HANSEN TECHNOLOGIES

THE FLEXIBLE ALTERNATIVE

ANNUAL REPORT 2012

HANSEN TECHNOLOGIES LIMITED ABN 90 090 996 455

Contents

Notice of Annual General Meeting

The Annual General Meeting of the Company is to be held on Thursday 22nd November at 11am at 2 Frederick Street, Doncaster, Victoria 3108.

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

HIGHLIGHTS 2012

$56.6 Million
Operating revenue

$19.2 Million
EBITDA

$12.9 Million
After-tax profit

8.2 Cents
Earnings per share

COMPANY PROFILE

Hansen Technologies is a leading independent provider of billing, customer care and IT solutions.

Hansen's billing software is used by companies in the telecommunications, electricity, gas and water industries.

Hansen also provides facilities management and IT services from its purpose-built data centres in Melbourne, 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 highly capable business and technical experts who have extensive industry knowledge. Founded in 1971, Hansen has offices in Australia, New Zealand, the United States and the United Kingdom and employs more than 250 people.

CHAIRMAN & CHIEF EXECUTIVE OFFICER JOINT REPORT

There is a Chinese curse, 'May you live in interesting times'. Such are the times that we find ourselves in today.

Political instability and dramatic changes to the underlying fiscal structure of the economy are generating uncertainty in Australia. Add to the mix tough and unsettled global conditions and it becomes clear why the previous 12 months have been very interesting indeed. Under such circumstances, it is pleasing that we have been able to deliver a solid operating performance this year incorporating strong cash flow generation enabling us to comfortably maintain our distribution to shareholders at 6 cents per share for the year while retaining considerable funding for both organic and strategic growth.

At Hansen we make no apology for our conservative approach to managing the business. It has served us well over recent years and the Company has prospered during extremely tough economic circumstances. Our objective is to always make decisions with a medium to long-term focus. This may limit the chances of substantially above-average earnings in any one particular year but it ensures the company can continue to operate and invest with confidence.

We operate in a competitive sector supporting industries which are undergoing substantive change in and around our areas of expertise. Over the years we have continued a strategy of broadening our client base, geographically and by sector, to minimise risk. We have major clients in the gas, electricity and telecommunications sectors, in many different international locations.

We elect to pursue relationships with customers which incorporate, whenever possible, annuity style revenue structures, sometimes at the expense of short term gains. As a result, our exposure to geographic and industry specific driven change or downturn is lower than if we specialised in just one or two areas or geographies.

Our international expansion activities have resulted in a position where 43% of our revenue is now being sourced in foreign currencies. As a result the high $A did have a negative impact on revenue throughout 2011/12. However the diversity of our business, where a third of our staff are located internationally, allowed us to curtail the impact of currency fluctuation on our business as reported in $A this year. Ultimately the vagaries of the $A are something we need to manage. Our structure and international operations ultimately require us to pursue a balance whereby the net impact of currency change is contained to the margin.

One area in which our conservative approach is also evident is our pursuit of growth through acquisition. With a debt free balance sheet, strong cash generating business and a track record of success in integrating businesses, we consider we are well situated to grow through acquisition. While we may consider it a fundamental strength to operate without debt, we realise that utilising our cash flow to support expansion will almost certainly provide better long-term results. The current high Australian $ opens up opportunities to acquire international businesses based on financial multiples that are comparable with our own ratings.

Over the past 12 months we have actively sought to acquire businesses offering the potential of added value to Hansen. It's fair to say that several businesses met many of the criteria that we had identified as being critical; however none met all of the criteria and ultimately were deemed to be overvalued and not prudent for us to close. The opportunities of growth and diversity represented by acquisitions utilising the positive incentive of the high $A are compelling and we will continue with this objective.

Highlights 2011/12

- Despite global economic uncertainty, we continued to perform well and consolidated our position as a leading global independent provider of billing solutions, customer care and IT solutions in the critical gas, electricity and telecommunications sectors.
- Established a number of new client relationships, both within Australia and internationally.
- Actively moved to a more proactive sales and marketing strategy that has already reaped dividends in several markets, including the United States.
- Continued to invest in our core software solutions especially in the area of "time of use" electricity metering.
- Expanded our telecommunications solution functionality and processing capacity.
- Remained strongly cash flow positive and well positioned to support our internal requirements, growth aspirations and the return desired by our shareholders.

2011/12 Financial Performance

Operating revenue of $56.6 million for the year was marginally down on last year. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was $19.2 million, maintaining an enviable return on operating revenue of 33.9%. Net Profit after Tax of $12.9 million represented a return of 8.2 cents per share compared with 8.7 cents per share in the previous year.

Following the release of the full year's operating results the Directors declared a consistent fully franked final dividend of 3 cents per share to be paid on 28 September 2012 to those shareholders of record as at 7 September 2012. When combined with the 3 cents per share interim dividend paid in March 2012, the total dividend distribution of 6 cents per share is consistent with the previous year and represents a distribution of 74% of total earnings.

In recognition of Ken Hansen

It was with great sadness that we advised in early September of the passing of Ken Hansen. On behalf of all staff at Hansen we wish to acknowledge Ken's contribution to the creation and evolution of our business.

Thirty years ago Ken founded an IT outsourcing business providing secure offsite storage of computer tapes. This business expanded over time to provide an extended range of IT outsourcing services as well as developing proprietary software solutions servicing the energy and telecommunications industries. With Ken Hansen as its founding Chairman, Hansen Technologies Limited became an ASX listed public company in 2000. For the next decade until his retirement from the Chairmanship in August 2011, Ken oversaw the evolution of Hansen Technologies into an international software solutions provider.

In addition to being our Chairman, Ken was the father of six children and a friend to many of the long serving staff at Hansen. Ken was very well respected by the staff of Hansen who recognised the strength of the man who identified an opportunity, created a vision, started a business, helped it to grow and in the process provided employment and investment opportunity to others.

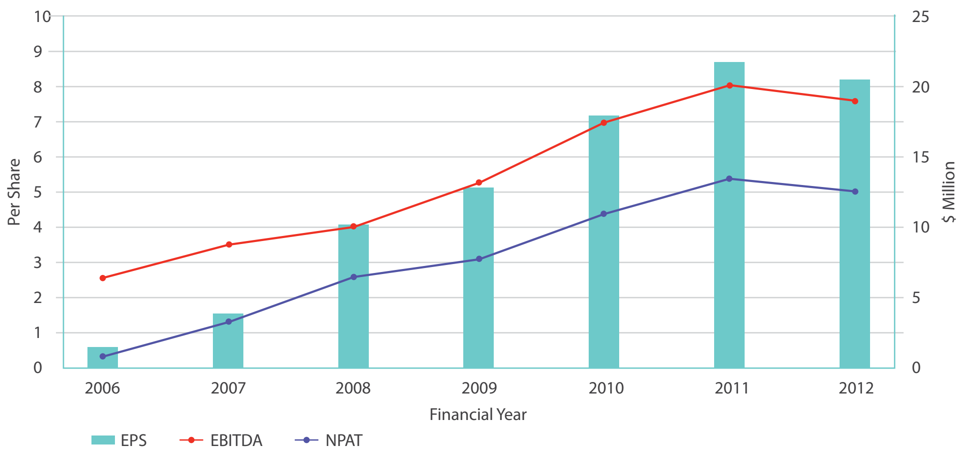
We wish to record our condolences to Ken's wife Yvonne and his entire family and offer them our best wishes and support.

Hansen people

In conclusion, we would like to thank all of our staff who once again exhibited enormous commitment, expertise and drive. The fundamental strength of our business is a reflection of the quality of our people. We have some of the best in our industry and their expertise and overall commitment to go the extra yard represents a differentiation of Hansen in the market. Thank you.

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

Key Indicators from Continuing Operations



WHAT WE DO

1. Core Market Focus

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

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

2. Market Differentiation

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

We differentiate ourselves by:

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

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

3. Energy Utilities

The electricity industry, from the perspective of our core business, continues to be focused worldwide on initiatives associated with "smart grid" optimisation and the associated roll-out of automated interval/smart meters.

Accordingly, the introduction of interval meters continues to be the potential driver of change for billing requirements from the energy market participants. However it is still unclear how this technological initiative can be economically viable for electricity retailers. Until the economic and social implications of interval meters are resolved, the roll out of new billing solutions to manage interval meters will continue to be slow. Inevitably these issues will be addressed and demand for enhanced billing solutions like HUB, Peace and NirvanaSoft will expand.

The Hansen family of complex billing solutions incorporates the flexibility of rating capabilities along with the ability to process larger volumes of metering data that our customers will require to roll out "time of use" billing initiatives.

We are not just ready for these fundamental changes, we are already there, with a number of implementations of interval meter solutions in operation with existing customers.

Each of the regions in which we focus are at different stages in the evolution of advanced metering processes, but ultimately the requirement of Hansen as the billing solution provider will be similar. Our expanding international positioning in Japan, North America and the UK, coupled with our strong market position in Australia, ensures we are aware of and remain current with the trends impacting the requirements of billing solutions.

We are constantly engaging with our existing customers to ensure we are addressing their anticipated requirements of these and other industry initiatives as we undertake the continuous development of our product suite.

4. Telecommunications

The provision of software billing solutions to the telecommunications industry is the historical foundation of the Hansen billing solution suite of products. We have a long history of delivering reliable, market-ready telecommunications solutions and application support services.

The mobile phone market continues to be challenged by the issue of customer churn and the constant need to offer ever increasing flexibility in call rating pricing models in order to attract new customers as well as retain existing ones. New market entrants are looking for ways to differentiate their go-to-market strategies.

The telecommunications industry, while being a mature market, is serviced by a number of fragmented software solution providers. We are continuing to pursue opportunities for Hansen to acquire alternative telecommunications solution providers which would extend our product range, expand our geographic markets and drive economies of scale benefits.

5. Superannuation

We continue to evolve and develop the CLASSIC superannuation membership administration solution on behalf of a select group of key superannuation fund managers.

6. Outsourcing

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

The Future

Fiscal 2012 was a solid year of consolidation for our business amidst a challenging year for business communities around the world. There are signs that some of these markets are settling back into business as usual. Encouragingly, this trend is particularly noticeable in our specific areas of focus, especially North America. We are optimistic our investment in North America has been well timed and the opportunities we see today will develop into new projects for our business.

We continue to develop our software solutions in line with market, industry and technology driven change. We have the balance sheet to support our product development objectives on top of our organic and strategic growth requirements.

We continue to be conscious that economic uncertainties around the world and the speed with which technology change is embraced by the energy markets will be key issues in influencing our customers' direction and decision-making over the coming year. Our objective as always is to be ready with the right products and solutions to support the needs of our existing customers and to be able to deliver market-ready solutions for implementation into new customers' businesses.

Looking forward into Fiscal 2013 we can see a number of encouraging opportunities as well as ongoing challenges. We are encouraged by the number of new opportunities for system selection which we are being asked to participate in. We expect the Australian dollar to remain strong throughout the year, which will continue to challenge our revenue growth. However, we will work hard to restrict its ultimate impact to the margin only. We will continue with our search for suitable international acquisitions to add to our core product suite and expand our geographic activities.

With our core market positioning, outstanding personnel and strong financial position we are well positioned to respond to the changes in the markets and advances in technology throughout Fiscal 2013.

Finally, may we record our appreciation for the continued support of our shareholders. We remain committed to improving the business of Hansen Technologies with the objective of enhancing shareholder value.

David Trude
Chairman
28 September 2012

Andrew Hansen
Chief Executive Officer
28 September 2012

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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

Mr David Trude

Age 64
Chairman
Non-Executive Director
Chairman since August 2011
Director since May 2011

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

Mr Bruce Adams

Age 52
Non-Executive Director
Director since 2000
Chairman of the Audit Committee
Member of the Remuneration Committee

Bruce has over 20 years experience as a commercial lawyer. He has practiced 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.

Mr Andrew Hansen

Age 52
Managing Director & CEO
Managing Director since 2000

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

Mr Phillip James

Age 62
Non-Executive Director
Director since 2008
Chairman of the Remuneration Committee
Member of the Audit Committee

Phillip has over 30 years experience in the Australian and New Zealand energy sectors, holding senior executive positions with AGL Energy and NGC Holdings (NZ). Phillip's extensive career of over 25 years with AGL (Australia's largest energy retailer) included positions in sales, marketing, operations and senior executive roles, culminating in his appointment in 2005 as Group General Manager Retail, with responsibility for AGL's energy retail business Australia wide.

