HANSEN TECHNOLOGIES LIMITED
ABN 90 090 996 455

Annual Report 2005

TAKING TECHNOLOGY FURTHER

HANSEN TECHNOLOGIES

HANSEN TECHNOLOGIES

Annual Report 2005

	PAGE

Notice of Annual General Meeting

The Annual General Meeting of the Company is to be held:

ON Thursday 10 November 2005 at 11.00am

AT 2 Frederick Street, Doncaster, Victoria 3108

A separate Notice of Meeting and Proxy Form are included with this report.

Company Profile

Hansen Technologies is a leading provider of billing systems and IT outsourcing services, with customers around the world. Hansen's HUB billing software is used by companies in the telecommunications, electricity, gas and water industries and is particularly relevant to the needs of energy companies in markets that are being deregulated.

Hansen also provides facilities management and outsourcing services from its purpose-built data centres in Melbourne and Sydney, as well as infrastructure and asset management systems and superannuation administration software.

The company prides itself on long-term relationships with its customers, many of whom have renewed their contracts several times.

We have an experienced management team, supported by dedicated and highly capable business and technical experts who have extensive knowledge of the telecommunications and energy industries. Our IT professionals are skilled in the development and delivery of software systems and management of large-scale, multi-tiered projects.

Founded in 1971, Hansen has offices in Australia, the United Kingdom and the United States and employs more than 300 people.

Kenneth Hansen
Chairman

Chairman's Report

Hansen Technologies made considerable progress in 2004/5 with establishing the company as an international provider of billing services for utility companies, while maintaining our position in the IT outsourcing market.

Our financial performance in the first half was encouraging, but second half margins were affected by the investment necessary to adapt and enhance our HUB billing software to meet the needs of key customers. This limited Hansen's earnings before interest, tax, depreciation and amortisation to $5.3 million for the year, compared with $5.9 million in 2003/4.

During the year we announced our intention to focus our energy division's activities on the Australian, European and Japanese markets, where energy sector deregulation is presenting significant opportunities. This decision resulted in a reassessment of the carrying value of our USA businesses and in accordance with the relevant accounting standards a $3.6 million write-down was booked, contributing substantially to the after-tax loss of $3.4 million for the Group, compared with a profit for the previous year of $0.6 million. An interim dividend of 1.0 cent per share was paid in March, but there was no final dividend.

While the full year's financial results were disappointing, there were a number of positive developments which should position Hansen for growth and improved earnings in coming years.

We maintained our strong position in the deregulating Australian market, with the completion of the HUB implementation for Alinta Western Australia Gas and the more recent delivery of phase one of a new project for Western Power Electricity. Our first Japanese contract was completed in February and has already led to a second contract in Japan. Our largest contract to date, to install a customer information system for a Scottish energy company, is well under way and due to be completed later this year.

Each of these major HUB implementations will provide an earnings stream in the future. They have also broadened our expertise, extended HUB's applications and given us additional products that can be adapted for new customers. Importantly, we now have major reference sites in our target markets, which we expect to open up new opportunities.

To provide working capital for additional major projects, we announced in September 2005 a 2 for 5 Rights Issue to raise up to $9.3 million. Othonna Pty Ltd, a company associated with my son Andrew Hansen and myself, which controls approximately 56 per cent of Hansen's shares, intends to take up its full entitlement which will ensure that the issue raises at least $5.2 million.

As approved by shareholders at the 2004 annual general meeting, the company has rectified an accounting anomaly, reducing issued capital by $54.3 million, with a similar amount offset against accumulated losses. This accounting adjustment had no impact on Hansen's cash position or net worth.

Following his appointment as High Commissioner in London, the Honourable Richard Alston retired from our board on 31 December 2004. I thank him for his interest and contribution while a non-executive director of the company. We intend to appoint an additional non-executive director in the near future.

The past six months have been challenging for our company, and our results for the first half of the current year will continue to reflect the investment required to complete the new strategic HUB contracts. These projects will, however, contribute to earnings in 2006 and, together with other opportunities we are pursuing and the stable earnings from our IT outsourcing and facilities management business, are expected to result in solid performance for the second half.

In summary, our expansion into international markets and the consequent product investment have caused a short-term setback. The board, however, remains confident in the direction of our company.

I would like to thank our team for their considerable efforts over the past year and to our shareholders for their continuing support.

Kenneth Hansen
Chairman

HANSEN TECHNOLOGIES

Managing Director's Report

Over the past three years, we have re-focused Hansen Technologies as a specialist provider of billing systems for the utilities and telecommunications industries and of IT outsourcing services. We have also broadened our earnings base and increased our annuity revenue streams. We no longer rely on any one customer or industry, and no customer provides more than 8 per cent of revenue.

Hansen's major growth opportunities are in the deregulating utility markets. Australia is our home and we have, and will strive to maintain, a significant share of the local market. Billing systems, however, are an international market, and to succeed we need to become a significant competitor for overseas contracts.

Our HUB technology, with its flexible design, enabled us to win three major energy sector contracts – each larger than any we had secured before. One of these was for the design and installation of an electricity network management system for Western Power in Western Australia; another was for a billing system for TEPCO, a Japanese electricity retailer; and the third was for an integrated customer care and billing system for Scottish Power's electricity and gas operations. These projects gave us the opportunity to demonstrate HUB's competitive advantages in our three target markets, where either deregulation and retail contestability are being introduced or utility companies are pursuing operational efficiency.

Adapting HUB so it was compatible with the current technology and local requirements in Japan and the UK took longer and required more investment than we had originally anticipated, reducing our short-term margin from these projects. Looking forward, however, this investment has extended HUB's functionality and given us additional intellectual property, which we capitalised at $4 million during the year. We will also have products which are fully developed for the Japanese and European markets and, with limited customisation, can be replicated for other major energy suppliers.

In addition, we will have strategic and prestigious HUB reference sites; and already the TEPCO installation has led to a contract from another Japanese electricity retailer, HEPCO. The average life of a billing system is more than ten years, leading to long-term relationships

Andrew Hansen
Managing Director & CEO

with our customers and revenue from upgrades and other services, and these new contracts are expected to make a positive contribution to earnings in the second half of the current year.

Following our success in winning these contracts, we decided to focus our energy billing systems business on Australia, Europe and Japan, where markets are deregulating and our extensive Australian experience gives us an advantage. The US energy market does not yet offer similar opportunities, so we have ceased pro-active marketing there and for the time being our US billing systems business will be limited to following up enquiries, product delivery and customer support. In accordance with Australian and International Accounting Standards, this decision required us to write-off the carrying value of our investment in the USA.

HUB is now accepted as a world-class billing solution for the energy, water and telecommunications markets. We are acknowledged as a leader in Australia, where HUB's functional depth, flexibility and operational stability have led to its selection by a range of utilities and telecommunications companies.

Our experience in Australia, where retail contestability in energy markets is well advanced, enabled us to forge a relationship with Toshiba Solutions Corporation to market and support HUB in Japan, where markets are currently being deregulated. The initial contracts with TEPCO and HEPCO position us as a significant competitor for further projects.

Our project for Scottish Power, which serves more than five million homes and businesses in the UK, also provides a showcase for HUB. Further opportunities will now be explored, initially in the UK and Ireland, and subsequently across Europe.

Through restricting our energy sector activities to these markets, we will be able to contain marketing expenditure and focus on earnings growth. We will also continue to market HUB to the telecommunications industry, where there are indications that some companies intend to refresh their technology.

Meanwhile, our outsourcing and facilities management businesses in Victoria and New South Wales, which offer a platform for enhanced HUB services, again provided stable revenue streams and consistent cash flow. All major contracts tendered during the year were renewed.

Since the end of the year, we have also renewed, for five years, our agreement with Vision Super, a leading superannuation fund with more than 100,000 members, to provide facilities management and support services. Under the renewed agreement, Hansen has been granted an exclusive licence to market the CLASSIC superannuation administration system, which we developed with Vision Super. We have secured a five year contract to supply CLASSIC to FuturePlus, a funds management and services company jointly owned by the New South Wales local government and energy industries superannuation schemes. CLASSIC caters for both defined benefit and accumulation fund schemes, and we expect further interest from superannuation managers with multiple benefit schemes.

We have also identified new opportunities for AssetLife, our asset management product which has a strong customer base with water authorities. Local authorities are now using AssetLife to manage infrastructure, such as roads, tunnels and bridges, over their life cycle, and we expect further sales in the future.

I would like to thank our customers for their continuing confidence in Hansen and in our products and services, and also our staff for their contribution during a challenging year.

While our efforts are yet to be reflected in the company's financial results, Hansen is now established in three key markets and has a broader range of more adaptable products and more experienced resources than a year ago, which I am confident will lead to a significantly stronger business and more sustainable earnings.

Andrew Hansen
Managing Director & CEO

From left:
Mr Kenneth Hansen,
Mr Geoff Tomlinson,
Mr Andrew Hansen and
Mr Bruce Adams

Board of Directors

The qualifications, experience and special responsibilities of each person who has been a director of Hansen Technologies Limited at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end.

Mr Kenneth Hansen — Age 72

Chairman
Non-Executive Director

Over thirty years experience in the IT industry. Recognising the need for the safeguarding of computer records, Kenneth founded the business of Hansen in 1971 by establishing a facility in Australia providing offsite storage of computer media and records management.

- Chairman since 2000.

Mr Geoff Tomlinson — Age 58

Deputy Chairman
Non-Executive Director
Chairman of Audit and Remuneration Committees

Geoff had 29 years with the National Mutual Group (now known as AXA Asia Pacific), the last six as Group Managing Director. He resigned from National Mutual in late 1998. Geoff is now a Director of National Australia Bank Ltd, Amcor Ltd and Mirrabooka Investments Ltd. He is also Chairman of Funtastic Ltd and Programmed Maintenance Services Ltd. Geoff resigned as Chairman of Neverfail Springwater Ltd in September 2003 and as Chairman of Reckon Ltd in August 2004.

- Director since 2000.

Mr Andrew Hansen — Age 45

Managing Director & CEO

Andrew has over 25 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 formulating the strategic direction of the Company's growth into an established software solutions provider.

- Managing Director since 2000.

Mr Bruce Adams — Age 45

Non-Executive Director
Member of Audit and Remuneration Committees

Bruce Adams has over 15 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 ten 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.

- Director since 2000.

Hon. Richard Alston — Age 64

Non-Executive Director

Between 2 March 1996 and 7 October 2003 Richard was the Deputy Leader of the Government in the Senate and a senior Cabinet Minister with responsibility for Communications, IT and the Arts. He was on the front bench in Opposition and in Government for 14 years with more than 11 years in the Communications portfolio. He holds five degrees including a Master of Business Administration and a Bachelor of Commerce. Prior to entering Parliament he practised as a barrister with particular emphasis on commercial law.

- Director appointed 29 July 2004
- Director resigned 31 December 2004

Mr Grant Lister — Age 53

CFO & Company Secretary

Grant is a qualified Chartered Accountant with more than 25 years experience in senior financial management roles and 10 years experience in such roles within the IT industry, in Australia, Asia and the USA. As CFO he has responsibility for all of the financial aspects of the Hansen Group's operations throughout the world. Grant joined the Hansen Group in 2002.

- CFO since 2002
- Company Secretary since 2004

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 2005 and independent review report thereon. Hansen Technologies Ltd is a publicly listed company.

Principal activities

The principal activities of the consolidated entity during the course of the financial year were the development, integration and support of billing systems software for the telecommunications and utilities (gas, electricity and water) industries. Other activities undertaken by the consolidated entity include IT outsourcing services and the development of other specific software applications. There were no significant changes in the nature of the activities of the consolidated entity during the financial year.

Results

The consolidated profit after income tax attributable to the members of Hansen Technologies Limited was ($3,436,442) (2004: $651,398).

Review of operations

Hansen Technologies Limited is a specialist provider of proprietary billing systems for the energy utility and telecommunications industries as well as facilities management and IT outsourcing services.

Billing

Hansen is acknowledged as a leader in Australia, where our proprietary HUB billing solution's functional depth, flexibility and operational stability have led to its selection by a range of energy utility and telecommunications companies.

The outlook within the Australian energy markets is strong and we are well positioned to maintain our leadership in this market space.

During the year an investment was made into rolling out HUB to the key international markets of Japan and the United Kingdom. The margin from the initial international projects was less than would normally be targeted but reflects the investment necessary to establish HUB as a core system for these key markets and to secure longer term profitable relationships.

Also during the year we concentrated our energies on the completion and implementation of the latest version of HUB. The increasing size and complexity of the new projects have resulted in a short term impact on profit, but they represented the catalyst for enhancements to our processes and procedures which will deliver a stronger more sustainable base upon which to grow.

Key customer projects during the year included:

- the design and installation of an electricity network management system for Western Power in Western Australia;
- a billing system for TEPCO, a Japanese electricity retailer; and
- an integrated customer care and billing system for Scottish Power's electricity and gas operations.

These projects provided the opportunity to demonstrate HUB's competitive advantages in the target markets, where either deregulation and retail contestability are being introduced or utility companies are pursuing operational efficiency.

Due to increasing opportunities in Asia and Europe, Hansen decided to restrict its pro-active energy industry marketing activities in the USA. We continue to maintain our product delivery and customer support capability in the USA as well as a capacity to respond to market driven opportunities. In accordance with Australian and International Accounting Standards, this decision required the Company to write-off the carrying value of its investment in the USA.

Outsourcing

Hansen provides an extensive range of IT outsourcing and facilities management services from its data centres in Doncaster, Victoria and North Ryde, New South Wales with a back up facility in South Melbourne.

The outsourcing and facilities management businesses in Victoria and New South Wales, which offer a platform for enhanced HUB services again provided stable revenue streams and consistent cash flow. We have been able to grow our annuity revenue streams and further develop the opportunities for providing customers with a full IT service capability.

All major contracts tendered during the year were renewed.

Other business activities

Hansen has expanded its services activities in the superannuation industry with the signing of two significant agreements to provide the CLASSIC superannuation administration software to Vision Super and Future Plus Financial Services. We are optimistic that CLASSIC will become a popular solution for superannuation administrators of accumulation and defined benefit funds.

CLASSIC caters for both defined benefit and accumulation fund schemes, and the Company expects further interest from superannuation managers of multiple schemes.

