



HANSEN
TECHNOLOGIES

2006 Annual Report

TAKING TECHNOLOGY FURTHER

2006 Annual Report

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Notice of Annual General Meeting

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

- ON Wednesday 8 November 2006 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 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.

Chairman's Report

Kenneth Hansen
Chairman



In the past year we have made considerable progress with our primary objective of establishing the company as an international provider of billing solutions for the energy and telecommunication industries.

We have returned to profit, while also pursuing our broader corporate objective of establishing longer term strategic relationships with market leading customers. Importantly, we began to derive a return from the substantial investment we have made to adapt our HUB billing software to meet the compelling industry needs driven by industry restructuring and regulatory imposed change.

As anticipated a year ago, this investment affected our first half performance, and earnings before interest, tax, depreciation and amortisation (EBITDA) for the first half were \$1.3 million. We expected then that the second half would be stronger; and we confirmed this in February 2006, with a forecast that EBITDA for the full year would exceed \$3 million.

I am pleased to report that this forecast was conservative and, following a strong second half, full year EBITDA was \$5.4 million. This resulted in a net profit of \$0.7 million, compared with a loss of \$2.7 million the previous year. No dividends were paid.

Hansen's encouraging performance in the second half, which has continued into the new financial year, validates our strategy to withdraw from the USA and focus on Australia, Europe and Japan. In these targeted markets, deregulation of the energy sector is continuing and product convergence and structural change are emerging in the telecommunications sector, increasing demand for billing systems which deliver value-added functionality for the changing market situations.

The reputation of our HUB solution in the international market is growing. This was confirmed most recently in August 2006 by the decision of Tesco, the UK's largest retailer, to partner with Hansen for its brand extension into telecommunications services.

The business of selling proprietary mission-critical software solutions drives ongoing annuity revenues. Likewise, our outsourcing and facilities management business provides a solid annuity revenue base, as well as opportunities for additional revenue from our HubFM managed billing service.

In September 2005 we recapitalised our business through a rights issue. Since then we have maintained a positive working capital position, ending the year with cash of \$6.8 million, representing 4.5 cents per share. Apart from equipment leases totalling \$1.1 million, we have no debt.

On 1 March, Geoff Tomlinson retired from the board to reduce his professional workload. Geoff was appointed a director in 2000 and I thank him for his substantial contribution, both as deputy chairman of the company and as chairman of the audit and remuneration committees.

I am delighted that David Osborne, a director of Hansen businesses for many years prior to the public listing in 2000, agreed to join our board on 1 March. David, a chartered accountant, has been appointed as a member of the audit committee.

In last year's annual report, I wrote that your board was confident of the company's direction. Following the achievements of the past year, this confidence has grown. We have prestigious contracts in Europe and Japan, while maintaining our leadership position in Australia; and it is clear that our strategy of investing in HUB and of focusing on these markets is right.

Substantial strategic change is taking place in our targeted energy markets. In Australia the largest energy retailer and energy network operator have recently participated in a take over action which eventually resulted in the redistribution of their respective energy interests. The energy industry regulators in Victoria are progressing with plans for the roll out of advanced metering solutions. The momentum behind the utilisation of advanced metering capability is growing on a world scale. All of these changes will drive demand for mission-critical systems capable of adapting to the new industry imperatives. This potential is understood by companies in contiguous sectors, and in the past 18 months our two most direct competitors have been bought by larger, more diverse groups.

We have achieved a lot in the past year. It has been challenging for our management and staff. I would like to thank all members of our team for their dedication and hard work as well as our shareholders for their patience and continuing support.

Hansen Technologies is well positioned in this environment of strategic and industry change. We are optimistic the coming year will be rewarding with interesting challenges and strong opportunities.

Kenneth Hansen
Chairman



Managing Director's Report

During the five years since Hansen Technologies was first listed on the Australian Stock Exchange, our business has been transformed. Three years ago we embarked on a deliberate strategy, which has now been substantially achieved, of repositioning our business and reducing our risk profile while focusing our efforts into industries undergoing considerable strategic and operational change. We are now building upon our core competency in pursuit of sustainable profitable growth.

In 2000, we had eight revenue streams, all but two of which were destined to decline; today we have a focused business, with two main revenue streams and a third that is small, but growing (see graph below). Originally 67 per cent of our revenue came from three customers; today these customers provide less than 1 per cent of total revenue, and no customer accounts for more than 8 per cent.

Some of the change was thrust upon us when a key telecommunications customer in the USA, representing 20% of our total revenue, went into Chapter 11. At the same time it became apparent that the difficulties confronting the telecommunications industry internationally were likely to threaten, for a period of time, other revenue on which we relied.

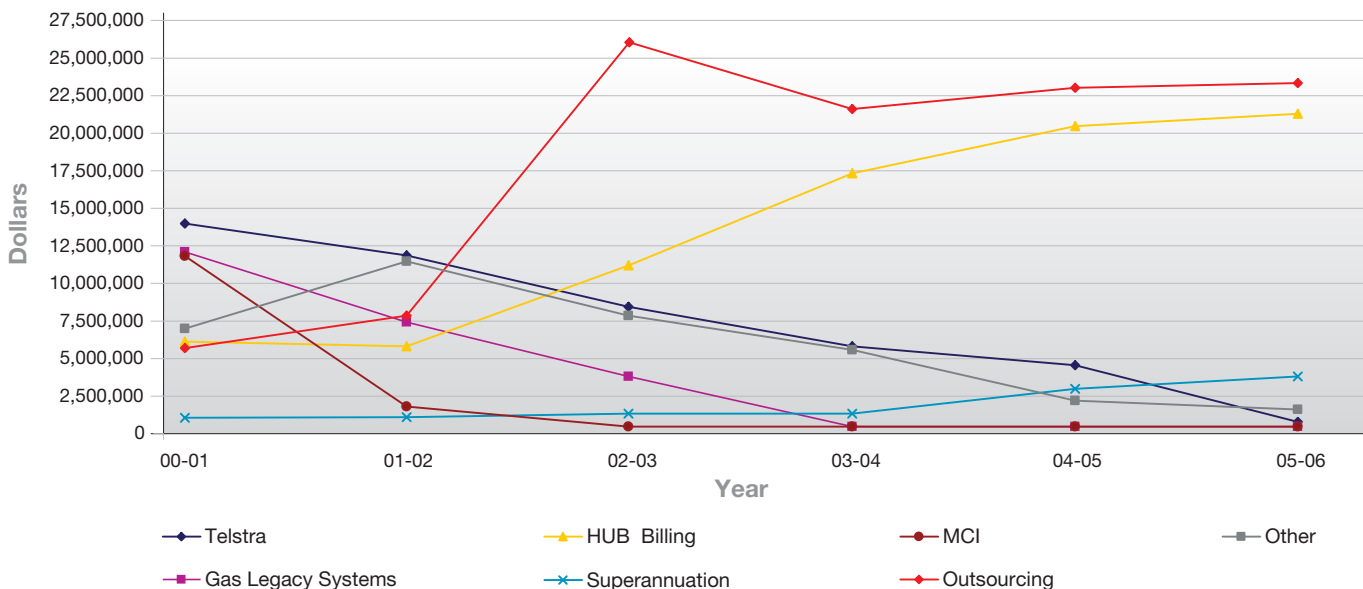
Simultaneously the world-wide trend towards deregulation of energy markets offered an opportunity we were

determined to grasp. We were already experienced in billing for the gas industry, we expanded the industries of application for our proprietary software to encompass electricity, and to a lesser extent, water and developed our functionality for the specific needs of deregulating markets. As a consequence we have succeeded in building a blue-chip list of Australian energy industry customers including Alinta Gas Networks, Energy Australia, AGL, TXU & Western Power. Billing systems are an international market and, with Australia at the forefront of energy deregulation, we were well placed to obtain international credibility through winning contracts and securing reference sites in key markets.

We identified the UK and Japan as markets where deregulation was sufficiently advanced to offer opportunities to Hansen, and determined to focus our resources there and in Australia.

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Revenue Analysis 2000 - 2006





Andrew Hansen
Managing Director & CEO

In 2004, following a rigorous selection process, we won a significant energy sector contract for Scottish Power in the UK to provide a billing and customer care system for its industrial and commercial markets. The experience we have gained through this installation has begun to attract interest from other energy providers and is expected to lead to additional opportunities.

Also in 2004, we appointed Toshiba Solutions Corporation to market HUB in Japan; and the following year Tokyo Electric Power Co. and Hokkaido Electric Power Co. selected HUB to handle their customer and meter data management requirements arising as a result of the staged deregulation of the Japan energy market. As deregulation in Japan gathers pace, these installations will position us to secure further contracts.

Opportunities are emerging again in the telecommunications industry, all of which will demand new billing systems. This is especially so in the UK, where the deregulation process is more mature than in Australia and there is increasing convergence of fixed line, mobile and data resellers, as well as structural change with the separation of wholesale service providers and resellers. The quality and flexibility of our software and our industry knowledge have been recognised through Hansen's selection by Cable & Wireless to provide billing systems for its 'brand in a box' concept, which enables resellers to capitalise on the strength of their brand through offering extended telecommunications services.

