

A blurred photograph of a crowd of people walking, showing their lower bodies and legs in various colors like blue, green, yellow, and purple. The background is a light, hazy blue.

PROVEN

FLEXIBLE

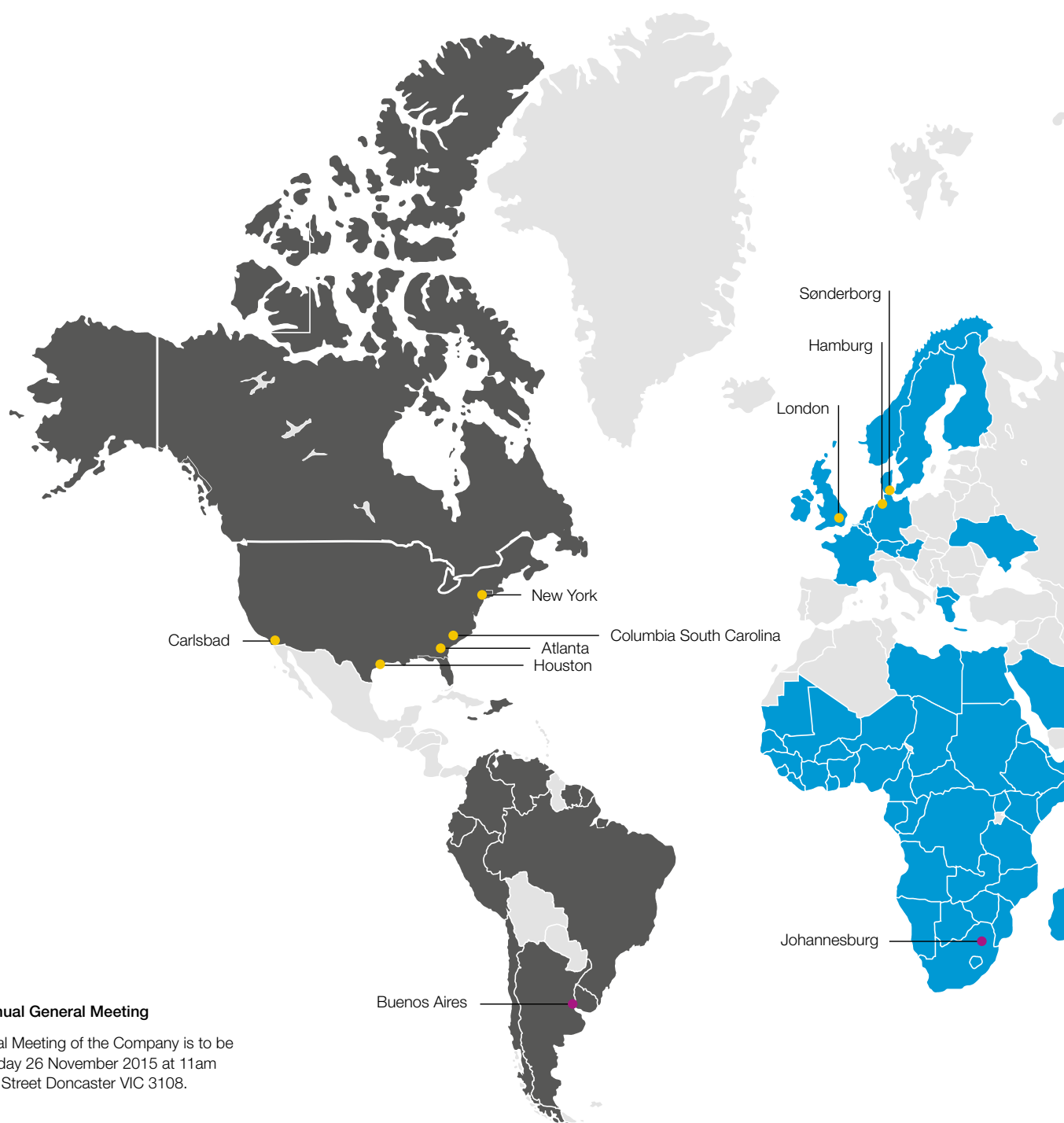
GLOBAL

GROWTH

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## Notice of Annual General Meeting

Annual General Meeting of the Company is to be held on Thursday 26 November 2015 at 11am at 2 Frederick Street Doncaster VIC 3108.