A number of new opportunities have been identified for AssetLife, our asset management product which has a strong customer base with water authorities. Local authorities are now using AssetLife to manage infrastructure, such as roads, tunnels and bridges, over their life cycle, and we expect further sales in the future.

Outlook

We remain confident in the direction our company is heading. Our focus is unchanged. The results for the second half of this year were not as positive as we would have liked but we have been successful in achieving strong progress in the evolution of our proprietary billing systems and have expanded considerably the solutions we can deliver to energy industry customers. We have made strong inroads into the energy billing markets in Japan and Europe whilst maintaining our leadership position in Australia.

The marketing activities over the past year and the enhancements to the software offering have positioned Hansen to benefit from the growing international trend towards deregulation of the energy markets.

We expect the first half of fiscal 2006 to be a continuation of the consolidation of our business. Major new opportunities are being developed which should deliver a solid performance in the second half.

Significant changes in the state of affairs

Capital reduction

At the annual general meeting of the Company held on 10 November 2004 a resolution was passed to remove confusion in the presentation of the Company's equity within the statements of financial position. This resolution provided for the Company's accumulated losses to be reduced by $54,331,438 with a corresponding off set against the Company's contributed equity. The actions resulting from this resolution did not impose any change on a Shareholder's equity interest in the Company nor was there any cash impact or operating consequence as a result. The Company's net equity and net asset values were unaffected by the change. It was purely an accounting matter which impacted the presentation of the Company's equity within the statements of financial position.

Write-off of investment - Hansen USA business

In a release to the Australian Stock Exchange on 3 June 2005 the Company announced its intention to concentrate its international growth strategies on the

energy markets of Europe and Asia, and as a result, restricting its pro-active marketing activities in the USA. In light of this decision, and in compliance with the requirements of the Australian and International Accounting Standards, the carrying value of Hansen's USA business was reassessed. The parent entity has also assessed the carrying value of the investment in subsidiaries and has written them down. As a result a one-off write-down of $3.6 million has been charged to the Group's consolidated results and an $8.5 million charge has been made in the parent Company entity's accounts against this fiscal years results. This adjustment is an accounting book entry only and has no direct cash-related consequence.

Sale of intellectual property

A non core proprietary software solution for staff rostering was disposed of last year. The balance of the consideration $0.558 million has been recognised as revenue in this year's results.

Surplus lease provision

During the year office lease space deemed surplus to current needs was sub let to third parties. As no substantive benefit is to be derived from these sub let premises a provision has been charged to this year's results of $0.572 million to reflect the short fall in sub lease rental income and the write-off of related furniture and fittings.

Events subsequent to balance date

Rights Issue

The Directors decided at their meeting on 25 August 2005 to raise additional working capital to fund future growth opportunities by proceeding with a Non-renounceable Rights Issue to raise a maximum of $9.3 million. The Rights Issue was initiated on 9 September 2005 and represented a 2 for 5 offer to existing shareholders with an application price of 20 cents per share.

Likely developments

Further information about likely developments in the operations of the consolidated entity and the expected results of the operations in the future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulations

The consolidated entity is not subject to any particular or significant environmental regulation.

Dividend paid, recommended and declared

On the 26 August 2004 the Directors declared, out of the profits to 30 June 2004, a dividend of 1 cent per share fully franked. On 17 February 2005 the Directors declared an interim dividend in respect of the fiscal year ended 30 June 2005 of 1 cent per share partially franked to 0.12 cents (12%) per share. The Directors have determined that no final dividend will be paid in relation to the fiscal year ended 30 June 2005.

Share options

During or since the end of the financial year, the Company granted options over unissued ordinary shares to the following five highest paid executives. No options have been granted to Directors during or since the end of the financial year:

Executives	Granted Number	Grant Date
G Lister	75,000	1-Jul-04
	75,000	1-Jul-05
C Hunter	75,000	1-Jul-04
	75,000	1-Jul-05
M Collins	40,000	1-Jul-04
	–	1-Jul-05
G Brookman	75,000	1-Jul-04
	–	1-Jul-05
G Kentish	–	1-Jul-04
	–	1-Jul-05
Total	415,000	

All grants of options vest after 3 years to the extent that vesting criteria are met. If the vesting critera are not met the options may be forfeited. Options expire two years after vesting.

Shares under option

Unissued ordinary shares of Hansen Technologies Limited 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
Consolidated and Company				
25-Dec-02	25-Dec-02	25-Dec-05	$1.90	50,000
1-Jul-01	1-Jul-04	1-Jul-06	$1.50	650,000
1-Oct-01	1-Jul-04	1-Jul-06	$1.50	145,000
1-Jan-02	1-Jan-05	1-Jan-07	$1.20	15,000
1-Jul-03	1-Jul-06	1-Jul-08	$0.19	660,000
1-Jul-04	1-Jul-07	1-Jul-09	$0.20	455,000
1-Jul-05	1-Jul-08	1-Jul-10	$0.28	530,000
TOTAL				2,505,000

Shares issued on exercise of options

There were no ordinary shares of Hansen Technologies Limited issued during or since the end of the financial year as a result of the exercise of an option.

Indemnification and insurance of Directors, Officers and Auditors

Indemnification

The Company has agreed to indemnify all 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 premiums

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.

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:

	Board meetings		Audit Committee meetings		Remuneration Committee meetings	
Director	A	B	A	B	A	B
Mr Kenneth Hansen	10	10	2	2	1	1
Mr Geoff Tomlinson	10	10	2	2	1	1
Mr Andrew Hansen	10	10	2	2	1	1
Mr Bruce Adams	10	10	2	2	1	1
Hon. Richard Alston	4	5	1	2	1	1

A Number of meetings attended

B Number of meetings held during the time the Director held office during the year

Directors' interests in shares of options

Director's relevant interest in shares of Hansen Technologies Limited or options over shares in the company are detailed below:

	Ordinary Shares of Hansen Technologies Ltd	Options over shares in Hansen Technologies Ltd
K Hansen	67,256,298	–
G Tomlinson	437,312	–
B Adams	150,035	–
A Hansen	9,921,522	150,000

Directors' interests in contracts

Directors' interests in contracts are disclosed in Note 30 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Non-audit services

Non-audit services are approved by resolution of the Audit Committee and approval is provided in writing to the Board of Directors. Non-audit services provided by the auditors of the consolidated entity during the year are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity for:

	CONSOLIDATED	
	2005 $'000	2004 $'000
Auditors of the Company		
Australia		
- Taxation services	41	36
Overseas Firms		
- Taxation services	38	34
	79	70

Remuneration report

Remuneration Policies

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Company. The remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. Executive Directors and senior executives may receive bonuses determined at the discretion of the Board of Director's Remuneration Committee. Options may also be issued under the Employee Share Option Plan. The ability to exercise the options is conditional in part on the Company achieving certain performance hurdles. Non-Executive Directors do not receive any performance related remuneration.

The names and positions of each person who held the position of director at any time during the financial year is provided on page 5 of this report. The five named executives in the consolidated group who received the highest remuneration for the financial year are:

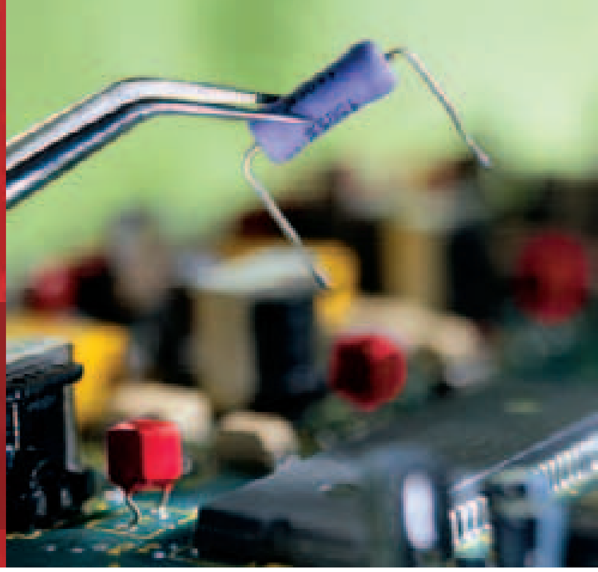
Executives	Position
G Lister	Chief Financial Officer & Company Secretary
G Kentish	General Manager, Hansen Europe
M Collins	General Manager, Sales and Marketing
C Hunter	Chief Operations Officer
G Brookman	Client Services Manager

Directors' and executives' remuneration

	Base emolument 2005 $	Bonuses 2005 $	Non-cash benefits 2005 $	Super contributions 2005 $	Options issued (A) 2005	Remuneration granted as options %	Total 2005 $
Directors							
K Hansen	64,815	–	–	5,833	–	–	70,648
G Tomlinson	46,296	–	–	4,166	–	–	50,462
B Adams	37,037	–	–	3,333	–	–	40,370
Hon. R Alston	15,432	–	–	1,389	–	–	16,821
A Hansen	354,257	82,569	25,000	37,844	–	–	499,670
Executives							
G Lister	201,835	36,697	–	21,468	7,575	3%	267,575
G Kentish	203,244	–	–	–	–	–	203,244
M Collins	160,721	18,349	–	25,712	4,040	2%	208,822
C Hunter	123,759	18,349	20,102	12,790	7,575	4%	182,575
G Brookman	116,461	18,349	25,184	17,496	7,575	4%	185,065

	Base emolument 2004 $	Bonuses 2004 $	Non-cash benefits 2004 $	Super contributions 2004 $	Options issued (A) 2004	Remuneration granted as options %	Total 2004 $
Directors							
K Hansen	64,815	–	–	5,833	–	–	70,648
G Tomlinson	46,296	–	–	4,166	–	–	50,462
B Adams	37,037	–	–	3,333	–	–	40,370
A Hansen	321,101	45,872	25,000	33,027	–	–	425,000
Executives							
G Lister	183,486	–	–	16,514	4,275	2%	204,275
D Meade	154,636	18,349	22,062	11,389	4,275	2%	210,711
J Payne	146,131	14,420	–	14,449	4,275	2%	179,275
C Hunter	111,039	14,335	23,342	11,283	4,275	3%	164,274
G Brookman	98,857	18,349	34,440	22,136	4,275	2%	178,057

In accordance with the remuneration policy described above, options granted as remuneration are subject in part to continuing service with the company. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments.



Value of options granted as remuneration that have been exercised or lapsed during the financial year
Hansen Technologies Ltd year ended 30 June 2005

	Balance 30-Jun-04	Value Granted	Value Exercised	Value Lapsed	Balance 30-Jun-05
Directors					
K Hansen	–	–	–	–	–
G Tomlinson	940	–	–	940	–
B Adams	564	–	–	564	–
A Hansen	120,760	–	–	3,760	117,000
Executives					
G Lister	4,275	7,575	–	–	11,850
G Kentish	–	–	–	–	–
M Collins	–	–	–	–	–
C Hunter	64,279	7,575	–	1,504	70,350
G Brookman	64,279	7,575	–	1,504	70,350
Total	255,097	22,725	–	8,272	269,550

Rounding off

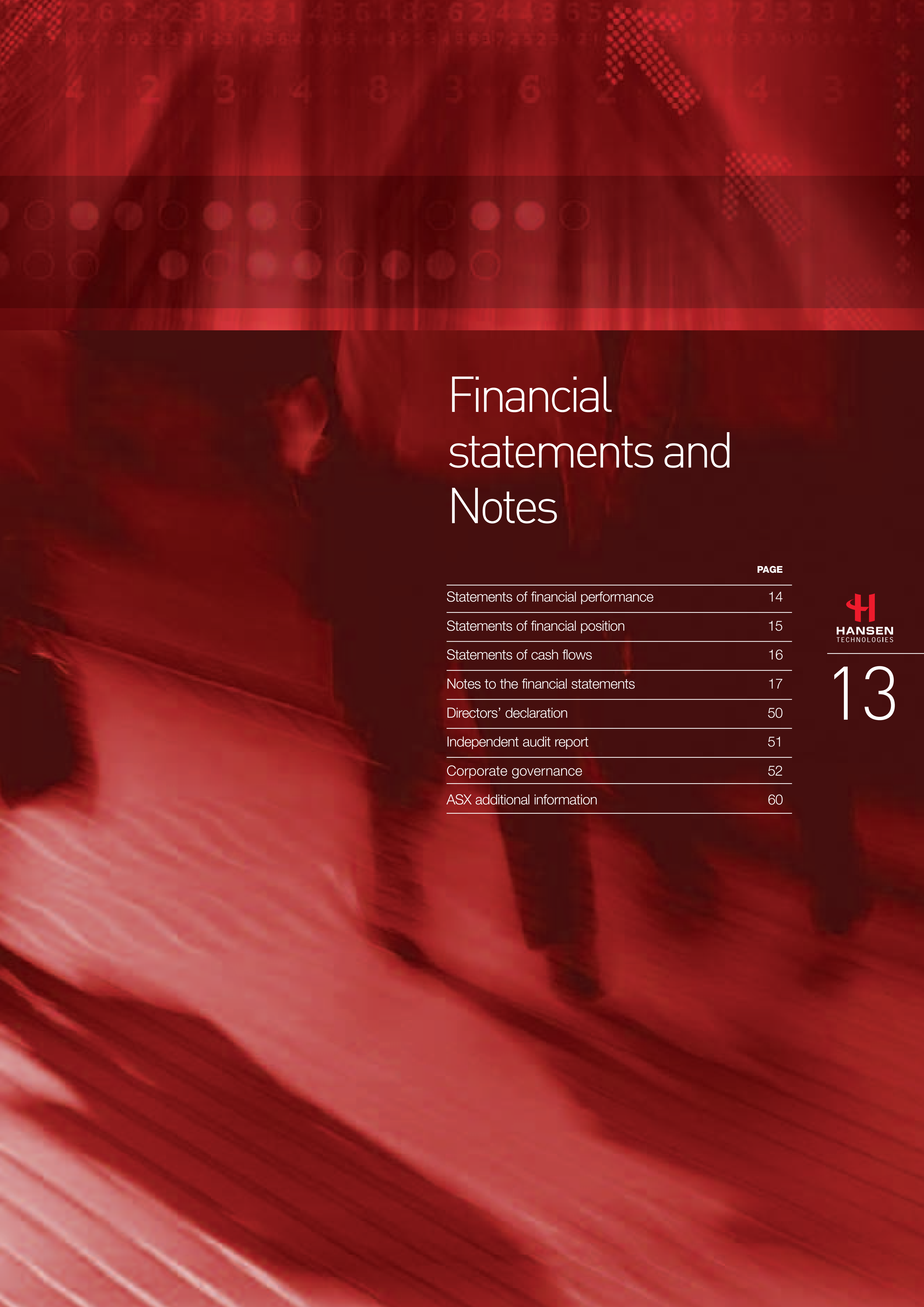
The amounts contained in the report and in the financial report have been rounded to the nearest thousand (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Dated at Melbourne this 30th day of September 2005.