Our European strategy received a further boost in July 2006 when Tesco Stores, the UK's largest retailer which also operates in 11 countries across Europe and Asia, chose Hansen as a strategic partner in the development of its telecommunications services. Under this three year agreement, we will provide a fully integrated and hosted managed service based on HUB, and our revenue will increase in line with Tesco's subscribers.

These new agreements, together with our major contract with Scottish Power, establish our position in the UK billing systems market, opening up further opportunities both there and in Europe. To take full advantage of them, we are strengthening the management and operations team in our London office.

Hansen also has substantial opportunities in the Australian energy market. Deregulation is ongoing,

structural change is occurring, and the introduction of automated and advanced interval meters will require new mission-critical systems.

We have continued to invest in research and development to ensure HUB remains at the forefront of technology. Capitalised expenditure, however, reduced by \$1 million to \$3 million in 2005/6 as the previous investment begins to generate return.

Our IT outsourcing and facilities management business, Hansen Professional Services, continues to provide a consistent revenue base. During 2005/6, Hansen Professional Services added new services to our outsourcing activities with a positive market response. We also renewed for three years our long-standing contract to provide managed services to Combined Financial Processing, a major provider of IT services to Australian credit unions.

Hansen's third business market is the CLASSIC superannuation administration system, which we developed for the superannuation fund Vision Super. The product continues to evolve to cater for changes in the industry, and revenue is growing strongly from a low base.

In August 2006, as part of our strategy to divest non-core businesses, we sold the distribution and support rights to our proprietary AssetLife software.

I would like to acknowledge the high level of professional commitment shown by our staff in the transformation of our business. I am convinced we are on the right path and can assure you we have very exciting opportunities ahead.

The achievements over the past three years in transforming our business have been considerable. We are generating a return from our investment in HUB and we are now established in the international market arena. We are well positioned in our markets. I believe we have the products the markets want and we have the people to deliver them. The future promises to be exciting as we focus on our objective of sustainable profitable growth.



Andrew Hansen
Managing Director & CEO



Board of Directors



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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.

From left: Mr Bruce Adams, Mr Kenneth Hansen, Mr Andrew Hansen and Mr David Osborne

Mr Kenneth Hansen

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 Andrew Hansen

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

Non-Executive Director

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

– Chairman of Audit and Remuneration Committees

Age 73

Mr David Osborne

Non-Executive Director

Appointment effective 1 March 2006.

David is a Fellow of the Institute of Chartered Accountants, a Fellow of the Certified Practising Accountants, and a member of the Australian Institute of Company Directors, with over 30 years of financial management, taxation and accounting experience in public practice.

David has a long standing association with Hansen having been a Board member for some years prior to the Company's listing on the ASX in June 2000.

– Member of Audit and Remuneration Committees

Mr Geoff Tomlinson

Deputy Chairman
Non-Executive Director

Resigned from Board of Directors effective 1 March 2006.

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.

Mr Grant Lister

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

Age 57

Age 59

Age 54



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Directors' Report

The Directors present their report together with the financial report of the consolidated entity consisting of Hansen Technologies Ltd and the entities it controlled, for the financial year ended 30 June 2006 and auditors report thereon. Hansen Technologies Ltd is a publicly listed company.

This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

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/(loss) after income tax attributable to the members of Hansen Technologies Ltd was \$724,361 (2005: (\$2,672,399)).

Review of operations

For the year ended 30 June 2006 the earnings before interest, tax, depreciation and amortisation (EBITDA) was \$5.4 million (an increase of \$0.5 million on the previous year). No dividend has been declared in respect of this financial year.

Our expansion into Europe is gathering momentum evidenced by the recently announced strategic partnering arrangement with Tesco United Kingdom for telecommunications billing. The investment we have made in our proprietary HUB billing solution has positioned us well for the restructuring, deregulation and convergence that is occurring within both the energy and telecommunications markets around the world.

We are encouraged by the re-emergence of demand from telecommunications customers especially in the

United Kingdom where our flexible HUB Telco products and HUB billing expertise are aligned with the convergence which is occurring. When these telco opportunities are added to our major energy billing projects it is apparent that we have achieved our objective of exporting our core billing expertise into the UK market. We plan to maintain our international growth focus on our selected geographic markets and consolidate upon the gains we have achieved in the past year.

We are:

- Achieving our objective of developing strategic relationships internationally as well as building on our existing strong market position in Australia;
- Generating a solid base of longer term annuity and transaction based revenue streams;
- Continuing to strive for the balance between driving short-term profitability while generating longer term annuity based returns; and
- Maintaining a stable and strong full service IT outsourcing capability.

As the participants in the Australian energy market reorganise, advanced metering solutions are introduced, and as deregulation expands into new states within Australia our pipeline of billing opportunities is growing.

Our outsourcing and facilities management business has been quiet yet stable over the last year representing a consistent reflection of the state of this market segment as a whole. We have added new services to our outsourcing activities which have generated a positive response. This business unit continues to provide a solid base of annuity stream revenues as well as the



opportunity for the expansion of our HubFM facilities managed utility billing option.

The CLASSIC superannuation administration software continues to be developed for its select key customers and as the superannuation industry evolves and changes the product evolves as well.

Significant changes in the state of affairs

In September 2005 the Company undertook a 2 for 5 non-renounceable Rights Issue at 20 cents per share. As a result we raised \$6.44 million from the issue of 32,198,472 ordinary shares.

After balance date events

In August 2006 we sold the distribution and support rights for our AssetLife software. Asset management has been a solid but non core business for us since we acquired the software back in 1998. The sale of AssetLife is part of a planned strategy to focus our development resources on the fantastic growth opportunities which we are currently presented with for our core billing business. As a consequence of the sale

we will no longer be directly involved in the development of AssetLife management software but we will receive rights as a distributor for AssetLife and be in a position to distribute a broader range of products made available from the purchaser.

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 may result in unreasonable prejudice to the consolidated entity.

Environmental regulations

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

Dividend paid, recommended and declared

The Directors have determined that no final dividend will be paid in relation to the fiscal year ended 30 June 2006.

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-05
	75,000	1-Jul-06
G Kentish	–	1-Jul-05
	40,000	1-Jul-06
J Payne	75,000	1-Jul-05
	75,000	1-Jul-06
C Hunter	75,000	1-Jul-05
	75,000	1-Jul-06
P Day	–	1-Jul-05
	–	1-Jul-06
Total	490,000	

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.

Shares under option

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

Grant date	Exercise date	Expiry date	Exercise price \$	Number of options at date of report
Consolidated and Company				
1-Jan-03	1-Jan-06	1-Jan-08	\$0.19	585,000
1-Jul-04	1-Jul-07	1-Jul-09	\$0.20	455,000
1-Jul-05	1-Jul-08	1-Jul-10	\$0.28	455,000
1-Jul-06	1-Jul-09	1-Jul-11	\$0.13	380,000
TOTAL				1,875,000

Shares issued on exercise of options

There were no ordinary shares of Hansen Technologies Ltd 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:

Director	Board meetings		Audit Committee meetings		Remuneration Committee meetings	
	A	B	A	B	A	B
Mr Kenneth Hansen	11	13	–	–	–	–
Mr Geoff Tomlinson	10	10	2	2	1	1
Mr Andrew Hansen	13	13	–	–	–	–
Mr Bruce Adams	13	13	2	2	1	1
Mr David Osborne	4	4	–	–	–	–

A Number of meetings attended

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

Directors' interests in shares and options

Director's relevant interest in shares of Hansen Technologies Ltd 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	93,757,267	–
G Tomlinson	–	–
B Adams	210,049	–
D Osborne	173,699	–
A Hansen	11,421,522	150,000

Directors' interests in contracts

Directors' interests in contracts are disclosed in Note 23 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, Pitcher Partners, are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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	
	2006 \$'000	2005 \$'000
Auditors of the Company <i>Australia</i>		
- Taxation services	50	41
<i>Overseas Firms</i>		
- Taxation services	32	38
	82	79

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 and options at the absolute discretion of the Directors. Non-Executive Directors do not receive any performance related remuneration.

