
	<b>86,021</b>	63,780
<b>Other income:</b>		
<i>From operating activities</i>		
Interest received	149	611
Net foreign exchange gains	43	787
Other income	244	180
Total other revenues	436	1,578
<b>Total revenue from continuing operations</b>	<b>86,457</b>	65,358

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 5. Profit from continuing operations

	Note	Consolidated Entity	
		2014 \$'000	2013 \$'000
Profit from continuing operations before income tax has been determined after the following specific expenses:			
<b>Employee benefit expenses</b>			
Wages and salaries		43,016	32,509
Superannuation costs		3,184	2,389
Share-based payments		225	177
<b>Total employee benefit expenses</b>		<b>46,425</b>	35,075
<b>Depreciation of non-current assets</b>			
Plant, equipment and leasehold improvements	11	1,588	1,597
<b>Total depreciation of non-current assets</b>		<b>1,588</b>	1,597
<b>Amortisation of non-current assets</b>			
Technology, trademarks and customer contracts	12	1,627	774
Research and development	12	1,503	1,301
<b>Total amortisation of non-current assets</b>		<b>3,130</b>	2,075
<b>Property and operating rental expenses</b>			
Rental charges		3,993	3,391
<b>Total property and operating rental expenses</b>		<b>3,993</b>	3,391



## 6. Income tax

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>(a) Components of income tax expense</b>		
Current tax	4,326	3,320
Deferred tax	375	(178)
Under/(over) provision in prior years	(44)	394
<b>Total income tax expense</b>	<b>4,657</b>	<b>3,536</b>
<b>(b) Prima facie tax payable</b>		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 30%	5,838	3,801
<b>Add/(less) tax effect of:</b>		
Impact of tax rates on foreign subsidiaries	108	(71)
Research and development allowances	(362)	(385)
Non-deductible share-based payments	68	53
Under/(over) provision in prior years	(44)	394
Previous year losses not brought to account utilised	(958)	-
Gain on foreign exchange assessable/(non assessable)	(16)	(208)
Other non-allowable items	23	(48)
<b>Income tax expense attributable to profit</b>	<b>4,657</b>	<b>3,536</b>
<b>(c) Current tax liability</b>		
Current tax relates to the following:		
<b>Current tax liabilities/(assets)</b>		
Opening balance	1,116	1,819
Liability from acquisition	-	78
Prior year under/(over) provision	(44)	394
Income tax	4,326	3,320
Tax payments	(4,339)	(4,495)
Other	2	-
	<b>1,061</b>	<b>1,116</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 6. Income tax continued

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>(d) Deferred tax</b>		
Deferred tax relates to the following:		
<b>Deferred tax assets balance comprises:</b>		
Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes	256	78
Other payables	620	488
Employee benefits	1,702	1,654
	<b>2,578</b>	<b>2,220</b>
<b>Deferred tax liabilities balance comprises:</b>		
Research and development expenditure capitalised	(2,066)	(1,397)
Other income not yet assessable	(64)	-
	<b>(2,130)</b>	<b>(1,397)</b>
<b>Net deferred tax</b>	<b>448</b>	<b>823</b>
<b>(e) Deferred income tax (revenue)/expense included in income tax expense comprises</b>		
Increase in deferred tax assets	(358)	(384)
Decrease in deferred tax liabilities	733	206
	<b>375</b>	<b>(178)</b>
<b>(f) Deferred tax assets not brought to account</b>		
Tax effect of capital losses	847	847
Tax effect of operating losses	717	2,015
	<b>1,564</b>	<b>2,862</b>

## 7. Dividends

### 2014

A 3 cent per share fully franked final dividend was announced to the market on 26 August 2014. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2014.

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>Dividends provided for or paid during the year</b>		
3 cent per share final dividend paid 30 September 2013	4,807	
3 cent per share final dividend paid 28 September 2012		4,759
3 cent per share interim dividend paid 28 March 2014	4,818	
3 cent per share interim dividend paid 28 March 2013		4,772
	<b>9,625</b>	9,531
Proposed dividend not recognised at the end of the year.	4,866	4,800
<b>Dividend franking account</b>		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years.	1,879	2,326

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

- (a) franking credits that will arise from the payment of any current tax liability;
- (b) franking debits that will arise from the payment of any dividends recognised as a liability at year end;
- (c) franking credits that will arise from the receipt of any dividends recognised as receivables at year end; and
- (d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

## 8. Cash and cash equivalents

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>Current</b>		
Cash at bank and on hand	2,828	3,143
Interest bearing deposits	1,001	6,510
	<b>3,829</b>	9,653

## NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

### 9. Receivables

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>Current</b>		
Trade receivables	13,516	14,438
Less: provision for impairment	(317)	(238)
	13,199	14,200
Sundry receivables	1,502	471
	14,701	14,671

	Gross 2014 \$'000	Impairment 2014 \$'000	Gross 2013 \$'000	Impairment 2013 \$'000
<b>Trade and other receivables ageing analysis at 30 June</b>				
Not past due	10,162	-	10,511	-
Past due 31–60 days	1,739	-	480	-
Past due 61–90 days	800	-	1,891	-
Past due more than 91 days	815	317	1,556	238
	13,516	317	14,438	238

The entity expects to collect all receivables where no provision for impairment has been recorded.

### 10. Other current assets

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>Current</b>		
Prepayments	1,517	948
Accrued revenue	3,792	1,216
	5,309	2,164

## 11. Plant, equipment and leasehold improvements

	Consolidated Entity	
	2014 \$'000	2013 \$'000
Plant, equipment and leasehold improvements at cost	25,711	23,898
Accumulated depreciation	(21,335)	(19,199)
<b>Total plant, equipment and leasehold improvements</b>	<b>4,376</b>	<b>4,699</b>

### Reconciliation

Reconciliation of the carrying amounts of plant, equipment and leasehold improvements at the beginning and end of the current financial year.