# Company Profile

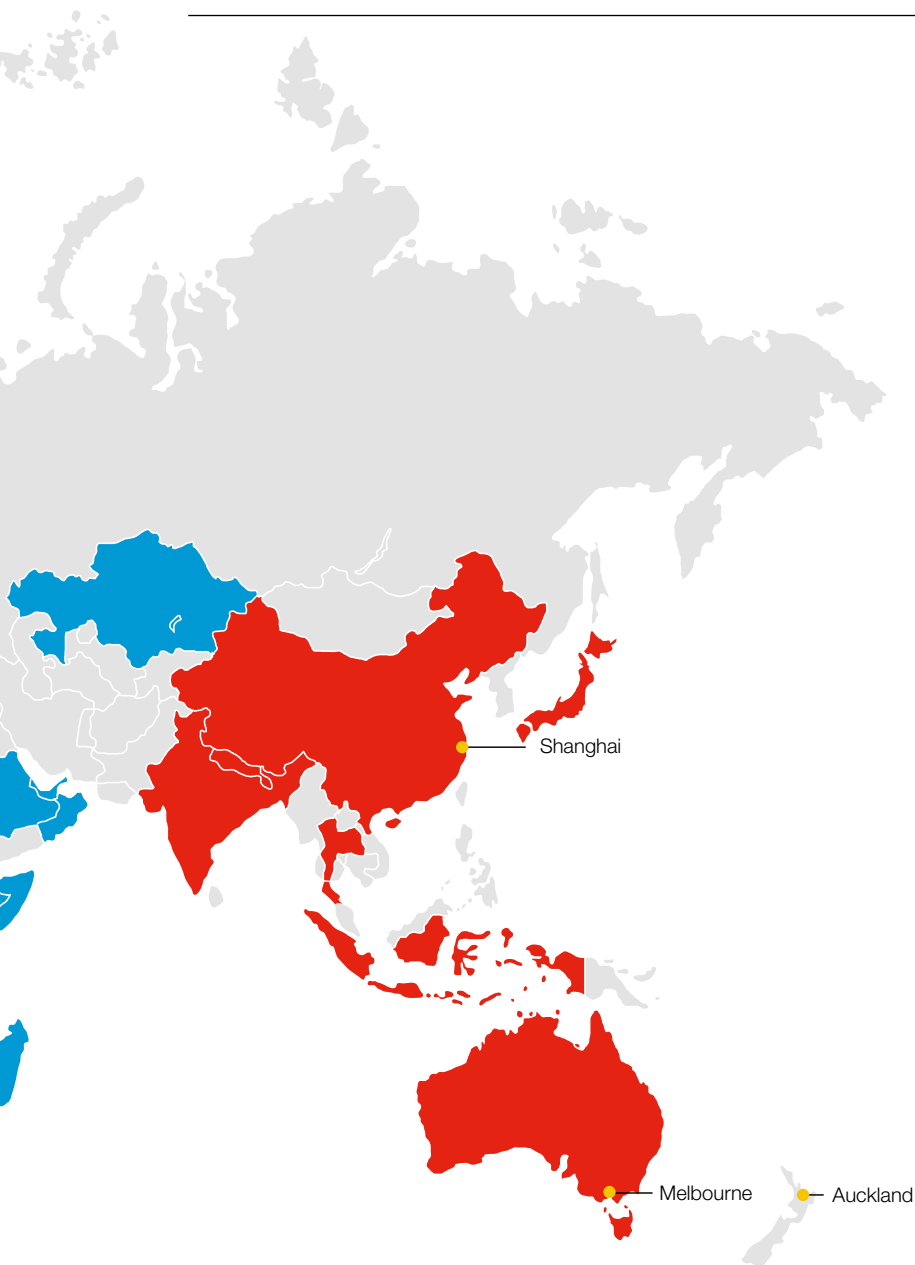
## About Hansen Technologies Ltd

Hansen Technologies (ASX: HSN) is a global provider of customer care and billing solutions to utility, Pay TV and telecommunications companies.

The Hansen family of products includes HUB, PeacePlus, NirvanaSoft, ICC, Utilisoft, Banner and NaviBilling. Hansen's unique approach to best-fit solutions leverages these products to deliver and support high-value solutions to customers across 40-plus countries.

Hansen supports its customers from offices in Australia, United States, New Zealand, China, Argentina, Denmark, Germany, South Africa and the United Kingdom.

Hansen has developed a reputation of using technology to provide state-of-the-art solutions to its customers that deliver real benefit on a daily basis. From professional on-time delivery through relevant timely enhancements, Hansen offers solutions that adapt to our customers' needs.



### Operations

- Offices
- Branches

### Customer locations in regions serviced

- Americas
- Europe, Middle East, Africa
- Asia-Pacific

# Chairman and Chief Executive Officer Joint Report

Fiscal 2015 has been a year of significant achievements and strong profit performance. At the same time our focus remained on growth, with a strategic acquisition delivering international expansion in our core billing business in the European market.

Over the past four years our business has experienced strong growth. We have successfully integrated a number of businesses into the Hansen family over that time while continuing to service our existing customers to the highest standard. The Company's growth and profit performance is an achievement of which all Hansen staff can be proud. We wish to extend our congratulations and thanks to the 540-plus staff across the globe whose contribution and commitment has delivered this outstanding result.

The acquisition of the TeleBilling business in May 2015 increased our presence in Europe and strengthens our offering in the telecommunications market. This is an exciting business that has made an immediate contribution to the Group's performance. This natural addition to the Hansen business complements Hansen's existing customer care and billing products and provides a critical mass of established telecommunications and Pay TV clients.

We are delighted by the way the TeleBilling staff have responded to joining the Hansen team. Their level of commitment to the transition process has been excellent and we look forward to the strong growth opportunities available across the markets serviced by TeleBilling.