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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 package for the financial year are:

Executives	Position
G Lister	Chief Financial Officer & Company Secretary
G Kentish	General Manager, Hansen Europe
J Payne	General Manager, Hansen Professional Services
C Hunter	Chief Operations Officer
P Day	Chief Information Officer

Directors' and executives' remuneration	Short-term employment benefits			Post employment benefit	Share based benefits	Other long-term benefits	Total 2006 \$	Performance related %
	Salary fees 2006 \$	Cash bonus 2006 \$	Non-monetary 2006 \$	Super 2006 \$	Options issued 2006	Other benefits \$		
Directors								
K Hansen	64,815	—	—	5,833	—	—	70,648	—
G Tomlinson	30,864	—	—	2,778	—	—	33,642	—
B Adams	37,037	—	—	3,333	—	—	40,370	—
D Osborne	12,345	—	—	1,111	—	—	13,456	—
A Hansen	333,349	—	31,650	30,001	—	—	395,000	—
Executives								
G Lister	211,009	18,349	—	20,642	8,577	—	258,577	10%
G Kentish	219,912	—	—	—	—	—	219,912	—
J Payne	154,128	27,523	—	16,349	8,577	—	206,577	17%
C Hunter	137,242	18,349	13,157	13,828	8,577	—	191,153	14%
P Day (commenced Feb 06)	58,444	—	5,543	8,064	—	—	72,051	—
	2005	2005	2005	2005	2005	2005	2005	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	17%
Executives								
G Lister	201,835	36,697	—	21,468	7,575	—	267,575	17%
G Kentish	203,244	—	—	—	—	—	203,244	—
M Collins	160,721	18,349	—	25,712	4,040	—	208,822	11%
C Hunter	123,759	18,349	20,102	12,790	7,575	—	182,575	14%
G Brookman	116,461	18,349	25,184	17,496	7,575	—	185,065	14%

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



The value of options granted as remuneration that have been exercised or lapsed during the financial year
Hansen Technologies Ltd year ended 30 June 2006

	Balance 1-Jul-05	Value granted	Value exercised	Value lapsed	Balance 30-Jun-06
Directors					
K Hansen	–	–	–	–	–
G Tomlinson	–	–	–	–	–
B Adams	–	–	–	–	–
A Hansen	117,000	–	–	–	117,000
Executives					
G Lister	11,850	8,577	–	–	20,427
G Kentish	–	–	–	–	–
J Payne	11,850	8,577	–	–	20,427
C Hunter	70,350	8,577	–	–	78,927
P Day	–	–	–	–	–
Total	211,050	25,731	–	–	236,781

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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 29th day of September 2006.
 Signed in accordance with a resolution of the Directors:

Kenneth Hansen
 Director

Andrew Hansen
 Director

Auditor's independence declaration

To the Directors of Hansen Technologies Limited

In relation to the independent audit for the year ended 30 June 2006,
 to the best of my knowledge and belief there have been:

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

Dated at Melbourne this 29th day of September 2006.

PITCHER PARTNERS

D B Rankin
 Partner



PITCHER PARTNERS

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Consolidated income statement

For the year ended 30 June 2006

	NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revenue from rendering of services	3	49,482	51,840	–	–
Other revenues	3	1,768	1,657	799	1,269
Total revenue		51,250	53,497	799	1,269
Employee expenses	4	(29,436)	(30,831)	(639)	(671)
Depreciation and amortisation expenses	4	(5,140)	(4,933)	(17)	(18)
Impairment of non-current assets	4	–	(3,604)	–	(8,500)
Finance costs	4	(184)	(502)	(5)	(6)
Operating lease rental expenses	4	(3,255)	(4,062)	–	–
Contractor and consultant expenses	4	(2,595)	(1,865)	(76)	(6)
Software licence expenses	4	(276)	(719)	–	–
Hardware and software expenses	4	(5,424)	(5,300)	–	–
Transportation expenses	4	(199)	(586)	(15)	(7)
Travel expenses	4	(966)	(1,183)	–	–
Data communication expenses	4	(3,249)	(3,099)	–	–
Legal, settlement and liquidation costs	4	94	(40)	138	17
Other expenses	4	(285)	(661)	(87)	(111)
		(50,915)	(57,385)	(701)	(9,302)
Profit (loss) before income tax	4	335	(3,888)	98	(8,033)
Income tax benefit / (expense)	5	389	1,216	(963)	(120)
Profit (loss) from continuing operations for the year attributable to the members of the parent		724	(2,672)	(865)	(8,153)
Basic earnings / (loss) per share	19	\$0.005	(\$0.023)		
Diluted earnings / (loss) per share	19	\$0.005	(\$0.023)		

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The consolidated income statement is to be read in conjunction with the notes to the financial statements set out on pages 18 to 45.

Consolidated balance sheet

For the year ended 30 June 2006

	NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current assets					
Cash and cash equivalents		6,895	887	9	12
Receivables	7	7,934	5,403	58	77
Other current assets	9	1,838	2,832	5	4
Total current assets		16,667	9,122	72	93
Non-current assets					
Receivables	7	243	893	32,786	26,510
Other financial assets	8	–	–	11,000	11,000
Plant and equipment	10	4,700	6,746	–	81
Intangible assets	11	21,952	21,478	–	–
Deferred tax assets	5	2,728	2,312	3,558	3,201
Other non-current assets	9	–	35	–	–
Total non-current assets		29,623	31,464	47,344	40,792
Total assets		46,290	40,586	47,416	40,885
Current liabilities					
Payables	12	4,245	4,671	125	434
Short-term borrowings	13	835	962	–	20
Short-term provisions	14	4,100	4,246	113	350
Other current liabilities	17	3,399	3,160	–	–
Total current liabilities		12,579	13,039	238	804
Non-current liabilities					
Payables	12	–	–	6,419	4,899
Long-term borrowings	13	330	1,177	–	64
Long-term provisions	14	555	621	–	–
Total non-current liabilities		885	1,798	6,419	4,963
Total liabilities		13,464	14,837	6,657	5,767
Net assets		32,826	25,749	40,759	35,118
Equity					
Contributed equity	15	49,958	43,452	49,958	43,452
Foreign currency translation reserve	16(a)	(425)	(226)	–	–
Options granted reserve	16(b)	91	45	–	–
Retained earnings (accumulated losses)	16(c)	(16,798)	(17,522)	(9,199)	(8,334)
Total equity		32,826	25,749	40,759	35,118

Consolidated statement of changes in equity

For the year ended 30 June 2006

	NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Total equity at the beginning of the year		25,749	28,775	35,118	43,911
Exchange differences on translation of foreign operations	16	(199)	252	–	–
Options granted	16	46	34	–	–
Net income (loss) recognised directly in equity		(153)	286	–	–
Profit (loss) for the year		724	(2,672)	(865)	(8,153)
Total recognised income and expense for the period		571	(2,386)	(865)	(8,153)
Transactions with equity holders in their capacity as equity holders:					
Contributions		6,506	1,624	6,506	1,624
Dividends provided for or paid		–	(2,264)	–	(2,264)
		6,506	(640)	6,506	(640)
Total equity at the end of the year		32,826	25,749	40,759	35,118

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The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 18 to 45.

Consolidated statement of cash flows

For the year ended 30 June 2006

	NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash flows from operating activities					
Receipts from customers		54,382	50,889	818	1,068
Payments to suppliers and employees		(50,338)	(46,480)	(1,239)	(650)
Interest received		200	175	4	1
Borrowing costs		(184)	(502)	(5)	(6)
Income tax paid		–	(41)	–	–
Net cash provided by (used in) operating activities	17 (a)	4,060	4,041	(422)	413
Cash flows from investing activities					
Proceeds from sale of plant and equipment		70	19	58	–
Proceeds from sale of intellectual property		–	558	–	–
Payment for plant and equipment		(595)	(2,921)	–	–
Payment for controlled entities (net of cash acquired)		–	(223)	–	–
Payment for resolution of legal dispute		–	(300)	–	(300)
Payment for:					
Capitalised research and development		(3,061)	(3,933)	–	–
Net cash provided by (used in) investing activities		(3,586)	(6,800)	58	(300)
Cash flows from financing activities					
Proceeds from share issue		6,506	1,625	6,506	1,625
Proceeds from borrowings		–	1,480	–	–
Net advances from / (to) controlled entities		–	–	(6,063)	582
Dividends paid net of dividend re-investment		–	(2,263)	–	(2,263)
Finance and hire purchase lease payments		(972)	(819)	(82)	(21)
Net cash provided by (used in) financing activities		5,534	23	361	(77)
Net increase / (decrease) in cash and cash equivalents		6,008	(2,736)	(3)	36
Cash and cash equivalents at beginning of year	17 (b)	887	3,623	12	(24)
Cash and cash equivalents at end of the year	17 (b)	6,895	887	9	12

Notes to the financial statements

For the year ended 30 June 2006

1 Statement of significant accounting policies under AIFRS

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

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

(a) Basis of preparation of the financial report

The financial report of Hansen Technologies Ltd and controlled entities, and Hansen Technologies Ltd as an individual parent entity comply with Australian equivalents of International Financial Reporting Standards (AIFRS).

This is the first annual financial report of Hansen Technologies Ltd prepared in accordance with Australian Equivalents of International Financial Reporting Standards (AIFRS). The financial reports of Hansen Technologies Ltd were prepared in accordance with the previous Australian Generally Accepted Accounting Principles (AGAAP) until 30 June 2005. There are certain differences between accounting policies under AIFRS and AGAAP and where applicable the comparative figures have been restated to reflect these adjustments. A summary of the significant accounting policies under AIFRS is provided below. Reconciliations of equity and operating profit/loss between AGAAP and AIFRS are provided under Notes 27-29.

The financial report has been prepared under the historical cost convention.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities,

which Hansen Technologies Ltd controlled from time to time during the year and at balance date. Details of the controlled entities are contained in Note 23.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(c) Revenue recognition

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks.