	Consolidated Entity	
	2014 \$'000	2013 \$'000
<b>Plant, equipment and leasehold improvements</b>		
Carrying amount at 1 July	4,699	4,554
Additions	1,244	1,026
Acquired	9	626
Disposals	(23)	4
Depreciation expense	(1,588)	(1,597)
Net foreign currency movements arising from foreign operations	35	86
<b>Carrying amount at 30 June</b>	<b>4,376</b>	<b>4,699</b>

## 12. Intangible assets

	Consolidated Entity	
	2014 \$'000	2013 \$'000
Goodwill at cost	54,944	37,408
Accumulated amortisation and impairment	(1,433)	(1,418)
	<b>53,511</b>	<b>35,990</b>
Technology, trademarks and customer contracts at cost	12,377	7,177
Accumulated amortisation and impairment	(3,764)	(2,170)
	<b>8,613</b>	<b>5,007</b>
Software development at cost	28,627	29,705
Accumulated amortisation	(21,977)	(25,048)
	<b>6,650</b>	<b>4,657</b>
<b>Total intangible assets</b>	<b>68,774</b>	<b>45,654</b>

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 12. Intangible assets continued

	Consolidated Entity	
	2014 \$'000	2013 \$'000
<b>Reconciliation of goodwill at cost</b>		
Carrying amount at 1 July	37,408	28,848
Increase due to acquisition	18,056	10,768
Net foreign currency movements arising from foreign operations	(520)	949
Fully amortised write back	-	(3,157)
Carrying amount at 30 June	54,944	37,408
Accumulated amortisation and impairment at beginning of year	(1,418)	(4,646)
Fully amortised write back	-	3,157
Net foreign currency movements arising from foreign operations	(15)	71
Accumulated amortisation and impairment at end of year	(1,433)	(1,418)
<b>Reconciliation of technology, trademarks and customer contracts at cost</b>		
Carrying amount at 1 July	7,177	3,117
Increase due to acquisition	5,390	3,626
Net foreign currency movements arising from foreign operations	(190)	434
Carrying amount at 30 June	12,377	7,177
Accumulated amortisation and impairment at beginning of year	(2,170)	(1,381)
Amortisation of technology, trademarks and customer contracts	(1,627)	(774)
Net foreign currency movements arising from foreign operations	33	(15)
Accumulated amortisation and impairment at end of year	(3,764)	(2,170)
<b>Reconciliation of software development at cost</b>		
Carrying amount at 1 July	29,705	27,402
Expenditure capitalised in current period	3,553	2,303
Fully amortised write back	(4,574)	-
Net foreign currency movements arising from foreign operations	(57)	-
Carrying amount at 30 June	28,627	29,705
Accumulated amortisation at beginning of year	(25,048)	(23,747)
Current year charge	(1,503)	(1,301)
Fully amortised write back	4,574	-
Accumulated amortisation at end of year	(21,977)	(25,048)

## 13. Payables

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>Current</b>		
Trade payables	1,394	1,127
Other payables	3,612	4,362
	<b>5,006</b>	5,489

## 14. Borrowings

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>Current</b>		
<i>Secured</i>		
Bank overdraft	10,055	-
	<b>10,055</b>	-

The Company has a secured \$A20 million multi-currency three-year term facility with its external bankers to provide additional funding as required for acquisitions and general corporate purposes. The facility is secured by the Australian Group entities and guaranteed by the parent entity Hansen Technologies Limited. As at 30 June 2014 the remaining unutilised portion of the facility is \$A9.945 million.

**NOTES TO THE FINANCIAL STATEMENTS** continued  
30 June 2014

**15. Provisions**

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>Current</b>		
Employee benefits	6,748	6,417
Onerous lease	130	147
Other	95	85
	<b>6,973</b>	6,649
<b>Non-current</b>		
Employee benefits	123	152
Other	-	24
	<b>123</b>	176
(a) Aggregate employee benefits liability	<b>6,871</b>	6,569
(b) Number of employees at year end	<b>427</b>	413
<b>Reconciliations</b>		
Movements in provisions other than employee benefits:		
<i>Provisions Onerous Lease – current</i>		
Carrying amount at beginning of year	147	-
Net provisions (payments) made during the year	(17)	147
Carrying amount at end of year	<b>130</b>	147
<i>Other – current</i>		
Carrying amount at beginning of year	85	129
Net provisions (payments) made during the year	10	(44)
Carrying amount at end of year	<b>95</b>	85
<i>Other – non-current</i>		
Carrying amount at beginning of year	24	22
Payments made during the year	(24)	-
Foreign exchange adjustment	-	2
Carrying amount at end of year	<b>-</b>	24

**16. Contributed capital**

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>(a) Issued and paid up capital</b>		
Ordinary shares, fully paid	<b>45,126</b>	43,650



	Consolidated Entity		Consolidated Entity	
	2014	2014	2013	2013
	No. of Shares	\$'000	No. of Shares	\$'000
<b>(b) Movements in shares on issue</b>				
Balance at beginning of the financial year	159,634,602	43,650	158,072,120	42,579
Shares issued under Dividend Reinvestment Plan	825,800	979	813,722	676
Shares issued under Employee Share Plan	134,240	160	178,760	164
Options exercised	615,000	337	570,000	231
<b>Balance at end of the financial year</b>	<b>161,209,642</b>	<b>45,126</b>	159,634,602	43,650

### (c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called.

### (d) Share options

#### Employee Share Option Plan

The Employee Share Option Plan (the Plan) was approved by shareholders at the Company's Annual General Meeting on 9 November 2001 and reaffirmed at the AGM on 24 November 2011.

The maximum number of options on issue under the Plan must not at any time exceed 7.5% of the total number of ordinary shares on issue at that time.

The Board may issue options under the Plan to any employee of the Company and its subsidiaries, including executive directors, but excluding non-executive directors.

Options will be issued free of charge, unless the Board determines otherwise. Each option is to subscribe for one ordinary share and, when issued, the shares will rank equally with other shares. The options are not transferable. Quotation of the options on the ASX will not be sought, but the Company will apply to the ASX for official quotation of shares issued on the exercise of options. Options may be granted subject to conditions specified by the Board which must be satisfied before the option can be exercised.

Unless the terms on which an option was offered specified otherwise, an option may be exercised at any time after the vesting date. An option may also be exercised in special circumstances, that is, at any time within six months after the employee's death, total and permanent disablement, retirement or retrenchment. An option lapses 28 days after termination of the employee's employment with the Company and, unless the terms of the offer of the option specify otherwise, lapses five years after the date upon which it was granted. The Directors have the discretion to vary the terms of the options as deemed appropriate.