This year we completed the integration of the Banner business acquired in May 2014. This business has grown our utility billing business and introduced us to the municipality market in the USA, whilst the Banner customers have been impressed by Hansen's commitment to delivering further enhancements to the product suite.

We continued to grow our offering to the telecommunications and Pay TV market. We have been able to capitalise on opportunities in emerging markets delivering growth from our existing customers and maximising new opportunities. The recently announced multi-year licensing agreement with the Hinduja Group in India brings Hansen's ICC (Intelligent Customer Care) billing solution to one of the fastest growing Pay TV markets in the world. Hansen's offering was recognised for its powerful and flexible multi-company, multi-tenancy architecture. In established markets this capability is further enhanced with NaviBilling (TeleBilling product), providing the ability to deliver a 'Quadplay' billing solution to the telecommunications market. NaviBilling customers can combine the service provision of fixed line, mobile, internet and Pay TV on the one bill.

Other highlights for Fiscal 2015:

- continued to expand and cross train our international delivery teams, improving staff utilisation and our delivery capability;
- raised \$27 million via equity placements during the year. With the announcement of the TeleBilling acquisition, an institutional placement at \$2.17 per share raised \$15 million. Following the placement, a Share Purchase Plan was offered to all eligible shareholders at \$2.17. The Share Purchase Plan was well supported, raising an additional \$12 million. This capital was used to retire the debt created at the time of the TeleBilling acquisition;
- further enhanced our financial reporting capabilities, expanding on the level of management reporting available to the business across industry verticals and the regional management structure.

Operational performance across the year was strong, assisted by the weakening of the Australian dollar against all major currencies. A direct presence in these overseas geographies limits any currency benefit to the profit margin, as increases in revenue due to foreign exchange are somewhat offset by expenses in the same businesses.

## Hansen people

The results are the culmination of a great many people's ongoing efforts to deliver outstanding service on a daily basis. We are very fortunate to have a large number of industry experts supported by multi-skilled teams that deliver positive outcomes to our customers each and every day.

We would like to take this opportunity to record our continued appreciation to all our staff across the world. The quality of our people and their commitment to our success is second to none.

As our business continues to grow overseas we now have approximately 60% of our workforce based outside of Australia. Our major presence outside of Australia includes the United States, China, the United Kingdom, New Zealand and Denmark.

With our worldwide team now exceeding 540 people it is a credit to the Board and executive and management team, whose strategy has ensured the integration of these people into a true international team focused on customer delivery.

Highlights

**\$106.3 million**

Operating revenue up 24%



**\$16.9 million**

After tax profit up 14%



**\$31.3 million**

EBITDA up 30%



**10.3 cents**

Earnings per share up 12%



## 2014–15 financial performance

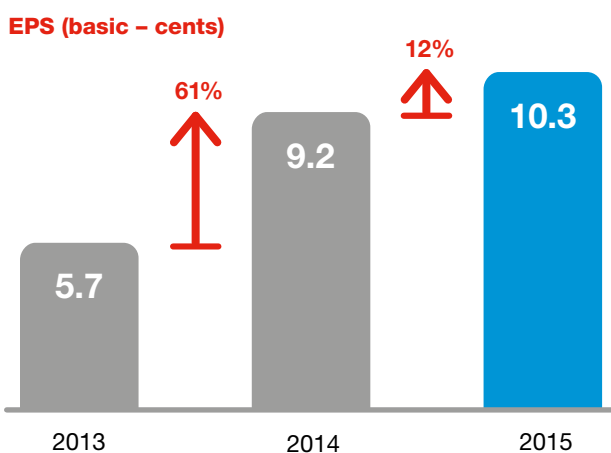
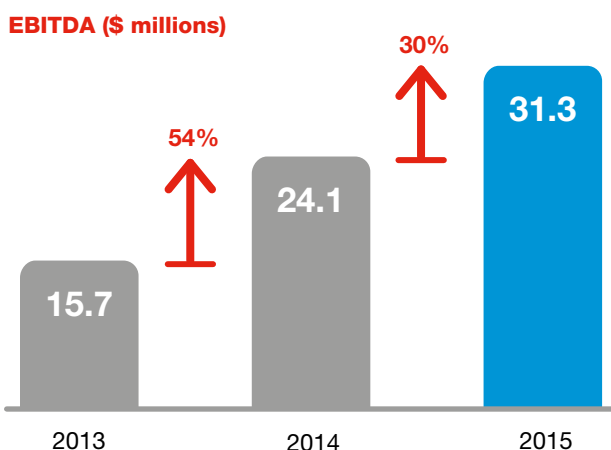
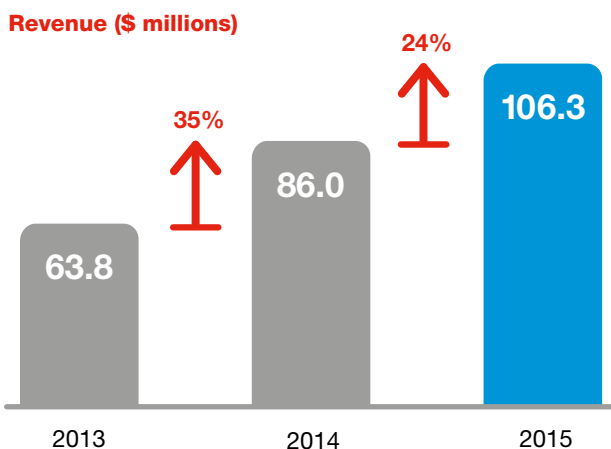
Operating revenue of \$106.3 million for the year was up 24% on the previous year and 67% on Fiscal 2013. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$31.3 million represents an increase over Fiscal 2014 of 30% and represents a return on operating revenue of 29%.