(e) Plant and Equipment

Cost and valuation

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

Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

The rates applicable for each class of asset are:

	2006	2005
Plant and equipment	9% to 40%	9% to 40%
Plant and equipment under finance lease	9% to 40%	9% to 40%

(f) Leases

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

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease.

Leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Lease payments are allocated between interest expense and reduction of the lease liability. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the Income Statement.

Operating Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(g) Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. (Refer also to Note 30 regarding first-time adoption of AIFRS).

Research and development

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

Expenditure on development activities is capitalised only when it is expected that future benefits will exceed the deferred costs. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a

straight-line method to allocate the cost over a period of 5 years, during which the related benefits are expected to be realised, once commercial production is commenced. Other development expenditure is recognised as an expense when incurred.

(h) Impairment of assets

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

(i) Taxes

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

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Tax consolidation

The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and the deferred tax assets arising in respect of tax

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For the year ended 30 June 2006

losses for all entities in the tax consolidated group. The tax consolidated group has also entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(j) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Share-based payments

The group operates an employee share option plan and an employee share scheme. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date. Under the transitional arrangements for first-time adoption of AIFRS, no expense has been recognised for options granted before 7 November 2002 and/or vested before 1 January 2005. For options granted after 7 November 2002 and vesting after 1 January 2005 the fair value of options at grant date is determined using a Black-Scholes option pricing model, and is recognised as an employee expense over the period during which the employees become entitled to the option.

(k) Financial instruments

Classification

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

Loans and receivables

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

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances.

(l) Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

The financial statements of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised as a separate component of equity.

(m) Comparatives

In accordance with the first-time adoption of AIFRS, comparative information has been reclassified where appropriate through retrospective application of AIFRS to the previous year results so as to achieve consistency with current year disclosures.

(n) Rounding amounts

The company is of a kind referred to in ASIC Class Order CO 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

2 Critical accounting estimates and assumptions

Estimates and judgements are based on past performance and management's expectation for the future.

Critical accounting estimates and assumptions

The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Estimated impairment of goodwill

Goodwill is allocated to the cash generating units (CGU's) of billing and IT outsourcing. The recoverable amount of these units is based on value-in-use calculations.

These calculations are based on projected cash flows approved by management. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

In the 2005 financial year Hansen announced its intention to concentrate its international growth strategies on the energy markets of Europe and Asia and scale back USA initiatives. In light of this decision and in compliance with relevant reporting standards, the carrying value of Hansen's investment in controlled entities was reassessed, resulting in a one-off writedown of this investment of \$8.5 million being charged against the parent entity's fiscal year results.

(b) Income taxes

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

There had been significant expenditure on research and development on the HUB billing software in the 2005 year. Returns are beginning to be derived from this investment, which comprises the majority of the carried forward losses. The group also had a one off write down of the Hansen USA investment of \$3.6m in 2005. Recognition of the carried forward losses is based upon the probable future profits of the group.

3 Revenue

Revenues from continuing operations

Revenue from sale of goods and services

Other income:

Management fees

Net foreign exchange gains / (losses)

Interest – other parties

Other income

Sale of intellectual property

Distribution received from controlled entities

Total other revenues

Total revenue from ordinary activities

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Revenue from sale of goods and services	49,482	51,840	–	–
Management fees	–	–	793	810
Net foreign exchange gains / (losses)	298	(570)	–	–
Interest – other parties	200	175	5	1
Other income	1,270	1,494	1	–
Sale of intellectual property	–	558	–	–
Distribution received from controlled entities	–	–	–	458
Total other revenues	1,768	1,657	799	1,269
Total revenue from ordinary activities	51,250	53,497	799	1,269

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For the year ended 30 June 2006

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4 Profit from continuing operations

Profit from continuing operations before income tax has been determined after the following specific expenses:

Employee benefits / expense

Wages and salaries

27,028 28,483 607 638

Workers compensation costs

78 98 2 3

Superannuation costs

2,285 2,216 30 30

Expense of share based payments

45 34 – –

Total employee benefits / expense

29,436 30,831 639 671

Depreciation of non-current assets

Plant and equipment

10 2,122 2,654 17 18

Total depreciation of non-current assets

2,122 2,654 17 18

Amortisation of non-current assets

Plant and equipment under finance lease

10 431 304 – –

Trademarks, licences & goodwill

– 24 – –

Research and development

11 2,587 1,951 – –

Total amortisation of non-current assets

3,018 2,279 – –

Impairment losses

Goodwill

– 3,604 – 8,500

Total impairment losses

– 3,604 – 8,500

Finance costs expensed

Bank loans and overdrafts

170 491 – –

Finance charges paid or payable under finance leases

14 11 5 6

Total finance costs expensed

184 502 5 6

Other expenses

Movement in provision for doubtful debts

(4) (36) – –

Data communication

3,249 3,099 – –

Contractors and consultants

2,595 1,865 76 6

Hardware, software and licences

5,700 6,019 – –

Operating lease rentals

3,255 4,062 – –

Net loss on disposal of plant and equipment

17 18 6 –

Other expenses

1,343 2,488 (42) 101

Total other expenses

16,155 17,515 40 107

5 Income tax

(a) The components of tax expense:

Current tax	–	–	–	–
Deferred tax	(416)	(1,205)	(357)	(2,260)
Transfer of losses	–	–	1,128	2,380
Prior period timing differences bought to account	–	–	25	–
Under (over) provision in prior years	27	(11)	167	–
<i>Total Income tax expense</i>	<i>(389)</i>	<i>(1,216)</i>	<i>963</i>	<i>120</i>

(b) Income tax expense/(benefit)

Prima facie income tax expense/(benefit) calculated at 30% (2005: 30%) on the profit from ordinary activities	101	(1,166)	755	(2,410)
Tax effect of amounts which are not deductible in calculating taxable income	–	–	–	–
Non deductible write off of goodwill on consolidation	–	1,081	–	–
Non deductible write down of investment	–	–	–	2,551
Current year losses not bought to account	112	151	–	–
Other non allowable items	34	150	23	–
Under (over) provision in prior years	27	(11)	167	–
Prior period temporary differences not previously bought to account	(150)	(319)	18	(21)
R & D allowances	(497)	(660)	–	–
Non assessable income	(16)	(82)	–	–
Unrecognised tax losses bought to account	–	(360)	–	–
<i>Income tax expense</i>	<i>(389)</i>	<i>(1,216)</i>	<i>963</i>	<i>120</i>

CONSOLIDATED ENTITY		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
–	–	–	–
(416)	(1,205)	(357)	(2,260)
–	–	1,128	2,380
–	–	25	–
27	(11)	167	–
(389)	(1,216)	963	120
101	(1,166)	755	(2,410)
–	–	–	–
–	1,081	–	–
–	–	–	2,551
112	151	–	–
34	150	23	–
27	(11)	167	–
(150)	(319)	18	(21)
(497)	(660)	–	–
(16)	(82)	–	–
–	(360)	–	–
(389)	(1,216)	963	120

Notes to the financial statements

For the year ended 30 June 2006

5 Income tax cont...

(c) Deferred tax relates to the following:

Deferred tax liabilities

Research & development expenditure capitalised

Other income not yet assessable

Other

Total Deferred tax liabilities

Deferred tax assets

Employee benefits

Provisions

Other payables

Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes

Losses available for offset against future taxable income 2 (b)

Other

Total deferred tax assets

Net deferred tax

(d) Deferred tax assets not brought to account, the benefits of which will only be realised if the condition for deductibility set out in Note 1(i) occur

Tax losses

NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	2,451	2,308	–	–
	222	406	222	406
	86	(15)	86	(15)
	2,759	2,699	308	391
	1,292	1,254	964	962
	74	292	74	160
	417	210	170	153
	1,078	943	21	5
	2,624	2,150	2,624	2,150
	2	162	13	162
	5,487	5,011	3,866	3,592
	2,728	2,312	3,558	3,201
	4,479	1,940	2,082	–
	4,479	1,940	2,082	–

6 Dividends on ordinary shares

2006

No dividend has been declared in respect of the 2006 financial year.

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. Also on the 17th February 2005 the directors declared an interim dividend of 1 cent per share partially franked to 0.12 cents (12%) per share.

PARENT ENTITY	
2006 \$'000	2005 \$'000
–	–

Dividend franking account

30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Limited for subsequent financial years

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

- franking credits that will arise from the payment of any current tax liability;
- franking debits that will arise from the payment of any dividends recognised as a liability at year-end;
- franking credits that will arise from the receipt of any dividends recognised as receivables at year-end; and
- 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.

7 Receivables

Current

Trade debtors
Less: Provision for doubtful debts

Sundry debtors

Non-current

Term debtor
Loans to controlled entities

CONSOLIDATED ENTITY		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
5,830	4,087	–	–
(20)	(24)	–	–
5,810	4,063	–	–
2,124	1,340	58	77
7,934	5,403	58	77
243	893	–	–
–	–	32,786	26,510
243	893	32,786	26,510

The weighted average effective interest rate on the term debtor is 8.25% (2005: 8.25%) at 30 June 2006.