The exercise price per share for an option will be the amount determined by the Board at the time of the grant of the option.

Option holders will not be entitled to participate in any new issue of securities in the Company unless they exercise their options prior to the record date for the determination of entitlements to the new issue. If the Company makes a bonus issue of securities to ordinary shareholders, each unexercised option will, on exercise, entitle its holder to receive the bonus securities as if the option had been exercised before the record date for the bonus issue.

If the Company makes a pro-rata rights issue of ordinary shares for cash to its ordinary shareholders, the exercise price of unexercised options may be adjusted to reflect the diluting effect of the issue.

If there is any reorganisation of the capital of the Company, the exercise price of the options will be adjusted in accordance with the Listing Rules.

Options issued under the employee share option plan are valued on the same basis as those issued to key management personnel. Refer to note 22 for disclosure regarding valuation inputs.

Since the end of the financial year 1,115,000 (2013: 1,945,000) share options have been granted under this scheme.

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 16. Contributed capital continued

### Options issued and not yet exercised at 30 June 2014

Grant Date	Exercise Date	Expiry Date	Exercise Price \$	No. of Options at Beg. of Year	Options Granted	Options Exercised or Lapsed	No. of Options at End of Year	
							Issued	Vested
<b>Consolidated 2014</b>								
1 July 2009	1 July 2012	1 July 2014	\$0.41	115,000	-	115,000	-	-
1 July 2010	1 July 2013	1 July 2015	\$0.58	605,000	-	500,000	105,000	105,000
1 Jan 2011	1 Jan 2014	1 Jan 2016	\$0.75	75,000	-	-	75,000	75,000
2 July 2011	2 July 2014	2 July 2016	\$0.91	745,000	-	-	745,000	-
1 Dec 2011	1 July 2014	1 July 2016	\$0.95	250,000	-	-	250,000	-
1 Dec 2011	1 July 2014	1 July 2016	\$1.00	250,000	-	-	250,000	-
1 Dec 2011	1 July 2014	1 July 2016	\$1.05	250,000	-	-	250,000	-
2 Dec 2011	2 July 2013	2 July 2015	\$0.91	40,000	-	-	40,000	40,000
2 Dec 2011	2 July 2014	2 July 2016	\$0.91	40,000	-	-	40,000	-
2 July 2012	2 July 2015	2 July 2017	\$0.92	785,000	-	-	785,000	-
1 Dec 2012	2 July 2015	2 July 2017	\$0.92	70,000	-	-	70,000	-
1 Dec 2012	2 July 2015	2 July 2017	\$0.97	350,000	-	-	350,000	-
1 Dec 2012	2 July 2015	2 July 2017	\$1.02	350,000	-	-	350,000	-
1 Dec 2012	2 July 2015	2 July 2017	\$1.07	350,000	-	-	350,000	-
2 July 2013	2 July 2016	2 July 2018	\$0.92	-	895,000	-	895,000	-
12 Dec 2013	2 July 2016	2 July 2018	\$1.06	-	350,000	-	350,000	-
12 Dec 2013	2 July 2016	2 July 2018	\$1.11	-	350,000	-	350,000	-
12 Dec 2013	2 July 2016	2 July 2018	\$1.16	-	350,000	-	350,000	-
<b>Total</b>				<b>4,275,000</b>	<b>1,945,000</b>	<b>615,000</b>	<b>5,605,000</b>	<b>220,000</b>

### Options issued and not yet exercised at 30 June 2013

Grant Date	Exercise Date	Expiry Date	Exercise Price \$	No. of Options at Beg. of Year	Options Granted	Options Exercised or Lapsed	No. of Options at End of Year	
							Issued	Vested
<b>Consolidated 2013</b>								
1 July 2008	1 July 2011	1 July 2013	\$0.39	115,000	-	115,000	-	-
1 July 2009	1 July 2012	1 July 2014	\$0.41	570,000	-	455,000	115,000	115,000
1 July 2010	1 July 2013	1 July 2015	\$0.58	605,000	-	-	605,000	-
1 Jan 2011	1 Jan 2014	1 Jan 2016	\$0.75	75,000	-	-	75,000	-
2 July 2011	2 July 2014	2 July 2016	\$0.91	745,000	-	-	745,000	-
1 Dec 2011	1 July 2014	1 July 2016	\$0.95	250,000	-	-	250,000	-
1 Dec 2011	1 July 2014	1 July 2016	\$1.00	250,000	-	-	250,000	-
1 Dec 2011	1 July 2014	1 July 2016	\$1.05	250,000	-	-	250,000	-
2 Dec 2011	2 July 2013	2 July 2015	\$0.91	40,000	-	-	40,000	-
2 Dec 2011	2 July 2014	2 July 2016	\$0.91	40,000	-	-	40,000	-
2 July 2012	2 July 2015	2 July 2017	\$0.92	-	785,000	-	785,000	-
1 Dec 2012	2 July 2015	2 July 2017	\$0.92	-	70,000	-	70,000	-
1 Dec 2012	2 July 2015	2 July 2017	\$0.97	-	350,000	-	350,000	-
1 Dec 2012	2 July 2015	2 July 2017	\$1.02	-	350,000	-	350,000	-
1 Dec 2012	2 July 2015	2 July 2017	\$1.07	-	350,000	-	350,000	-
<b>Total</b>				<b>2,940,000</b>	<b>1,905,000</b>	<b>570,000</b>	<b>4,275,000</b>	<b>115,000</b>

## Employee Share Plan

The Employee Share Plan (ESP) was approved by shareholders at the Company's Annual General Meeting on 9 November 2001.

The ESP is available to all eligible employees to acquire ordinary shares in the Company.

Shares to be issued or transferred under the ESP will be valued at the volume weighted average share price of shares traded on the ASX in the ordinary course of trading during the five business days immediately preceding the day the shares are issued or transferred to qualifying employees or participants.

The Board has discretion as to how the shares are to be issued or transferred to participants. Such shares may be acquired on or off-market or the Company may allot shares or they may be obtained by any combination of the foregoing.

On application, employees pay no application monies. The amount of the consideration to be provided by qualifying employees to acquire the shares can be foregone from future remuneration (before tax).