Mr David Osborne

Age 63
Non-Executive Director
Director since 2006
Member of the Audit and Remuneration Committees

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

Mr Kenneth Hansen

Kenneth founded the business of Hansen in 1971. He was the Chairman for a decade from the date of ASX listing in 2000, up until his decision to step down in August 2011. He remained a Director of the Company up until his death in September 2012.

Mr Grant Lister

Age 60
CFO & Company Secretary
CFO since 2002
Company Secretary since 2004

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

No Directors of Hansen Technologies Ltd held any other directorships of listed companies at any time during the three years prior to 30 June 2012.

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 2012 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Principal Activities

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

Results

The consolidated profit after income tax attributable to the members of Hansen Technologies Ltd for the 2012 financial year was $12,858,632 (2011: $13,533,422).

Review of Operations

Fiscal 2012 was a challenging year with the strong performance in the first half being followed by reduced customer activity in the second half year, resulting in a solid operating result for the Group which was marginally less than that of the previous year.

The Group's operating performance for the fiscal year to 30 June 2012 was;

- Operating revenue of $56.6 million down $1 Million on the previous year
- Earnings before Tax, Interest, Depreciation and Amortisation (EBITDA) of $19.2 Million, representing a return on operating revenue of 33.9%.
- Net Profit after tax of $12.9 million representing earnings of 8.2 cents per share compared with 8.7 cents per share last year

As previously advised, in Fiscal 2012 we increased our investment in the North American market, including recruiting additional sales staff and broadening marketing activity. It is positive to note that this commitment is being rewarded with the number of third party enquiries increasing significantly, resulting in a number of new projects having been identified.

Our operating efficiency remains high and at the top end of our targeted range. We continue to have a strong annuity based revenue stream providing a solid foundation for our business's future. The combination of these financial strengths provides us with the capacity to invest confidently in our products, markets and geographies.

It is disappointing that we have not been able to close a suitable acquisition in this past year. Unfortunately the opportunities we identified and worked upon have proven, after due investigation, to be overvalued and not prudent for us to complete. We continue to be committed to exploring growth through acquisition and with the strong Australian $ representing a positive incentive for the purchase of international businesses we will continue with this corporate endeavour.

It has otherwise been a year of consolidation for the Hansen group. The business objectives we had for the year have been progressed as we;

- Continued our commitment to North America with the expansion of our sales force and marketing campaigns.
- Continued to invest in our core software products especially in the area of "time of use" electricity metering as well as expanding our telecommunications solutions functionality and processing capacity.
- Remained strongly cash flow positive and well positioned with cash resources to support our growth aspirations.

We continue to work with our existing customers to enhance and expand our software solution suite, development capabilities and implementation processes. In conjunction with our outstanding staff we continue to deliver to our commitment to customers. We have remained true to our market differentiation of independence and flexibility.

Our Outsourcing business declined marginally in the past year but the level of new interest for data centre space as well as "cloud" capacity suggests this is a trend which we would expect will reverse in 2013.

In conjunction with Vision Super we continue to develop the CLASSIC Superannuation software solution and are delighted with this ongoing collaborative partnership.

Significant Changes in the State of Affairs

In a Draft Fact Sheet dated 21 June 2011, the Australian Taxation Office created uncertainty with regard to the application of franking credits for a dividend paid out of current year profits where the company also held prior year retained losses. To remove any uncertainty on this issue the parent entity of the Hansen group undertook in August 2011 a Section 258F Capital reduction, offsetting $8.5 million of Share Capital against historical retained losses. This capital reduction does not change the number of shares nor affect the shareholding in Hansen of any shareholder.

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

After Balance Date Events

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

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

Likely Developments

The company will continue to pursue its operating strategy of providing proprietary billing solutions to our targeted industries of energy and telecommunication while pursuing appropriate acquisitions to create shareholder value. In the opinion of the Directors, disclosure of any further information would be likely to 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

A 3 cent per share fully franked final dividend was declared on 24 August 2012 with payment to be made on 28 September 2012.

The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2012.

Dividends paid during the year:

- 3 cent per share fully franked final dividend paid 27 September 2011, totalling $4,700,915
- 3 cent per share partially franked interim dividend paid 28 March 2012, totalling $4,721,275

Share Options

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

Directors	Granted Number	Grant Date
A Hansen	750,000 –	1 December 2011 2 July 2012
Executives		
M Benne	75,000 75,000	2 July 2011 2 July 2012
C Hunter	100,000 100,000	2 July 2011 2 July 2012
G Lister	100,000 100,000	2 July 2011 2 July 2012
D Meade	75,000 75,000	2 July 2011 2 July 2012
S Weir	40,000 40,000	2 July 2011 2 July 2012
Total	**1,530,000**	

DIRECTORS' REPORT (CONTINUED)

All grants of options are subject to the achievement of performance measurements. The measurements vary for each executive but are commonly balanced between specified key performance indicators related to each executive's area of responsibility, as well the achievement as a whole of the company's financial objectives for the year of issue. Subject to continuation of employment, options vest 3 years after issue date. If the continuation of employment vesting criteria is not met the options are usually forfeited, but the Directors may exercise discretion to vary the vesting criteria based on the contribution of the executive and/or the circumstances of their termination. Vested options expire after two years or 28 days after termination of employment.

Share Under Options

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 $	No. Options at Date of Report
1 July 2009	1 July 2012	1 July 2014	$0.410	115,000
1 July 2010	1 July 2013	1 July 2015	$0.580	605,000
1 Jan 2011	1 July 2014	1 Jan 2016	$0.750	75,000
2 July 2011	2 July 2014	2 July 2016	$0.910	745,000
1 Dec 2011	1 July 2014	1 July 2016	$0.950	250,000
1 Dec 2011	1 July 2014	1 July 2016	$1.000	250,000
1 Dec 2011	1 July 2014	1 July 2016	$1.050	250,000
1 Dec 2011	2 July 2013	2 July 2015	$0.910	40,000
1 Dec 2011	2 July 2014	2 July 2016	$0.910	40,000
2 July 2012	2 July 2015	2 July 2017	$0.920	785,000
Total				**3,155,000**

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

Shares Issued on Exercise of Options

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

Date Issued	Number of Ordinary Shares Issued	Amount Paid per Share
6 September 2011	75,000	$0.265
6 September 2011	425,000	$0.390
25 June 2012	30,000	$0.265
31 July 2012	40,000	$0.410
30 August 2012	115,000	$0.390
30 August 2012	415,000	$0.410
Total	**1,100,000**	

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

Indemnification and Insurance of Directors, Officers and Auditors

Indemnification

The Company has agreed to indemnify all of the current and former Directors and Officers of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. The Company has not entered into any agreement to indemnify its auditors against any claims that might be made by third parties arising from their report on the annual financial report.

Insurance

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

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:

Directors	Board meetings		Audit Committee meetings		Remuneration Committee meetings	
	A	B	A	B	A	B
Mr Bruce Adams	13	13	3	3	2	2
Mr Andrew Hansen	13	13	–	–	–	–
Mr Kenneth Hansen	13	5	–	–	–	–
Mr Phillip James	13	13	3	3	2	2
Mr David Osborne	13	13	3	3	2	2
Mr David Trude	13	13	3	3	2	2

A - Number of meetings eligible to attend
B - Number of meetings attended

Directors' Interests in Shares or Options

Directors' relevant interests in shares of Hansen Technologies Ltd or options over shares in the company are detailed below.

Directors	Ordinary Shares of Hansen Technologies Ltd	Options over Shares in Hansen Technologies Ltd
B Adams	150,000	–
A Hansen	2,777	750,000
K Hansen	92,615,311	–
P James	–	–
D Osborne	332,890	–
D Trude	40,000	–

Directors' Interests in Contracts

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

Auditor's Independence Declaration

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

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 and other non-related audit firms, 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:

Auditors of the Company	Consolidated	
	June 2012	June 2011
	$'000	$'000
AUSTRALIA		
- taxation services	61	33
- advisory services	21	15
	82	**48**
Overseas Firms		
- taxation services	8	11
- advisory services	2	35
	10	**46**
Total auditors' remuneration for non-audit services	**92**	**94**

AUDITED REMUNERATION REPORT

Remuneration Policies

The Remuneration Subcommittee of the Board of Directors 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 Company policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that it is market competitive in attracting, retaining and motivating people of the highest quality.

The committee uses reports on the remuneration practices of similar ASX listed entities as a basis to ensure executive remuneration remains relevant to the market conditions as well as the size and nature of our business. In addition, as part of the evaluation process for establishing the remuneration arrangements for this fiscal year, in accordance with the Company's Corporate Governance Principles the Remuneration Committee engaged the Hay Group, an independent consulting firm specialising in Director and senior executive remuneration, to undertake a review of and provide advice on the remuneration and salary packages for Non–Executive Directors and the Chief Executive Officer/Managing Director.

In commissioning this task from an external consulting firm, the Remuneration Committee sought and obtained assurances that the review would be, and indeed was, undertaken independent of and not subject to any undue influence from any Director or member of the key management personnel. The fees paid for the independent reports totalled $13,350. The Hay group did not provide any other kind of advice to the company in the fiscal year.

Following receipt of the reports and advice from the Hay Group, the Company included two resolutions to be considered by shareholders at the Annual General meeting held on 24 November 2011:

- Increase the maximum aggregate cap amount of remuneration to be payable to all Non-Executive Directors in any financial year from $250,000 to $400,000, and
- Issue 750,000 options to the Chief Executive Officer as a long term incentive portion of a balanced remuneration package.

Both of these Resolutions were passed as ordinary resolutions by the shareholders, along with the Remuneration Report for the year ended 30 June 2011 being adopted at the AGM on 24 November 2011 in accordance with the *Corporations Act 2001*.

Remuneration Structure

The remuneration for the Managing Director/CEO and senior executives comprises:

- A fixed all inclusive salary package (including superannuation), plus
- performance based incentives in the form of bonuses and share option allocations.

The performance based incentives for the senior executives are determined by the Remuneration Committee of the Board and are structured to include both short and longer term components designed to reward management for meeting or exceeding their financial and performance objectives. They are subject to the achievement of key performance indicators (KPI's) based on a combination of qualitative and quantitative measures which vary from executive to executive but which are chosen with the objective of driving enhanced operating performance and ensuring management are aligned with the Group's agreed corporate objectives to achieving enhanced shareholder value.

The nature and range of key performance indicators and other targets against which the performance of key management personnel are measured are as follows:

- Financial
  - The actual worldwide group operational performance compared to budget for revenue and EBITDA (Earnings before interest, taxation, depreciation and amortisation). The actual parameters applied are dependent upon the roles and responsibilities of each individual executive and their ability to influence the performance outcome.
  - These parameters commonly comprise between 30% and 50% of the performance based compensation available to be earned.
  - The financial operating performance of individual business units and geographic regions against budget revenue and EBITDA.
- Business Management
  - Improving staff utilisation and delivering software projects in line with budget and time estimates
- Customer relationship and business growth
  - Retention of existing customers and cross-selling of products and services,
  - Achievement of new licence sales to new strategic customers
- Departmental operating efficiency
  - Enhanced performance of individual departments to achieve specified efficiency improvements
  - Training and development of employees
- Other
  - Acquisition and integration of compatible business
  - Compliance with the Company's Corporate Governance Principles

At the end of each financial year, in the knowledge of the financial performance of the Group as a whole, the Remuneration Committee assesses the performance of each senior executive in achieving their KPI's. A determination is then made of the appropriate % of each KPI to be awarded based on the performance achieved. The agreed KPI's and the % subsequently awarded are recommended by the Remuneration Committee to the full Board of Directors for consideration and direction. The combination of these review processes provides the Remuneration Committee and the Board of Directors with a balanced objective assessment of the performance of the senior executive group as a whole as well as executives individually.

Share Options issued to select senior management as the longer term component of a motivational performance related package are conditional upon the group achieving agreed financial performance levels for the year of issue and are further subject to continuous employment through to the third anniversary of the issue date.

Non-executive Directors do not receive any performance related remuneration and they are excluded from participating in the Hansen Executive Option Plan.

Service Agreements and Contract Details

The contract of employment of the Chief Executive Officer includes a mutual minimum termination notice period of 6 months. The conditions of employment for the other key management personnel are not subject to any particular contractual term or significant condition other than those normally applying by law for persons of their position in the company and remuneration level.