Signed in accordance with a resolution of the Directors:

Kenneth Hansen
Director

Andrew Hansen
Director



Financial statements and Notes

Statements of financial performance

For the year ended 30 June 2005

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Revenue from rendering of services		51,840	50,191	–	–
Other revenues from ordinary activities		1,946	3,006	1,269	5,045
Total revenue	2	53,786	53,197	1,269	5,045
Employee expenses		(30,797)	(27,763)	(671)	(711)
Depreciation and amortisation expenses		(5,968)	(5,741)	(18)	(19)
Write-down in carrying value of non-current assets		(3,640)	(221)	(8,500)	(52)
Borrowing costs		(281)	(169)	(6)	(9)
Operating lease rental expenses		(4,954)	(5,145)	–	–
Contractor and consultant expenses		(1,864)	(1,734)	(6)	(9)
Software licence expenses		(719)	(451)	–	–
Hardware and software expenses		(4,409)	(2,310)	–	–
Transportation expenses		(586)	(745)	(7)	(8)
Travel expenses		(1,183)	(1,289)	–	–
Data communication expenses		(3,099)	(2,967)	–	–
Legal, settlement and liquidation costs		(40)	(971)	17	230
Other expenses from ordinary activities		(897)	(3,524)	(110)	(1,232)
Profit / (loss) from ordinary activities before related income tax expense		(4,652)	166	(8,033)	3,236
Income tax credit relating to ordinary activities	5a	1,216	485	(120)	(1,154)
Net profit / (loss) attributable to members of the parent entity		(3,436)	651	(8,153)	2,082
Net exchange difference relating to self-sustaining foreign operations	19	(2)	(33)	–	–
Total valuation adjustments attributable to members of the entity and recognised directly in equity	21	(3,438)	618	(8,153)	2,082
Basic earnings / (loss) per share	6	($0.030)	$0.006		
Diluted earnings / (loss) per share	6	($0.030)	$0.006		

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 17 to 49.

Statements of financial position

For the year ended 30 June 2005

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Current assets					
Cash assets	8	887	3,623	12	(24)
Receivables	9	5,471	5,275	77	35
Other	11	2,763	1,817	4	3
Total current assets		9,121	10,715	93	15
Non-current assets					
Receivables	9	893	1,179	26,510	27,090
Other financial assets	10	–	–	11,000	19,500
Plant and equipment	12	6,746	6,819	81	98
Intangible assets	13	20,429	23,147	–	–
Deferred tax assets	5d	5,011	3,054	1,442	1,033
Other	11	35	155	–	–
Total non-current assets		33,114	34,354	39,033	47,721
Total assets		42,235	45,069	39,126	47,736
Current liabilities					
Payables	14	4,670	4,943	434	462
Interest-bearing liabilities	15	962	556	20	21
Current tax liabilities	5b	–	51	–	–
Provisions	16	4,247	4,013	350	350
Other	17	3,160	3,438	–	–
Total current liabilities		13,039	13,001	804	833
Non-current liabilities					
Payables	14	–	300	2,749	2,601
Interest-bearing liabilities	15	1,177	893	63	84
Deferred tax liabilities	5c	2,699	1,947	391	310
Provisions	16	621	153	–	–
Total non-current liabilities		4,497	3,293	3,204	2,995
Total liabilities		17,536	16,294	4,008	3,828
Net assets		24,699	28,775	35,118	43,908
Equity					
Contributed equity	18	43,452	96,158	43,452	96,158
Foreign currency translation reserve	19	(480)	(478)	–	–
Retained profits / (accumulated losses)	20	(18,273)	(66,905)	(8,334)	(52,249)
Total equity	21	24,699	28,775	35,118	43,908

The statements of financial position are to be read in conjunction with the the notes to the financial statements set out on pages 17 to 49.

Statements of cash flows

For the year ended 30 June 2005

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Cash provided by operating activities					
Cash receipts in the course of operations		50,889	54,536	1,068	4,970
Cash payments in the course of operations		(46,480)	(51,568)	(650)	(1,336)
Interest received		175	201	1	–
Borrowing costs paid		(502)	(169)	(6)	(9)
Income taxes (paid) / refund		(41)	116	–	–
Net cash provided by / (used in) operating activities	27b	4,041	3,115	413	3,626
Cash flows from investing activities					
Payments for plant and equipment		(2,921)	(1,308)	–	–
Proceeds from sale of plant and equipment		19	85	–	45
Proceeds from sale of intellectual property		558	–	–	–
Payments for controlled entities (net of cash acquired)		(223)	(628)	–	–
Payment for resolution of legal dispute		(300)	(525)	(300)	–
Payments for:					
Capitalised research and development		(3,933)	(2,000)	–	–
Net cash provided by / (used in) investing activities		(6,800)	(4,376)	(300)	45
Cash flows from financing activities					
Proceeds from issue of shares		1,625	72	1,625	72
Funds provided under lease arrangement		–	(676)	–	–
Proceeds from borrowings		1,480	1,334	–	–
Net advances from / (to) controlled entities		–	–	582	(3,707)
Finance and hire purchase lease payments		(819)	(509)	(21)	(64)
Distributions / dividends paid		(2,263)	–	(2,263)	–
Net cash provided by / (used in) financing activities		23	222	(77)	(3,699)
Net increase / (decrease) in cash held		(2,736)	(1,040)	36	(29)
Cash at the beginning of the financial year		3,623	4,663	(24)	5
Cash at the end of the reporting period	27a	887	3,623	12	(24)

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 17 to 49.

Notes to the financial statements

For the year ended 30 June 2005

1 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Hansen Technologies Limited as an individual parent entity and Hansen Technologies Limited and controlled entities as a consolidated entity. Hansen Technologies is a company limited by shares, incorporated and domiciled in Australia.

It has been prepared on an accruals basis and is based on historical costs, and does not take into account changing money values or, except where stated, current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

(b) Principles of consolidation

Controlled entities
The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

Transactions eliminated on consolidation
Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Revenue recognition

Revenues have been measured at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Rendering of services
Revenue for rendering of services is recognised in proportion to the stage of completion of the contract when the stage of contract completion can be reliably measured.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is only recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

A deferred income liability is recognised upon receipt of payment for maintenance and enhancement contracts. Revenue is then recognised and brought to account over the time as it is earned.

Interest revenue
Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets
The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statements of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

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(e) Foreign currency

Transactions
Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statements of financial performance in the financial year in which the exchange rates change, except where amounts payable or receivable in foreign currency form part of a net investment in a self-sustaining foreign operation. In this case, the exchange difference, together with any related income tax expense / revenue, is transferred to the foreign currency translation reserve on consolidation.

Translation of controlled foreign entities
The assets and liabilities of controlled foreign entities that are self-sustaining are translated at the rates of exchange ruling at reporting date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal, or partial disposal, of the operations.

The assets and liabilities of foreign controlled entities that are integrated are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at reporting date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the statements of financial performance.

The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is transferred to retained profits or accumulated losses in the year of disposal.

The accounting policy will be impacted on first-time adoption of AIFRS (refer to Notes 31 and 32).

(f) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

(g) Taxation

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statements of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses when realisation is virtually certain.

The accounting policy will be impacted on first-time adoption of AIFRS (refer to Notes 31 and 32).

The economic entity has undertaken tax consolidation as at 1 July 2002 in respect of the Australian entities.

Tax consolidation
Hansen Technologies Limited and its Australian subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2002. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. All entities in the tax-consolidated group have adopted UIG 52 to account for the effects of the tax funding agreement under the tax consolidation system. This means that:

- the parent 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;
- all expenses and revenues arising under the tax funding agreement are recognised as a component of income tax expense or income tax revenue by each individual entity; and
- all assets and liabilities arising under the tax funding agreement are recognised as tax-related amounts receivable from or payable to other entities in the group, rather than as tax assets or tax liabilities.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations. At balance date, the possibility of default is remote. The parent entity of the tax-consolidated group is Hansen Technologies Limited.

(h) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares.

(i) Acquisition of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Acquired in-process research and development is only recognised as a separate asset when future benefits are expected beyond any reasonable doubt to be recoverable.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of the fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received or otherwise expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the consolidated entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions. The unwinding of the discount is treated as interest expense.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, that are probable and can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Research and development costs
Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred.

Subsequent additional costs
Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years, otherwise, expensed as incurred.

(j) Receivables

The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(k) Investments

Controlled entities
Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Refer to Note 1(n).

(l) Leased assets

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases
Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating leases
Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(m) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired.

The accounting policy will be impacted on first-time adoption of AIFRS (refer to Notes 31 and 32).

(n) Recoverable amount of non-current assets valued on cost basis

The carrying amount of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current plant and equipment exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, the recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current intangible assets, the relevant cash flows have been discounted to determine the fair carrying value and adjusted if necessary.

The accounting policy will be impacted on first-time adoption of AIFRS (refer to Notes 31 and 32).

(o) Depreciation and amortisation

Useful lives
All assets, including intangibles, have limited useful lives and are depreciated / amortised using the straight line (SL) and diminishing value (DV) methods over their estimated useful lives, taking into account estimated residual values, with the exception of finance lease assets which are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that it is included in the carrying amount of another asset as an allocation of production overheads.

The depreciation / amortisation rates or useful lives used for each class of asset are as follows:

	Method	2005	2004
Plant and equipment			
Plant and equipment	SL / DV	9% to 40%	9% to 40%
Leased plant and equipment	SL / DV	9% to 40%	9% to 40%
Intangibles			
Goodwill	SL	20 years	20 years
Other non-current assets			
Research and development costs	SL	5 years	5 years
Intellectual property	SL	3 years	3 years

(p) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

(q) Interest bearing liabilities

Lease and hire purchase liabilities are recognised at their principal amount.

(r) Employee benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

Long service leave

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

Employee Share and Option Plans

An Employee Share Plan is available, which at the discretion of the Directors allows for employees to acquire ordinary shares in The Company from time to time.

An Employee Share Option Plan exists through which the Board may issue options to employees of The Company and its subsidiaries.

Details of the Plans are disclosed in Note 28 of the financial statements.

The accounting policy will be impacted on first-time adoption of AIFRS (refer to Notes 31 and 32).

(s) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, being risk free rates on government bonds most closely matching the expected future payments, except where noted below.

In the statements of financial performance, the expense recognised in respect of a provision is presented net of the recovery. In the statements of financial position, the provision is recognised net of the recovery receivable only when the entity:

- has a legally recognised right to set-off the recovery receivable and the provision; and
- intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

Surplus leased premises

Provision is made for non-cancellable operating lease rentals payable on surplus leased premises when it is determined that no substantive future benefit will be obtained from its occupancy and the sub-lease rental income derived is less than the lease cost.

The estimate is calculated based on discounted net future cash flows, using the interest rate implicit in the lease or an estimate thereof.

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
2 Revenue from ordinary activities					
Rendering of services revenue from operating activities		51,840	50,191	–	–
Other revenues:					
From operating activities					
Management fees		–	–	810	930
Net foreign exchange gains / (losses)		(316)	48	–	–
Interest – other parties		175	201	1	–
Other income		1,510	2,339	–	–
Sale of intellectual property		558	333	–	–
Distribution received from controlled entities		–	–	458	4,070
From outside operating activities					
Gross proceeds from sale of non-current assets		19	85	–	45
Total other revenues		1,946	3,006	1,269	5,045
Total revenue from ordinary activities		53,786	53,197	1,269	5,045

3 Profit / (loss) from ordinary activities before income tax expense

(a) Individually significant expenses / (revenues) included in profit / (loss) from ordinary activities before income tax expense:

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Write-off of goodwill	13	3,603	–	–	–
Sale of intellectual property		(558)	(333)	–	–
Legal / settlement costs		–	895	–	–
Provision for surplus lease space	16	572	–	–	–
Write-down of investment	10	–	–	8,500	–
Provision for loan to controlled entity		–	–	–	1,128
		3,617	562	8,500	1,128

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
(b) Profit / (loss) from ordinary activities before income tax expense has been arrived at after charging / (crediting) the following items:					
Depreciation of:					
- Plant and equipment	12	2,654	2,601	18	19
		2,654	2,601	18	19
Amortisation of:					
- Goodwill	13	1,059	1,118	–	–
- Software research and development	13	1,951	1,930	–	–
- Finance leased plant and equipment	12	304	92	–	–
		3,314	3,141	–	–
Total depreciation and amortisation		5,968	5,741	18	19
Borrowing costs:					
Other parties					
- Finance charges on capitalised leases		271	143	6	9
- Bank overdraft		10	–	–	–
- Interest on deferred consideration		–	26	–	–
		281	169	6	9
Net bad and doubtful debts expense including movements in provision for doubtful debts		(154)	(115)	–	1,128
Net expense from movement in provision for employee entitlements		593	(14)	14	34
Net (gain) / loss on disposal of non-current assets:					
- Plant & equipment		18	36	–	7
Operating lease rental expense:					
- Minimum lease payments		4,954	5,145	–	–

4 Auditors' remuneration

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Audit services:					
Auditors of the Company					
Australia					
- Audit and review of financial reports		121	115	4	4
Overseas Firms					
- Audit and review of financial reports		113	82	–	–
		234	197	4	4
Other services:					
Auditors of the Company					
Australia					
- Taxation services		41	36	15	15
Overseas Firms					
- Taxation services		38	34	–	–
		79	70	15	15

5 Taxation

(a) Income tax expense / (benefit)