Net profit after tax (NPAT) was \$16.9 million, and earnings per share 10.3 cents per share compared to 9.2 cents per share last year.

Following the release of the full year's operating results, the Directors declared a 3 cent per share final dividend franked at 83% to be paid on 30 September 2015 to those shareholders on record at 9 September 2015. When combined with the 3 cent per share interim dividend franked at 83%, the total distribution of 6 cents per share is consistent with the prior year. As the profits from overseas operations comprise an ever-increasing percentage of total Group profits, the Company's ability to provide shareholders with fully franked dividends is expected to diminish.

## Year on year comparison (A\$m)

The year to June 2015 has benefited from the Banner and TeleBilling acquisitions (acquired May 2014 and May 2015 respectively) along with organic growth in our core business.










**Who we are**

Hansen’s core business is focused on the provision of customer care and billing solutions. Our products service four major industry verticals (energy, water, Pay TV and telecommunications) each with industry-specific needs while utilising our ability to deliver complex billing outcomes.

Our products have developed in line with the specific industry requirements. They have maintained their own identity while being integrated into the Hansen product family that utilises common values and delivery standards.

**Strategic matrix – products and industries**

	Energy and Water	Pay TV and Telecommunications
	Energy and telecommunications	
	Energy – large retailers and distribution	
	Energy – complex billing and smart grid	
		Pay TV
	Energy – market data management	
	Energy and water – municipal market	
		Quad play

## Strategic matrix – products and industries

The benefits of our strategic matrix include:

- Best of breed solutions – reap the benefits of scale and scope, being able to leverage product solutions and subject matter experts from across our business to meet the needs of the different market segments.
- Stable platform – the business is not overly exposed to a single customer, product, industry or region. While not immune from market influences, the mission-critical nature of our proprietary software, added to our diversification, provides a strong, stable operating environment.
- Employee engagement – enhanced career development opportunities for our staff, who are able to cross skill through their exposure to new technologies, industries and geographies.

## Our market focus

### Asia Pacific – APAC

The past 12 months have seen a number of new projects commence across many of the industry verticals. Existing customers have also continued to commission enhancements to installed products as they strive to differentiate themselves in a competitive market place.

The energy sector continues to experience change, with ongoing deregulation and the progressive introduction of smart meter technology increasing the potential for billing complexity across the residential market space. With the Australian market being one of the most mature deregulated markets in the world, Hansen is well positioned to address the needs of other deregulated and competitive markets.

The Pay TV sector continues to offer opportunities especially in emerging markets. For example, India is currently going through a government mandated digitisation program and it is expected that over 110 million TV-owning homes will make the transition from analogue to digital within the next 18 months. With Direct to Home (DTH) delivery associated with satellite technology often the preferred method of distribution in emerging economies, Hansen's ICC product is very well placed to service this market. The signing of a multi-year licence with the global Hinduja Group for Hansen's ICC Customer Care and Billing product in July 2015 is an exciting development.

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

It has been a fantastic year within the EMEA region with continued strong client engagement across the region underscored by the completion of a strategic acquisition (TeleBilling) in May 2015 enhancing the region's telecommunications offering.

Market competition has seen our existing customer base increase its appetite for more complex billing combinations as it strives to differentiate itself in the market. This has resulted in a continuing strong level of customer-paid enhancements. This trend is expected to continue as our existing customers look to enter into new vertical markets.

Major Pay TV assignments across the region with customers continuing on scheduled upgrade paths will continue to deliver opportunities to the Company over the coming year.

The acquisition of the TeleBilling software business in May 2015 has increased our presence in Europe, adding an impressive list of top tier telecommunications customers to the European customer base. The NaviBilling system expands the Company's telecommunications reach with a product capable of significant product bundling, including the provision of fixed line, mobile, internet and Pay TV billing all on the one service.

This product has broadened the opportunities available to Hansen as the EMEA region continues with its ongoing transition from analogue to digital technology.

### The Americas

The 2014–15 year has seen an ongoing expansion of our presence across North and South America.

The integration of the Banner customer information system (CIS) utilities billing system was completed during the year with customers excited by the level of expertise and professionalism introduced by Hansen as we developed a product pathway. Product development has continued across the year and Hansen is now well positioned with both upgrade and new business opportunities available in the municipality market space.

Our contract with Direct TV, with licensing and support arrangements in Argentina, Columbia, Chile, Ecuador, Peru, Puerto Rico, Venezuela, the Caribbean and Uruguay, has established a significant presence and reputation across the region. This key customer is a valuable reference as we continue to leverage the product into the South American region.