Consequences of Performance on Shareholder Wealth

In considering the relative performance of the senior executives and the Group as a whole on shareholder value, the Remuneration Committee has regard to key financial indicators measured over time including:

	2012	2011	2010	2009	2008
EBITDA ($A millions)	19.1	20.5	17.2	14.3	10.9
Earnings per share	$0.082	$0.087	$0.072	$0.053	$0.043
ASX share price at 30 June	$0.92	$0.90	$0.62	$0.41	$0.39
Market capitalisation (millions) at 30 June	$145.4	$140.5	$95.9	$62.9	$59.5
Dividend (cents per share)	6	6	5	5	5

Directors and key management personnel

The names and positions of each person who held the position of Director at any time during the financial year is provided on pages 6 and 7 of this report. The names and positions of other key management personnel in the consolidated group for the financial year are:

Executives	Position
M Benne	Global Consulting Director
C Hunter	Chief Operations Officer
G Lister	Chief Financial Officer & Company Secretary
D Meade	Client Services Manager
S Weir	General Manager, Europe

AUDITED REMUNERATION REPORT (CONTINUED)

Directors' and Executives Remuneration

2012	Short-term Employee Benefits				Post Employment Benefits	Share Based Benefits			
Directors	**Salary Fees**	**Cash Bonus**	**% Vested**	**Non-monetary**	**Super**	**Options Issued**	**Total**	**Total Performance Related**	**Options as % of Total**
	$	$	%	$	$	$	$	%	%
B Adams	50,459	–	–	–	4,541	–	55,000	–	–
A Hansen	566,972	283,027	100%	–	50,000	116,290	1,016,289	39%	11%
K Hansen	59,948	–	–	–	–	–	59,948	–	–
P James	5,000	–	–	–	50,000	–	55,000	–	–
D Osborne	50,459	–	–	–	4,541	–	55,000	–	–
D Trude	78,711	–	–	–	7,084	–	85,795	–	–
	811,549	**283,027**			**116,166**	**116,290**	**1,327,032**	**30%**	**9%**
Executives									
M Benne	183,486	36,697	100%	–	19,816	12,050	252,049	19%	5%
C Hunter	222,859	50,458	100%	–	24,770	16,066	314,153	21%	5%
G Lister	274,354	50,458	100%	5,853	29,233	16,066	375,964	18%	4%
D Meade	224,717	41,284	100%	–	23,119	12,050	301,170	18%	4%
S Weir	158,386	38,320	100%	–	13,745	6,426	216,877	21%	3%
	1,063,802	**217,217**		**5,853**	**110,683**	**62,658**	**1,460,213**	**19%**	**4%**
	1,875,351	**500,244**		**5,853**	**226,849**	**178,948**	**2,787,245**	**24%**	**6%**

Directors' and Executives Remuneration (continued)

2011	Short-term Employee Benefits				Post Employment Benefits	Share Based Benefits			
Directors	**Salary Fees**	**Cash Bonus**	**% Vested**	**Non-monetary**	**Super**	**Options Issued**	**Total**	**Total Performance Related**	**Options as % of Total**
	$	$	%	$	$	$	$	%	%
B Adams	39,274	–	–	–	3,535	–	42,809	–	–
A Hansen	568,853	169,725	75%	–	50,000	–	788,578	22%	–
K Hansen	73,873	–	–	–	–	–	73,873	–	–
P James	46,637	–	–	–	4,197	–	50,834	–	–
D Osborne	39,274	–	–	–	3,535	–	42,809	–	–
D Trude	8,410	–	–	–	757	–	9,167	–	–
	776,321	**169,725**		**–**	**62,024**	**–**	**1,008,070**	**17%**	**0%**
Executives									
M Benne	165,138	18,348	100%	–	16,514	10,143	210,143	14%	5%
C Hunter	201,835	36,697	88%	–	21,468	10,143	270,143	17%	4%
G Lister	259,575	36,697	88%	8,128	25,600	10,143	340,143	14%	3%
D Meade	215,949	36,697	100%	–	21,881	10,143	284,670	16%	4%
S Weir	160,857	16,086	50%	–	10,415	5,410	192,768	11%	3%
	1,003,354	**144,525**		**8,128**	**95,878**	**45,982**	**1,297,867**	**15%**	**4%**
	1,779,675	**314,250**		**8,128**	**157,901**	**45,982**	**2,305,937**	**16%**	**2%**

In accordance with the remuneration policy, 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. No options previously granted as remuneration to key management personnel have lapsed during the year.

Compensation options: Granted and vested during the year

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

					Terms & Conditions for each Grant		
	Vested During the Year	**Granted During the Year**	**Grant Date**	**Value per option at Grant Date**	**Exercise Price**	**Vesting Date**	**Last Exercise Date**
Directors							
A Hansen	–	250,000	1 Dec 2011	$0.212	$0.950	1 Jul 2014	1 Jul 2016
	–	250,000	1 Dec 2011	$0.207	$1.000	1 Jul 2014	1 Jul 2016
	–	250,000	1 Dec 2011	$0.201	$1.050	1 Jul 2014	1 Jul 2016
Executives							
M Benne	–	75,000	2 Jul 2011	$0.214	$0.910	2 Jul 2014	2 Jul 2016
C Hunter	75,000	100,000	2 Jul 2011	$0.214	$0.910	2 Jul 2014	2 Jul 2016
G Lister	75,000	100,000	2 Jul 2011	$0.214	$0.910	2 Jul 2014	2 Jul 2016
D Meade	75,000	75,000	2 Jul 2011	$0.214	$0.910	2 Jul 2014	2 Jul 2016
S Weir	40,000	40,000	2 Jul 2011	$0.214	$0.910	2 Jul 2014	2 Jul 2016
Total	**265,000**	**1,140,000**					

All grants of options are subject to the achievement of performance measurements for the year of issue. Subject to continuation of employment criteria, options vest 3 years after issue date. If the vesting criteria are not met the options may be forfeited at the discretion of the Directors. Options expire two years after vesting.

AUDITED REMUNERATION REPORT (CONTINUED)

Number of options held by Key Management Personnel

						Vested at 30 June 2012		
	Balance 30 Jun 11	Granted as Remuneration	Options Exercised	Options Forfeited	Balance 30 Jun 12	Total	Exercisable	Unexercisable
Directors								
A Hansen	–	750,000	–	–	750,000	–	–	–
Executives								
M Benne	75,000	75,000	–	–	150,000	–	–	–
C Hunter	225,000	100,000	75,000	–	250,000	–	–	–
G Lister	225,000	100,000	75,000	–	250,000	–	–	–
D Meade	300,000	75,000	150,000	–	225,000	–	–	–
S Weir	120,000	40,000	40,000	–	120,000	–	–	–
Total	**945,000**	**1,140,000**	**340,000**	**–**	**1,745,000**	**–**	**–**	**–**

Value of options granted as remuneration that have been exercised or lapsed during the financial year

	Balance 1 Jul 11	Value Granted	Value Exercised	Value Lapsed	Balance 30 Jun 12
Directors					
A Hansen	–	116,290	–	–	116,290
Executives					
M Benne	10,143	12,050	–	–	22,193
C Hunter	23,154	16,066	6,836	–	32,384
G Lister	23,154	16,066	6,836	–	32,384
D Meade	31,970	12,050	15,652	–	28,368
S Weir	12,349	6,426	3,646	–	15,129
Total	**100,770**	**178,948**	**32,970**	**–**	**246,748**

Rounding of Amounts

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

Signed in accordance with a resolution of the Directors:

David Trude
Director
Melbourne
28 September 2012

Andrew Hansen
Director
Melbourne
28 September 2012

An independent Victorian Partnership
ABN 27 975 255 196

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Hansen Technologies Ltd.

In relation to the independent audit for the year ended 30 June 2012, to the best of my knowledge and belief there have been:

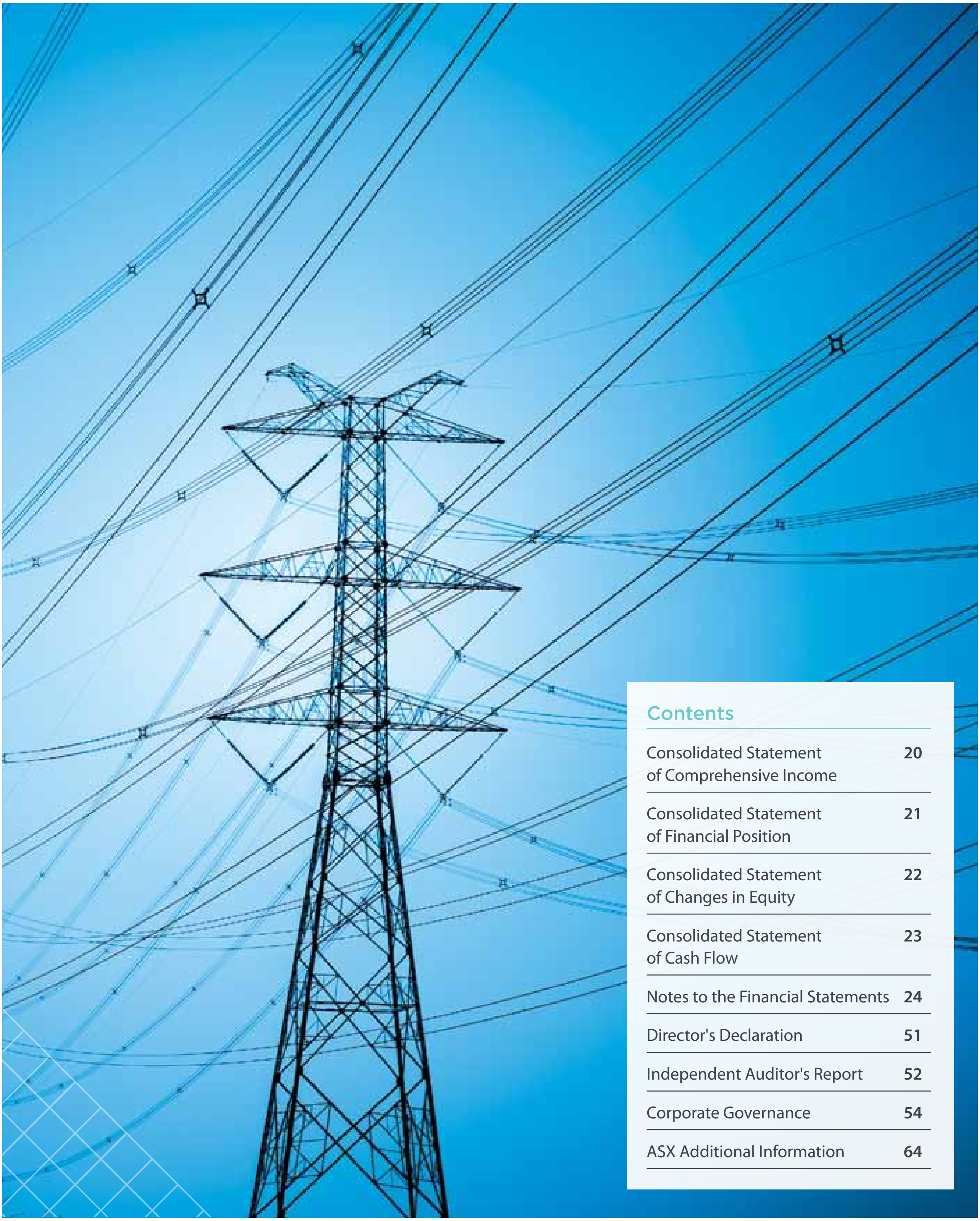
(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001;* and

(ii) No contraventions of any applicable code of professional conduct

S SCHONBERG
Partner
28 September 2012

PITCHER PARTNERS
Melbourne

2012 FINANCIAL STATEMENTS AND NOTES



Contents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE 2012

		Consolidated Entity	
	Note	2012 $'000	2011 $'000
Revenue from continuing operations	4	56,554	57,575
Other revenues	4	1,444	2,499
Total Revenues		**57,998**	**60,074**
Employee expenses	5	(27,088)	(27,080)
Depreciation expense	5	(1,527)	(1,301)
Amortisation expense	5	(1,651)	(1,958)
Property and operating rental expenses	5	(2,578)	(2,377)
Contractor and consultant expenses		(950)	(1,276)
Software licence expenses		(389)	(255)
Hardware and software expenses		(2,450)	(3,091)
Travel expenses		(1,443)	(1,394)
Communication expenses		(653)	(668)
Professional expenses		(758)	(777)
Other expenses		(1,517)	(1,662)
Total expenses		**(41,004)**	**(41,839)**
Profit before income tax		**16,994**	**18,235**
Income tax expense	6(b)	(4,135)	(4,702)
Profit after income tax from ongoing operations		**12,859**	**13,533**
Other comprehensive expense			
Movement in carrying value of foreign entities due to currency translation	16(a)	(364)	(2,267)
Other comprehensive expense for the year		**(364)**	**(2,267)**
Total comprehensive income for the year attributable to members of the parent		**12,495**	**11,266**