To qualify, employees must be full-time or permanent part-time employees of the Company or any subsidiary of the Company.

Shares issued under the ESP will rank equally in all respects with all existing shares from the date of allotment.

A participant must not sell, transfer or otherwise dispose of any shares issued or transferred to the participant under the ESP until the earlier of:

- (a) the end of the period of three years (or if a longer period is specified by the Board in the offer, the end of that period) commencing on the date of the issue or transfer of the shares to the participant; and
- (b) the date on which the participant is no longer employed by the Company or a related body corporate of the Company.

Details of the movement in employee shares under the ESP are as follows:

	Consolidated Entity	
	2014 No. of Shares	2013 No. of Shares
Number of shares at beginning of year	421,684	438,508
Number of shares distributed to employees	134,240	178,760
Number of shares transferred to main share registry and/or disposed of	(158,347)	(195,584)
<b>Number of shares at year end</b>	<b>397,577</b>	<b>421,684</b>

The consideration for the shares issued on 16 May 2014 was \$1.1909 (15 May 2013: \$0.917).

The amounts recognised in the financial statements of the consolidated entity and the Company in relation to the ESP during the year were:

	Consolidated Entity	
	2014 \$'000	2013 \$'000
Current receivables	40	40
Issued ordinary share capital	164	164

The market value of ordinary Hansen Technologies Ltd shares closed at \$1.265 on 30 June 2014 (\$0.91 on 30 June 2013).

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 17. Reserves and retained earnings

	Note	Consolidated Entity	
		2014 \$'000	2013 \$'000
Foreign currency translation reserve	17 (a)	(2,106)	(1,448)
Options granted reserve	17 (b)	748	523
Retained earnings	17 (c)	22,318	17,142

### (a) Foreign currency translation reserve

This reserve is used to record the exchange differences arising on translation of a foreign entity.

#### Movements in reserve

Balance at beginning of year		(1,448)	(3,038)
Adjustment to carrying value of overseas interests due to currency fluctuation		(658)	1,590
<b>Balance at end of year</b>		<b>(2,106)</b>	<b>(1,448)</b>

### (b) Options granted reserve

This reserve is used to record the fair value of options issued to employees as part of their remuneration.

#### Movements in reserve

Balance at beginning of year		523	346
Value of options granted during the year		225	177
<b>Balance at end of year</b>		<b>748</b>	<b>523</b>

### (c) Retained earnings

Balance at beginning of year		17,142	17,540
Dividends paid during the year		(9,625)	(9,531)
Net profit attributable to members of Hansen Technologies Ltd		14,801	9,133
<b>Balance at end of year</b>		<b>22,318</b>	<b>17,142</b>

## 18. Cash flow information

	Consolidated Entity	
	2014	2013
	\$'000	\$'000
<b>(a) Reconciliation of the net profit after tax to net cash flows from operations</b>		
Net profit from ordinary activities after income tax	14,801	9,133
<i>Add/(less) items classified as investing/financing activities:</i>		
(Profit)/loss on sale of non-current assets	23	(4)
<i>Add/(less) non-cash items:</i>		
Amortisation and depreciation	4,718	3,672
Share based payment expense	225	178
Unrealised foreign exchange	167	(717)
<b>Net cash provided by operating activities before change in assets and liabilities</b>	<b>19,934</b>	12,262
<i>Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:</i>		
(Increase)/decrease in trade receivables	2,875	(2,944)
(Increase)/decrease in sundry debtors and other assets	(3,145)	178
Increase/(decrease) in trade payables	207	1,101
Increase/(decrease) in other creditors and accruals	(1,584)	1,322
Increase/(decrease) in provisions	271	339
(Increase)/decrease in deferred taxes	375	(178)
Increase/(decrease) in income tax payable	(55)	(782)
<b>Net cash provided by operating activities</b>	<b>18,878</b>	11,298
<b>(b) Reconciliation of cash</b>		
<b>Cash at bank</b>	<b>3,829</b>	9,653
<b>(c) Loan facilities</b>		
Loan facility	20,000	10,000
Amount utilised	(10,055)	-
<b>Unused loan facility</b>	<b>9,945</b>	10,000

## NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

### 19. Business combinations

#### (a) Hansen Banner, LLC

(i) Hansen Banner, LLC was incorporated in April 2014 to acquire the assets of the Banner business unit from Ventyx Inc. with effect on 1 May 2014.

	2014 \$'000
<b>Consideration</b>	
Cash paid	21,812
Cash payable	-
Total acquisition cost	21,812
Less cash acquired	-
<b>Payment for acquisition of business</b>	<b>21,812</b>
	<b>Fair Value</b>
	2014 \$'000
<b>Net assets acquired</b>	
<i>Assets</i>	
Cash	-
Trade and other receivables	2,905
Plant and equipment	9
<b>Total assets acquired</b>	<b>2,914</b>
<i>Liabilities</i>	
Trade and other payables	4,548
Provisions	-
<b>Total liabilities acquired</b>	<b>4,548</b>
<b>Net assets acquired</b>	<b>(1,634)</b>
<b>Total acquisition cost adjusted for net assets acquired</b>	<b>23,446</b>
Technology	3,773
Customer contracts	1,617
Goodwill	18,056
<b>Net intangibles</b>	<b>23,446</b>

Goodwill arose on the acquisition of Banner due to the combination of the consideration paid for the business and the negative net assets acquired, less values attributed to other intangibles in the form of customer contracts and technology. The value of goodwill represents the future benefit arising from the expected future earnings, synergies and personnel assumed via the acquisition.

(ii) Revenue and profit of Banner included in the consolidated results of the Group since acquisition.

	2014 \$'000
Total revenue	2,410
Profit after income tax	470

(iii) Results of the entity for the period as though the date for the acquisition of Banner occurred at 1 July 2013

It is impracticable to disclose this detail as the Banner business unit was integrated within the larger parent entity of the seller and accordingly audited financials are not available for the business unit acquired.

### (b) Hansen ICC, LLC and Hansen Technologies (Shanghai) Company Ltd

(i) Hansen ICC, LLC was incorporated in December 2012 to acquire the assets of the ICC business unit from Irdeto Inc. with effect on 1 January 2013. Hansen Technologies (Shanghai) Company Ltd is a Wholly Owned Foreign Entity registered in China that was also acquired 1 January 2013 as a part of the acquisition of the assets of the ICC business unit from Irdeto Inc.