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Prima facie income tax expense / (benefit) calculated at 30% (2004: 30%) on the profit from ordinary activities	(1,396)	50	(2,410)	971
Increases in income tax expense due to:				
- Amortisation of goodwill	315	315	–	–
- Non deductible write-off of goodwill on consolidation	1,081	–	–	–
- Non deductible write-down of investment	–	–	2,551	–
- Current year losses not brought to account	151	–	–	–
- Prior period timing difference brought to account	–	–	–	282
- Non deductible expenditure	64	392	–	347
Decrease in income tax expense due to:				
- Research and development allowances	(660)	(180)	–	–
- Dividend rebate	–	–	–	(419)
- Prior year under / (over) provision	(9)	–	–	–
- Prior period R&D allowances not previously brought to account	(321)	–	(21)	–
- Non assessable income	(81)	(29)	–	(27)
Income tax expense / (benefit) on the profit / (loss) from ordinary activities before individually significant income tax items	(856)	548	120	1,154
Individually significant income tax items:				
- Tax losses and timing differences of controlled entities recognised as a future income tax benefit (net)	(360)	(1,211)	–	–
- Tax losses and timing differences of controlled entities no longer carried forward as a future income tax benefit	–	294	–	–
	(1,216)	(369)	120	1,154
Income tax over provided in prior year	–	(116)	–	–
Income tax expense / (benefit) attributable to profit / (loss) from ordinary activities	(1,216)	(485)	120	1,154
Income tax expense / (benefit) attributable to profit / (loss) from ordinary activities is made up of:				
- Current income tax provision	–	50	–	-
- Deferred income tax provision	752	(1,329)	370	135
- Future income tax benefit	(1,957)	910	(480)	310
- Transfer of losses within tax-consolidated group	–	–	230	–
- Prior period timing difference brought to account	–	–	–	709
- Under / (over) provision in prior year	(11)	(116)	–	–
	(1,216)	(485)	120	1,154

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
(b) Current tax liabilities				
Provision for current income tax				
Movements during the year:				
- Balance at beginning of year	51	–	–	–
- Income tax (paid) / refund	(42)	116	–	–
- Current year income tax expense on taxable profit from ordinary activities	–	51	–	709
- Under / (over) provision in prior year	(9)	(116)	(230)	–
- Transfer of losses within tax-consolidated group	–	–	230	(709)
	–	51	–	–
(c) Deferred tax liabilities				
Provision for deferred income tax				
Provision for deferred income tax comprises the estimated expense on the following items at the applicable rates for the entities within the consolidated entity, that range between 30% to 43% (2004: 30% to 43%):				
Timing differences	2,699	1,947	391	310
(d) Deferred tax assets				
Future income tax benefit				
Future income tax benefit comprises the estimated future benefit that is expected to be realised on the following items at the applicable rates for the entities within the consolidated entity, that range between 30% to 43% (2004: 30% to 43%):				
Timing differences	2,861	2,077	1,442	1,033
Tax losses carried forward	2,150	977	–	–
	5,011	3,054	1,442	1,033
Future income tax benefit not taken to account				
The potential future income tax benefit from tax losses and timing differences, at the applicable rates for the entities within the consolidated entity, that range between 30% to 43% (2004: 30% to 43%), has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt:				
Tax losses carried forward	1,940	1,759	–	–
Timing differences	–	–	–	–
	1,940	1,759	–	–

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6 Earnings per share

Earnings reconciliation

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000
Basic earnings / (loss) - ordinary shares	(3,437)	651
Adjustments	3	2
Diluted earnings / (loss) - ordinary shares	(3,434)	653

	2005 NUMBER	2004 NUMBER
Weighted average number of shares used as the denominator		
Number for basic earnings per share - ordinary shares	114,204,086	111,703,324
Number for diluted earnings per share - ordinary shares	115,494,086	112,363,324
Basic earnings / (loss) per share	($0.030)	$0.006
Diluted earnings / (loss) per share	($0.030)	$0.006

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

The following employee share options have not been included in the calculation of diluted EPS as they are not dilutive:

ISSUE DATE	NUMBER OF OPTIONS
25 Dec 2000	50,000
1 July 2001	650,000
1 October 2001	145,000
1 Jan 2002	15,000
Total options not considered dilutive	860,000

Full details of these options are set out in Note 28.

7 Segment Reporting

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. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that 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, call centre services, telehousing and business continuity support.
Other:	Represents software and service provision in the areas of call centre productivity, superannuation administration and asset management.

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:

Australia:	Sales and services in all Australian states and territories
USA:	Sales and services throughout the USA
Europe:	Sales and services throughout Europe
Other:	Sales and services throughout Asia and New Zealand

Notes to the financial statements

For the year ended 30 June 2005

Primary reporting - business segments	BILLING		IT OUTSOURCING		OTHER		CONSOLIDATED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Revenue								
External segment revenue	25,330	24,427	22,988	22,432	4,080	3,332	52,398	50,191
Other unallocated revenue							1,388	3,005
Total revenue							53,786	53,197
Result								
Segment result	(1,138)	2,604	1,938	2,708	1,322	2,331	2,122	7,643
Unallocated corporate expenses							(6,774)	(7,477)
Profit / (loss) from ordinary activities before income tax							(4,652)	166
Income tax (expense) / benefit							1,216	485
Net profit / (loss)							(3,436)	651
Depreciation and amortisation	(2,834)	(2,914)	(1,876)	(1,605)	(58)	(22)	(4,768)	(4,541)
Depreciation and amortisation - unallocated							(1,199)	(1,200)
							(5,967)	(5,741)
Segment result is inclusive of some individually significant items								
Individually significant segment items								
Write-off of goodwill	(3,603)	–	–	–	–	–	(3,604)	–
Legal / settlement costs	–	(895)	–	–	–	–	–	(895)
Provision for surplus lease space	–	–	(572)	–	–	–	(572)	–
Sale of intellectual property / other unallocated revenue	–	–	–	–	–	–	558	333
Assets								
Segment assets	19,458	20,784	8,274	9,549	1,064	974	28,796	31,307
Unallocated corporate assets							13,439	13,762
Consolidated total assets							42,235	45,069
Liabilities								
Segment liabilities	8,262	7,086	7,134	6,996	882	685	16,278	14,767
Unallocated corporate liabilities							1,258	1,527
Consolidated total liabilities							17,536	16,294
Acquisition of non-current assets	1,553	1,003	1,325	260	43	44	2,921	1,308

Secondary reporting - geographical segments	AUSTRALIA		USA		EUROPE		OTHER		CONSOLIDATED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
External segment revenue by location of customers	47,903	39,173	820	3,125	3,592	4,454	83	3,439	52,398	50,190
Segment assets by location of assets	38,403	23,867	716	4,663	3,030	2,719	86	59	42,235	31,308
Acquisition of non-current assets	2,815	1,270	15	11	91	27	–	–	2,921	1,308

8 Cash assets

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Cash at bank and on hand	879	3,249	12	(24)
Bank short term deposits	8	374	–	–
	887	3,623	12	(24)

9 Receivables

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Current				
Trade debtors	4,087	4,293	–	–
Less: Provision for doubtful debts	(24)	(60)	–	–
	4,063	4,233	–	–
Sundry debtors	1,408	1,042	77	35
	5,471	5,275	77	35
Non-current				
Term debtor	893	1,179	–	–
Loans to controlled entities	–	–	26,510	27,090
	893	1,179	26,510	27,090

The weighted average effective interest rate on the term debtor is 8.25% (2004: 8.25%) at 30 June 2005.

10 Other financial assets

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Non-current				
Investment in controlled entity	–	–	19,500	19,500
Less: Write-down in investment	–	–	(8,500)	–
	–	–	11,000	19,500

In a release to the Australian Stock Exchange on 3 June 2005 the Company announced its intention to concentrate its international growth strategies on the energy markets of Europe and Asia and as a result restricting its pro-active marketing activities in the USA. In light of this decision and in compliance with the requirements of the Australian and International Accounting Standards the carrying value of Hansen's investment in controlled entities was reassessed. As a result a one-off write-down of this investment totalling $8.5 million has been charged against the parent entity's fiscal years results. This adjustment is an accounting book entry only and has no cash related consequence.

11 Other assets

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Current				
Prepayments	1,110	1,204	4	3
Accrued revenue	1,653	613	–	–
	2,763	1,817	4	3
Non-current				
Accrued revenue	35	155	–	–
	35	155	–	–

HANSEN TECHNOLOGIES

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
12 Plant and equipment				
Plant and equipment, at cost	20,766	27,027	117	117
Accumulated depreciation	(15,088)	(20,246)	(36)	(19)
	5,678	6,781	81	98
Finance leased plant and equipment, at cost	3,762	297	–	–
Accumulated amortisation	(2,694)	(259)	–	–
	1,068	38	–	–
Total plant and equipment at net book value	6,746	6,819	81	98
Reconciliations				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
Plant and equipment				
Carrying amount at beginning of year	6,781	8,213	99	165
Additions	1,609	1,308	–	–
Disposals	(37)	(120)	–	(48)
Depreciation	(2,654)	(2,601)	(18)	(19)
Foreign exchange adjustment	(21)	(19)	–	–
Carrying amount at end of year	5,678	6,781	81	98
Finance leased plant and equipment				
Carrying amount at beginning of year	38	130	–	–
Additions	1,334	–	–	–
Disposals	–	–	–	–
Amortisation	(304)	(92)	–	–
Carrying amount at end of year	1,068	38	–	–
13 Intangible assets				
Goodwill, at cost	18,479	23,005	–	–
Accumulated amortisation	(5,743)	(5,569)	–	–
	12,736	17,436	–	–
Software research and development, at cost	15,900	11,967	–	–
Accumulated amortisation	(8,207)	(6,256)	–	–
	7,693	5,711	–	–
Total intangible assets	20,429	23,147	–	–

In a release to the Australian Stock Exchange on 3 June 2005 the Company announced its intention to concentrate its international growth strategies on the energy markets of Europe and Asia and as a result restricting its pro-active marketing activities in the USA. In light of this decision and in compliance with the requirements of the Australian and International Accounting Standards the carrying value of goodwill on consolidation for Hansen's USA business was reassessed. As a result a one-off write-down of the written down value of the USA goodwill on consolidation of $3.6 million has been charged against this fiscal year's results. This adjustment is an accounting book entry only and has no cash related consequence.

	CONSOLIDATED		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Reconciliation of goodwill at cost				
Goodwill at cost at beginning of year	23,005	23,317	–	–
Increase / (decrease) due to acquisition adjustments relating to previously acquired entities	–	(312)	–	–
Current year write-down	(4,488)	–	–	–
Foreign exchange adjustment	(38)	–	–	–
Goodwill at cost at end of year	18,479	23,005	–	–
Accumulated amortisation at beginning of year	(5,569)	(4,450)	–	–
Current year charge	(1,059)	(1,118)	–	–
Current year write-down	885	–	–	–
Accumulated amortisation at end of year	(5,743)	(5,569)	–	–
Reconciliation of software research and development at cost				
Software research and development at cost at beginning of year	11,967	9,967	–	–
Expenditure capitalised in current period	3,933	2,000	–	–
Current year write-down	–	–	–	–
Accumulated amortisation prior to the software research and development write-down netted-off	–	–	–	–
Software research and development at cost at end of year	15,900	11,967	–	–
Accumulated amortisation at beginning of year	(6,256)	(4,326)	–	–
Current year charge	(1,951)	(1,930)	–	–
Accumulated amortisation prior to the software research and development write-down netted-off	–	–	–	–
	(8,207)	(6,256)	–	–

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
14 Payables					
Current					
Trade creditors		2,187	1,746	6	5
Other creditors and accruals		2,483	3,178	428	457
Other related parties		–	19	–	–
		4,670	4,943	434	462
Non-current					
Other creditors and accruals		–	300	–	300
Loans - controlled entities		–	–	2,749	2,301
		–	300	2,749	2,601
15 Interest bearing liabilities					
Current					
Hire purchase liability	25	363	299	20	21
Finance lease liability	25	599	257	–	–
		962	556	20	21
Non-current					
Hire purchase liability	25	395	500	63	84
Finance lease liability	25	782	393	–	–
		1,177	893	63	84
16 Provisions					
Current					
Employee benefits		3,910	3,446	204	190
Deferred consideration		–	223	–	–
Other		337	344	146	160
		4,247	4,013	350	350
Non-current					
Employee benefits		282	153	–	–
Other		339	–	–	–
		621	153	–	–

	CONSOLIDATED		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Reconciliations				
Reconciliations of the carrying amounts of each class of provision, except for the employee benefits provision, are set out below:				
Deferred consideration - current				
Carrying amount at beginning of year	223	669	–	–
Provisions made during the year	–	(123)	–	–
Payments made during the year	(223)	(628)	–	–
Transfer from non-current deferred consideration	–	301	–	–
Foreign exchange adjustment	–	4	–	–
Carrying amount at end of year	–	223	–	–
Provision for restructuring				
Carrying amount at beginning of year	–	363	–	–
Provisions made during the year	–	–	–	–
Payments made during the year	–	(363)	–	–
Carrying amount at end of year	–	–	–	–
Deferred consideration - non-current				
Carrying amount at beginning of year	–	301	–	–
Provisions made during the year	–	–	–	–
Payments made during the year	–	–	–	–
Transfer to current deferred consideration	–	(301)	–	–
Carrying amount at end of year	–	–	–	–
Provisions Other - current				
Carrying amount at beginning of year	344	660	–	–
Provisions made during the year				
- liquidation & surplus leased premises	233	–	–	–
Adjustments made during the year	(159)	–	–	–
Payments made during the year	(81)	(316)	–	–
Carrying amount at end of year	337	344	–	–
Provisions Other - non-current				
Carrying amount at beginning of year	–	–	–	–
Provisions made during the year				
- surplus leased premises	339	–	–	–
Adjustments made during the year	–	–	–	–
Payments made during the year	–	–	–	–
Carrying amount at end of year	339	–	–	–

17 Other liabilities

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Current				
Deferred income	3,160	3,438	–	–
	3,160	3,438	–	–

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
18 Contributed equity					
Share capital					
116,426,968 (2004: 112,014,565) ordinary shares, fully paid		43,452	96,158	43,452	96,158
Movements during the year					
Balance at beginning of year		96,158	95,752	96,158	95,752
Nil (2004: 212,314 shares issued to settle liability arising from purchase of intellectual property)		–	333	–	333
2,264,426 shares issued under Dividend Reinvestment Plan (2004: Nil)		736	–	736	–
1,579,563 shares issued under Dividend Reinvestment Plan (2004: Nil)		742	–	742	–
568,414 shares issued under Employee Share Plan (2004: 350,960 shares issued under Employee Share Plan)		154	73	154	73
Capital Reduction *		(54,331)	–	(54,331)	–
Transaction costs on issue of shares		(7)	(2)	(7)	(2)
Balance at end of year		43,452	96,158	43,452	96,158

* In accordance with a resolution of shareholders the Company's contributed equity (issued and paid up share capital) was reduced by $54,331 million with a corresponding amount off set against the Company's accumulated losses.