	Note	Cents Per Share	Cents Per Share
Basic earnings (cents) per share for continuing operations	20	8.2	8.7
Total basic earnings (cents) per share		**8.2**	**8.7**
Diluted earnings (cents) per share for continuing operations	20	8.1	8.6
Total diluted earnings (cents) per share		**8.1**	**8.6**

This consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 24 to 50.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

		Consolidated Entity	
	Note	2012 $'000	2011 $'000
Current Assets			
Cash and cash equivalents	8	23,967	21,364
Receivables	9	9,208	7,596
Other current assets	10	2,662	2,913
Total Current Assets		**35,837**	**31,873**
Non-Current Assets			
Plant, equipment & leasehold improvements	11	4,554	4,857
Intangible assets	12	29,593	29,103
Deferred tax assets	6	535	907
Total Non-Current Assets		**34,682**	**34,867**
Total Assets		**70,519**	**66,740**
Current Liabilities			
Payables	13	2,397	3,599
Current tax payable	6	1,819	1,857
Provisions	14	5,235	4,825
Unearned income		3,397	3,351
Total Current Liabilities		**12,848**	**13,632**
Non-Current Liabilities			
Provisions	14	244	267
Total Non-Current Liabilities		**244**	**267**
Total Liabilities		**13,092**	**13,899**
Net Assets		**57,427**	**52,841**
Equity			
Share capital	15	42,579	49,669
Foreign currency translation reserve	16(a)	(3,038)	(2,674)
Options granted reserve	16(b)	346	242
Retained earnings	16(c)	17,540	5,604
Total Equity		**57,427**	**52,841**

This consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 24 to 50.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2012

		Consolidated Entity			
	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2011		**49,669**	**(2,432)**	**5,604**	**52,841**
Profit for the year		–	–	12,859	12,859
Movement in carrying value of foreign entities due to currency translation	16(a)	–	(364)	–	(364)
Total comprehensive income for the year		**–**	**(364)**	**12,859**	**12,495**
Transactions with owners in their capacity as owners:					
Capital reduction	15	(8,500)	–	8,500	–
Employee share plan	15	141	–	–	141
Options exercised	15	194	–	–	194
Employee share options		–	104	–	104
Equity issued under dividend reinvestment plan	15	1,075	–	–	1,075
Dividends paid	7	–	–	(9,423)	(9,423)
Total transactions with owners in their capacity as owners		**(7,090)**	**104**	**(923)**	**(7,909)**
Balance as at 30 June 2012	15 & 16	**42,579**	**(2,692)**	**17,540**	**57,426**

		Consolidated Entity			
	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2010		**48,715**	**(207)**	**1,389**	**49,897**
Profit for the year		–	–	13,533	13,533
Movement in carrying value of foreign entities due to currency translation		–	(2,267)	–	(2,267)
Total comprehensive income for the year		**–**	**(2,267)**	**13,533**	**11,266**
Transactions with owners in their capacity as owners:					
Employee share plan	15	126	–	–	126
Options exercised	15	88	–	–	88
Employee share options		–	42	–	42
Equity issued under dividend reinvestment plan	15	740	–	–	740
Dividends paid	7	–	–	(9,318)	(9,318)
Total transactions with owners in their capacity as owners		**954**	**42**	**(9,318)**	**(8,322)**
Balance as at 30 June 2011	15 & 16	**49,669**	**(2,432)**	**5,604**	**52,841**

This consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 24 to 50.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR YEAR ENDED 30 JUNE 2012

		Consolidated Entity	
	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers		60,719	58,868
Payments to suppliers and employees		(43,958)	(44,566)
Interest received		1,011	672
Income tax paid		(3,801)	(4,538)
Net cash provided by operating activities	17(a)	**13,971**	**10,436**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		4	45
Payment for acquisition of business		–	(839)
Payment for plant and equipment		(1,215)	(2,831)
Payment for capitalised development		(2,145)	(533)
Net cash used in investing activities		**(3,356)**	**(4,158)**
Cash flows from financing activities			
Proceeds from share issue	15	141	126
Proceeds from options exercised	15	194	88
Dividends paid net of dividend re-investment		(8,347)	(8,578)
Net cash used in financing activities		**(8,012)**	**(8,364)**
Net increase (decrease) in cash and cash equivalents		**2,603**	**(2,086)**
Cash and cash equivalents at beginning of year		21,364	23,450
Cash and cash equivalents at end of the year	8	**23,967**	**21,364**

This consolidated statement of cash flow is to be read in conjunction with the notes to the financial statements set out on pages 24 to 50.

NOTES TO THE FINANCIAL STATEMENTS

Contents

1. Statement of significant accounting policies

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

(a) Basis of preparation of the financial report

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

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

The financial report was authorised for issue by the Directors on 28 September 2012.

Compliance with IFRS

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

Historical Cost Convention

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

(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 the parent has the power to control the financial and operating policies of, so as to obtain benefits from its activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(c) Revenue

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 rendering of services to customers is recognised upon delivery of the service to the customer.

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

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, and short term deposits with an original maturity of six months or less held at call with financial institutions.

(e) Plant, equipment & leasehold improvements

Cost and valuation

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

Depreciation

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

The useful lives for each class of assets are:

	2012	2011
Plant, equipment & leasehold improvements:	2.5 to 12 years	2.5 to 12 years
Leased plant and equipment:	2.5 to 12 years	2.5 to 12 years

(f) Leases

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

Finance Leases

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

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

Operating Leases

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

(g) Business combinations

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Acquisition related costs are expensed as incurred.

(h) Intangibles

Goodwill

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

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

Trademark and licences

Trademark and licences are recognised at cost and are amortised over their estimated useful lives, which range from 5 to 10 years. Trademarks and licences are carried at cost less accumulated amortisation and any impairment losses.

Research and Development

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

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

Other development expenditure is recognised as an expense when incurred.

(i) Impairment

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

(j) Income tax

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

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

Deferred tax balances

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

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

Tax Consolidation

The parent entity and all eligible Australian 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 losses, for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each entity in the tax-consolidated group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(k) Provisions

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

(l) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, long service 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.

Defined contribution superannuation plan

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

Share-based payments

The consolidated entity operates an employee share option plan and an employee share scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price at grant date. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(m) Financial instruments

Classification

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

Loans and Receivables

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

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties.

(n) Foreign currencies translations and balances

Functional and presentation currency

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

Transactions and Balances

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

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

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

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

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

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

Exchange differences arising on the reduction of a foreign subsidiary's equity, continues to be recognised in the group's foreign currency translation reserve until such time that the foreign subsidiary is disposed of.

(o) Goods and services tax (GST)

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

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

(p) Comparatives

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

(q) Rounding amounts

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

(r) New accounting standards and interpretations

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below. The consolidated entity does not expect to adopt any of these new standards before their operative date.

(i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective 1 January 2013*)

AASB 9 *Financial Instruments* improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the group recognised $0 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading. The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss, therefore there will be no impact on the consolidated entity's accounting for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities* (effective 1 January 2013)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 and Interpretation 12 *Consolidation – Special Purpose Entities*, fundamentally changing the way control is defined for the purpose of identifying those entities to be included in the consolidated financial statements. It focuses on the need to have power over the investee, rights or exposure to variable returns and ability to use the power to affect the amount of its returns. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the accounting for consolidation.

AASB 11 focuses on what rights and obligations are shared between parties. If the parties share the right to the net assets of the joint arrangement, these parties are parties to a joint venture. A joint venturer accounts for an investment in the arrangement using the equity method, and the choice to proportionately consolidate will no longer be permitted. If the parties share the right to the separate assets and obligations for the liabilities of the joint arrangement, these parties are parties to a joint operation. A joint operator accounts for assets, liabilities and corresponding revenues and expenses arising from the arrangement by recognising their share of interest in each item.

AASB 12 sets new minimum disclosures requirements for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard requires extensive new disclosures regarding the nature of risk associated with the entity's interest in other entities and the effect of those interests on its financial position, financial performance and cash flows.

While the consolidated entity does not expect AASB 10, AASB 11 and AASB 12 to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. The consolidated entity has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements and notes to the statements.

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

2. Critical accounting estimates and judgements

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

(a) Impairment testing of intangible assets

The intangible assets of goodwill and capitalised software development are subjected to periodic review to assess if their carrying value has been impaired. This assessment compares the carrying book value with the recoverable amount of these assets using value in-use discounted cash flow projection calculations based on management's determination of budgeted cash flow projections and gross margins, past performance and its expectation for the future. Given the long term income generating nature of the intangible assets, the valuation applies a discounted value to cash flow over a five year period, plus a terminal value at the end of the period. In respect of this fiscal year, a 14.50% weighted cost of capital discount rate has been applied. The growth rates utilised vary by business unit from zero to a maximum of 10% per annum.

(b) Income tax

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

There has been significant expenditure on research and development of the group's billing software in the 2012 year. Returns are expected to be derived from this investment over coming years. Recognition of carried forward losses is based upon the probable future profits of the group.

c) Research and development

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

3. Financial Risk Management

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

(a) Interest rate risk

(b) Credit risk

(c) Liquidity and foreign exchange risk

(d) Fair values

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

(a) Interest rate risk

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

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

Consolidated Entity						
Financial Instruments	Note	Interest Bearing	Non-interest Bearing	Total Carrying Amount	Weighted Avg. Effective Interest rate	Fixed/Variable Rate
		$'000	$'000	$'000	%	
2012 Financial assets						
Cash and cash equivalents	8	23,967	–	23,967	4.59%	fixed & variable
Receivables	9	–	9,208	9,208		
Other current assets	10	–	2,662	2,662		
		23,967	**11,870**	**35,837**		
Financial liabilities						
Payables	13	–	2,397	2,397		
		–	**2,397**	**2,397**		
2011 Financial assets						
Cash and cash equivalents	8	21,364	–	21,364	5.33%	fixed & variable
Receivables	9	–	7,596	7,596		
Other current assets	10	–	2,913	2,913		
		21,364	**10,509**	**31,873**		
Financial liabilities						
Payables	13	–	3,599	3,599		
		–	**3,599**	**3,599**		

(b) Credit risk exposures

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

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date of recognised financial assets, is the carrying amount of those assets net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

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.

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 60% (2011: 62%), Finance Sector 0% (2011: 5%), Telecommunications 33% (2011: 22%) and Other 7% (2011: 11%).

(c) Liquidity and foreign exchange risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Hansen Group operates internationally and as such has exposure to foreign currency movements as part of its day to day operational realities. The Group has a substantial surplus of cash assets compared to its nominal third party or foreign currency designated payables. The Group has no third party debt obligations, other than normal operational trade payables, which are designated in foreign currency. Accordingly the Group's liquidity and foreign currency exchange risks are assessed as nominal.