11 Intangibles

Goodwill, at cost
Accumulated impairment

Software research and development, at cost
Accumulated amortisation

Total intangible assets

Reconciliation of goodwill at cost

Opening amount
Current year write down
Closing amount

Accumulated impairment at beginning of year
Current year write down
Accumulated impairment at end of year

Reconciliation of software research and development at cost

Opening amount
Expenditure capitalised in current period
Closing amount

Accumulated amortisation at beginning of year
Current year charge
Accumulated amortisation at end of year

12 Payables

Current

Trade payables
Other payables

Non-current

Loans - controlled entities

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Goodwill, at cost	18,479	18,479	–	–
Accumulated impairment	(4,693)	(4,693)	–	–
	13,786	13,786	–	–
Software research and development, at cost	18,961	15,900	–	–
Accumulated amortisation	(10,795)	(8,208)	–	–
	8,166	7,692	–	–
Total intangible assets	21,952	21,478	–	–
Reconciliation of goodwill at cost				
Opening amount	18,479	23,005	–	–
Current year write down	–	(4,526)	–	–
Closing amount	18,479	18,479	–	–
Accumulated impairment at beginning of year	(4,693)	(5,569)	–	–
Current year write down	–	876	–	–
Accumulated impairment at end of year	(4,693)	(4,693)	–	–
Reconciliation of software research and development at cost				
Opening amount	15,900	11,967	–	–
Expenditure capitalised in current period	3,061	3,933	–	–
Closing amount	18,961	15,900	–	–
Accumulated amortisation at beginning of year	(8,208)	(6,257)	–	–
Current year charge	(2,587)	(1,951)	–	–
Accumulated amortisation at end of year	(10,795)	(8,208)	–	–
Current				
Trade payables	1,388	2,188	3	6
Other payables	2,857	2,483	122	428
	4,245	4,671	125	434
Non-current				
Loans - controlled entities	–	–	6,419	4,899
	–	–	6,419	4,899

15 Contributed Equity

(a) Issued and paid up capital

Ordinary shares, fully paid

NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
	49,958	43,452	49,958	43,452

(b) Movements in shares on issue

Beginning of the financial year
 Shares issued under Dividend Reinvestment Plan
 Shares issued under Rights Issue
 Shares issued under Employee Share Plan
 Capital Reduction *
 Transaction costs on issue of shares
 End of the financial year

16 (c)

	PARENT ENTITY		PARENT ENTITY	
	2006 NO. OF SHARES	2006 \$'000	2005 NO. OF SHARES	2005 \$'000
Beginning of the financial year	116,426,968	43,452	112,014,565	96,158
Shares issued under Dividend Reinvestment Plan	–	–	3,843,989	1,478
Shares issued under Rights Issue	32,198,472	6,440	–	–
Shares issued under Employee Share Plan	796,500	105	568,414	154
Capital Reduction *	–	–	–	(54,331)
Transaction costs on issue of shares	–	(39)	–	(7)
End of the financial year	149,421,940	49,958	116,426,968	43,452

* In accordance with a resolution of shareholders the Company's contributed equity (issued and paid up share capital) was reduced by \$54,331 million in 2005 with a corresponding amount offset against the Company's accumulated losses.

(c) Share options

Employee share option plan

The company continued to offer employees participation in short-term and long-term incentive schemes as part of the remuneration packages for the employees of the companies.

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.

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Option holders will not be entitled to participate in any new issue of securities in the Company unless they exercise their options prior to the record date for the determination of entitlements to the new issue.

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

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

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

Since the end of the financial year 380,000 (2005: 455,000) options have been granted under this scheme.

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 2006								
7/08/2000	7/08/2002	7/08/2005	\$1.40	200,000	–	200,000	–	–
25/12/2000	25/12/2002	25/12/2005	\$1.90	50,000	–	50,000	–	–
1/07/2001	1/07/2004	1/07/2006	\$1.50	650,000	–	–	650,000	650,000
1/10/2001	1/07/2004	1/07/2006	\$1.50	145,000	–	–	145,000	145,000
1/01/2002	1/01/2005	1/01/2007	\$1.20	15,000	–	15,000	–	–
1/07/2003	1/07/2006	1/07/2008	\$0.19	660,000	–	75,000	585,000	–
1/07/2004	1/07/2007	1/07/2009	\$0.20	630,000	–	175,000	455,000	–
1/07/2005	1/07/2008	1/07/2010	\$0.28	–	530,000	75,000	455,000	–
TOTAL				2,350,000	530,000	590,000	2,290,000	795,000
Consolidated and Company 2005								
26/05/2000	26/05/2002	26/05/2005	\$1.00	1,760,000	–	1,760,000	–	–
7/08/2000	7/08/2002	7/08/2005	\$1.40	200,000	–	–	200,000	200,000
25/12/2000	25/12/2002	25/12/2005	\$1.90	50,000	–	–	50,000	50,000
1/07/2001	1/07/2004	1/07/2006	\$1.50	650,000	–	–	650,000	650,000
1/10/2001	1/07/2004	1/07/2006	\$1.50	145,000	–	–	145,000	145,000
1/01/2002	1/01/2005	1/01/2007	\$1.20	15,000	–	–	15,000	15,000
1/07/2003	1/07/2006	1/07/2008	\$0.19	660,000	–	–	660,000	–
1/07/2004	1/07/2007	1/07/2009	\$0.20	–	630,000	–	630,000	–
TOTAL				3,480,000	630,000	1,760,000	2,350,000	1,060,000

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 a discretion as to how the shares are to be issued or transferred to participants. Such shares may be acquired on or off market or the Company may allot shares, or they may be obtained by any combination of the foregoing. On application, employees pay no application monies. The amount of the consideration to be provided by qualifying employees to acquire the shares can be foregone from future remuneration (before tax). To qualify, employees must be full-time or permanent part-time employees of the Company or any subsidiary of the Company. Shares issued under the ESP will rank equally in all respects with all existing shares from the date of allotment.

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

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

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

	CONSOLIDATED ENTITY	
	2006 NO. OF SHARES	2005 NO. OF SHARES
Number of shares at beginning of year	1,146,434	808,807
Number of shares distributed to employees	796,500	568,414
Number of shares transferred to main share registry and/or disposed of	(77,088)	(230,787)
Number of shares at year-end	<u>1,865,846</u>	<u>1,146,434</u>

The consideration for the shares issued on 23 June 2006 was 13.19 cents (24 June 2005 : 27.09), 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 ENTITY		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current receivables	53	77	53	77
Issued ordinary share capital	105	154	105	154

The market value of ordinary Hansen Technologies Ltd shares closed at \$0.13 on 30 June 2006 (\$0.28 on 30 June 2005).

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16 Reserves and retained profits

	NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Foreign currency translation	16 (a)	(425)	(226)	–	–
Options granted reserve	16 (b)	91	45	–	–
Retained earnings	16 (c)	(16,798)	(17,522)	(9,199)	(8,334)
(a) Foreign currency translation reserve					
<i>Movements in reserve</i>					
Balance at beginning of year		(226)	(478)	–	–
Movement during the year		(199)	252	–	–
Balance at end of year		(425)	(226)	–	–
(b) Options granted reserve					
<i>Movements in reserve</i>					
Balance at beginning of year		45	13	–	–
Movement during the year		46	32	–	–
Balance at end of year		91	45	–	–
(c) Retained earnings					
Balance at beginning of year		(17,522)	(66,918)	(8,334)	(52,249)
Capital reduction		–	54,331	–	54,331
Dividends paid		–	(2,263)	–	(2,263)
Net profit / (loss) attributable to members of Hansen Technologies Ltd		724	(2,672)	(865)	(8,153)
Balance at end of year		(16,798)	(17,522)	(9,199)	(8,334)

17 Cash flow information

(a) Reconciliation of profit / (loss) from ordinary activities after income tax to net cash flows from operations

Profit / (loss) from ordinary activities after income tax	724	(2,672)	(865)	(8,153)
Add / (less) items classified as investing / financing activities:				
(Profit) / loss on sale of non-current assets	17	18	6	–
Payment for resolution of legal dispute	–	300	–	300
Proceeds from Sale of Intellectual Property	–	(558)	–	–
Add / (less) non cash items:				
Amortisation and depreciation	5,140	4,933	17	18
Transfer of tax losses within tax consolidation group	–	–	830	449
Write-down of non-current assets	–	3,604	–	8,500
Net cash provided by operating activities before change in assets and liabilities	5,881	5,625	(12)	1,114
Changes in assets and liabilities adjusted for effects of purchases and disposal of controlled entities during the year:				
(Increase) / decrease in trade debtors	(1,097)	458	–	–
(Increase) / decrease in sundry debtors and other assets	243	(1,191)	18	(43)
Increase / (decrease) in trade creditors	(800)	424	(2)	–
Increase / (decrease) in other creditors and accruals	375	(960)	168	1,821
Increase / (decrease) in deferred income	240	(279)	–	–
Increase / (decrease) in provisions	(212)	925	(237)	(1)
(Increase) / decrease in deferred tax assets	(416)	(1,206)	(357)	(2,478)
Increase / (decrease) in income taxes payable	–	(10)	–	–
Increase / (decrease) in reserves	(154)	255	–	–
Net cash (used in) / provided by operating activities	4,060	4,041	(422)	413