	2013 \$'000
<b>Consideration</b>	
Cash paid	11,967
Cash payable	-
Total acquisition cost	11,967
Less cash acquired	(130)
<b>Payment for acquisition of business</b>	11,837

	Fair Value 2013 \$'000
<b>Net assets acquired</b>	
<i>Assets</i>	
Cash	130
Trade and other receivables	2,449
Plant and equipment	569
<b>Total assets acquired</b>	3,148
<i>Liabilities</i>	
Trade and other payables	1,614
Provisions	552
<b>Total liabilities acquired</b>	2,166
<b>Net assets acquired</b>	982
<b>Total acquisition cost adjusted for net assets acquired</b>	10,985
Technology	3,172
Goodwill	7,813
<b>Net intangibles</b>	10,985

Goodwill arose on the acquisition of the ICC group due to the combination of the consideration paid for the business and the net assets acquired, less values attributed to other intangibles in the form of technology. The value of goodwill represents the future benefit arising from the expected future earnings, synergies and personnel assumed via the acquisition.

## NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

### 19. Business combinations continued

(ii) Revenue and profit of the ICC group included in the consolidated results of the Group since acquisition.

	2014 \$'000	2013 \$'000
Total revenue	23,816	9,673
Profit after income tax	3,776	903

### (c) Utilisoft Pty Ltd

(i) The Company acquired 100% of the share capital of Utilisoft Pty Ltd, effective 1 March 2013.

	2013 \$'000
<b>Consideration</b>	
Cash paid	3,250
Cash payable	-
Total acquisition cost	3,250
Less cash acquired	(1,260)
<b>Payment for acquisition of business</b>	1,990
	<b>Fair Value</b>
	<b>2013</b>
	<b>\$'000</b>
<b>Net assets acquired</b>	
<i>Assets</i>	
Cash	1,260
Trade and other receivables	586
Plant and equipment	107
Deferred tax asset	110
<b>Total assets acquired</b>	2,063
<i>Liabilities</i>	
Trade and other payables	1,766
Provisions	456
<b>Total liabilities acquired</b>	2,222
<b>Net assets acquired</b>	(159)
<b>Total acquisition cost adjusted for net assets acquired</b>	3,409
Technology	269
Customer contracts	185
Goodwill	2,955
<b>Net intangibles</b>	3,409

Goodwill arose on the acquisition of Utilisoft Pty Ltd due to the combination of the consideration paid for the business and the negative net assets acquired, less values attributed to other intangibles in the form of technology and customer contracts. The value of goodwill represents the future benefit arising from the expected future earnings, synergies and personnel assumed via the acquisition.



(ii) Revenue and profit of Utilisoft Pty Ltd included in consolidated results of the Group since acquisition.

	2014 \$'000	2013 \$'000
Total revenue	6,133	1,347
Profit after income tax	2,764	80

## 20. Commitments

	Consolidated Entity	
	2014 \$'000	2013 \$'000
<b>Lease expenditure commitments</b>		
<i>Operating leases (non-cancellable):</i>		
Not later than one year	1,874	2,272
Later than one year and not later than five years	3,037	1,985
Later than five years	86	-
<b>Aggregate lease expenditure contracted for at reporting date</b>	<b>4,997</b>	<b>4,257</b>

### Operating leases (non-cancellable)

The consolidated entity leases property under non-cancellable operating leases expiring from one to five years. Leases generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Contingent rental provisions within the lease agreements require the minimum lease payments to be increased by CPI per annum.

## 21. Earnings per share

	Consolidated Entity	
	2014 \$'000	2013 \$'000
<b>Reconciliation of earnings used in calculating earnings per share</b>		
Basic earnings – ordinary shares	14,801	9,133
Diluted earnings – ordinary shares	14,801	9,133

	2014 No. Shares	2013 No. Shares
<b>Weighted average number of ordinary shares used in calculating basic earnings per share</b>		
Number for basic earnings per share – ordinary shares	160,585,269	158,989,963
Number for diluted earnings per share – ordinary shares	165,742,352	162,788,114

	2014 Cents per Share	2013 Cents per Share
Basic earnings (cents) per share from continuing operations	9.2	5.7
<b>Total basic earnings (cents) per share</b>	<b>9.2</b>	<b>5.7</b>
Diluted earnings (cents) per share from continuing operations	9.0	5.6
<b>Total diluted earnings (cents) per share</b>	<b>9.0</b>	<b>5.6</b>

### Classification of securities as potential ordinary shares

The securities that have been classified as potential ordinary shares and included in diluted earnings per share only are options outstanding under the Employee Share Option Plan.

## NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

### 22. Directors' and executives' equity holdings

#### (a) Compensation options: granted and vested during the year

During the financial year the Company granted options over unissued ordinary shares to the Managing Director and the five key management personnel of the Company as part of their remuneration:

2014	Vested During the Year	Granted During the Year	Grant Date	Terms and Conditions for each Grant			
				Value per Option at Grant Date	Exercise Price	Vesting Date	Last Exercise Date
<b>Directors</b>							
A Hansen	-	350,000	12 Dec 13	\$0.139	\$1.060	2 July 16	2 July 18
	-	350,000	12 Dec 13	\$0.131	\$1.110	2 July 16	2 July 18
	-	350,000	12 Dec 13	\$0.123	\$1.160	2 July 16	2 July 18
<b>Specified executives</b>							
M Benne	75,000	75,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18
C Hunter	75,000	100,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18
G Lister	75,000	100,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18
D Meade	75,000	75,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18
S Weir	40,000	75,000	2 July 13	\$0.128	\$0.920	2 July 16	2 July 18
<b>Total</b>	<b>340,000</b>	<b>1,475,000</b>					