(d) Fair values

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Revenue

	Consolidated Entity	
	2012 $'000	2011 $'000
Revenues from continuing operations		
Revenue from sale of goods and services	56,554	57,575
	56,554	**57,575**
Other income		
From operating activities		
Interest received	1,043	953
Net foreign exchange gains	246	1,459
Other income	155	87
Total other revenues	**1,444**	**2,499**
Total revenue from continuing operations	**57,998**	**60,074**

5. Profit from continuing operations

		Consolidated Entry	
	Note	2012 $'000	2011 $'000
Profit from continuing operations before income tax has been determined after the following specific expenses:			
Employee benefit expenses			
Wages and salaries		24,874	25,054
Superannuation costs		2,110	1,984
Share based payments		104	42
Total employee benefit expenses		**27,088**	**27,080**
Depreciation of non-current assets			
Plant, equipment & leasehold improvements	11	1,527	1,301
Total depreciation of non-current assets		**1,527**	**1,301**
Amortisation of non-current assets			
Patents, contracts & software	12	394	374
Research and development	12	1,257	1,584
Total amortisation of non-current assets		**1,651**	**1,958**
Property and operating rental expenses			
Rental charges		2,578	2,377
Total property and operating rental expenses		**2,578**	**2,377**

6. Income tax

	Consolidated Entity	
	2012 $'000	2011 $'000
(a) Components of income tax expense:		
Current tax	4,869	5,010
Deferred tax	372	(167)
Under / (over) provision in prior years	(1,106)	(141)
Total Income tax expense	**4,135**	**4,702**
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 30%	5,098	5,470
Add/(less) tax effect of:		
Research and development allowances	(448)	(200)
Non-deductible share based payments	31	13
Current year losses not brought to account	–	139
Losses brought forward	(154)	–
Under / (over) provision in prior years	(1,106)	(141)
NZ deferred research and development expenditure utilised	–	(133)
NZ deferred research and development expenditure recognised	–	(202)
Gain on foreign exchange assessable/(non assessable)	700	(754)
Other non-allowable items	14	510
Income tax expense attributable to profit	**4,135**	**4,702**
(c) Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	1,857	1,526
Prior year under / (over) provision	(1,106)	(141)
Income tax	4,869	5,010
Tax payments	(3,801)	(4,538)
	1,819	**1,857**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated Entity	
	2012 $'000	**2011 $'000**
(d) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes	14	11
Other payables	259	334
Employee benefits	1,453	1,396
	1,726	**1,741**
Deferred tax liabilities balance comprises:		
Research and development expenditure capitalised	(1,097)	(831)
Other income not yet assessable	(94)	(3)
	(1,191)	**(834)**
Net deferred tax	**535**	**907**

(e) Deferred income tax (revenue) / expense included in income tax expense comprises:		
Increase in deferred tax assets	15	(553)
Decrease / (increase) in deferred tax liabilities	358	386
	373	**(167)**

(f) Deferred tax assets not brought to account		
Gross capital losses	5,453	5,453
Gross operating losses	3,481	3,635
	8,934	**9,088**

7. Dividends

A 3 cent per share fully franked final dividend was declared on 24 August 2012.
The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2012.

	Consolidated Entity	
	2012 $'000	2011 $'000
Dividends provided for or paid during the year		
- 3 cent per share final dividend paid 27 September 2011	4,701	
- 3 cent per share final dividend paid 27 September 2010		4,653
- 3 cent per share interim dividend paid 28 March 2012	4,722	
- 3 cent per share interim dividend paid 28 March 2011		4,665
	9,423	**9,318**
Proposed dividend not recognised at the end of the year	**4,759**	**4,701**
Dividend franking account		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years	**2,277**	**1,154**

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

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

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

8. Cash and cash equivalents

	Consolidated Entity	
	2012 $'000	2011 $'000
Current		
Cash at bank and on hand	4,709	2,360
Interest bearing deposits	19,258	19,004
	23,967	**21,364**

9. Receivables

	Consolidated Entity	
	2012 $'000	2011 $'000
Current		
Trade receivables	9,077	7,256
Less: provision for impairment	(6)	–
	9,071	**7,256**
Sundry debtors	137	340
	9,208	**7,596**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Trade and other receivables ageing analysis at 30 June is:	Gross 2012 $'000	Impairment 2012 $'000	Gross 2011 $'000	Impairment 2011 $'000
Not past due	7,193	7,193	5,643	5,643
Past due 31-60 days	809	809	984	984
Past due 61-90 days	818	818	323	323
Past due more than 91 days	257	251	306	306
	9,077	**9,071**	**7,256**	**7,256**

10. Other current assets

	Consolidated Entity	
	2012 $'000	2011 $'000
Current		
Prepayments	1,125	1,560
Accrued revenue	1,537	1,353
	2,662	**2,913**

11. Plant, equipment & leasehold improvements

	Consolidated Entity	
	2012 $'000	2011 $'000
Plant, equipment & leasehold improvements at cost	18,358	17,068
Accumulated depreciation	(13,804)	(12,211)
	4,554	**4,857**

Reconciliation Reconciliation of the carrying amounts of plant, equipment & leasehold improvements at the beginning and end of the current financial year.	Consolidated Entity	
	2012 $'000	2011 $'000
Plant, equipment & leasehold improvements		
Carrying amount at 1 July	4,857	3,441
Additions	1,215	2,831
Disposals	(3)	(38)
Depreciation expense	(1,527)	(1,301)
Net foreign currency movements arising from foreign operations	12	(76)
Carrying amount at 30 June	**4,554**	**4,857**

12. Intangibles

	Consolidated Entity	
	2012 $'000	2011 $'000
Goodwill, patents & contracts at cost	31,965	31,965
Accumulated amortisation & impairment	(6,027)	(5,629)
	25,938	**26,336**
Software development at cost	27,402	25,257
Accumulated amortisation	(23,747)	(22,490)
	3,655	**2,767**
Total intangible assets	**29,593**	**29,103**
Reconciliation of goodwill, patents & contracts at cost		
Carrying amount at 1 July	31,965	28,928
Increase due to acquisition	–	3,037
Carrying amount at 30 June	**31,965**	**31,965**
Accumulated amortisation & impairment at beginning of year	(5,629)	(5,249)
Amortisation of patents & contracts	(394)	(374)
Amortisation adjustment	(4)	(6)
Accumulated amortisation & impairment at end of year	**(6,027)**	**(5,629)**
Reconciliation of software development at cost		
Carrying amount at 1 July	25,257	24,724
Expenditure capitalised in current period	2,145	533
Carrying amount at 30 June	**27,402**	**25,257**
Accumulated amortisation at beginning of year	(22,490)	(20,906)
Current year charge	(1,257)	(1,584)
Accumulated amortisation at end of year	**(23,747)**	**(22,490)**

13. Payables

	Consolidated Entity	
	2012 $'000	2011 $'000
Current		
Trade payables	613	921
Other payables	1,784	2,678
	2,397	**3,599**

14. Provisions

	Consolidated Entity	
	2012 $'000	2011 $'000
Current		
Employee benefits	5,106	4,607
Onerous lease	–	150
Other	129	68
	5,235	**4,825**
Non-current		
Employee benefits	222	246
Onerous lease	–	–
Other	22	21
	244	**267**

(a) Aggregate employee benefits liability	5,328	4,853
(b) Number of employees at year end	267	256

Reconciliations		
Movements in provisions other than employee benefits:		
Provisions Onerous Lease - current		
Carrying amount at beginning of year	150	378
Provisions released during the year	(150)	(228)
Carrying amount at end of year	**–**	**150**
Provisions onerous lease - non current		
Carrying amount at beginning of year	–	185
Provisions released during the year	–	185
Carrying amount at end of year	**–**	**–**
Other - current		
Carrying amount at beginning of year	68	49
Net provisions (payments) made during the year	61	19
Carrying amount at end of year	**129**	**68**
Other - non-current		
Carrying amount at beginning of year	21	–
Provisions made during the year	–	21
Foreign exchange adjustment	1	–
Carrying amount at end of year	**22**	**21**

15. Contributed equity

	Consolidated Entity	
	2012 $'000	2011 $'000
a) Issued and paid up capital - Ordinary shares, fully paid	42,579	49,669

	Consolidated Entity			
	2012 No. of Shares	2012 $'000	2011 No. of Shares	2011 $'000
b) Movements in shares on issue				
Balance at beginning of the financial year	156,197,163	49,669	154,836,901	48,715
Shares issued under dividend reinvestment plan	1,192,677	1,075	885,276	740
Shares issued under employee share plan	152,280	141	139,986	126
Options exercised	530,000	194	335,000	88
Capital reduction*	–	(8,500)	–	–
Balance at end of the financial year	**158,072,120**	**42,579**	**156,197,163**	**49,669**

* In a Draft Fact Sheet dated 21 June 2011, the Australian Taxation Office created uncertainty with regard to the application of franking credits for a dividend paid out of current year profits where the company also held prior year retained losses. To remove any uncertainty on this issue the parent entity of the Hansen group undertook in August 2011 a Section 258F Capital reduction, offsetting $8.5 million of Share Capital against historical retained losses. This capital reduction does not change the number of shares nor affect the shareholding in Hansen of any shareholder.

c) Rights of each type of share

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

d) Share options

Employee share option plan

The Employee Share Option Plan ('the Plan') was first approved by shareholders at the Company's annual general meeting on 9 November 2001 and reaffirmed at the AGM on 24 November 2011.

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

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

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

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

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

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

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

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

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

Since the end of the financial year 785,000 (2011: 1,575,000) share options have been granted under this scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Options issued and not yet exercised at 30 June:

Grant Date	Exercise Date	Expiry Date	Exercise Price	No. of options at beg of year	Options Granted	Options Exercised or Lapsed	No. of options at end of year	
							Issued	Vested
Consolidated 2012								
1 July 2007	1 July 2010	1 July 2012	$0.265	105,000	–	105,000	–	–
1 July 2008	1 July 2011	1 July 2013	$0.390	540,000	–	425,000	115,000	115,000
1 July 2009	1 July 2012	1 July 2014	$0.410	570,000	–	–	570,000	–
1 July 2010	1 July 2013	1 July 2015	$0.580	605,000	–	–	605,000	–
1 January 2011	1 January 2014	1 January 2016	$0.750	75,000	–	–	75,000	–
2 July 2011	2 July 2014	2 July 2016	$0.910	–	745,000	–	745,000	–
1 December 2011	1 July 2014	1 July 2016	$0.950	–	250,000	–	250,000	–
1 December 2011	1 July 2014	1 July 2016	$1.000	–	250,000	–	250,000	–
1 December 2011	1 July 2014	1 July 2016	$1.050	–	250,000	–	250,000	–
2 December 2011	2 July 2013	2 July 2015	$0.910	–	40,000	–	40,000	–
2 December 2011	2 July 2014	2 July 2016	$0.910	–	40,000	–	40,000	–
Total				**1,895,000**	**1,575,000**	**530,000**	**2,940,000**	**115,000**

Grant Date	Exercise Date	Expiry Date	Exercise Price	No. of options at beg of year	Options Granted	Options Exercised or Lapsed	No. of options at end of year	
							Issued	Vested
Consolidated 2011								
1 July 2007	1 July 2010	1 July 2012	$0.265	440,000	–	335,000	105,000	105,000
1 July 2008	1 July 2011	1 July 2013	$0.390	540,000	–	–	540,000	–
1 July 2009	1 July 2012	1 July 2014	$0.410	610,000	–	40,000	570,000	–
1 July 2010	1 July 2013	1 July 2015	$0.580	–	680,000	75,000	605,000	–
1 January 2011	1 January 2014	1 January 2016	$0.750	–	75,000	–	75,000	–
Total				**1,590,000**	**755,000**	**450,000**	**1,895,000**	**105,000**

Employee share plan

The Employee Share Plan ("ESP") was approved by shareholders at the Company's annual general meeting on 9 November 2001.

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

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

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

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

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

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

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

(a) the end of the period of 3 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	
	2012 No of Shares	2011 No of Shares
Number of shares at beginning of year	598,273	828,845
Number of shares distributed to employees	152,280	139,986
Number of shares transferred to main share registry and/or disposed of	(312,045)	(370,558)
Number of shares at year end	**438,508**	**598,273**

The consideration for the shares issued on 16 May 2012 was $0.925 (8 April 2011: $0.90).

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	
	2012 $'000	2011 $'000
Current receivables	35	32
Issued ordinary share capital	141	126

The market value of ordinary Hansen Technologies Ltd shares closed at $0.92 on 30 June 2012 ($0.90 on 30 June 2011).