19 Reserves

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Foreign currency translation		(480)	(478)	–	–
Movement in foreign currency translation reserve during the year					
Balance at beginning of year		(478)	(444)	–	–
Net translation adjustment		(2)	(33)	–	–
Balance at end of year		(480)	(478)	–	–

Nature and purpose of reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations. Refer to accounting policy Note 1(e).

20 Retained profits / (accumulated losses)

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Retained profits / (accumulated losses) at beginning of year		(66,905)	(67,556)	(52,249)	(54,331)
Capital reduction	18	54,331	–	54,331	–
Dividends paid		(2,263)	–	(2,263)	–
Net profit / (loss) attributable to members of the parent entity		(3,436)	651	(8,153)	2,082
Accumulated losses at end of year		(18,273)	(66,905)	(8,334)	(52,249)

21 Total equity reconciliation

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
Total equity at beginning of year	28,775	27,752	43,908	41,421
Total changes in parent entity interest in equity recognised in statements of financial performance	(3,439)	618	(8,153)	2,082
Transaction with owners as owners:				
Contribution of equity	1,625	405	1,625	405
Dividends paid	(2,263)	–	(2,263)	–
Total equity at end of year	24,699	28,775	35,118	43,908

22 Financing arrangements

	Consolidated 2005 $'000	Consolidated 2004 $'000	The Company 2005 $'000	The Company 2004 $'000
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Bank overdraft	3,000	3,000	–	–
Lease / hire purchase facility	2,139	1,449	84	105
Payroll facility	1,450	1,250	–	–
Creditor facility	1,000	1,000	–	–
	7,589	6,699	84	105
Facilities utilised at balance date:				
Bank overdraft	–	–	–	–
Lease / hire purchase facility	2,139	1,449	84	105
Payroll facility	–	–	–	–
Creditor facility	–	–	–	–
	2,139	1,449	84	105
Facilities not utilised at balance date:				
Bank overdraft	3,000	3,000	–	–
Lease / hire purchase facility	–	–	–	–
Payroll facility	1,450	1,250	–	–
Creditor facility	1,000	1,000	–	–
	5,450	5,250	–	–

The 2005 facilities are secured in full by Mortgage Debentures and Debt and Interest Guarantees over the assets and undertakings of Hansen Corporation Pty Ltd in its own right and in its capacity as trustee for the Kenneth A Hansen Unit Trust, the assets and undertakings of Hansen Professional Services Pty Ltd, Hansen Technologies Limited and Director related entities in favour of Westpac Banking Corporation.

23 Dividends

2005

On the 26 August 2004 the Directors declared, out of the profits to 30 June 2004, a final dividend of 1 cent per share fully franked, payable on 23 September 2004 to shareholders on the register at 9 September 2004. Also on 17 February 2005 the Directors declared an interim dividend of 1 cent per share partially franked to 0.12 cents (12%) per share.

2004

No dividends were paid or declared in the 2003/04 year.

	THE COMPANY	
	2005 $'000	2004 $'000
Dividend franking account 30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Limited for subsequent financial years	–	542

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.

The Directors have determined that no final dividend will be paid in relation to the fiscal year ended 30 June 2005.

24 Additional financial instruments disclosure

(a) Interest rate risk

Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	NOTE	WEIGHTED AVERAGE INTEREST RATE	FLOATING INTEREST RATE $'000	FIXED INTEREST MATURING IN: 1 YEAR OR LESS $'000	1 TO 5 YEARS $'000	MORE THAN 5 YEARS $'000	NON-INTEREST BEARING $'000	TOTAL $'000
2005								
Financial assets								
Cash	8	4.30%	887	–	–	–	–	887
Receivables	9	8.25%	–	505	893	–	4,063	5,461
Other	11		–	–	–	–	1,688	1,688
			887	505	893	–	5,751	8,036
Financial liabilities								
Payables	14		–	–	–	–	4,670	4,670
Lease liabilities	15	8.80%	–	962	1,177	–	–	2,139
Employee entitlements	28		–	–	–	–	4,192	4,192
Deferred consideration	16	8%	–	–	–	–	–	–
Other	16		–	–	–	–	337	337
			–	962	1,177	–	9,199	11,338
2004								
Financial assets								
Cash	8	4.20%	3,623	–	–	–	–	3,623
Receivables	9	8.25%	–	495	1,179	–	4,780	6,454
Other	11		–	–	–	–	768	768
			3,623	495	1,179	–	5,549	10,845
Financial liabilities								
Payables	14		–	–	–	–	5,243	5,243
Lease liabilities	15	8.80%	–	556	893	–	–	1,449
Employee entitlements	28		–	–	–	–	3,599	3,599
Deferred consideration	16	8%	–	223	–	–	–	223
Other	16		–	–	–	–	344	344
			–	779	893	–	9,186	10,858

(b) Credit risk exposures

The credit risk on financial assets, excluding investments, of the consolidated entity that have been recognised on the statements of financial position, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties and by performing extensive due diligence procedures on major new customers.

Concentrations of credit risk on trade and term debtors are: Utilities 35% (2004: 55%), Finance Sector 28% (2004: 24%), Telecommunications 20% (2004: 13%) and Other 17% (2004: 8%). The consolidated entity has one individually significant trade debtor, TXU Networks, which owed 7% (2004: 20% Alinta Ltd) of the consolidated entity's trade debtors.

(c) Net fair values of financial assets and liabilities

Net fair values at balance date of each class of financial asset and liability do not materially differ from the carrying amounts disclosed in the statements of financial position.

25 Commitments

	CONSOLIDATED		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Non-cancellable operating lease expense commitments				
Future operating lease commitments not provided for in the financial statements and payable:				
Within one year	2,218	2,208	–	–
One year or later and no later than five years	6,827	5,069	–	–
Later than five years	–	–	–	–
	9,045	7,277	–	–
Hire purchase commitments				
Hire purchase payments are payable:				
Within one year	406	347	25	27
One year or later and no later than five years	413	530	63	88
	819	877	88	115
Less: Future finance charges	(61)	(78)	(4)	(10)
	758	799	84	105
Hire purchase liabilities provided for in the financial statements:				
Current	363	299	20	21
Non-current	395	500	63	84
Total lease liabilities	758	799	83	105
Finance lease commitments				
Finance lease payments are payable:				
Within one year	708	237	–	–
One year or later and no later than five years	861	466	–	–
	1,569	703	–	–
Less: Future finance charges	(188)	(53)	–	–
	1,381	650	–	–
Lease liabilities provided for in the financial statements:				
Current	599	257	–	–
Non-current	782	393	–	–
Total lease liabilities	1,381	650	–	–

Non-cancellable operating lease expense commitments
The consolidated entity leases property under non-cancellable operating leases expiring from one to seven 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.

Hire purchase commitments
The consolidated entity leases motor vehicles and plant and equipment under hire purchase leases expiring from one to four years. At the end of the lease term, the consolidated entity is deemed to have purchased the assets.

Finance lease commitments
The consolidated entity leases plant and equipment under finance leases expiring from one to three years. At the end of the lease term, the consolidated entity has the option to return the assets to the lessor or to renew the lease agreements.

26 Controlled entities

(a) Particulars in relation to controlled entities

NAME	NOTE	COUNTRY OF INCORPORATION	ORDINARY SHARE CONSOLIDATED ENTITY INTEREST 2005 %	2004 %
Parent entity				
Hansen Technologies Limited		Australia		
Controlled entities				
Hansen Corporation Pty Ltd as trustee for Kenneth A Hansen Unit Trust		Australia	100	100
Hansen Research & Development Pty Ltd		Australia	100	100
Hansen Corporation Investments Pty Ltd		Australia	100	100
Radius Computing Pty Ltd		Australia	100	100
Hansen Professional Services Pty Ltd		Australia	100	100
Hansen Corporation Asia Limited		Hong Kong	100	100
Hansen Corporation Europe Limited		United Kingdom	100	100
Hansen Corporation Limited		New Zealand	100	100
Hansen Corporation USA, Limited		United States of America	100	100
Hansen Holdings (Asia) Pty Ltd		Australia	100	100
Hansen North America, Inc.		United States of America	100	100
Hansen Marotz BV	(ii)	Netherlands	100	100
Hansen IBP Ltd	(i)	Hong Kong	100	100
Hansen SVi Ltd	(i)	Hong Kong	100	100
Hansen Technologies (Malaysia) Sdn. Bhd.	(i)	Malaysia	100	100
Hansen Datatrue Ltd	(ii)	United Kingdom	100	100

Notes:

(i) These entities were placed into liquidation on 29 August 2002.

(ii) These entities are in the process of being deregistered.

(b) Acquisition of controlled entities

There were no acquisitions during 2005 (2004: nil).

(c) Disposal of controlled entities

There were no entities disposed of during the year (2004: nil).

27 Notes to the statements of cash flows

(a) Reconciliation of cash

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:				
Cash assets	887	3,623	12	(24)

(b) Reconciliation of profit / (loss) from ordinary activities after income tax to net cash provided by operating activities

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Profit / (loss) from ordinary activities after income tax	(3,436)	651	(8,153)	2,082
Add / (less) items classified as investing / financing activities:				
(Profit) / loss on sale of non-current assets	18	36	–	7
Payment for resolution of legal dispute	300	525	300	–
Proceeds from sale of intellectual property	(558)	–	–	–
Add / (less) non cash items:				
Amortisation and depreciation	5,968	5,741	18	19
Transfer of tax losses within tax consolidation group	–	–	449	709
Write-down of non-current assets	3,603	–	8,500	–
Net cash provided by operating activities before change in assets and liabilities	5,895	6,953	1,114	2,817
Changes in assets and liabilities adjusted for effects of purchases and disposal of controlled entities during the year:				
(Increase) / decrease in trade debtors	458	165	–	–
(Increase) / decrease in sundry debtors and other assets	(1,191)	828	(43)	30
Increase / (decrease) in trade creditors	424	(251)	–	(95)
Increase / (decrease) in other creditors and accruals	(973)	(924)	(329)	893
Increase / (decrease) in deferred income	(279)	(3,152)	–	–
Increase / (decrease) in provisions	925	(136)	(1)	(465)
(Increase) / decrease in future income tax benefits	(1,958)	(1,329)	(409)	135
Increase / (decrease) in income taxes payable	(10)	51	–	–
Increase / (decrease) in deferred taxes payable	752	910	81	310
Net cash (used in) / provided by operating activities	4,041	3,115	413	3,626

28 Employee benefits

	CONSOLIDATED		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Provision for employee entitlements				
Aggregate liability for employee entitlements, including on-costs:				
Current	3,910	3,446	204	190
Non-current	282	153	–	–
	4,192	3,599	204	190
The present value of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:				
Assumed rate of increase in wage and salary rates	3%	3%	3%	3%
Discount rate	5.2%	5.6%	5.2%	5.6%
Settlement term (years)	10 years	10 years	10 years	10 years
Number of employees				
Number of employees at year end	315	309	1	1

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.

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 and 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 upon 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. There are no voting rights or dividend rights attached to the options prior to the options being exercised.

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.

28 Employee benefits

Employee Share Option Plan *cont.*

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 number of options and their exercise price will be adjusted in accordance with the Listing Rules.

GRANT DATE	EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE $	NUMBER OF OPTIONS AT BEGINNING OF YEAR	OPTIONS GRANTED	OPTIONS EXERCISED OR LAPSED	NUMBER OF OPTIONS AT END OF YEAR	
							ISSUED	VESTED
Consolidated and Company 2005								
26 May 2000	26 May 2002	26 May 2005	$1.00	1,760,000	–	1,760,000	–	–
7 Aug 2000	7 Aug 2002	7 Aug 2005	$1.40	200,000	–	–	200,000	200,000
25 Dec 2000	25 Dec 2002	25 Dec 2005	$1.90	50,000	–	–	50,000	50,000
1 July 2001	1 July 2004	1 July 2006	$1.50	650,000	–	–	650,000	650,000
1 October 2001	1 July 2004	1 July 2006	$1.50	145,000	–	–	145,000	145,000
1 Jan 2002	1 Jan 2005	1 Jan 2007	$1.20	15,000	–	–	15,000	15,000
1 July 2003	1 July 2006	1 July 2008	$0.19	660,000	–	–	660,000	–
1 July 2004	1 July 2007	1 July 2009	$0.20	–	630,000	–	630,000	–
TOTAL				3,480,000	630,000	1,760,000	2,350,000	1,060,000
Consolidated and Company 2004								
26 May 2000	26 May 2002	26 May 2005	$1.00	1,760,000	–	–	1,760,000	1,760,000
7 Aug 2000	7 Aug 2002	7 Aug 2005	$1.40	200,000	–	–	200,000	200,000
25 Dec 2000	25 Dec 2002	25 Dec 2005	$1.90	50,000	–	–	50,000	50,000
1 July 2001	1 July 2004	1 July 2006	$1.50	650,000	–	–	650,000	–
1 October 2001	1 July 2004	1 July 2006	$1.50	170,000	–	25,000	145,000	–
1 Jan 2002	1 Jan 2005	1 Jan 2007	$1.20	15,000	–	–	15,000	–
1 July 2003	1 July 2006	1 July 2008	$0.19	–	660,000	–	660,000	–
TOTAL				2,845,000	660,000	25,000	3,480,000	2,010,000

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 2005 NUMBER	CONSOLIDATED 2004 NUMBER
Number of shares at beginning of year	808,807	485,616
Number of shares distributed to employees	568,414	350,960
Number of shares transferred to main share registry	(97,976)	–
Number of shares disposed of	(132,811)	(27,769)
Number of shares at year-end	1,146,434	808,807

The consideration for the shares issued on 14 April 2004 was 20.94 cents, which was equal to the fair value of the shares.