The gas market changes will enable greater efficiencies in market transactions and improve security and reliability. Hansen is well placed to assist market participants with adapting to these new market conditions.



## What we do

### 1. Core market focus

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

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

### 2. Market differentiation

We compete on the international market with the world's largest software houses. Our competitors commonly target the delivery of full enterprise solutions through system 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 development and provision of best of breed applications that deliver the optimum outcomes for our customers;
- delivering our own projects with a collaborative hands-on approach with our customers;
- offering the security of a company that is large enough to deliver strong industry-relevant expertise while retaining a more flexible approach to product delivery;
- offering the option of a fully outsourced facility-managed solution service that is supported directly by the owner of the intellectual property; and
- ensuring the underlying technology keeps pace with the ever-increasing complexity of multi-layered, multi-faceted billing solutions.

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

## 3. Energy and water utilities

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

The energy industry across the globe remains in various states of evolution as industry discussions continue to embrace climate change and the practical application of 'smart grid' and region-specific competitive drivers. The introduction of smart meters continues to open the market to more complex billing options and an expanding level of competition in the retail market.

The 'Smart Grid' initiative has begun to accelerate slowly as the industry starts to understand and embrace the level of integration and the complexity of the technology required to deliver the benefits associated with smoothing energy peaks and managing demand. In response to this challenge, Hansen has developed a 'Smart Grid Bridge', being a scalable, plug-in front end to an existing CIS to support the introduction of the initiative without the need for a complete upgrade to the underlying system.

Governments globally continue to regulate for change, driving efficiency, the lowering of greenhouse gas emissions and the increase in retail contestability.

Working with our strategic partner Toshiba in the Japanese market, we are well positioned to take advantage of a number of opportunities that are emerging as this market moves towards full retail contestability in April 2016.

With the Australian market representing one of the most deregulated retail markets in the world and with a smart meter roll-out program underway, our experience and product readiness will see the energy market being one of significant opportunity into the future.

### (ii) Utilisoft

Utilisoft is a software product that provides market integration along with transactions data management for energy generators, traders and retail companies in the Australian energy industry.

Utilisoft functionality is tied strongly to market-mandated requirements with ongoing market change impacting our customer base. Working with the industry and our customers, we continually update our product set to keep our off-the-shelf technology compliant with market requirements and relevant to the continuing business needs of our customers.

The Australian electricity and gas markets continue to experience change and this year has seen two significant market-mandated changes introduced. The National Electricity Market (NEM) is in the process of adapting to recommendations to Commonwealth and State Governments made by the AEMC 'Power of Choice' review in 2012, whilst the NSW gas market is currently undergoing a significant project to harmonise with the Victorian and South Australian gas markets. These electricity market reforms will give consumers more options in the way they consume energy and will expand competition in the metering and related services, paving the way for new entrants to the smart meter space. The gas market changes will enable greater efficiencies in market transactions and improve security and reliability. Hansen is well placed to assist market participants with adapting to these new market conditions.

Our expertise in the Australian deregulated energy market space continues to be the basis for our moves into markets around the world, with utility projects in Japan and Europe benefitting from our long experience with the Utilisoft product suite in the Australian market.

We expect market growth to continue and technical requirements to become ever more complex, driven by the demand for renewable energy, consumer awareness, smart grids and the need for increased energy efficiency. The Utilisoft product suite plays a mission-critical role in our clients' market data value chain and we look forward to helping them meet new challenges in the year ahead.

#### **(iii) Banner**

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

Banner has a long history of success and a loyal customer base that is being re-energised by Hansen's focus on product development. Historical customers have reached out to Hansen to learn more about our future plans for the product. During the year a clearly defined product map supported by significant expenditure in product development has refreshed the

technology and delivered a new user interface. This investment has positioned the product, with existing customers keen to embark on a defined upgrade path while delivering a fresh new version of the product ready to deliver to new prospects in the market.

The integration of the Banner team into the different functional areas of Hansen has been completed, expanding the resource pool and development and delivery capabilities, as well as broadening the implementation expertise.

#### **4. Telecommunications**

Hansen has a long association within the industry, with many in-house industry experts able to assist with the delivery of the expanding list of Hansen products available to address the challenges in this evolving industry segment.

With the proliferation of smartphones, tablets and connected devices, consumers have more choice than ever and customer churn has become more prevalent due to the regular annual technology updates by major device companies. Hansen has worked with our telecommunications clients to implement innovative solutions that help operators leverage their customer insight to offer strong product offerings that give their customers great value, in turn building stronger loyalty. Our telecommunications solution provides flexibility and speed to market, matched with strong product bundling and shared allowance management, allowing our clients to take a lead when they take new propositions to market.

We see great opportunity for convergence within the telecommunications and Pay TV space, which aligns very well with our solutions and industry expertise. Our recent acquisition of TeleBilling in Denmark has added a product to the Hansen family that introduces 'Quad Play', an ability to combine billing for fixed line, mobile, internet and Pay TV under the same billing solution.