16. Reserves and retained earnings

		Consolidated Entry	
	Note	2012 $'000	2011 $'000
Foreign currency translation reserve	16 (a)	(3,038)	(2,674)
Options granted reserve	16 (b)	346	242
Retained earnings	16 (c)	17,540	5,604

(a) Foreign currency translation reserve
This reserve is used to record the exchange differences arising on translation of a foreign entity.
Movements in reserve

Balance at beginning of year		(2,674)	(407)
Adjustment to carrying value of overseas interests due to currency fluctuation		(364)	(2,267)
Balance at end of year		**(3,038)**	**(2,674)**

(b) Options granted reserve
This reserve is used to record the fair value of options issued to employees as part of their remuneration.
Movements in reserve

Balance at beginning of year		242	200
Value of options granted during the year		104	42
Balance at end of year		**346**	**242**

(c) Retained earnings

Balance at the beginning of year		5,604	1,389
Dividends paid during the year		(9,423)	(9,318)
Capital reduction	15(b)	8,500	–
Net profit attributable to members of Hansen Technologies Ltd		12,859	13,533
Balance at end of year		**17,540**	**5,604**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Cash flow information

	Consolidated Entity	
	2012 $'000	2011 $'000
(a) Reconciliation of the net profit after tax to net cash flows from operations		
Net profit from ordinary activities after income tax	12,859	13,533
Add / (less) items classified as investing / financing activities:		
(Profit) / loss on sale of non-current assets	(4)	(7)
Add / (less) non-cash items:		
Amortisation and depreciation	3,178	3,259
Unrealised foreign exchange	(226)	(1,885)
Net cash provided by operating activities before change in assets and liabilities	**15,807**	**14,900**
Changes in assets and liabilities		
(Increase) / decrease in trade receivables	(1,644)	582
(Increase) / decrease in sundry debtors and other assets	323	(96)
Increase / (decrease) in trade payables	(566)	(751)
Increase / (decrease) in other creditors and accruals	(411)	(2,427)
Increase / (decrease) in provisions	387	(46)
(Increase) / decrease in deferred taxes	373	168
Increase / (decrease) in income tax payable	(38)	331
Increase / (decrease) in reserves	(260)	(2,225)
Net cash provided by operating activities	**13,971**	**10,436**

(b) Reconciliation of cash		
Cash at bank	23,967	21,364

18. Business combinations

a) The company acquired 100% of the share capital of NirvanaSoft Inc., with the effective date being 1 November 2010.

	Consolidated Entity	
	2012 $'000	2011 $'000
Consideration		
Cash Paid	–	839
Cash Payable	–	500
Total Acquisition Cost	**–**	**1,339**
Less Cash Acquired	–	(94)
Payment for Acquisition of Business	**–**	**1,245**

	Consolidated Entity	
	2012 $'000	2011 $'000
Net Assets Acquired		
Assets		
Cash	–	94
Trade and other receivables	–	897
Plant & equipment	–	12
Total Assets Acquired	**–**	**1,003**
Liabilities		
Trade and other payables	–	2,571
Provisions	–	130
Total Liabilities Acquired	**–**	**2,701**
Net Assets Acquired	**–**	**(1,698)**
Total Acquisition Cost Adjusted for Net Assets Acquired		**3,037**

Tradename	152
Customer contracts	458
Goodwill	2,427
Net Intangibles	**3,037**

Goodwill arose on the acquisition of NirvanaSoft Inc. due to the combination of the consideration paid for the business and the negative net assets acquired, less values attributed to other intangibles in the form of tradenames and customer relationships.

b) Revenue and profit / (loss) of NirvanaSoft Inc. included in consolidated results of the group since acquisition

	2012 $'000	2011 $'000
Total revenue	3,140	1,973
Loss after income tax	**(192)**	**(271)**

19. Commitments and contingencies

	Consolidated Entity	
	2012 $'000	2011 $'000
Lease expenditure commitments		
Operating leases (non-cancellable):		
Not later than one year	1,474	761
Later than one year and not later than five years	1,651	1,553
Later than five years	–	–
Aggregate lease expenditure contracted for at reporting date	**3,125**	**2,314**

Operating leases (non-cancellable)

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

20. Earnings per share

	Consolidated Entity	
	2012 $'000	2011 $'000
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings - ordinary shares	**12,859**	**13,533**
Diluted earnings - ordinary shares	**12,859**	**13,533**

	2012 No. shares	2011 No. shares
Weighted average number of ordinary shares used in calculating basic earnings per share:		
Number for basic earnings per share - ordinary shares	157,250,861	155,501,046
Number for diluted earnings per share - ordinary shares	159,837,337	157,356,374

	Cents per share	Cents per share
Basic earnings (cents) per share from continuing operations	8.2	8.7
Total basic earnings (cents) per share	**8.2**	**8.7**
Diluted earnings (cents) per share from continuing operations	8.1	8.6
Total diluted earnings (cents) per share	**8.1**	**8.6**

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.

21. Directors' and executives' equity holdings

a) Compensation Options: granted and vested during the year:

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

					Terms & Conditions for each Grant		
2012	**Vested During the Year**	**Granted During the Year**	**Grant Date**	**Value per Option at Grant Date**	**Exercise Price**	**Vesting Date**	**Last Exercise Date**
Directors							
A Hansen	–	250,000	1 Dec 11	$0.212	$0.950	1 Jul 14	1 Jul 16
	–	250,000	1 Dec 11	$0.207	$1.000	1 Jul 14	1 Jul 16
	–	250,000	1 Dec 11	$0.201	$1.050	1 Jul 14	1 Jul 16
Executives							
M Benne	–	75,000	2 Jul 11	$0.214	$0.91	2 Jul 14	2 Jul 16
C Hunter	75,000	100,000	2 Jul 11	$0.214	$0.91	2 Jul 14	2 Jul 16
G Lister	75,000	100,000	2 Jul 11	$0.214	$0.91	2 Jul 14	2 Jul 16
D Meade	75,000	75,000	2 Jul 11	$0.214	$0.91	2 Jul 14	2 Jul 16
S Weir	40,000	40,000	2 Jul 11	$0.214	$0.91	2 Jul 14	2 Jul 16
Total	**265,000**	**1,140,000**					

					Terms & Conditions for each Grant		
2011	**Vested During the Year**	**Granted During the Year**	**Grant Date**	**Value per Option at Grant Date**	**Exercise Price**	**Vesting Date**	**Last Exercise Date**
Directors							
A Hansen	–	–					
Executives							
M Benne	–	75,000	1 Jul 10	$0.135	$0.58	1 Jul 13	1 Jul 15
C Hunter	75,000	75,000	1 Jul 10	$0.135	$0.58	1 Jul 13	1 Jul 15
G Lister	75,000	75,000	1 Jul 10	$0.135	$0.58	1 Jul 13	1 Jul 15
D Meade	75,000	75,000	1 Jul 10	$0.135	$0.58	1 Jul 13	1 Jul 15
S Weir	–	40,000	1 Jul 10	$0.135	$0.58	1 Jul 13	1 Jul 15
Total	**225,000**	**340,000**					

b) Number of options held by key management personnel:

						Vested at 30 June 2012		
2012	**Balance 30 Jun 11**	**Granted as Remuneration**	**Options Exercised**	**Options Forfeited**	**Balance 30 Jun 12**	**Total**	**Exercisable**	**Unexercisable**
Directors								
A Hansen	–	750,000	–	–	750,000	–	–	–
Executives								
M Benne	75,000	75,000	–	–	150,000	–	–	–
C Hunter	225,000	100,000	75,000	–	250,000	–	–	–
G Lister	225,000	100,000	75,000	–	250,000	–	–	–
D Meade	300,000	75,000	150,000	–	225,000	–	–	–
S Weir	120,000	40,000	40,000	–	120,000	–	–	–
Total	**945,000**	**1,140,000**	**340,000**	**–**	**1,745,000**	**–**	**–**	**–**

						Vested at 30 June 2012		
2011	**Balance 30 Jun 10**	**Granted as Remuneration**	**Options Exercised**	**Options Forfeited**	**Balance 30 Jun 11**	**Total**	**Exercisable**	**Unexercisable**
Directors								
A Hansen	–	–	–	–	–	–	–	–
Executives								
M Benne	–	75,000	–	–	75,000	–	–	–
C Hunter	225,000	75,000	75,000	–	225,000	–	–	–
G Lister	225,000	75,000	75,000	–	225,000	–	–	–
D Meade	225,000	75,000	–	–	300,000	75,000	75,000	–
S Weir	80,000	40,000	–	–	120,000	–	–	–
Total	**755,000**	**340,000**	**150,000**	**–**	**945,000**	**75,000**	**75,000**	**–**

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

Share based payments represent a value attributed to options over ordinary shares issued to executives. They expire during the period up to 2 July 2016. Each option entitles the holder to purchase one ordinary share in the Company. The share based payment value disclosed above is calculated at the date of grant using the Black-Scholes model.

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

- share price volatility factor in respect of the company's historical share price movement compared with the industry average, for a period equal to the 3 year option vesting period of 39%,
- a continuously compounding risk free interest rate of 5.58%,
- a probability factor for the likelihood of the options being exercised based on historical trends of 75%, and
- compared the issue price ($0.91 cents per share) with the market price on day of issue ($0.91 cents per share), to
- determine a weighted average fair value for the options issued as at grant date of $0.214 cents per option.

c) Number of shares held by key management personnel:

2012	Balance 30 Jun 11	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 Jun 12
Directors					
B Adams	150,000	–	–	–	150,000
A Hansen	2,777	–	–	–	2,777
K Hansen	92,610,336	–	–	4,975	92,615,311
P James	–	–	–	–	–
D Osborne	311,754	–	–	21,136	332,890
D Trude	–	–	–	40,000	40,000
Executives					
M Benne	14,603	–	–	1,080	15,683
C Hunter	505,332	–	75,000	2,777	583,109
G Lister	1,134,949	–	75,000	–	1,209,949
D Meade	2,773	–	150,000	(148,920)	3,853
S Weir	–	–	40,000	1,214	41,214
Total	**94,732,524**	**–**	**340,000**	**(77,738)**	**94,994,786**

2011	Balance 30 Jun 10	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 Jun 11
Directors					
B Adams	215,520	–	–	(65,520)	150,000
A Hansen	5,846,174	–	–	(5,843,397)	2,777
K Hansen	93,784,600	–	–	(1,174,264)	92,610,336
P James	–	–	–	–	–
D Osborne	289,564	–	–	22,190	311,754
D Trude	–	–	–	–	–
Executives					
M Benne	25,292	–	–	(10,689)	14,603
C Hunter	429,158	–	75,000	1,174	505,332
G Lister	1,059,949	–	75,000	–	1,134,949
D Meade	4,439	–	–	(1,666)	2,773
S Weir	–	–	–	–	–
Total	**101,654,696**	**–**	**150,000**	**(7,072,172)**	**94,732,524**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Auditor's remuneration

	Consolidated Entity	
	2012 $'000	**2011 $'000**
Audit services:		
Amounts received or due and receivable by the auditors of the company for:		
Australia		
- an audit and review of the financial report of the entity and any other entity in the consolidated entity	265	208
Overseas Firms		
- audit and review of financial reports	29	88
	294	**296**
Other financial services:		
Australia		
- income tax services	61	33
- other tax services	21	15
	82	**48**
Overseas Firms		
- income tax services	8	11
- other tax services	2	35
	10	**46**
	92	**94**
Total auditor's remuneration	**386**	**390**

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 2012 %	2011 %
Parent entity				
Hansen Technologies Ltd		Australia		
Subsidiaries of Hansen Technologies Ltd				
Hansen Corporation Pty Ltd		Australia	100	100
Hansen Research & Development Pty Ltd		Australia	100	100
Hansen Corporation Investments Pty Ltd		Australia	100	100
Hansen Holdings (Asia) Pty Ltd		Australia	100	100
Hansen Corporation Limited	i	New Zealand	–	100
Hansen Corporation Europe Limited		United Kingdom	100	100
Hansen Technologies North America, Inc.		United States of America	100	100
Hansen Corporation Asia Limited		Hong Kong	100	100
Hansen New Zealand Limited		New Zealand	100	100
NirvanaSoft LLC		United States of America	100	100
Peace Software New Zealand Limited	ii	New Zealand	–	100
Peace Software Australia Pty Ltd		Australia	100	100
Peace Software Inc.		United States of America	100	100
Peace Software Canada Inc.		Canada	100	100

Notes:
(i) Hansen Corporation Limited, a New Zealand company, was liquidated on 29 February 2012.
(ii) Merged into Hansen New Zealand Limited on 1 December 2011.

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

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

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

	Consolidated Entity 2012	2011
K Hansen and A Hansen - Lease Rental Payments	899,952	874,027

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Parent entity information

	Note	Parent Entity 2012 $'000	Parent Entity 2011 $'000
Summarised presentation of the parent entity, Hansen Technologies Ltd, financial statements:			
(a) Summarised statement of financial position			
Assets			
Current assets		124	202
Non-current assets		64,766	46,016
Total assets		**64,890**	**46,218**
Liabilities			
Current liabilities		2,999	1,424
Non-current liabilities		4,181	4,181
Total liabilities		**7,180**	**5,605**
Net assets		**57,710**	**40,613**
Equity			
Share capital	15(b)	42,579	49,669
Accumulated profit/(losses)		14,786	(9,298)
Options granted reserve		345	242
Total equity		**57,710**	**40,613**

(b) Summarised statement of comprehensive income		
Profit for the year	25,007	9,631
Total comprehensive income for the year	**25,007**	**9,631**

(c) Parent entity guarantees

Hansen Technologies Ltd, being the parent entity, has not entered into any guarantees in relation to debts of its subsidiaries.