The consideration for the shares issued on 24 June 2005 was 27.09 cents, which was equal to the fair value of the shares.

The amounts recognised in the financial statements of the consolidated entity and the Company in relation to the ESP during the year were:	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	THE COMPANY 2005 $'000	THE COMPANY 2004 $'000
Current receivables	77	35	77	35
Issued ordinary share capital	154	72	154	72

There were no shares eligible for issuance under the ESP on 30 June 2005.

29 Directors' and executives' remuneration

	BASE EMOLUMENT 2005 $	BONUSES 2005 $	NON-CASH BENEFITS 2005 $	SUPER CONTRIBUTIONS 2005 $	OPTIONS ISSUED (A) 2005	REMUNERATION GRANTED AS OPTIONS 2005 %	TOTAL 2005 $
Directors							
Non-executive							
K Hansen	64,815	–	–	5,833	–	–	70,648
G Tomlinson	46,296	–	–	4,166	–	–	50,462
B Adams	37,037	–	–	3,333	–	–	40,370
R Alston	15,432	–	–	1,389	–	–	16,821
Executive							
A Hansen (Managing Director & CEO)	354,257	82,569	25,000	37,844	–	–	499,670
Specified Executives							
Consolidated							
G Lister (CFO & Company Secretary)	201,835	36,697	–	21,468	7,575	3%	267,575
G Kentish (GM, Hansen Europe)	203,244	–	–	–	–	–	203,244
A Di Fede (Chief Information Officer)	13,333	–	–	120	–	–	13,453
C Hunter (Chief Operations Officer)	123,759	18,349	20,102	12,790	7,575	4%	182,575
J Payne (GM, Outsourcing)	146,789	9,174	–	14,037	7,575	4%	177,575

	2004 $	2004 $	2004 $	2004 $	2004	2004 %	2004 $
Directors							
Non-executive							
K Hansen	64,815	–	–	5,833	–	–	70,648
G Tomlinson	46,296	–	–	4,166	–	–	50,462
B Adams	37,037	–	–	3,333	–	–	40,370
Executive							
A Hansen (Managing Director & CEO)	321,101	45,872	25,000	33,027	–	–	425,000
Specified Executives							
Consolidated							
G Lister (CFO & Company Secretary)	183,486	–	–	16,514	4,275	2%	204,275
J Payne (GM, Outsourcing)	146,131	14,420	–	14,449	4,275	2%	179,275
C Hunter (Chief Operations Officer)	111,039	14,335	23,342	11,283	4,275	3%	164,274

Note:

(A) All options above expire during the period up to 1 July 2009 and each option entitles the holder to purchase one ordinary share in the Company. The estimated value disclosed above is calculated at the date of grant using the Black-Scholes model. This model utilises the standard deviation in respect to share price movement of the company and the industry average, based on historical trends for a period equal to the vesting period of the options issued, and applies it against the issued price at grant date to determine a fair value for the options issued as at grant date.

(B) The value disclosed above relates to the pro-rata estimated combined value of options issued to the Directors and Executive Officers in the 2003, 2002 and 2000 financial years and is disclosed in accordance with the Australian Securities and Investments Commission's guidelines for valuing and disclosing options as released on 30 June 2003. The valuation of the options issued to Directors and Executive Officers were disclosed in the Directors' Report for the relevant years and in respect to the options issued in 2000 were disclosed in the Company's IPO Prospectus in 2000. The options are exercisable between the price range of $0.19 - $1.50.

Remuneration Options

During the financial year the Company granted options over unissued ordinary shares to the following five officers with the greatest authority for strategic direction and management of the Company as part of their remuneration:

Hansen Technologies Ltd year ended 30 June 2005

					TERMS & CONDITIONS FOR EACH GRANT		
	VESTED NUMBER	GRANTED NUMBER	GRANT DATE	VALUE PER OPTION AT GRANT DATE	EXERCISE PRICE $	FIRST EXERCISE DATE	LAST EXERCISE DATE
Specified Executives							
G Lister	–	75,000	1-Jul-04	$0.20	$0.20	1-Jul-07	1-Jul-09
G Kentish	–	–	–	–	–	–	–
A Di Fede	–	–	–	–	–	–	–
C Hunter	–	75,000	1-Jul-04	$0.20	$0.20	1-Jul-07	1-Jul-09
J Payne	–	75,000	1-Jul-04	$0.20	$0.20	1-Jul-07	1-Jul-09
Total	–	225,000					

All grants of options vest after 3 years to the extent that vesting criteria are met. If the vesting criteria are not met the options may be forfeited. Options expire two years after vesting.

No options were granted during the financial year to any Director.

Options and Rights Holdings

Hansen Technologies Ltd year ended 30 June 2005

Number of options held by Specified Directors and Executives:

					VESTED AT 30 JUNE 2005		
	BALANCE 30-JUN-04	GRANTED AS REMUNERATION	LAPSED	BALANCE 30-JUN-05	TOTAL	EXERCISABLE	UNEXERCISABLE
Specified Directors							
K Hansen	–	–	–	–	–	–	–
G Tomlinson	100,000	–	100,000	–	–	–	–
B Adams	60,000	–	60,000	–	–	–	–
A Hansen	550,000	–	400,000	150,000	150,000	150,000	–
Specified Executives							
G Lister	75,000	75,000	–	150,000	–	–	–
G Kentish	–	–	–	–	–	–	–
A Di Fede	–	–	–	–	–	–	–
C Hunter	310,000	75,000	160,000	225,000	75,000	75,000	–
J Payne	75,000	75,000	–	150,000	–	–	–
Total	1,170,000	225,000	720,000	675,000	225,000	225,000	–

29 Directors' and executives' remuneration *cont.*

Shareholdings

Hansen Technologies Ltd year ended 30 June 2005

Number of shares held by Specified Directors and Executives:

	BALANCE 30-JUN-04	NET CHANGE OTHER	BALANCE 30-JUN-05
Specified Directors			
K Hansen	65,784,262	1,472,036	67,256,298
G Tomlinson	415,418	21,894	437,312
B Adams	143,775	6,260	150,035
A Hansen	10,218,543	(297,021)	9,921,522
Specified Executives			
G Lister	409,000	3,691	412,691
G Kentish	–	–	–
A Di Fede	–	–	–
C Hunter	33,522	4,605	38,127
J Payne	10,489	3,691	14,180
Total	77,015,009	1,215,156	78,230,165

30 Related parties

Directors

The names of each person holding the position of Director of Hansen Technologies Limited during the financial year are:

Kenneth Hansen
Andrew Hansen
Geoff Tomlinson
Bruce Adams
Hon. Richard Alston

Details of Directors' remuneration and retirement benefits are set out in Note 29.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year-end.

Loans to Directors

No loans were made to the Directors during the year.

Directors' holdings of shares and share options

The interests of Directors of the reporting entity and their Director-related entities in shares and share options of entities within the consolidated entity at year-end are set out below:

	CONSOLIDATED	
	2005 NUMBER	2004 NUMBER
Hansen Technologies Limited		
Ordinary shares	77,765,167	76,561,998
Options over ordinary shares	150,000	710,000

Directors' transactions with the Company or its controlled 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 aggregate amounts recognised during the year relating to Directors and their Director-related entities were as follows:

	CONSOLIDATED		THE COMPANY	
	2005 $	2004 $	2005 $	2004 $
K Hansen and A Hansen - Lease rental payments	791,899	750,547	–	–

Lease rental payments

Mr K Hansen and Mr A Hansen have through entities with which they are related leased properties to the consolidated entity on an arm's length basis. Total lease rental payments made to these Director-related entities for the year ended 30 June 2005 were $123,612 and $668,287 respectively (2004: $122,352 and $628,195 respectively).

The son of Mr K Hansen, also the brother of Mr A Hansen, is a Director and shareholder of Hansen Couriers Pty Ltd which provided courier services to the consolidated entity at ordinary commercial rates and terms on an arm's length basis. Mr K Hansen is also a Director of Hansen Couriers Pty Ltd. Total courier fees paid to Hansen Couriers Pty Ltd for the year ended 30 June 2005 was $68,597 (2004: $110,305).

Non-director related parties

The classes of non-director related parties are:

- Wholly-owned group
- Other related parties

Transactions

All transactions with non-director related parties are on normal terms and conditions.

Acquisition of Hansen North America, Inc.

During the 2002 financial year, the Company acquired Hansen North America, Inc. Group of entities from Mr W Roetzheim, a Director of Hansen North America, Inc. At 30 June 2005, the financial information relating to payments made in respect of this acquisition, including amounts outstanding at that date are as follows:

	CONSOLIDATED		THE COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Consideration paid	223	628	–	–
Consideration provided for	–	223	–	–

Percentage of equity interest

Details of equity interests held in controlled entities are set out in Note 26.

31 Impacts of adopting Australia's equivalents to IFRSs

The Company is currently evaluating the key differences in accounting policies, identifying the changes to the Company's financial reporting systems and commencing evaluation of the financial impact arising from key differences in accounting policies that are expected to arise from adopting Australian equivalents of IFRS.

For first-time adoption of Australian equivalents to IFRSs, the date of transition will be 1 July 2004. The key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS are detailed below. A reconciliation of estimated adjustments to opening balances at 1 July 2004, together with restated results under IFRSs for the year ended 30 June 2005, is provided in Note 32.

(i) Share based payments

Under AASB 2 Share based payments, the Company will be required to determine the fair value of equity settled transactions and recognise an expense in the statements of financial performance. Share-based payments to employees (such as the grant of options under the Employee Option Plan) will also be expensed under IFRS.

Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

On adoption of Australian equivalents of IFRSs, retained earnings at 1 July 2004 and reported results for the year ended 30 June 2005 will be adjusted for all share-based payments issued after 7 November 2002, which do not vest prior to 1 January 2005. An estimate of the financial impact is provided in the reconciliation in Note 32 below.

(ii) Goodwill

Amortisation of goodwill will cease on adoption of IFRS. Under IFRS, goodwill will be subject to impairment testing. An estimate of the financial impact is provided in the reconciliation in Note 32 below.

On adoption of Australian equivalents of IFRSs, reported results for the year ended 30 June 2005 will be adjusted for amortisation charges from 1 July 2004. Amortisation charges prior to 30 June 2004 may not be reversed under the first-time adoption provisions.

(iii) Impairment of assets

The recoverable amount test under Australian GAAP will be replaced by impairment testing whereby the recoverable amount is determined as the higher of fair value less costs to sell and value in use. Value in use incorporates the use of discounted cash flows.

The entity does not anticipate any additional write-downs for impairment of non-current assets on first-time adoption of IFRSs, nor in the year ended 30 June 2005.

(iv) Income taxes

Under IFRS a balance sheet approach will be adopted under which temporary differences are identified for each asset and liability rather than accounting for the effect of timing and permanent differences between taxable and accounting profit. In addition, a future income tax benefit must be recognised for tax losses where their realisation is considered probable. Under Australian accounting standards tax losses may only be recognised where realisation is considered to be virtually certain.

(v) The effects of changes in foreign exchange rates

The parent entity has foreign subsidiaries, which were treated as integrated and self-sustaining entities under Australian Accounting Standards. On first-time adoption of Australian equivalents of IFRSs new rules apply for translation of the foreign subsidiary's results to be included in the consolidated financial statements.

Upon first-time adoption of AASB 121 The Effects of Changes in Foreign Exchange Rates, the cumulative transaction differences of all foreign operations classified as integrated operations under Australian Accounting Standards are deemed to be zero at the date of transition to Australian equivalents of IFRS, as permitted by AASB 1, paragraph 22(a).

On adoption of Australian equivalents of IFRSs, retained earnings at 1 July 2004 and reported results for the year ended 30 June 2005 will be adjusted for changes to the foreign currency translation rules. An estimate of the financial impact is provided in the reconciliation in Note 32 below.

32 Reconciliation of reported amounts under Australian Accounting Standards to AIFRS

(a) Reconciliation of total equity at 1 July 2004

	$
Total equity at 1 July 2004:	
As reported under Australian Accounting Standards	**28,775,208**
Share-based payments / option reserve	
Dr retained earnings	(12,540)
Cr options granted reserve	12,540
Adjustments relating to recalculation of deferred tax using the balance sheet method at 30 June 2004	nil
Total equity at 1 July 2004 as restated under AIFRSs	**28,775,208**

(b) Reconciliation of operating profit after tax for the year ended 30 June 2005

Operating profit after tax for the year ended 30 June 2005:	
As reported under Australian Accounting Standards	**(3,436,142)**
Share-based payments earned during the year ended 30 June 2005	33,755
Goodwill on consolidation adjustments	
Reversal of amortisation for the year ended 30 June 2005	1,049,676
Deferred tax adjustment for the year ended 30 June 2005	nil
Foreign currency translation reserve adjustment for foreign subsidiary during the year ended 30 June 2005	(253,678)
Operating profit after tax as restated under AIFRS for the year ended 30 June 2005	**(2,606,389)**

(c) Reconciliation of total equity at 30 June 2005

Total equity at 30 June 2005:	
As reported under Australian Accounting Standards	**24,699,022**
Share-based payments / option reserve	
Dr retained earnings	(46,295)
Cr options granted reserve	46,295
Foreign currency translation adjustment for foreign subsidiary arising during the year	
Dr retained earnings	(253,678)
Cr foreign currency translation reserve	253,678
Adjustments relating to recalculation of deferred tax using the balance sheet method at 30 June 2005	nil
Goodwill on consolidation adjustments	
Reversal of amortisation for the year ended 30 June 2005	1,049,676
Total equity at 30 June 2005 as restated under AIFRS	**25,748,698**

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 14 to 49 in accordance with the Corporations Act 2001:

(a) Comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements;

(b) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2005 and of its performance as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

(c) That the Directors have been given the declaration required under section 295A of the Corporations Act 2001.

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

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

Dated at Melbourne this 30th day of September 2005.