## 5. Pay TV

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

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

Our extensive knowledge and experience with digital satellite and digital terrestrial distribution, as well as cable networks, coupled with flexible pricing models/offers for consumers, businesses and multiple dwelling units, facilitates a lower cost of deployment when compared with other industry-leading CRM and billing platforms. The software can be configured to run multiple territories or countries from a single instance of the software.

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

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

## 6. Outsourcing

With our software solutions driving mission-critical outcomes for our customers, the attractiveness of having the owner of the IP providing total IT support is growing in its popularity. As a natural business progression we offer to our customers varying degrees of hosting and support.

This service provides a valuable means of differentiation through the ability to provide a full range of IT services to our customers.


## 7. Mergers and acquisitions

We continue to grow our business with a targeted acquisition strategy. These targets must meet strict strategic criteria to be considered, as follows:

- business must be in customer care and billing or adjacent to this core focus;
- revenue streams must be recurring or annuity based; and
- the business must have strong ownership of its intellectual property.

The opportunity must extend Hansen's footprint into:

- a new market;
- a new geography; and/or
- a new industry vertical.

A close-up photograph of a person wearing a white lab coat, holding a silver smartphone. The person's hands are visible, and the phone is held horizontally. The background is blurred, showing more of the lab coat and possibly other people in a clinical or office setting. A red rectangular box is overlaid on the left side of the image, containing white text.

The acquisition of TeleBilling expands the Company's telecommunications reach with a product capable of significant product bundling, including the provision of fixed line, mobile, internet and Pay TV billing all on the one service.

# Chairman and Chief Executive Officer Joint Report continued

## 7. Mergers and acquisitions continued

### Recent acquisitions

2010		<ul style="list-style-type: none"> <li>• Core business – customer care and billing.</li> <li>• Added United States commercial and industrial segment.</li> </ul>	North America	Fully integrated
2013		<ul style="list-style-type: none"> <li>• Core business – customer care and billing.</li> <li>• New industry vertical – Pay TV.</li> </ul>	Global	Fully integrated
2013		<ul style="list-style-type: none"> <li>• Adjacent to core business.</li> <li>• Energy market data management – cross sell.</li> </ul>	Australia	Fully integrated
2014		<ul style="list-style-type: none"> <li>• Core business – customer care and billing.</li> <li>• Extended footprint into water and municipal market segment.</li> </ul>	North America and Caribbean	Fully integrated
2015		<ul style="list-style-type: none"> <li>• Core business – customer care and billing.</li> <li>• Strengthens footprint in European telecommunications and Pay TV.</li> </ul>	Europe	Integration progressing

### The future

We will continue our disciplined approach to profitable growth into the future. Our philosophy of putting our customers' needs at the forefront of our business will remain our first priority. Prioritising the customer will put Hansen front of mind as we look to take advantage of the organic growth available in our markets. Our strategic approach to acquisitions will continue to be applied as we look to expand the business into new but related markets.

We will continue to focus on customer delivery, being mindful of the need to balance the timely investment in staff growth with the ongoing need to deliver projects on time and on budget.

We are very proud of our continuing business achievements. We have seen significant growth in the value of the Company since its listing on the ASX in 2000, while returning to our investors a total of over \$80 million by way of capital distributions and dividend payments.

Having been admitted to the ASX 300 in March of this year, we look forward to continuing to offer our growing shareholder base ongoing value through sustainable revenue growth and consistent profitability.

The outlook for Fiscal 2016 is for another record year as we continue to grow internationally. We expect revenue to exceed \$135 million while continuing to target an EBITDA margin in the range of 25–30%.

Finally we would like to record our appreciation for the level of support shown by our shareholders across the year. This support was illustrated through the over-subscription to our recent share offer as well as the growth in our share register. Our shareholder base has now grown to in excess of 7,300 members. We would like to take this opportunity to welcome all shareholders who have joined the Company during the year and we look forward to delivering additional value across the year to come.



**David Trude**  
Chairman



**Andrew Hansen**  
CEO

30 September 2015

With the Australian market representing one of the most deregulated retail markets in the world, with a smart meter roll-out program underway, our experience and product readiness will see the energy market being one of significant opportunity into the future.



# 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**  
Non-Executive Director  
  
Chairman since 2011  
Director since May 2011  
  
Age 67

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, and a Director of CHI-X Australia Limited. On 27 February 2014 David was appointed Non-Executive Director of Acorn Capital Investment Fund Limited, an ASX listed entity.



**Mr Andrew Hansen**  
Managing Director  
and CEO  
  
Managing Director  
since 2000  
  
Age 55

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



**Mr Bruce Adams**  
Non-Executive Director  
  
Director since 2000  
  
Member of the  
Remuneration  
Committee  
  
Age 55

Bruce has over 25 years experience as a commercial lawyer. He has practised extensively in the areas of information technology law and mergers and acquisitions and has considerable experience advising listed public companies. In early 2002, after more than 10 years as a partner of two Melbourne law firms, Bruce took up a position as general counsel of Club Assist Corporation Pty Ltd, a worldwide motoring club service provider. Bruce holds Degrees in Law and Economics from Monash University.