(b) Reconciliation of cash

Cash assets	6,895	887	9	12
-------------	-------	-----	---	----

18 Commitments and contingencies

Lease expenditure commitments

Operating leases (non-cancellable):

Not later than one year	2,287	2,218	–	–
Later than one year and not later than five years	5,917	6,827	–	–
Later than five years	–	–	–	–
Aggregate lease expenditure contracted for at reporting date	8,204	9,045	–	–

Hire purchase commitments:

Not later than one year	249	406	–	25
Later than one year and not later than five years	101	413	–	63
Total minimum hire purchase payments	350	819	–	88
Less: Future finance charges	(18)	(61)	–	(4)
Present value of minimum hire purchase payment	332	758	–	84

Hire purchase liabilities provided for in the financial statements:

<i>Current</i>	235	363	–	21
<i>Non-current</i>	97	395	–	63
Total hire purchase liabilities	332	758	–	84

Finance lease commitments:

Not later than one year	657	708	–	–
Later than one year and not later than five years	239	861	–	–
Total minimum lease payments	896	1,569	–	–
Less: Future finance charges	(63)	(188)	–	–
Present value of minimum lease payment	833	1,381	–	–

Lease liabilities provided for in the financial statements:

<i>Current</i>	600	599	–	–
<i>Non-current</i>	233	782	–	–
Total lease liabilities	833	1,381	–	–

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Operating leases (non-cancellable):				
Not later than one year	2,287	2,218	–	–
Later than one year and not later than five years	5,917	6,827	–	–
Later than five years	–	–	–	–
Aggregate lease expenditure contracted for at reporting date	8,204	9,045	–	–
Hire purchase commitments:				
Not later than one year	249	406	–	25
Later than one year and not later than five years	101	413	–	63
Total minimum hire purchase payments	350	819	–	88
Less: Future finance charges	(18)	(61)	–	(4)
Present value of minimum hire purchase payment	332	758	–	84
Hire purchase liabilities provided for in the financial statements:				
<i>Current</i>	235	363	–	21
<i>Non-current</i>	97	395	–	63
Total hire purchase liabilities	332	758	–	84
Finance lease commitments:				
Not later than one year	657	708	–	–
Later than one year and not later than five years	239	861	–	–
Total minimum lease payments	896	1,569	–	–
Less: Future finance charges	(63)	(188)	–	–
Present value of minimum lease payment	833	1,381	–	–
Lease liabilities provided for in the financial statements:				
<i>Current</i>	600	599	–	–
<i>Non-current</i>	233	782	–	–
Total lease liabilities	833	1,381	–	–

Operating leases (non-cancellable)

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.

Notes to the financial statements

For the year ended 30 June 2006

19 Earnings per share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Basic earnings / (loss) - ordinary shares
Diluted earnings / (loss) - ordinary shares

CONSOLIDATED ENTITY		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
724	(2,672)	–	–
724	(2,672)	–	–

Weighted average number of ordinary shares used in calculating basic earnings per share:

Number for basic earnings per share - ordinary shares
 Number for diluted earnings per share - ordinary shares

Basic earnings / (loss) per share
 Diluted earnings / (loss) per share

2006 NUMBER SHARES	2005 NUMBER SHARES	2006 NUMBER SHARES	2005 NUMBER SHARES
140,142,288	114,204,086	–	–
143,268,359	115,494,086	–	–
\$0.005	(\$0.023)	\$0.000	\$0.000
\$0.005	(\$0.023)	\$0.000	\$0.000

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
1 July 2001	650,000
1 October 2001	145,000
Total options not considered dilutive	795,000

Full details of these options are set out in Note 15.

20 Directors' and executives' compensations

	SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT BENEFITS	SHARE BASED BENEFITS	REMUNERATION GRANTED AS OPTIONS 2006	TOTAL 2006 \$
	BASE EMOLUMENT 2006 \$	BONUSES 2006 \$	NON-CASH BENEFITS 2006 \$	SUPER CONTRIBUTIONS 2006 \$	OPTIONS ISSUED (A) 2006		
Directors							
Non-executive							
K Hansen (Chairman)	64,815	–	–	5,833	–	–	70,648
G Tomlinson	30,864	–	–	2,778	–	–	33,642
B Adams	37,037	–	–	3,333	–	–	40,370
D Osborne	12,345	–	–	1,111	–	–	13,456
Executive							
A Hansen (MD & CEO)	333,349	–	31,650	30,001	–	–	395,000
Executives Consolidated							
G Lister (CFO & Company Secretary)	211,009	18,349	–	20,642	8,577	3%	258,577
G Kentish (GM, Hansen Europe)	219,912	–	–	–	–	–	219,912
J Payne (GM, Outsourcing)	154,128	27,523	–	16,349	8,577	4%	206,577
C Hunter (Chief Operations Officer)	137,242	18,349	13,157	13,828	8,577	4%	191,153
P Day (Chief Information Officer)	58,444	–	5,543	8,064	–	–	72,051
	2005 \$	2005 \$	2005 \$	2005 \$	2005 \$ (B)	2005	2005 \$
Directors							
Non-executive							
K Hansen (Chairman)	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 (MD & CEO)	354,257	82,569	25,000	37,844	–	–	499,670
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
J Payne (GM, Outsourcing)	146,789	9,174	–	14,037	7,575	4%	177,575
C Hunter (Chief Operations Officer)	123,759	18,349	20,102	12,790	7,575	4%	182,575

Executive Directors and Senior Executives may receive bonuses at the absolute discretion of the Directors.

Note:

- (A) All options above expire during the period up to 1 July 2010 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. The weighted average fair value of the options granted during the year as determined by the Black-Scholes model was 10 cents. This price was calculated by applying the following inputs: exercise price and underlying share price at date of issue of options \$0.29, life of the option 3 years, expected share price volatility 27% and risk free interest rate of 5%.
- (B) 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.

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21 Directors' and executives' equity holdings

(a) Compensation options: Granted and vested during the year (consolidated)

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:

	VESTED NUMBER	GRANTED NUMBER	GRANT DATE	VALUE PER OPTION AT GRANT DATE	TERMS & CONDITIONS FOR EACH GRANT		
					EXERCISE PRICE \$	FIRST EXERCISE DATE	LAST EXERCISE DATE
Executives							
G Lister (CFO & Company Secretary)	–	75,000	1-Jul-05	\$0.28	\$0.28	1-Jul-08	1-Jul-10
G Kentish (GM, Hansen Europe)	–	–	–	–	–	–	–
J Payne (GM, Outsourcing)	–	75,000	1-Jul-05	\$0.28	\$0.28	1-Jul-08	1-Jul-10
C Hunter (Chief Operations Officer)	–	75,000	1-Jul-05	\$0.28	\$0.28	1-Jul-08	1-Jul-10
P Day (Chief Information Officer)	–	–	–	–	–	–	–
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.

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

	BALANCE 30-JUN-05	GRANTED AS REMUNERATION	LAPSED	BALANCE 30-JUN-06	VESTED AT 30 JUNE 2006		
					TOTAL	EXERCISABLE	UNEXERCISABLE
Directors							
K Hansen (Chairman)	–	–	–	–	–	–	–
G Tomlinson	–	–	–	–	–	–	–
B Adams	–	–	–	–	–	–	–
A Hansen (MD & CEO)	150,000	–	–	150,000	150,000	150,000	–
Executives							
G Lister (CFO & Company Secretary)	150,000	75,000	–	225,000	–	–	–
G Kentish (GM, Hansen Europe)	–	–	–	–	–	–	–
J Payne (GM, Outsourcing)	150,000	75,000	–	225,000	–	–	–
C Hunter (Chief Operations Officer)	225,000	75,000	–	300,000	75,000	75,000	–
P Day (Chief Information Officer)	–	–	–	–	–	–	–
Total	675,000	225,000	–	900,000	–	–	–

(c) Number of shares held by key management personnel

	BALANCE 30-JUN-05	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE 30-JUN-06
Directors					
K Hansen (Chairman)	67,256,298	–	–	26,500,969	93,757,267
G Tomlinson	437,312	–	–	(218,656)	218,656
B Adams	150,035	–	–	60,014	210,049
D Osborne	–	–	–	173,699	173,699
A Hansen (MD & CEO)	9,921,522	–	–	1,500,000	11,421,522
Executives					
G Lister (CFO & Company Secretary)	412,691	–	–	337,735	750,426
G Kentish (GM, Hansen Europe)	–	–	–	–	–
J Payne (GM, Outsourcing)	14,180	–	–	7,581	21,761
C Hunter (Chief Operations Officer)	39,640	–	–	149,581	189,221
P Day (Chief Information Officer)	–	–	–	–	–
Total	78,231,678	–	–	28,073,611	106,742,601

22 Auditor's remuneration

Audit services:

Auditors of the Company

Australia

- audit and review of the financial report of the entity and any other entity in the consolidated entity

Overseas Firms

- audit and review of financial reports

Other services:

Auditors of the Company

Australia

- taxation services

Overseas Firms

- taxation services

CONSOLIDATED ENTITY		PARENT ENTITY	
2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
112	121	–	4
98	113	–	–
210	234	–	4
50	41	–	15
32	38	–	–
82	79	–	15

Notes to the financial statements

For the year ended 30 June 2006

23 Related party disclosures

- (a) The consolidated financial statements include the financial statements of Hansen Technologies Ltd and its controlled entities listed below:

NAME	NOTE	COUNTRY OF INCORPORATION	ORDINARY SHARE CONSOLIDATED ENTITY INTEREST	
			2006 %	2005 %
Parent entity				
Hansen Technologies Limited		Australia		
Subsidiaries of Hansen Technologies Ltd				
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 IBP Ltd	(i)	Hong Kong	N/A	100
Hansen SVi Ltd	(i)	Hong Kong	N/A	100
Hansen Technologies (Malaysia) Sdn. Bhd.	(i)	Malaysia	N/A	100
Hansen Datatrue Ltd	(ii)	United Kingdom	100	100

Notes:

- (i) These entities were placed into liquidation on 29 August 2002 and winding up prior to 30 June 2006.
(ii) This entity is in the process of being deregistered.