Signed in accordance with a resolution of the Directors:

Kenneth Hansen
Director

Andrew Hansen
Director

Independent Audit Report

PITCHER PARTNERS

Scope

We have audited the financial report of Hansen Technologies Limited and controlled entities for the financial year ended 30 June 2005 comprising the Directors' Declaration, statements of financial performance, statements of financial position, statements of cash flows and notes to the financial statements.

The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Hansen Technologies Limited is in accordance with:

(a) the Corporations Act 2001, including:
- (i) giving a true and fair view of the Company's financial position as at 30 June 2005 and of its performance for the financial year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional requirements in Australia.

PITCHER PARTNERS

D B RANKIN
Partner
Melbourne, 30th September 2005

Corporate Governance

The Corporate Governance principles for the management and operation of the Hansen group of companies are available for review on the corporate web site, www.hsntech.com.

Introduction

Hansen aims to govern our business to meet our responsibilities to our shareholders, customers, employees and community. The Hansen Corporate Governance principles are designed to provide guidance to achieve this in practice.

The Board is committed to achieving best practice in Corporate Governance and the principles of the ASX Corporate Governance Council are recognised and supported. The Hansen Board, management and staff are cognisant of the Hansen governance principles and the Board aims is to revise the governance practices to ensure we improve and keep in step with current standards.

The Hansen principles of Corporate Governance are represented by:

1. Board Charter
2. Audit Charter
3. Code of Conduct
4. Risk Management Policy
5. Shareholder Communications
6. Share Trading Policy
7. Remuneration Policy
8. Continuous Disclosure

1. Board of Directors Charter

Introduction

The primary role of the Board of Directors is to provide effective governance over the Hansen Technologies Group's performance and affairs. 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.

Composition

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/appointment of Directors and provides for a minimum of three Directors and a maximum of ten. There are currently 3 non-executive directors and one executive director on the Board, the CEO Andrew Hansen.

The Chairman of the Board, Kenneth Hansen, is the original founder of the Company and currently its majority shareholder. His background in computer services, outsourcing and software development and his specific experience in utility billing applications offer a depth of experience and skills that are important for the position of Chairman. Given the specialist nature and industry specific focus of Hansen's business an independent chairman is not regarded as necessary at this time.

Meetings

The Board will meet as often as deemed necessary by the directors in order to fulfil their duties and responsibilities as directors and as dictated by the needs of the business. It is expected that under normal circumstances the Board will meet at least once each month.

Independence

The Board's definition of an independent director is one who is independent of management and free from any business or other relationship that could materially interfere with the exercise of independent judgment.

Consideration is always given to the issue of director independence in respect to each given situation to be considered. 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.

Board's Duties and Responsibilities

The Board's specific responsibilities include:

- providing strategic direction and approving corporate strategies;
- selecting and appointing (and, if appropriate, removing from office) the Chief Executive, determining his or her conditions of service and monitoring his or her performance against established objectives;
- monitoring management and financial performance;
- ensuring that adequate risk management controls and reporting mechanisms are maintained;
- approving and monitoring the progress of major capital

expenditure, capital management and acquisitions and divestments;
- ensuring that continuous disclosure requirements are met; and
- ensuring responsible corporate governance is understood and observed at management and Board level.

The Board delegates to the Chief Executive responsibility for implementing the strategic direction, and for managing the day-to-day operations, of the Hansen Group. The Chief Executive consults with the Chairman, in the first instance, on matters that are sensitive, extraordinary or of a strategic nature.

Board's Rights

The Board shall have full and free access to executives and other employees of the Group.

The Board collectively and each Director individually may take, at the Company's expense, such independent advice as is considered necessary to fulfil their relevant duties and responsibilities. Individual Board members seeking such advice must obtain the approval of the Chairman, which will not be unreasonably withheld, and the advice will be made available to all Board members as appropriate.

Board Committees

To assist it in carrying out its responsibilities, the Board has established several standing committees comprising some or all of its members. They are:
- Audit and Risk Management Committee
- Remuneration Committee
- Nominations Committee

The first two committees are composed of non-executive Directors only. The Nominations Committee is a committee of the full Board.

The Audit and Risk Management Committee meets at least twice a year and the other committees meet as required.

Other committees of the Board are established from time to time to undertake specific tasks for and on behalf of the Board as and when deemed appropriate.

Performance Evaluation

The Board reviews and evaluates the performance of the Board and the Board committees. The process is to involve the assessment of all of the Board's key areas of responsibility. The Board's contribution as a whole should be reviewed and areas where improvement can be made should be noted.

The performance evaluation process is as follows:
- each member of the Board and Committees will complete a written performance evaluation questionnaire each year and submit this to the Chairman;
- the Chairman of the Board will present a report incorporating his assessment of the questionnaires to enable the Board to assess, and if necessary, take action;
- the Board will agree on development and action to improve performance, to be completed by the end of each year;
- outcomes and actions will be minuted; and
- the Chairman will assess during the year the progress of the actions to be achieved.

This process aims to ensure that individual Directors and the Board as a whole contribute effectively in achieving the duties and responsibilities of the Board.

2. Audit Committee Charter

Introduction and Organisation

This charter governs the operations of the Audit Committee. The Committee shall review and reassess the charter at least annually and obtain the approval of the Board of Directors for any changes.

Membership

The Audit Committee was formed in May 2000. Generally the approach to the Committee is that the members will be of, and appointed by, the Board of Directors and shall preferably comprise three directors that have diverse, complementary backgrounds, and are independent of management. In addition, the Committee chair shall have leadership experience and a sound finance, accounting and / or business background. All Committee members must be appropriately financially literate, such qualification is interpreted by the Board in its business judgment. Furthermore, at least one member shall have accounting and / or related financial management expertise.

The members of the Committee as at 30 June 2005 are two non-executive directors, Geoff Tomlinson and Bruce Adams.

The Chairman of the Audit Committee is currently Geoff Tomlinson. During the past year the Honourable Richard Alston was appointed to the Audit Committee. With his departure in December 2004, a vacancy remains to be filled. It remains the intention of the Board to appoint at least one additional non-executive Director to this Committee.

Members of the Committee shall be considered independent so long as they do not have any relationship with the Hansen Group that may interfere with the exercise of independent judgment. This means they shall not accept any consulting, advisory, or other compensatory fee from the Company and are not an affiliated person of the Hansen Group or its related entities. The only compensation shall be directors' fees for services provided to the Audit Committee.

Meetings

The Committee shall meet at least twice each year. The purpose of these meetings shall be to:

1. review and approve the half-year financial report;
2. review and approve the annual financial report;
3. review the external audit reports; and
4. perform the general responsibilities of the Committee.

Purpose

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and external audit functions. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, external auditors and management of the Hansen Group. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Hansen Group and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

Duties and Responsibilities

The following shall be the principal duties and responsibilities of the Audit Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

Understanding the Business

The Committee shall ensure it understands the Group's structure, controls, and types of transactions in order to adequately assess the significant risks faced by the Group in the current environment.

Financial Reporting

The primary responsibility of the Audit Committee is to oversee the Group's financial reporting process on behalf of the Board and report the results of its activities to the Board. Whilst the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits. The Board of Directors is responsible for the Group's financial reports including the appropriateness of the accounting policies and principles that are used by the Group. The external auditors are responsible for auditing the Group's financial reports and for reviewing the Group's interim financial reports. The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate 'tone' for quality financial reporting, sound business risk practices, and ethical behaviour.

Assessment of Accounting, Financial and Internal Controls

The Committee shall discuss with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Group's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (including the Group's Code of Conduct). Any opinion obtained from the external auditors on the Group's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method. The Committee shall meet separately periodically with management and the external auditors to discuss issues and concerns warranting Committee attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. The Committee shall provide sufficient opportunity for the external auditors to meet privately with the members of the Committee. The Committee shall review with the external auditor any audit problems or difficulties and management's response. The Committee shall receive regular reports from the external auditor on the critical policies and practices of the Group, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

Appointment of External Auditors

The Committee shall be directly responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting. The Committee shall pre-approve all audit and non-audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit / assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of the Hansen Group.

Assessment of External Audit

The Committee, at least on an annual basis, shall obtain and review a report by the external auditors describing (or meet, discuss and document the following with them):

- the audit firm's internal quality control procedures;
- any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or

by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- all relationships between the external auditor and the Group (to assess the auditor's independence).

In addition, the Committee shall give clear direction in hiring policies for employees or former employees of the external auditor in order to prevent the impairment or perceived impairment of the external auditor's judgment or independence in respect of the Hansen Group.

Independence of External Auditors

The Committee shall review and assess the independence of the external auditor, including but not limited to any relationships with the Group or any other entity that may impair or appear to impair the external auditor's judgment or independence in respect of the Group. Furthermore, the Committee shall draft an annual statement for inclusion in the Group's annual report of whether the Committee is satisfied the provision of non-audit services is compatible with external auditor independence.

Scope of External Audit

The Committee shall discuss with the external auditors the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures. In addition, the Committee shall also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.

Committee Performance

The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice.

3. Code of Conduct

Introduction

At Hansen Technologies we recognise that our Group is made up by the individual employees representing our operation globally. Each person as an individual is responsible for their own behaviours 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 in regard to their behaviour. The Code of Conduct reflects the Hansen's Group primary values of integrity, respect, teamwork and performance.

Our Code

To respect the law and act accordingly, including the following:

- Hansen employees operate in numerous countries and it is essential that the laws of each jurisdiction are observed and followed. It is important to note that the observance of the laws is not simply because they exist, it is because it is right to do so. Breaching laws and regulations can result in serious consequences for the Hansen Group and the individual involved;
- we should respect customs and business practices of countries in which we operate, whilst always observing the primary principles of this code;
- where we believe our product or service provision would be used in relation to illegal activities, we would withdraw from involvement;
- discharging of authority to sign documents on behalf of the Hansen Group should be performed responsibly and indicates we have received and understood the document being signed. We are not to act outside our authority; and
- breaches of any law should be notified to management.

Behave as a good corporate citizen and build community respect

Whilst pursuing our business objectives we should aim to contribute to the communities we operate within and should consider the impact of decisions on our colleagues, customers and community.

Respect confidentiality and use information in an appropriate manner

We respect the confidential nature of the Hansen Group's business affairs and those of our customers and colleagues. As a part of our employment contract with the Hansen Group we commit to keeping confidential information we obtain in the course of our employment. Confidential information is to be used only for authorised work-related tasks, and never for personal gain or for the gain of others.

Value and build on our professionalism

A corner stone of the Hansen business is the professionalism and conduct as individuals and of the Hansen Group. In addition to conducting ourselves ethically, we should continually aim for excellence in all elements of our business activity.

Recognise potential conflicts of interest and act to avoid them

A conflict of interest occurs where an employee has a personal or professional interest sufficient to influence, or appear to influence, the objective performance of their duties and responsibilities to the Hansen Group. No employee of the Group should allow themselves to be placed in a position where they have a conflict with their duties and responsibilities to the Hansen Group, or which are prejudicial to the Group. Employees should speak to their manager where they have concerns regarding a potential conflict of interest.

Breaches of the Code of Conduct

Employees who breach this Code may face disciplinary action, which could result in changes to their employment.

4. Risk Management Policy

Introduction

Hansen recognises that the daily activities and existence of its business is subject to various elements that can create uncertainty and the challenge is to balance and manage this process while striving to grow our stakeholder value. Hansen recognises that such uncertainty brings with it potential risk and opportunity. At Hansen all members of the Group aim to promote culture, internal controls and reporting which will empower all employees to manage risk as and when it occurs, with the aim of achieving the stated goals and strategic objectives.

Roles and Responsibilities

Board of Directors is responsible for approving and reviewing Hansen's risk management and policy. It delegates daily management responsibility to the Chief Executive Officer and is supported by sub-committees to monitor risk management and performance controls.

Board Audit Risk Management Committee is responsible for overseeing all aspects of internal control including compliance activities, the appropriateness of accounting policies and the adequacy of financial reporting.

Executive Management is responsible for implementing Board approved Risk Management Policy and developing operational policies, controls, processes and procedures for identifying and managing risks in all of Hansen's activities.

Independent Review will be conducted including:

- external audit being an overall independent evaluation of the adequacy and effectiveness of management's control of operational risk;
- quality Assurance audits verifying that systems are operating as planned; and
- independent reviews that may be conducted for special assessment as required.

KEY RISK CATEGORIES

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, decisions of employees or from external events.

Hansen operates under a corporate governance framework that is approved by the Board. Implementation and accountability is the responsibility of management with effectiveness being subject to external audit review.

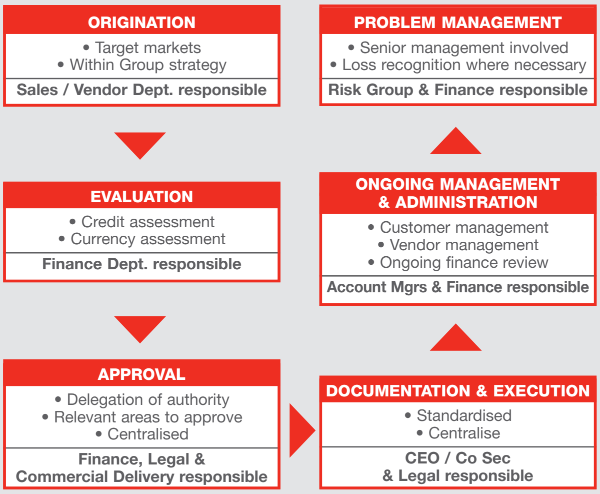
Each individual business unit is responsible for the identification, measurement, monitoring and mitigation of operational risk. This is supported by input from corporate level functions such as the office of Chief Operating Officer, Risk Management Group, Legal and Finance Departments.

The internal control system is an integral part of Hansen's operations and involves all levels of personnel. The controls are preventative and detective in nature and are reviewed regularly for relevance and effectiveness. Key elements to the internal control system are Change Management, Finance Procedures, Delegation of Authority, Segregation of Duties, Access Security, Reconciliation, Documentation and Reporting. This is further supported by Contingency Planning and Continual Improvement activities.