25. Segment Information

a) Description of segments

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

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

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period. The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Business segments

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

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

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

Other: Represents software and service provision in superannuation administration.

Geographical segments

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

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

Australasia: Sales and services in Australia, Asia and New Zealand

North America: Sales and services throughout North America

Europe: Sales and services throughout Europe

b) Segment information

	2012 Financial Year			
2012	**Billing**	**Outsourcing**	**Other**	**Total**
Segment revenue				
Total segment revenue	46,317	6,908	3,329	56,554
Segment revenue from external source	**46,317**	**6,908**	**3,329**	**56,554**
Segment result				
Total segment result	14,329	2,883	871	18,083
Segment result from external source	**14,329**	**2,883**	**871**	**18,083**
Total segment assets	**31,205**	**2,662**	**1,283**	**35,150**
Total segment liabilities	**7,635**	**1,860**	**896**	**10,391**

	2011 Financial Year			
2011	**Billing**	**Outsourcing**	**Other**	**Total**
Segment revenue				
Total segment revenue	45,979	7,578	4,018	57,575
Segment revenue from external source	**45,979**	**7,578**	**4,018**	**57,575**
Segment result				
Total segment result	13,553	3,461	1,185	18,199
Segment result from external source	**13,553**	**3,461**	**1,185**	**18,199**
Total segment assets	**30,603**	**2,810**	**1,497**	**34,910**
Total segment liabilities	**10,429**	**1,880**	**999**	**13,308**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2012 $000	2011 $000
Segment revenue from external source	56,554	57,575
Other revenue	401	1,546
Interest revenue	1,043	953
Total revenue	**57,998**	**60,074**

Revenue from external customers attributed to individual countries is detailed as follows:

	2012 $000	2011 $000
Australasia	32,046	34,135
North America	11,618	12,840
Europe	12,890	10,600
Total revenue	**56,554**	**57,575**

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

	2012 $000	2011 $000
Segment result from external source	18,083	18,199
Interest revenue	1,043	953
Interest expense	(32)	(17)
Depreciation & amortisation	(712)	(697)
Adjustment to carrying value of overseas interests due to currency fluctuation	364	2,267
Other expense	(1,752)	(2,470)
Total profit before income tax	**16,994**	**18,235**

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

	2012 $000	2011 $000
Segment assets	35,150	34,910
Unallocated assets		
- Cash	22,664	19,472
- Intangibles	11,000	11,000
- Other	1,705	1,358
Total unallocated assets	35,369	31,830
Total assets	**70,519**	**66,740**

Non-current assets attributed to individual countries is detailed as follows:

	2012 $000	2011 $000
Australasia	60,680	58,780
North America	5,237	5,037
Europe	4,602	2,923
Total assets	**70,519**	**66,740**

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

	2012 $000	2011 $000
Segment liabilities	10,391	13,308
Unallocated liabilities	2,701	591
Total liabilities	**13,092**	**13,899**

26. Subsequent events

There has been no matter or circumstance, which has arisen since 30 June 2012 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2012, of the consolidated entity, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 30 June 2012, of the consolidated entity.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 20 to 50 in accordance with the *Corporations Act 2001:*

(a) Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

(b) As stated in Note 1(a), the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2012 and of its performance for the year ended on that date.

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

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ending 30 June 2012.

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

DAVID TRUDE
Director
Melbourne
28 September 2012

ANDREW HANSEN
Director
Melbourne
28 September 2012

An independent Victorian Partnership
ABN 27 975 255 196

PITCHER PARTNERS

Independent Auditor's Report

To the Members of Hansen Technologies Ltd

We have audited the accompanying financial report of Hansen Technologies Ltd and controlled entities. The financial report comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

PITCHER PARTNERS

Auditor's Opinion

In our opinion,

(a) the financial report of Hansen Technologies Ltd is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 16 of the Directors' report for the year ended 30 June 2012. The Directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Hansen Technologies Ltd and controlled entities for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

S SCHONBERG
Partner
28 September 2012

PITCHER PARTNERS
Melbourne

CORPORATE GOVERNANCE

The Corporate Governance principles and related Charters and Policies for the management and operation of the Hansen Group of Companies are available for review on the corporate website: www.hsntech.com

APPROACH TO GOVERNANCE

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

- Embrace best practice in Corporate Governance.
- Remain mindful of operating practices in the international jurisdictions in which we operate.
- Recognise and comply with the principles of the ASX Corporate Governance Council.
- Ensure Directors, Executives, Management, and staff are cognisant of the Hansen Governance principles.

1. The Board

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

DUTIES AND RESPONSIBILITIES

The specific functions established and reserved for the Board are:

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

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

Collectively or individually, the Board may take independent advice considered necessary to fulfil their relevant duties and responsibilities at the Group's expense. 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.

DELEGATION OF RESPONSIBILITY

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

MEETINGS

The Board meets 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. As a matter of practice the Board schedules to meet once each month.

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 and appointment of Directors and specifies a minimum of three Directors and a maximum of ten. Currently, the Board comprises the Chairman, David Trude, three other Non-Executive Directors, and one Executive Director, the CEO Andrew Hansen. The skills, tenure of office, experience and expertise relevant to the position of Director held by each Director is detailed in the Annual Report.

In identifying suitable persons to become Directors, the Board will look to achieve an appropriate balance of relevant legal and financial management skills plus financial markets experience as well as expertise specific to the industries in which our Company operates. In pursuing this objective the Board will be cognisant of its policy to pursue a balance of gender diversity at all levels of the company's management.

INDEPENDENCE

The Board's definition of an independent Director is one who is unaffiliated with the Executive and free from any business, significant shareholding, or other relationship that could materially interfere with the exercise of independent judgement. It is the Board's objective to strive for a majority of independent Directors.

The Board currently has two independent Directors, David Trude and Phillip James, representing 40% of the Board's total membership.

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.

PERFORMANCE

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

The performance evaluation process is as follows:

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

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

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

COMMITTEES

To assist it in carrying out its responsibilities, the Board has established two standing Committees comprising some of its members: the Audit Committee, and the Remuneration Committee.

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

Other Committees of the Board may be established to undertake specific tasks if deemed appropriate.

AUDIT COMMITTEE

Membership

The Audit Committee was formed in May 2000. The members are appointed by the Board of Directors and shall preferably comprise three Directors that have diverse and complementary backgrounds with a majority of independent members. The Committee Chairman should be independent, possess leadership experience and a sound finance or business background. All Committee members must be financially literate. Such qualification is interpreted by the Board in its business judgement. Furthermore, at least one member shall have accounting or related financial management expertise.

The members of the Committee as at 30 June 2012 were Non-Executive Directors, David Osborne, Phillip James and the Chairman of the Committee Bruce Adams. Phillip James is considered an independent member of the Committee.

The Chairman of the Audit Committee has historically been independent. However, upon the recent passing of Ken Hansen, Bruce Adams has assumed certain Trustee responsibilities in regards to the administration of Ken's estate. The advice received by the Board is to the effect that until these responsibilities are discharged Bruce Adams' independence is affected and he should not be regarded as an independent Director. The Board will explore all options available to restore the status of independence to the position of Chairman and to the Committee as a whole as soon as practical.

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

Meetings

The Committee shall meet as required, but no less than twice each year. The purpose of these meetings shall be to:

- Review and approve the half-year financial report.
- Review and approve the annual financial report.
- Review the external audit reports.
- Perform the general responsibilities of the Committee.

The Audit Committee met three times throughout the year ended 30 June 2012 and all members of the Audit Committee at the time were present at all meetings.

Purpose

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its Corporate Governance and oversight responsibilities in relation to the Group'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

CORPORATE GOVERNANCE (CONTINUED)

communication between the Committee, external Auditors and the Hansen Executive team. 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. The Committee has 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 economic 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. The external Auditors are responsible for auditing the Group's financial reports and for reviewing the Group's interim financial reports. The Board of Directors is ultimately responsible for the Group's financial reports including the appropriateness of the accounting policies and principles that are used by the Group.

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 guide corporate philosophies for quality financial reporting, sound business risk practices and ethical behaviour.

Assessment of Accounting, Financial and Internal Controls

The Committee shall discuss with the Senior Executives 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, as well as legal and ethical compliance programs (including the Group's Code of Conduct). The Committee shall receive periodic reports from the external Auditor on the critical policies and practices of the Group, as well as compliance with generally accepted accounting principles.

Any opinion obtained from the external Auditors on the Group's choice of accounting policies or methods, should include an opinion on both appropriateness and acceptability of that choice or method. Periodically, the Committee shall meet separately with the Senior Executive 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 observations and the Senior Executive's responses.

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 the Senior Executives and the Auditors regarding financial reporting. The Committee shall approve all audit and non-audit services provided by the external Auditors and shall not engage the external Auditors to perform any non-audit or assurance services that may 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 meet and discuss with the external Auditors:

- Any material issues raised by any control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
- All relationships between the external Auditor and the Group (to assess the Auditor's 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.

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. 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. Furthermore, the Committee shall include in the Group's Annual Report, a statement that the Committee is satisfied the provision of non-audit services has not impacted the external Auditors independence.

REMUNERATION COMMITTEE

Membership

The Remuneration Committee currently consists of three Non–Executive Directors, David Osborne, Bruce Adams, and the Chairman Phillip James. The Chairman of the Committee Phillip James is considered an independent member of the Committee.

Meetings

The Committee will meet at least annually to assess annual remuneration changes, and will hold additional meetings where required. A performance evaluation of the CEO and Senior Executives was undertaken during the reporting period in accordance with this Remuneration Policy. The Remuneration Committee met one time during the financial year and all members of the Remuneration Committee at the time were present.

External advice

As and when deemed appropriate, but no less than every three years, the Remuneration Committee shall engage an external consultant to undertake a review of the CEO's remuneration and that of the Directors and Chairman, to determine the appropriateness and market competitiveness of their remuneration and related package and make appropriate recommendations for consideration by the Committee.

The Remuneration Committee is not obliged to adopt the recommendation of the consultant but it shall consider the findings and recommendations in making its determination of an appropriate remuneration package for the CEO and Board members.

Purpose, Duties and Responsibilities

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.
- Evaluate the performance of and determine an appropriate remuneration base and structure for the CEO in accordance with specified key performance indicators and budgeted financial performance expectations.
- Assess the reasonableness of and approve the remuneration proposals put forward by the CEO for the Executive team, including the performance objectives specified for each Executive.

2. Ethics And Responsibility

CODE OF CONDUCT

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

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 shall 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.

Behave as a good corporate citizen:

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:

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 any 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 professionalism:

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

Act to avoid conflicts of interest:

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.

COMMUNICATIONS

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

CORPORATE GOVERNANCE (CONTINUED)

Communication Methods

Information is communicated to shareholders through:

- Website: Hansen encourages the use of electronic communications by providing up-to-date information on the Group web site, www.hsntech.com. The "Investors" section of the website contains a range of information relevant to shareholders including:
  - – ASX announcements
  - – Annual Reports and presentations
  - – Financial results
  - – Corporate Governance
  - – Key dates
  - – Share registry contact details and links
  - – Contact link for more shareholder information.
- Annual Report: distributed either over the web or by post.
- Notice of Annual General Meeting by mail.
- Mail or upload to the web site whenever there are other significant developments to report.

The Annual General Meeting is seen as an important communication forum. In preparing notices of meeting and related explanatory information, Hansen aims to provide all information that is relevant to shareholders in making a decision on the matter to be voted on by shareholders in a clear and concise format. During the meeting, time is dedicated to accommodating shareholders questions and the external Auditors are in attendance to respond to any relevant questions. Following the meeting, 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.

CONTINUOUS DISCLOSURE

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

The key principles of the Policy are:

- Material Company information is issued to shareholders and the market in a timely manner and in accordance with our obligations to the market.
- Such information is communicated in a way that allows for all interested parties to have equal and timely access.
- Communication is presented in a clear, factual and balanced manner.
- 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, Management, Executives and Directors on disclosure guidelines and raising awareness of the principles underlying continuous disclosure.
- Supporting the Directors and Executives in ensuring that Hansen complies with continuous disclosure requirements.