**Mr Peter Berry**  
Non-Executive Director  
  
Director since 2012  
  
Chair of the Remuneration  
Committee  
  
Member of the Audit and Risk  
Committee  
  
Age 55

Peter has been an investment banker in excess of 20 years, specialising in mergers and acquisitions and project financing. Peter's career has focused on the energy sector, including sector reform and privatisation, as well as renewable energy and infrastructure more broadly. He is currently a Director of Pacific Hydro, an international renewable energy developer, and an adviser to investors in infrastructure. Peter was a Director of Metgasco Ltd until 21 January 2015. Previously Peter practised as a corporate lawyer in both Melbourne and New York and holds Degrees in Bachelor of Laws and Bachelor of Commerce (majoring in accounting) from Melbourne University.





**Ms Sarah Morgan**  
Non-Executive Director

Director since 1 October 2014  
Chair of the Audit and Risk Committee  
Member of the Remuneration Committee

Age 45

Sarah has extensive experience in the finance industry, primarily as part of independent corporate advisory firm Grant Samuel. Sarah has been involved in public and private company mergers and acquisitions, as well as equity and debt capital raisings across a broad range of industries. Sarah is also Non-Executive Director and Chair of the Audit and Risk Committee of Adslot Limited, an ASX listed media and technology business, and Non-Executive Director of Future Generation Global Investment Company Limited, an ASX listed investment company.



**Mr David Osborne**  
Non-Executive Director

Director since 2006  
Member of the Audit and Risk Committee

Age 66

David is a Fellow of the Institute of Chartered Accountants, and a Fellow of the Australian Institute of Company Directors, with over 40 years of financial management, taxation and accounting experience in public practice. David's experience includes having been the Audit Partner of his accounting practice, as a Registered Company Auditor, for over 25 years. He also has experience in the various aspects of risk management. David has a long standing association with Hansen, having been a Board member for some years prior to the Company's listing on the ASX in June 2000.



**Ms Melinda Osborne**  
Non-Executive Director

Director since 2012  
Resigned 22 August 2014

Age 60

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



**Ms Julia Chand<sup>(i)</sup>**  
General Counsel and Company Secretary

Company Secretary since 1 October 2014

Age 45

Julia joined Hansen Technologies in 2007 and plays a strategic role as General Counsel as well as Company Secretary. Julia has significant legal experience in IT, financial services and retail organisations. As Company Secretary she is responsible for the Company's corporate and ASX obligations.

Unless stated, no Directors of Hansen Technologies Ltd held any other Directorships of listed companies at any time during the three years prior to 30 June 2015.  
(i) Grant Lister was the Company Secretary from 1 July 2014 to 30 September 2014.

# 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 2015 and Auditor's Report thereon. This Financial Report has been prepared in accordance with Australian Accounting Standards.

## Principal activities

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

## Results

The consolidated profit after income tax attributable to members of Hansen Technologies Ltd for the 2015 financial year was \$16,944,094 (2014: \$14,800,849).

## Review of operations

The 2014–2015 year continued the trend of 2013–2014 with the Company delivering on all of its key objectives, resulting in considerable growth over the previous year, delivering record revenues, profits and earnings per share.

The Group's operating performance for the Fiscal Year compared to last year is as follows:

	2015 A\$ Million	2014 A\$ Million	Variance %
Operating revenue	106.3	86.0	▲ 24
EBITDA	31.3	24.1	▲ 30
Profit before tax	24.0	19.5	▲ 23
NPAT	16.9	14.8	▲ 14
Earnings per share (cents)	10.3	9.2	▲ 12

During 2015 we completed the integration of the Banner business acquired in the previous year. This business has performed to expectations across the year and we are encouraged by the level of customer engagement as we map out the future for the product.

We continued to invest in the Company's delivery capacity. With a new regional management structure in place, this ongoing investment has been necessary to support the organic growth across the business. Cross-skilling has continued to improve productivity across our professional staff and has assisted us to deliver major projects across utilities, Pay TV and the telecommunications lines of business during the year.

We continue to invest in research and development, enhancing the functionality of our products in line with customers' requirements. This approach to product development has delivered real benefits to our customers while increasing the value of our intellectual property.

The acquisition of the TeleBilling software business in May 2015 has increased our presence in Europe, adding an impressive list of top tier telecommunications customers to the European customer base. The NaviBilling system expands the Company's telecommunications reach with a product capable of significant product bundling including the provision of fixed line, mobile, internet and Pay TV billing all on the one service.

We continue to provide IT and Facilities Management (FM) services to our customers wishing to outsource their software solution. This business remained competitive during the year with hosting services offered in Australia, the United States and Europe.

## Significant changes in the state of affairs

On 12 May 2015 the Company completed a transaction to acquire the business TeleBilling as a going concern. This transaction gave Hansen control of the business from 1 May 2015. This business extends the Company's presence in Europe and extends its ability to deliver into the telecommunications billing space. For additional detail please refer to note 20(a) of the accompanying Financial Report.