Credit Risk

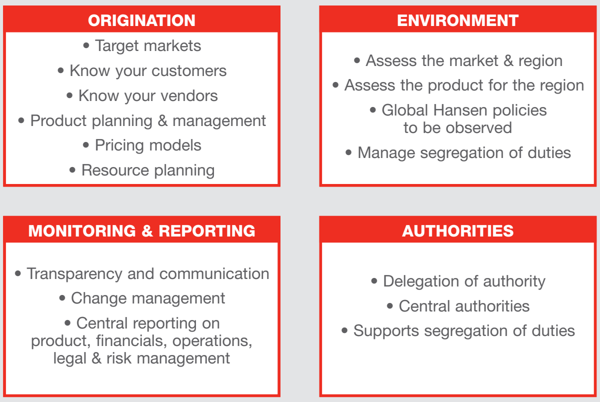
Credit risk is the potential for financial loss where customers or business associates fail to meet their financial obligations to Hansen.

The foundation control is that individuals throughout the Hansen Group are aware of credit risk and act to identify, report and manage situations that arise. Specific policies and procedures are in place to deal with credit risk, the critical element of these policies being segregation of duties and delegation of authority. Throughout the course of the credit cycle each phase is assessed by the relevant specialist group. Each group is trained and independent in the cycle.



Market Risk

Market risk is the potential for financial loss arising from Hansen's activities in the information technology market across all regions. The components of the market risk framework Hansen operates in are:



Overall Risk Treatment

Hansen relies on the internal control systems and the ability and culture of staff and management to identify, report and manage risk. All risks are to be reported to the appropriate line manager and risk manager. The line manager and risk manager will then decide any further steps which are required to manage the risk. The risk can be escalated to the executive management group or the Board where necessary.

Where Hansen identifies risk, the risk will be managed with the aim of minimising the likelihood of an adverse event occurring, maximising the likelihood of a positive outcome and reducing the impact of the risk.

5. Shareholder Communications

Introduction

Hansen has established communication mechanisms to provide shareholders with information about their Company and to enable them to exercise their rights as shareholders in an informed manner.

Communication Methods

Information is communicated to shareholders through:

- the Hansen web site, www.hsntech.com, providing up to date information on the Hansen Group, but particularly, the "Investor Relations" section contains a range of information relevant to shareholders. The Investor Relations section currently contains:
    - ASX announcements
    - Annual Reports
    - Corporate Governance
    - Financial Results
    - Presentations
    - Share registry contact details and links
    - Key dates
    - Share price link to ASX
    - Contact link for more information;
- the distribution of the Annual Report and Notice of Annual General Meeting by post; and
- post or on the web site whenever there are other significant developments to report.

Annual General Meetings are 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 and the external auditors are in attendance to respond to any relevant question. Following the meeting, refreshments are served and directors and shareholders are able to further communicate informally.

Hansen is committed to continuing to improve communication with shareholders. 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.

6. Share Trading Policy

Introduction

Directors, officers, employees and their associates must not engage in insider trading, or the disclosure of inside information to third parties.

Insider trading means the buying and selling of shares on the basis of price-sensitive information that is not generally available to others. This includes procuring another person to purchase or sell shares on the basis of insider information.

Rules for Employees, Directors and Officers

Employees, directors, officers and their associates who have price-sensitive information about Hansen shares, or other securities, which is not generally available to others:

- must not subscribe for, buy or sell shares, other securities of the Company, or other price sensitive products to which the inside information relates, either for themselves, or for others;
- must not get another person (whether a family member, friend, associate, colleague, or your broker, investment adviser, private company or trust) to subscribe for, buy or sell the affected shares or other securities or other price sensitive products for the employee, for another person or for themselves;
- must not, either directly or indirectly, give the inside information, or allow it to be given to another person who they know, or should know, would be likely to do any of the prohibited things described above; and
- must not communicate inside information to anybody who works for the Hansen Group except on a "need to know" basis and in accordance with the rules and policies of the relevant business division.

As a general rule, directors and senior executives are only permitted to trade Hansen shares in the 30-day period commencing two days after:

- the release of Hansen's half yearly results;
- the release of Hansen's yearly results;
- the Hansen's Annual General Meeting; and
- a "special circumstance", that will be notified on a case-by-case basis by the Chairman or Chief Executive Officer (example being the release of a trading update to the ASX or the issue of a prospectus).

Where Directors or Executives of the Company want to trade outside of this general rule, they should discuss the matter with the Chairman and Chief Executive Officer who will only give approval if determined that there is no price sensitive information held that is not available to the market.

The Corporations Act

The Corporations Act 2001 section 1002G deals with insider trading. Contravention of the insider trading provisions of the Corporations Act constitutes an offence that is punishable by a maximum penalty of $200,000 or imprisonment for 5 years, or both. Where individuals are concerned about breaching the insider trading provisions of the Corporations Act they should immediately obtain independent legal advice.

7. Remuneration Policy

Introduction

The Company aim in rewarding the CEO and other executives is to provide base pay plus performance-linked rewards and other benefits that will attract and retain key executives and align 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; and
- assists in executive retention.

The structure provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

The Remuneration Committee

In May 2000 the Remuneration Committee was formed, consisting of two independent directors, Geoff Tomlinson and Bruce Adams. Geoff Tomlinson is the Chairman of the Committee.

The responsibilities of the Committee are to:

- advise on remuneration policies and practices generally;
- provide specific recommendations on remuneration packages and other terms of employment for executive directors and non-executive directors; and
- assess the reasonableness of the remuneration proposals put forward by the CEO for the executive managers, including the definition of performance objectives.

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

How remuneration is managed and structured

Non-Executive Directors

The Remuneration Committee recommends the remuneration of non-executive directors to the Board for final approval. Remuneration for non-executive directors consists of a base pay and related superannuation to meet the requirements of the Superannuation Guarantee Scheme. An increase in the maximum amount paid to non-executive directors is to be submitted to shareholders for approval where significant change occurs. No retirement benefits are provided for non-executive directors.

CEO and Executives

The Remuneration Committee sets the remuneration package for the CEO. The CEO establishes employment contracts and remuneration packages for each executive.

Each year performance based incentives 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. Details of the pay and rewards for Hansen's top fiive executives and the total executive remuneration is set out in the Annual Report each year.

The CEO and the executive team approve the pay and reward packages for key senior managers.

The structure of Hansen executive pay and reward is made up of four parts:

- base pay;
- short-term performance incentives;
- long-term equity-linked performance incentives; and
- other compensation, being superannuation.

The combination of these comprises the executive's total compensation.

Base Pay

Executives are offered a competitive base pay that reflects the fixed component of pay and rewards. Base pay is set to reflect the marketplace for each position. It is generally not revised annually unless an executive has been promoted or there has been a marked structural shift in marketplace rates.

Short-term performance incentives

Each year the performance of the executives is reviewed by the CEO and future performance objectives are set and relative potential bonuses linked to the achievement of the objective. If individual performance objectives are met, a short-term incentive in the form of a bonus may be paid.

Long-term performance incentives

Our long-term incentives for the CEO and senior executives are designed to align their financial interests with those of our shareholders, including by making use of carefully designed share-based incentives.

Long-term performance incentives can be represented by the issue of share options to the CEO and senior executives. To be able to exercise the share options issued, predetermined performance hurdles must have been achieved. The hurdles are set based on achieving financial targets that, if the targets are met, should result in shareholder value increasing.

Other benefits - Superannuation

All executives and staff are required to be members of one of the superannuation funds that are made available to all Hansen staff. Hansen contributes superannuation for executives and staff from their remuneration package to a level that complies with the Superannuation Guarantee Scheme. In addition to this, executives and staff can contribute additional superannuation from their remuneration package.

8. Continuous Disclosure Policy

Introduction

The Hansen Continuous Disclosure Policy has been developed to provide clear guidelines for the operations of the Hansen business to establish appropriate processes and criteria for disclosure and to ensure compliance with the requirements of the ASX and other securities and corporations legislation. The best practice communication guidelines, as published by the Australasian Investor Relations Association, have been observed in drafting this policy.

Principles of the Policy

The key principles of the market disclosure policy are that:

- material company information is issued to shareholders and the market 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.

Communications Representative

Hansen has appointed the Company Secretary as the Communications Representative. The Communications Representative has responsibility for:

- coordinating and controlling disclosure of information to ASX, shareholders, analysts, brokers, the media and the public;
- ensuring complete records are maintained of all disclosures of information by Hansen and the related authorisations;
- reporting and making recommendations to the Board on information potentially warranting disclosure;
- developing and maintaining relevant guidelines to help employees understand what information is price sensitive;
- educating Hansen staff, executives and directors on disclosure guidelines and raising awareness of the principles underlying continuous disclosure; and
- supporting the Directors and executives in ensuring that Hansen complies with continuous disclosure requirements.

Directors and Executives responsibilities

Directors and executive officers are primarily responsible for the compliance with continuous disclosure guidelines. The appointment of the Communications Representative is to facilitate overall awareness and the ability of Hansen to comply with disclosure guidelines.

Directors and executives are responsible for communicating to the Communications Representative:

- any price sensitive information of which they become aware of which they believe the Communications Representative will not be aware. If individuals are uncertain as to whether an issue could be sensitive, they should report the matter for the Board to consider;
- disclosures of any information from Hansen that they may believe the Communications Representative may not be aware;
- if they undertake any dealings in securities of Hansen;
- their comments and ultimate approval of draft announcements, presentations and general communications to shareholders, ASX and the market; and
- all information, as specified by ASX and ASIC, that requires market announcements.

Communications for disclosure

Hansen will make market disclosures on any event that is deemed to have possible material effect on the price of Hansen securities. Events warranting disclosure include:

- financial performance and significant changes in financial performance;
- changes in Board Directors and senior executives;
- mergers, acquisitions / divestments, joint ventures or changes in assets;
- significant developments in regard to new projects or ventures;
- events regarding an entity's shares or securities;
- major new contracts, orders, or changes in suppliers or customers;
- significant changes in products, product lines, supplies or inventory;
- industry issues that may have a material impact on the company;
- major litigation; and
- decisions on significant issues affecting the entity by regulatory bodies in Australia such as the Australian Foreign Investment Review Board, Australian Takeovers Panel, Australian Competition and Consumer Commission.

If there is any uncertainty, Hansen Directors and executives will discuss the matter, seek legal advice if necessary, and if considered appropriate, approach the ASX to seek its position on whether the information should be disclosed to the market.

Hansen is aware that outside of statutory and listing rule requirements, communication with the market will occur in other forms. Communication in the form of:

- investor briefings and roadshows;
- one-on-one meetings with stockbroking analysts or institution fund managers;
- industry forums;
- company literature, and
- media interviews.

In participating in such communications Hansen will act to avoid against unintended disclosure of material information to selected market participants.

Communications procedures

A representative of Hansen, the Directors or the executives, may not release any information that is required to be disclosed to ASX under the continuous disclosure rules to any person before:

- the information has been given to the Communications Representative and the approval and sign-off process for disclosure has been effected;
- the information has been given to ASX; and
- an acknowledgement of the receipt of that information has been received from ASX.

The Board has nominated a limited number of individuals that are authorised as spokespersons for Hansen. The authorised spokespersons are:

- the Chairman;
- the Chief Executive Officer;
- Company Secretary; and
- the Chief Financial Officer.

Other executives may become spokespersons for specific areas under their control, however any comments are to be limited to their area of expertise and is to meet the disclosure principles.

ASX Additional Information

As at 22 September 2005

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

Substantial shareholders

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

SHAREHOLDERS	NUMBER OF ORDINARY SHARES	PERCENTAGE HELD
Othonna Pty Limited - including associates	67,256,298	58%
Citicorp Nominees Pty Ltd	17,444,329	15%
Andrew Alexander Hansen - including associates	9,921,522	9%

Voting rights

Ordinary shares - refer to Note 18.

Options - refer to Note 28.

Distribution of equity security holders

CATEGORY	NUMBER OF EQUITY SECURITY HOLDERS ORDINARY SHARES	OPTIONS
1-1,000	112	–
1,001-5,000	510	–
5,001-10,000	255	–
10,001-100,000	338	9
100,001 and over	39	9
	1,254	18

The number of shareholders holding less than a marketable parcel of ordinary shares is 272.

On-market buy-back

There is no current on-market buy-back.

Twenty largest shareholders

NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED CAPITAL
Othonna Pty Limited	65,114,463	55.93
Citicorp Nominees Pty Limited	17,444,329	14.98
Andrew Alexander Hansen	7,596,522	6.52
ANZ Nominees Limited	3,411,256	2.93
Antan Pty Ltd	2,000,000	1.72
Mr Anthony David Hansen	878,298	0.75
Mirrabooka Investments Limited	815,000	0.70
Mrs Suzanne May Tomlinson	437,312	0.38
Mr Kenneth Albert Hansen	380,076	0.33
Mrs Yvonne Irene Hansen	372,352	0.32
Mr James Lucas & Ms Lesley Dormer	350,000	0.30
Ms Tanya Jacinta Hansen	325,000	0.28
Seeley Solutions Pty Ltd	288,267	0.25
Ozcun Pty Ltd	283,511	0.24
Berzins Asset Management Pty Ltd	252,578	0.22
Paso Holdings Pty Ltd	240,000	0.21
Mr Warwick Lee Sharp	236,667	0.20
Sabina Nominees Pty Ltd	205,000	0.18
Mr Reginald Lionel Kermode	200,000	0.17
J T W Sales Pty Ltd	198,000	0.17
	101,028,631	86.78

Corporate Directory

Directors
Kenneth Hansen, *Chairman*
Geoff Tomlinson, *Deputy Chairman*
Andrew Hansen, *Managing Director*
& Chief Executive Officer
Bruce Adams, *Non-Executive Officer*

Company secretary
Grant Lister

Principal registered office
2 Frederick Street, Doncaster VIC 3108
Telephone: (03) 9840 3000
Facsimile: (03) 9840 3099

Share registry
ASX Perpetual Registrars Limited
Level 4, 333 Collins Street
Melbourne VIC 3000
Telephone: (03) 9615 9999 or 1300 554 474
Facsimile: (02) 9287 0309 - Proxy forms
(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
TressCox
Level 9, 469 La Trobe Street
Melbourne VIC 3000

Other information
Hansen Technologies Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Design and production – CAN Design 03 9686 5066

HANSEN
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