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

- The Chairman.
- The Chief Executive Officer.
- Company Secretary.
- 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.

Directors and Executives responsibilities

Directors and Senior Executives 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 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.
- 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 Group.
- Major litigation.
- 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 Senior 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 channels include:

- Investor briefings and presentations.
- One-on-one meetings with stockbroking analysts or institution fund managers.
- Industry forums.
- Company literature.
- 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 Senior Executives, may not release any information that is required to be disclosed to the 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.
- An acknowledgement of the receipt of that information has been received from ASX.

DIVERSITY POLICY

The Board recognizes that a diverse and inclusive workforce is not only good for our employees but also good for our business. It helps Hansen attract and retain talented people, create more innovative solutions, and be more flexible and responsive to our customers' and shareholders' needs. Across the Company, there is increasing momentum on diversity with a particular focus on gender and age, as well as greater work and career flexibility.

Diversity

Diversity within the Company refers to all the characteristics that make individuals different from each other. It includes characteristics or factors such as religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference. Diversity is about the commitment to equality and treating all individuals with respect.

Gender

Hansen is committed to being an equal opportunity employer, with a practice of making decisions based on merit for recruitment, internal promotion, leadership development and flexible work arrangements without regard to any form of gender bias.

However the Board recognises that pursuing a balance of diversity is also an appropriate objective in maintaining a balanced work environment. Accordingly as Hansen grows, the Board has the objective that all persons be conscious of striving for a balance of gender diversity in the work place and accordingly when appropriate encouraging actions which recognise the value of increasing the representation of females at all levels of the organisation.

This focus on diversity at all levels of the business is intended to reinforce the importance of equality in the workplace and is a logical extension of Hansen's active participation in the "Equal Opportunity for Women in the Workplace" initiatives of the Australian government.

With respect to gender diversity, management will:

(a) develop, for approval by the Board or the Remuneration Committee of the Board, as appropriate:

(i) measurable objectives concerning the strategies, initiatives and programs for pursuing gender diversity;

(ii) targets to verify progress towards attainment of those measurable objectives.

(b) Measure performance against those targets on no less than an annual basis; and

(c) Report from time to time on the progress of the matters referred to in (a) and (b) above.

The table below shows the gender diversity of the Group as at 30 June 2012:

	% Female	% Male
Board	–	100
Senior Management	19	81
Hansen Group	24	76

CORPORATE GOVERNANCE (CONTINUED)

Mature Age

It is important for the Company to attract and retain mature age workers as these individuals have accumulated knowledge, skills, wisdom and experience which will only benefit the company.

Over the next decade, organisational growth and sustainability will be tested by the retirement of key labour and talent. The loss of certain individuals (45 + years) brings with it the loss of significant experience, leadership bench strength and valuable know-how at times of critical importance. Hansen is committed to assist in the attraction and retention of mature age workers and provide mature age workers with the transition to retirement and ability to adopt various work style options, such as flexible work conditions.

Providing employees with flexible work practices

The Board acknowledges that individuals have varying home life demands and by providing flexible working conditions, we are able to give our people real choices in managing the balance between work and personal life over the course of their career.

Flexible work options can assist people with balancing their personal commitments and interests, whether that is family care, study, travel or transitioning to retirement. There are a number of flexible work options available which include both formal and informal options such as the ability to work part time, job share, working from home, flexible start and finish times and leave of absence.

By being flexible in our work practices, we will not only deliver on our business objectives but it also enables us to retain our best people and attract talent from the broader market.

Measurable Objectives

- Foster Hansen's equal opportunity culture to ensure genuine belief amongst employee's that woman and men are equally able to demonstrate their skills, talent, commitment and results. Review periodically with senior management (annually) to ensure that the emphasis on an equal opportunity culture is present and actively encouraged.
- Identify mentoring and/or networking opportunities to develop high potential woman for career progression within Hansen with progress being reviewed by the CEO periodically (annually).
- Identify and implement programs that provide support for pregnant women within Hansen, and for women commencing on or returning from maternity leave with the objective of achieving a return to work following pregnancy ratio of 80%.
- Flexible working initiatives are supported by management where appropriate and made available to employees to achieve improved business outcomes and support work/life balance. Create a constant feedback loop into senior management on initiatives, their usage and effectiveness.

SHARE TRADING POLICY

Hansen share trading policy is established in accordance with ASX listing rules guidelines. 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, Key Management Personnel and their respective 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 Group, 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, 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.
- 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, Executives and their respective associates 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
- Hansen's Annual General Meeting
- 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).

Unless a member of the Key Management Personnel is subject to severe financial hardship or there are other exceptional circumstances, Key Management Personnel may not deal in Securities at any time during the following periods (blackout periods):

(a) 31 days immediately before the release of Hansen's half yearly results and the two days immediately following such release;

(b) 31 days immediately before the release of the Hansen's full year results and the two days immediately following such release; and

(c) 14 days immediately before Hansen's Annual General Meeting and the two days immediately following such Annual General Meeting.

Where Directors or Executives want to trade outside of these specified periods, they are required to discuss the matter with the Chairman and Chief Executive Officer, (or in respect to trading related to the Chairman and CEO, the Company Secretary's approval is also required), who will only consider approval if it is determined that there is no price-sensitive information held that is not available to the market.

Additionally, approval will only be given for trading during "blackout periods" if it is determined that the person is subject to severe financial hardship or there are other exceptional circumstances. In this regard, approval will be assessed having regard to those circumstances set out in the ASX listing rules and Guidance notes.

Any dealing in Hansen's Securities by Key Management Personnel pursuant to a margin lending arrangement must be approved by the Chairman and CEO, (or in respect to schemes related to the CEO and Chairman the Company Secretary's approval is also required).

Should approval be given for entry into a margin lending arrangement, Hansen may where appropriate or required by law, disclose to the ASX the fact and nature of the margin lending arrangement.

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 five years, or both. Where individuals are concerned about breaching the insider trading provisions of the Corporations Act they should immediately obtain independent legal advice.

3. Risk Management

Hansen recognises that the daily activities and existence of its business is subject to various elements that can create uncertainty which brings with it potential risk and opportunity. At Hansen, all members of the Group aim to promote a culture of 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.

With contribution from all layers of management and the Board, a Register of Risks has been developed and will be maintained. Each risk is assessed for the likelihood and consequence of a risk eventuating and a combined inherent risk rating developed. Risk management practises to mitigate and manage the identified risks are then specified and put into action. It is the intention that the Risk Register be regularly reviewed and updated on a case by case basis as new risks are identified or the situation surrounding previously identified risks are varied.

ROLES AND RESPONSIBILITIES

The Board of Directors is responsible for approving and reviewing Hansen's Risk Management Policy and overseeing all aspects of internal control including compliance activities, the appropriateness of accounting policies and the adequacy of financial reporting. It delegates daily management responsibility to the Chief Executive Officer.

The Executive team is responsible for implementing the Board approved Risk Management Policy, maintaining the currency of the Risk Register and developing operational policies, internal controls, processes and procedures for identifying and managing risks in all of Hansen's activities. Management must also periodically report to the Board on the maintenance of the Risk Register and the effectiveness of the risk management processes.

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.
- 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 Risk Management 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.

CORPORATE GOVERNANCE (CONTINUED)

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:

Origination
Target markets
Know your customers
Know your vendors
Product planning and management
Pricing models
Resource planning
Environment
Assess the market and region
Assess the product for the region
Global Hansen policies to be observed
Manage segregation of duties
Monitoring and reporting
Transparency and communication
Change management
Central reporting on product, financials, operations, legal and risk management
Authorities
Delegation of authority
Central authorities
Supports segregation of duties operations, legal and operations, legal and risk management

Assurances

The integrity of the Group's financial reporting depends upon the existence of a sound system of risk oversight and management and internal control. The Board receives regular reports about the financial condition and operational results. The CEO and the CFO annually provide a formal statement to the Board that in all material respects:

The financial records of the Group for the financial year have been properly maintained in that:

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

Such a statement has been provided in respect of the current financial year.

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, registered in the Risk Register and raised to the attention of the Executive team which will develop and document the steps which are required to manage the risk. 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.

4. Remuneration

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

- Recognises the market value of each position in a competitive market.
- Recognises the individual's capabilities and experience.
- Rewards the performance of individuals.
- Assists in Executive retention.
- The structure provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

CEO AND EXECUTIVES

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

The 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. Details of the pay and rewards for Hansen's top five key management personnel and their total remuneration are set out in the Annual Report each year.

Base Pay

Senior Executives are offered a competitive base pay that reflects the market for each position. It is generally revised annually to recognise inflationary impacts, job responsibility changes or if there has been a marked structural shift in market rates.

Short-term Performance Incentives

Each year the performance of the Executives is reviewed by the CEO and the Remuneration Committee and key performance objectives are established with potential bonuses linked to the achievement of the objectives specified. If individual performance objectives are met, a short-term incentive in the form of a bonus may be paid.

Long-term Performance Incentives

Long-term incentives for the CEO and Senior Executives are designed to align their financial interests with those of our shareholders. 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.

NON-EXECUTIVE DIRECTORS

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

ASX ADDITIONAL INFORMATION

AS AT 26 SEPTEMBER 2012

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 is set out below:

Shareholder	Number of Ordinary Shares	Percentage Held
Othonna Pty Ltd – including associates	92,615,311	58.38%

Voting Rights

Ordinary shares and Options - refer Note 15

Distribution of Equity Security Holders

	Number of Equity Security Holders	
Category	Ordinary Shares	Options
1 to 1,000	263	–
1,001 to 5,000	895	–
5,001 to 10,000	615	–
10,001 to 100,000	1,077	3
100,001 and Over	70	12

The number of shareholders holding less than a marketable parcel of ordinary shares is 110.

Twenty Largest Shareholders

Name	Number of Ordinary Shares Held	Percentage of Issued Capital
Othonna Pty Ltd	91,160,249	57.46%
RBC Investor Services Australia Nominees Pty Limited	5,465,002	3.44%
HSBC Custody Nominees (Australia) Limited	4,955,350	3.12%
Rubi Holdings Pty Ltd	2,000,000	1.26%
J P Morgan Nominees Australia Limited	1,199,768	0.76%
Mr James Lucas & Ms Lesley Dormer	783,001	0.49%
Ozcun Pty Ltd	739,154	0.47%
Mrs Yvonne Irene Hansen	655,607	0.41%
Mr Cameron Hunter	628,578	0.40%
Mr Kenneth Hansen	532,107	0.34%
J P Morgan Nominees Australia Limited	529,637	0.33%
Mr Grant Lister	525,000	0.33%
National Nominees Limited	507,113	0.32%
M F Custodians Ltd	500,000	0.32%
Exwere Investments Pty Ltd	434,351	0.27%
Mr Stephen Cocker & Mrs Denise Cocker	428,000	0.27%
Mr Francis George Heppingstone & Mrs Danielle Georgette Heppingstone	370,000	0.23%
Equitas Nominees Pty Limited	370,000	0.23%
Elfholdings Pty Ltd	335,000	0.21%
Mr Wade John Ashley & Mrs Catherine Louise Ashley	318,796	0.20%
Mr John Eldred Williams & Mrs June Mabel Williams	313,967	0.20%
Total	**112,750,680**	**71.07%**

DIRECTORS

David Trude, Chairman
Andrew Hansen, Managing Director & Chief Executive
Bruce Adams, Non-Executive
Phillip James, Non-Executive
David Osborne, Non-Executive

COMPANY SECRETARY

Grant Lister

PRINCIPAL REGISTERED OFFICE

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

SHARE REGISTRY

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

STOCK EXCHANGE

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

AUDITORS

Pitcher Partners
Level 19, 15 William Street
Melbourne VIC 3000

SOLICITORS

TressCox
Level 9, 469 La Trobe Street
Melbourne VIC 3000

OTHER INFORMATION

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

DESIGN AND PRODUCTION www.magneticdesign.com.au

HANSEN TECHNOLOGIES ANNUAL REPORT 2012

HANSEN
TECHNOLOGIES

2 Frederick Street
Doncaster Victoria 3108

T. +61 3 9840 3000
F. +61 3 9840 3099
E. info@hsntech.com

www.hsntech.com