- (b) The following provides the total amount of transactions that were entered into with related parties for the relevant financial year:

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

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

The aggregate amounts recognised during the year relating to Directors and their Director-related entities were as follows:

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
K Hansen and A Hansen - Lease rental payments	770,713	791,899	-	-

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 2006 were \$126,920 and \$643,793 respectively (2005: \$123,612 and \$668,287 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 has previously provided courier services to the consolidated entity at ordinary commercial rates and terms on an arm's length basis. Mr K Hansen was a Director of Hansen Couriers Pty Ltd up until his resignation on 25 October 2005. Total courier fees paid to Hansen Couriers Pty Ltd during this period was \$NIL (2005: \$68,597).

Transactions with other related parties

The classes of other related parties are:

- Wholly-owned group
- Other related parties

All transactions with other related parties are on normal terms and conditions.

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 2006, the financial information relating to payments made in respect of this acquisition, including amounts outstanding at that date are as follows:

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<i>Acquisition of Hansen North America, Inc.</i>				
Consideration paid	–	223	–	–

24 Segment Information

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, rostering, 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 2006

	BILLING		IT OUTSOURCING		OTHER		CONSOLIDATED ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Business segments								
Revenue								
External segment revenue	21,849	25,330	23,322	22,988	4,311	3,522	49,482	51,840
Other unallocated revenue							1,768	1,657
Total revenue							51,250	53,497
Result								
Segment result	1,252	(1,138)	2,703	1,938	669	1,322	4,624	2,122
Unallocated corporate expenses							(4,289)	(6,010)
Profit / (loss) from ordinary activities before income tax							335	(3,888)
Income tax (expense) / benefit							389	1,216
Net profit / (loss)							724	(2,672)
Depreciation and amortisation	3,483	2,973	1,312	1,679	279	172	5,074	4,824
Depreciation and amortisation - unallocated							66	109
							5,140	4,933
Segment result is inclusive of some individually significant items.								
Individually significant segment items								
Write-off of goodwill	-	(3,604)	-	-	-	-	-	(3,604)
Provision for surplus lease space	-	-	-	(572)	-	-	-	(572)
Sale of intellectual property (Other unallocated revenue)	-	-	-	-	-	-	-	558
Assets								
Segment assets	16,479	17,250	8,407	8,293	1,081	944	25,967	26,487
Unallocated corporate assets							20,323	14,099
Consolidated total assets							46,290	40,586
Liabilities								
Segment liabilities	5,173	6,041	7,165	7,151	890	778	13,228	13,970
Unallocated corporate liabilities							236	867
Consolidated total liabilities							13,464	14,837
Acquisition of non-current assets	394	1,553	185	1,325	16	43	595	2,921

	AUSTRALIA		USA		EUROPE		OTHER		CONSOLIDATED ENTITY	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Geographical segments										
External segment revenue by location of customers	46,120	47,345	278	820	3,084	3,592	-	83	49,482	51,840
Segment assets by location of assets	42,729	36,753	114	716	3,330	3,030	117	87	46,290	40,586
Acquisition of non-current assets	451	2,815	2	15	142	91	-	-	595	2,921

25 Financial Instruments

(a) Interest rate risk

Interest rate risk exposures

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

	NOTE	WEIGHTED AVERAGE INTEREST RATE	FLOATING INTEREST RATE \$'000	FIXED INTEREST MATURING IN:			NON- INTEREST BEARING \$'000	TOTAL \$'000
				1 YEAR OR LESS \$'000	1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000		
2006								
Financial assets								
Cash	17	5.13%	6,895	–	–	–	–	6,895
Receivables	7	8.25%	–	2,124	243	–	5,810	8,177
Other assets	9		–	–	–	–	795	795
			6,895	2,124	243	–	6,605	15,867
Financial liabilities								
Payables	12		–	–	–	–	4,245	4,245
Borrowings	13	8.80%	–	835	330	–	–	1,165
Provisions	14		–	–	–	–	4,313	4,313
			–	835	330	–	8,558	9,723
2005								
Financial assets								
Cash	17	4.30%	887	–	–	–	–	887
Receivables	7	8.25%	–	1,340	893	–	4,063	6,296
Other assets	9		–	–	–	–	1,688	1,688
			887	1,340	893	–	5,751	8,871
Financial liabilities								
Payables	12		–	–	–	–	4,671	4,671
Borrowings	13	8.80%	–	962	1,177	–	–	2,139
Provisions	14		–	–	–	–	4,192	4,192
			–	962	1,177	–	8,863	11,002

(b) Credit risk exposures

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

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

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

Concentrations of credit risk

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. Concentrations of credit risk on trade and term debtors are: Utilities 36% (2005: 35%), Finance Sector 40% (2005: 28%), Telecommunications 13% (2005: 20%) and Other 11% (2005: 17%).

(c) Fair values

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in Balance Sheet and Notes to the Financial Statements.

Notes to the financial statements

For the year ended 30 June 2006

26 Subsequent events

In August 2006 Hansen sold the distribution and support rights for the AssetLife software. This is a post balance date event and the sale consideration is not reflected in the results to June 2006. Asset management has been a solid but non-core business since the software was acquired back in 1998. The sale of AssetLife was part of a planned strategy to focus development resources on the fantastic growth opportunities which are currently present for Hansen's core billing business. As a consequence of the sale Hansen will no longer be directly involved in the development of AssetLife management software but will receive rights as a distributor for AssetLife and be in a position to distribute a broader range of products made available from the purchaser. We are not able to disclose the financial consideration due to contractual undertakings.

27 First-adoption of AIFRS - reconciliation of equity reported under AGAAP to equity under AIFRS

(a) At the date of transition to AIFRS - 1 July 2004

Current assets

Cash and cash equivalents	3,623	–	3,623
Trade receivables	5,275	–	5,275
Other current assets	1,817	–	1,817
Total current assets	10,715	–	10,715

Non-current assets

Receivables	1,179	–	1,179
Plant and equipment	6,819	–	6,819
Intangible assets	23,147	–	23,147
Deferred tax assets	1,107	–	1,107
Other non-current assets	155	–	155
Total non-current assets	32,407	–	32,407
Total assets	43,122	–	43,122

Current liabilities

Trade and other payables	4,943	–	4,943
Short-term borrowings	556	–	556
Current tax payable	51	–	51
Short-term provisions	4,013	–	4,013
Other current liabilities	3,438	–	3,438
Total current liabilities	13,001	–	13,001

Non-current liabilities

Payables	300	–	300
Long-term borrowings	893	–	893
Long-term provisions	153	–	153
Total non-current liabilities	1,346	–	1,346

Total liabilities

	14,347	–	14,347
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Net assets

	28,775	–	28,775
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Equity

Share capital	96,158	–	96,158
Foreign currency translation reserve	(478)	–	(478)
Options granted reserve	–	13	13
Retained earnings (accumulated losses)	(66,905)	(13)	(66,918)
Total equity	28,775	–	28,775

(b) At the end of the last annual reporting period under AGAAP - 30 June 2005

	AGAAP \$'000	ADJ \$'000	AIFRS \$'000
Current assets			
Cash and cash equivalents	887	–	887
Trade receivables	5,403	–	5,403
Other current assets	2,832	–	2,832
Total current assets	9,122	–	9,122
Non-current assets			
Receivables	893	–	893
Plant and equipment	6,746	–	6,746
Intangible assets	20,428	1,050	21,478
Deferred tax assets	2,312	–	2,312
Other non-current assets	35	–	35
Total non-current assets	30,414	1,050	31,464
Total assets	39,536	1,050	40,586
Current liabilities			
Trade and other payables	4,671	–	4,671
Short-term borrowings	962	–	962
Short-term provisions	4,246	–	4,246
Other current liabilities	3,160	–	3,160
Total current liabilities	13,039	–	13,039
Non-current liabilities			
Long-term borrowings	1,177	–	1,177
Long-term provisions	621	–	621
Total non-current liabilities	1,798	–	1,798
Total liabilities	14,837	–	14,837
Net assets	24,699	1,050	25,749
Equity			
Share capital	43,452	–	43,452
Foreign currency translation reserve	(480)	254	(226)
Options granted reserve	–	45	45
Retained earnings (accumulated losses)	(18,273)	751	(17,522)
Total equity	24,699	1,050	25,749