2013	Vested During the Year	Granted During the Year	Grant Date	Terms and Conditions for each Grant			
				Value per Option at Grant Date	Exercise Price	Vesting Date	Last Exercise Date
<b>Directors</b>							
A Hansen	-	350,000	1 Dec 12	\$0.137	\$0.970	2 July 15	2 July 17
	-	350,000	1 Dec 12	\$0.131	\$1.020	2 July 15	2 July 17
	-	350,000	1 Dec 12	\$0.125	\$1.070	2 July 15	2 July 17
<b>Specified executives</b>							
M Benne	-	75,000	2 July 12	\$0.196	\$0.920	2 July 15	2 July 17
C Hunter	75,000	100,000	2 July 12	\$0.196	\$0.920	2 July 15	2 July 17
G Lister	75,000	100,000	2 July 12	\$0.196	\$0.920	2 July 15	2 July 17
D Meade	75,000	75,000	2 July 12	\$0.196	\$0.920	2 July 15	2 July 17
S Weir	40,000	40,000	2 July 12	\$0.196	\$0.920	2 July 15	2 July 17
	-	70,000	1 Dec 12	\$0.144	\$0.920	2 July 15	2 July 17
<b>Total</b>	<b>265,000</b>	<b>1,510,000</b>					

## (b) Number of options held by key management personnel

2014	Balance 30 June 13	Granted as Remuneration	Options Exercised	Options Forfeited	Balance 30 June 14	Vested at 30 June 2014		
						Total	Exer- cisable	Unexer- cisable
<b>Directors</b>								
A Hansen	1,800,000	1,050,000	-	-	2,850,000	-	-	-
<b>Specified executives</b>								
M Benne	225,000	75,000	75,000	-	225,000	-	-	-
C Hunter	275,000	100,000	75,000	-	300,000	-	-	-
G Lister	275,000	100,000	75,000	-	300,000	-	-	-
D Meade	225,000	75,000	75,000	-	225,000	-	-	-
S Weir	190,000	75,000	40,000	-	225,000	-	-	-
<b>Total</b>	<b>2,990,000</b>	<b>1,475,000</b>	<b>340,000</b>	<b>-</b>	<b>4,125,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

2013	Balance 30 June 12	Granted as Remuneration	Options Exercised	Options Forfeited	Balance 30 June 13	Vested at 30 June 2013		
						Total	Exer- cisable	Unexer- cisable
<b>Directors</b>								
A Hansen	750,000	1,050,000	-	-	1,800,000	-	-	-
<b>Specified executives</b>								
M Benne	150,000	75,000	-	-	225,000	-	-	-
C Hunter	250,000	100,000	75,000	-	275,000	-	-	-
G Lister	250,000	100,000	75,000	-	275,000	-	-	-
D Meade	225,000	75,000	75,000	-	225,000	-	-	-
S Weir	120,000	110,000	40,000	-	190,000	-	-	-
<b>Total</b>	<b>1,745,000</b>	<b>1,510,000</b>	<b>265,000</b>	<b>-</b>	<b>2,990,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

Any options not exercised are forfeited if not exercised within 28 days of termination of employment.

Share-based payments represent a value attributed to options over ordinary shares issued to executives. They expire during the period up to 2 July 2018. Each option entitles the holder to purchase one ordinary share in the Company. The share-based payment value disclosed above is calculated at the date of grant using the Black-Scholes model.

For those options issued to key management personnel this year the Black-Scholes model applied a:

- share price volatility factor in respect of the Company's historical share price movement compared with the industry average, for a period equal to the three-year option vesting period of 27%;
- a continuously compounding risk-free interest rate of 3.75%;
- a probability factor for the likelihood of the options being exercised based on historical trends of 75%; and
- compared the issue price (\$0.92 cents per share) with the market price on day of issue (\$0.92 cents per share); to
- determine a weighted average fair value for the options issued as at grant date of \$0.128 cents per option.

## NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

### 22. Directors' and executives' equity holdings continued

#### (c) Number of shares held by key management personnel

2014	Balance 30 June 13	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 14
<b>Directors</b>					
B Adams	150,000	-	-	-	150,000
P Berry	-	-	-	-	-
A Hansen	70,163,026	-	-	(17,171,136)	52,991,890
D Osborne	344,781	-	-	17,872	362,653
M Osborne	-	-	-	54,000	54,000
D Trude	40,000	-	-	60,000	100,000
<b>Specified executives</b>					
M Benne	6,913	-	75,000	(40,429)	41,484
C Hunter	628,578	-	75,000	-	703,578
G Lister	1,339,357	-	75,000	14,635	1,428,992
D Meade	4,943	-	75,000	(75,823)	4,120
S Weir	87,039	-	40,000	6,506	133,545
<b>Total</b>	<b>72,764,637</b>	<b>-</b>	<b>340,000</b>	<b>(17,134,375)</b>	<b>55,970,262</b>

2013	Balance 30 June 12	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 13
<b>Directors</b>					
B Adams	150,000	-	-	-	150,000
P Berry	-	-	-	-	-
A Hansen	2,777	-	-	70,160,249	70,163,026
D Osborne	332,890	-	-	11,891	344,781
M Osborne	-	-	-	-	-
D Trude	40,000	-	-	-	40,000
<b>Specified executives</b>					
M Benne	15,683	-	-	(8,770)	6,913
C Hunter	583,109	-	75,000	(29,531)	628,578
G Lister	1,209,949	-	75,000	54,408	1,339,357
D Meade	3,853	-	75,000	(73,910)	4,943
S Weir	41,214	-	40,000	5,825	87,039
<b>Total</b>	<b>2,379,475</b>	<b>-</b>	<b>265,000</b>	<b>70,120,162</b>	<b>72,764,637</b>

## 23. Related party disclosures

### (a) The consolidated financial statements include the financial statements of Hansen Technologies Ltd and its controlled entities

Name	Note	Country of Incorporation	Ordinary Share Consolidated Entity Interest	
			2014 %	2013 %
<b>Parent entity</b>				
Hansen Technologies Ltd		Australia		
<b>Subsidiaries of Hansen Technologies Ltd</b>				
Hansen Corporation Pty Ltd		Australia	100	100
Hansen Corporation Investments Pty Ltd		Australia	100	100
Hansen Holdings (Asia) Pty Ltd		Australia	100	100
Hansen Research and Development Pty Ltd	(ii)	Australia	-	100
Peace Software Australia Pty Ltd	(ii)	Australia	-	100
Utilisoft Pty Ltd		Australia	100	100
Peace Software Canada Inc.		Canada	100	100
Hansen Technologies (Shanghai) Company Limited		China	100	100
Hansen Corporation Asia Limited	(iii)	Hong Kong	100	100
Hansen New Zealand Limited		New Zealand	100	100
Hansen Corporation Europe Limited		United Kingdom	100	100
Hansen Technologies North America, Inc.		United States of America	100	100
Hansen ICC, LLC		United States of America	100	100
Hansen Banner, LLC	(i)	United States of America	100	-
NirvanaSoft, LLC		United States of America	100	100
Peace Software Inc.		United States of America	100	100

#### Notes

(i) Company formed in April 2014 to house the assets of Banner upon acquisition from Ventyx Inc. on 1 May 2014.

(ii) Officially de-registered by ASIC on 11 April 2014.

(iii) In the final stages of de-registration.

### (b) Transactions with key management personnel of the entity or its parent and their personally related entities

The terms and conditions of the transactions with Directors and their Director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

The following table provides the total amount of transactions that were entered into with related parties in respect of leased premises for the relevant financial year:

	Consolidated Entity	
	2014 \$	2013 \$
A Hansen – lease rental payments	1,088,949	924,004

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 24. Auditor's remuneration

	Consolidated Entity	
	2014 \$'000	2013 \$'000
<b>Amounts paid and payable to Pitcher Partners (Melbourne) for:</b>		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entity in the consolidated entity	310	226
(ii) Other non-audit services		
– taxation services	46	33
– compliance services	12	30
	<b>58</b>	<b>63</b>
Total remuneration of Pitcher Partners (Melbourne)	<b>368</b>	<b>289</b>
<b>Amounts paid and payable to network firms of Pitcher Partners for:</b>		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of other entities in the consolidated entity	74	31
(ii) Other non-audit services		
– taxation services	12	3
– compliance services	64	4
	<b>76</b>	<b>7</b>
Total remuneration of network firms of Pitcher Partners	<b>150</b>	<b>38</b>
<b>Amounts paid and payable to non-related auditors of group entities for:</b>		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of other entities in the consolidated entity	65	5
(ii) Other non-audit services		
– taxation services	20	9
– compliance services	2	3
	<b>22</b>	<b>12</b>
Total remuneration of non-related auditors of group entities	<b>87</b>	<b>17</b>
<b>Total auditors' remuneration</b>	<b>605</b>	<b>344</b>

## 25. Parent entity information

Summarised presentation of the parent entity, Hansen Technologies Ltd.'s, financial statements

	Parent Entity	
	2014	2013
	\$'000	\$'000
<b>(a) Summarised statement of financial position</b>		
<b>Assets</b>		
Current assets	127	151
Non-current assets	62,411	65,335
<b>Total assets</b>	<b>62,538</b>	<b>65,486</b>
<b>Liabilities</b>		
Current liabilities	1,999	1,844
Non-current liabilities	-	4,181
<b>Total liabilities</b>	<b>1,999</b>	<b>6,025</b>
<b>Net assets</b>	<b>60,539</b>	<b>59,461</b>
<b>Equity</b>		
Share capital	45,126	43,650
Accumulated profits	14,665	15,288
Share-based payments reserve	748	523
<b>Total equity</b>	<b>60,539</b>	<b>59,461</b>

	Parent Entity	
	2014	2013
	\$'000	\$'000
<b>(b) Summarised statement of comprehensive income</b>		
Profit for the year	9,001	10,033
<b>Total comprehensive income for the year</b>	<b>9,001</b>	<b>10,033</b>

### (c) Parent entity guarantees

Hansen Technologies Ltd, being the parent entity, has entered into a guarantee in regard to the loan facility (refer note 14), but other than that has not entered into any guarantees in relation to debts of its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

## 26. Segment information

### (a) Description of segments

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to include segment assets which are expected to be used for more than one period.

#### Business segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

**Billing:** Represents the sale of billing applications and the provision of consulting services in regard to billing systems.

**IT Outsourcing:** Represents the provision of various IT outsourced services covering facilities management, systems and operations support, network services and business continuity support.

**Other:** Represents software and service provision in superannuation administration.

#### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

**APAC:** Sales and services throughout Australia and Asia.

**Americas:** Sales and services throughout the Americas.

**EMEA:** Sales and services throughout Europe, the Middle East and Africa.

### (b) Segment information

2014	2014 Financial Year			Total \$'000
	Billing \$'000	Outsourcing \$'000	Other \$'000	
<b>Segment revenue</b>				
Total segment revenue	75,065	7,064	3,892	86,021
<b>Segment revenue from external source</b>	75,065	7,064	3,892	86,021
<b>Segment result before income tax</b>				
Total segment result	17,111	2,914	1,302	21,327
<b>Segment result from external source before income tax</b>	17,111	2,914	1,302	21,327
<i>Items included within the segment result:</i>				
Depreciation expense	836	25	17	878
Amortisation expense	3,202	2	-	3,204
<b>Total segment assets</b>	89,176	2,776	953	92,905
Additions to non-current assets	923	103	-	1,026
<b>Total segment liabilities</b>	14,656	1,931	1,064	17,651



2013	2013 Financial Year			Total \$'000
	Billing \$'000	Outsourcing \$'000	Other \$'000	
<b>Segment revenue</b>				
Total segment revenue	51,729	8,555	3,496	63,780
<b>Segment revenue from external source</b>	51,729	8,555	3,496	63,780
<b>Segment result before income tax</b>				
Total segment result	9,908	3,390	1,062	14,360
<b>Segment result from external source before income tax</b>	9,908	3,390	1,062	14,360
<i>Items included within the segment result:</i>				
Depreciation expense	860	20	38	918
Amortisation expense	2,121	2	-	2,123
<b>Total segment assets</b>	64,940	3,198	1,307	69,445
Additions to non-current assets	489	380	-	869
<b>Total segment liabilities</b>	13,333	2,427	991	16,751

(i) Reconciliation of segment revenue from external source to the consolidated statement of comprehensive income

	2014 \$'000	2013 \$'000
Segment revenue from external source	86,021	63,780
Other revenue	287	967
Interest revenue	149	611
<b>Total revenue</b>	<b>86,457</b>	65,358

Revenue from external source attributed to geographic regions is detailed as follows:

	2014 \$'000	2013 \$'000
APAC	36,033	31,842
Americas	19,982	12,113
EMEA	30,006	19,825
<b>Total revenue</b>	<b>86,021</b>	63,780

## NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2014

### 26. Segment information continued

(ii) Reconciliation of segment result from the external source to the consolidated statement of comprehensive income

	2014 \$'000	2013 \$'000
Segment result from external source	21,327	14,360
Interest revenue	149	611
Interest expense	(58)	(1)
Depreciation and amortisation	(638)	(631)
Adjustment to carrying value of overseas interests due to currency fluctuation	658	(1,590)
Other expense	(1,980)	(80)
<b>Total profit before income tax</b>	<b>19,458</b>	<b>12,669</b>

(iii) Reconciliation of segment assets to the consolidated statement of financial position

	2014 \$'000	2013 \$'000
Segment assets	92,905	69,445
Unallocated assets		
– Cash	3,829	7,134
– Other	703	1,085
Total unallocated assets	4,532	8,219
<b>Total assets</b>	<b>97,437</b>	<b>77,664</b>

Non-current assets attributed to geographic regions is detailed as follows:

	2014 \$'000	2013 \$'000
APAC	44,055	50,182
Americas	49,554	22,939
EMEA	3,828	4,543
<b>Total assets</b>	<b>97,437</b>	<b>77,664</b>

(iv) Reconciliation of segment liabilities to the consolidated statement of financial position

	2014 \$'000	2013 \$'000
Segment liabilities	17,651	16,751
Unallocated liabilities		
– Bank facility	10,055	-
– Other	3,645	1,046
Total unallocated liabilities	13,700	1,046
<b>Total liabilities</b>	<b>31,351</b>	<b>17,797</b>

## 27. Subsequent events

There has been no matter or circumstance, which has arisen since 30 June 2014 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2014, of the consolidated entity; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years subsequent to 30 June 2014, of the consolidated entity.

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## DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 32 to 73 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
- (b) As stated in note 1(a), the consolidated financial statements also comply with International *Financial Reporting Standards*; and
- (c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and of its performance for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Hansen Technologies Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

This declaration is made in accordance with a resolution of the Directors.



**David Trude**  
Director



**Andrew Hansen**  
Director

Melbourne  
30 September 2014

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Hansen Technologies Ltd



### Report on the Financial Report

We have audited the accompanying Financial Report of Hansen Technologies Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility 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 note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the Financial Report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### Auditor's Opinion

In our opinion,

- (a) the Financial Report of Hansen Technologies Ltd is 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 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated Financial Report also complies with *International Financial Reporting Standards* as disclosed in note 1.

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 26 of the Directors' report for the year ended 30 June 2014. 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.

### Opinion

In our opinion the Remuneration Report of Hansen Technologies Ltd and controlled entities for the year ended 30 June 2014 complies with Section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'S D Whitchurch'.

**S D Whitchurch**  
Partner

A handwritten signature in black ink, appearing to read 'Pitcher Partners'.

**Pitcher Partners**

Melbourne  
30 September 2014

## ASX ADDITIONAL INFORMATION

### As at 25 September 2014

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in the report is set out below:

### Substantial Shareholders

The number of shares held by substantial shareholders is set out below:

Shareholder	Number of Ordinary Shares	Percentage Held
Othonna Pty Ltd (including associates)	37,989,113	23.38%
HSBC Custody Nominees	21,133,840	13.01%

### Voting Rights

Ordinary shares and options – refer note 16.

### Distribution of Equity Security Holders

Category	Number of Equity Security Holders	
	Ordinary Shares	Options
1 to 1,000	445	0
1,001 to 5,000	1,632	0
5,001 to 10,000	897	0
10,001 to 100,000	1,366	4
100,000 and over	90	11

The number of shareholders holding less than a marketable parcel of ordinary shares is 96.

### Twenty Largest Shareholders

Name/Address	Total Units	Percentage of Issued Capital
Othonna Pty Ltd	37,989,113	23.38
HSBC Custody Nominees	21,133,840	13.01
National Nominees Limited	13,265,057	8.16
Citicorp Nominees Pty Limited	6,992,793	4.3
Rbc Investor Services Australia Nominees Pty Limited	5,420,000	3.34
J P Morgan Nominees Australia Limited	2,835,921	1.75
Bond Street Custodians Limited	1,642,055	1.01
OZCUN Pty Ltd	1,528,992	0.94
Bnp Paribas Noms Pty Ltd	1,331,159	0.82
Mrs Yvonne Irene Hansen	1,187,714	0.73
Rbc Investor Services Australia Nominees Pty Ltd	1,174,000	0.72
Mr Cameron Hunter	801,387	0.49
Mr James Lucas + Ms Lesley Dormer	798,636	0.49
Andrew Alexander Hansen	750,000	0.46
Rangeworthy Pty Ltd	750,000	0.46
Six of us Pty Ltd	600,000	0.37
Equitas Nominees Pty Limited	528,799	0.33
Pacific Custodians Pty Limited	511,468	0.31
Mr Meng Ghee Yeoh	500,000	0.31
FGDG Super Pty Ltd	455,000	0.28
<b>Total</b>	<b>100,195,934</b>	<b>61.66</b>

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# CORPORATE DIRECTORY

## Directors

David Trude, Chairman  
Andrew Hansen, Managing Director and Chief Executive  
Bruce Adams, Non-Executive  
David Osborne, Non-Executive  
Peter Berry, Non-Executive

## Company secretary

Grant Lister

## Principal registered office

2 Frederick Street, Doncaster VIC 3108  
T. (03) 9840 3000  
F. (03) 9840 3099

## Share registry

Link Market Services  
Level 1, 333 Collins Street  
Melbourne VIC 3000  
T. (02) 8280 7761 or 1300 554 474  
F. (02) 9287 0309 – Proxy forms  
F. (02) 9287 0303 – General

## Stock exchange

The Company is listed on the Australian Stock Exchange  
ASX Code: HSN

## Auditors

Pitcher Partners  
Level 19, 15 William Street  
Melbourne VIC 3000

## Solicitors

GrilloHiggins  
Level 20, 31 Queen Street  
Melbourne VIC 3000

## Other information

Hansen Technologies Limited ABN 90 090 996 455, incorporated and domiciled in Australia, is a publicly listed Company limited by shares.