Notes to the financial statements

For the year ended 30 June 2006

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28 First-adoption of AIFRS - reconciliation of profit reported under AGAAP to profit under AIFRS

Reconciliation of profit for the year ended 30 June 2005

	AGAAP \$'000	ADJ \$'000	AIFRS \$'000
Revenue from rendering of services	51,840	–	51,840
Other revenues	1,657	–	1,657
Total revenue	53,497	–	53,497
Employee expenses	(30,797)	(34)	(30,831)
Depreciation and amortisation expenses	(5,983)	1,050	(4,933)
Impairment of non-current assets	(3,604)	–	(3,604)
Finance costs	(502)	–	(502)
Operating lease rental expenses	(4,062)	–	(4,062)
Contractor and consultant expenses	(1,865)	–	(1,865)
Software licence expenses	(719)	–	(719)
Hardware and software expenses	(5,300)	–	(5,300)
Transportation expenses	(586)	–	(586)
Travel expenses	(1,183)	–	(1,183)
Data communication expenses	(3,099)	–	(3,099)
Legal, settlement and liquidation costs	(40)	–	(40)
Other expenses	(407)	(254)	(661)
	(58,147)	762	(57,385)
Profit (loss) before income tax	(4,650)	762	(3,888)
Income tax benefit	1,216	–	1,216
Profit (loss) from continuing operations	(3,434)	762	(2,672)
Profit (loss) for the half-year	(3,434)	762	(2,672)
Profit (loss) attributable to the members of the parent	(3,434)	762	(2,672)
Basic earnings / (loss) per share	(\$0.029)		(\$0.023)
Diluted earnings / (loss) per share	(\$0.029)		(\$0.023)

29 First-adoption of AIFRS - reconciliation of cash flow statement for the year ended 30 June 2005 as reported under AGAAP to cash flows under AIFRS

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

30 First adoption of AIFRS - explanation of changes in accounting policy arising on first-time adoption of AIFRS

(i) Share based payments

Under AASB 2 Share-based Payments, the company is required to determine the fair value of equity settled transactions and recognise an expense in the Income Statement.

On first-time adoption of AIFRS, retained earnings at 1 July 2004 and reported results for the financial year to 30 June 2005 have been adjusted for all share-based payments granted after 7 November 2002, which did not vest prior to 1 January 2005.

(ii) Goodwill

Goodwill on consolidation has been recalculated to de-recognise intangible assets acquired that do not meet the identifiability criteria under AIFRS, and to recognise deferred tax liabilities at the acquisition date under the balance-sheet method.

In accordance with AASB 1, amortisation of goodwill ceases on first-time adoption of AIFRS at 1 July 2004. The carrying amount of goodwill as previously reported under AGAAP at 30 June 2004 is subject to impairment testing from that date.

(iii) Impairment of assets

Under AIFRS the recoverable amount test under the previous AGAAP is 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.

(iv) Income taxes

Under AIFRS a balance sheet approach has been 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. A future income tax benefit is recognised for tax losses where their realisation is considered probable.

On first-time adoption of AIFRS, adjustments to the provision for deferred tax have been recognised for asset revaluations and foreign currency exchange provisions.

(v) Effects of changes in foreign exchange rates

The parent entity has a foreign subsidiary, which was previously considered to be integrated with the parent entity. On first-time adoption of AIFRS new rules apply for translation of the foreign subsidiary's results to be included in the consolidated financial statements.

In accordance with the exemption available on first-time adoption of AIFRS the cumulative translation differences of all foreign operations are deemed to be zero. On first-time adoption of AIFRS translation differences for the financial year to 30 June 2005 are calculated in accordance with the new rules and any translation difference is included as a separate component of equity.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 14 to 45 in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards and the Corporations Regulations 2001, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2006 and of its performance as represented by the results of its operations and its cash flows, for the year ended on that date.

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 has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ending 30 June 2006.

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

Dated at Melbourne this 29th day of September 2006.

Signed in accordance with a resolution of the Directors:



Kenneth Hansen
Director



Andrew Hansen
Director

Independent Audit Report



Scope

We have audited the financial report of Hansen Technologies Limited and controlled entities for the financial year ended 30 June 2006 comprising the Directors' declaration, income statement, balance sheet, statement of changes in equity, statement 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 consolidated entity's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Dated at Melbourne this 29th day of September 2006.

PITCHER PARTNERS

A handwritten signature in black ink, appearing to read 'D B Rankin'.

D B Rankin
Partner

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 and complementary backgrounds. In addition, the Committee chair shall be independent, possess leadership experience and a sound finance 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 2006 are two non-executive directors, David Osborne and

Bruce Adams. The Chairman of the Audit Committee is currently Bruce Adams.

A member 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.

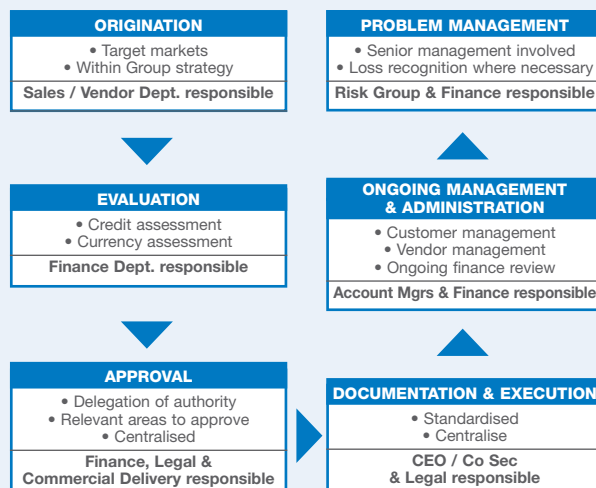
Each individual business unit is responsible for the identification, measurement, monitoring and mitigation of operational risk. This is supported by input from corporate level functions such as the office of Chief Operating Officer, Risk Management Group, Legal and Finance Departments.

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 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

The Remuneration Committee currently consists of two directors, David Osborne and Bruce Adams. Bruce Adams 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, at the discretion of the Directors, are set for the CEO and the executives, incorporating objectives designed around Group, business unit and individual goals, with agreed short and long-term performance incentives. The CEO submits the proposed annual executive package to the Remuneration Committee where it is assessed for reasonableness. Details of the pay and rewards for Hansen's top five 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. The issue of options would be based at the absolute discretion of the Directors and in accordance with the Employee Share Option Plan.

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 21 September 2006

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	93,757,267	62.7%
Citicorp Nominees Pty Ltd	21,000,001	14.05%
Andrew Alexander Hansen - including associates	11,421,522	7.6%

Voting rights

Ordinary shares and Options - refer to Note 15.

Distribution of equity security holders

CATEGORY	NUMBER OF EQUITY SECURITY HOLDERS	
	ORDINARY SHARES	OPTIONS
1-1,000	102	-
1,001-5,000	398	-
5,001-10,000	233	-
10,001-100,000	359	2
100,001 and over	52	7
	1,144	9

The number of shareholders holding less than a marketable parcel of ordinary shares is 265.

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 Ltd	91,160,249	61.01%
Citicorp Nominees Pty Limited	21,000,001	14.05%
Andrew Alexander Hansen	8,745,022	5.85%
Antan Pty Ltd	2,302,400	1.54%
ANZ Nominees Limited	1,901,487	1.27%
Mr Anthony David Hansen	1,229,618	0.82%
Mr Bruce Rodney Pettit	1,000,000	0.67%
Mr Kenneth Albert Hansen	532,107	0.36%
Mr B R Pettit	527,500	0.35%
Mrs Yvonne Irene Hansen	521,293	0.35%
Ozcun Pty Ltd	510,321	0.34%
Mr James Lucas & Ms Lesley Dormer	500,000	0.33%
Ms Tanya Jacinta Hansen	374,100	0.25%
Mr Warwick Lee Sharp	373,147	0.25%
J T W Sales Pty Ltd	277,200	0.19%
Mr Kostas Louras & Mrs Katina Louras	260,000	0.17%
Andrew George Whitney	238,651	0.16%
Mr Geoffrey Allan Tomlinson	218,656	0.15%
Mr Denis Maxwell Fraser & Mrs Wendy Elena Fraser	204,000	0.14%
Mr John Harman Beasy	200,000	0.13%
	132,075,752	88.39%

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Corporate Directory

Directors

Kenneth Hansen, *Chairman*

Andrew Hansen, *Managing Director & Chief Executive Officer*

Bruce Adams, *Non-Executive Officer*

David Osborne, *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

Link Market Services

Level 4, 333 Collins Street

Melbourne VIC 3000

Telephone: (02) 8280 7761 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.



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