On 19 May 2015 the Company completed a capital raising of \$15,117,776 via an institutional placement for 6,966,717 shares at \$2.17 per share. A further capital raising of \$12,318,133 occurred on 17 June 2015 for 5,676,559 shares at \$2.17 per share. For further details refer to note 17. This additional capital was primarily used to repay the bank facility drawn down to fund the TeleBilling acquisition. For additional information refer to note 15.

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

## After balance date event

Post balance date the Term Facility drawn to \$10 million as at 30 June 2015 was fully repaid on 8 July 2015.

No other matters have arisen since the end of the financial year and the date of this report 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 years.

## Likely developments

The Company will continue to pursue its operating strategy of providing billing solutions to our targeted industries while assessing appropriate acquisitions to enhance shareholder value. As part of normal business activities the Company is from time to time in negotiations with prospects and third parties over new business opportunities. Where these activities are significant and the transaction is finalised, then releases are made to the ASX in accordance with the listing rules on Continuous Disclosure.

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

## Environment regulations

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

## Share options

Options over shares may be issued to key management personnel (KMP) 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 KMP 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 KMP as part of their remuneration are as follows:

	Granted Number	Grant Date
<b>Executives</b>		
M Benne	75,000	2 July 2014
	75,000	2 July 2015
N Fernando	100,000	2 July 2015
C Hunter	100,000	2 July 2014
	100,000	2 July 2015
G Lister	100,000	2 July 2014
D Meade	75,000	2 July 2014
	100,000	2 July 2015
G Taylor	100,000	2 July 2015
S Weir	75,000	2 July 2014
	75,000	2 July 2015
<b>Total</b>	<b>975,000</b>	

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

Further details regarding options granted as remuneration are provided in the Remuneration Report.

## Dividend paid, recommended and declared

A 3 cent per share (2.5 cents franked) final dividend was announced to the market on 27 August 2015 with payment to be made on 30 September 2015.

The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2015.

Dividends paid during the year:

- 3 cent per share partially franked interim dividend paid 27 March 2015, totalling \$4,898,681; and
- 3 cent per share fully franked final dividend paid 30 September 2014, totalling \$4,874,389.

# Directors' Report continued

## Shares under option

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

Grant Date	Exercise Date	Expiry Date	Exercise Price	Number of Options at Date of Report
2 July 2011	2 July 2014	2 July 2016	\$0.91	190,000
2 July 2012	2 July 2015	2 July 2017	\$0.92	510,000
1 December 2012	2 July 2015	2 July 2017	\$0.97	350,000
1 December 2012	2 July 2015	2 July 2017	\$1.02	350,000
1 December 2012	2 July 2015	2 July 2017	\$1.07	350,000
2 July 2013	2 July 2016	2 July 2018	\$0.92	795,000
12 December 2013	2 July 2016	2 July 2018	\$1.06	350,000
12 December 2013	2 July 2016	2 July 2018	\$1.11	350,000
12 December 2013	2 July 2016	2 July 2018	\$1.16	350,000
2 July 2014	2 July 2017	2 July 2019	\$1.30	975,000
2 July 2015	2 July 2018	2 July 2020	\$2.67	1,000,000
<b>Total</b>				<b>5,570,000</b>

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

## Shares issued on exercise of options

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

Date Issued	Number of Ordinary Shares Issued	Amount Paid Per Share
2 July 2014	100,000	\$0.91
8 July 2014	250,000	\$0.95
8 July 2014	250,000	\$1.00
8 July 2014	250,000	\$1.05
24 July 2014	60,000	\$0.91
5 August 2014	75,000	\$0.58
29 August 2014	255,000	\$0.91
29 August 2014	30,000	\$0.58
2 March 2015	75,000	\$0.91
6 July 2015	200,000	\$0.92
6 July 2015	100,000	\$1.30
15 July 2015	185,000	\$0.92
21 July 2015	40,000	\$0.91
21 July 2015	20,000	\$0.92
31 August 2015	40,000	\$0.92
31 August 2015	75,000	\$0.75
8 September 2015	30,000	\$0.91
23 September 2015	75,000	\$0.91
<b>Total</b>	<b>2,110,000</b>	

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

## Indemnification and insurance of Directors, officers and auditors

### Indemnification

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

### Insurance

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

No insurance premium is paid in relation to the Auditors.

## Directors' meetings

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

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr David Trude	13	13	-	-	-	-
Mr Bruce Adams	13	13	-	-	2	2
Mr Peter Berry	13	13	3	3	2	2
Mr Andrew Hansen	13	13	-	-	-	-
Ms Sarah Morgan	10	10	1	1	1	1
Mr David Osborne	13	13	3	3	-	-
Ms Melinda Osborne	2	2	2	2	1	1

## 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' Relevant Interests in:	Ordinary Shares of Hansen Technologies Ltd	Options over Shares in Hansen Technologies Ltd
D Trude	103,623	-
B Adams	152,304	-
P Berry	15,304	-
A Hansen	38,744,194	2,100,000
S Morgan	-	-
D Osborne	377,521	-
M Osborne	55,871	-

# Directors' Report continued

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

	Consolidated	
	2015	2014
	\$'000	\$'000
Amounts paid and payable to Pitcher Partners Melbourne for non-audit services:		
– taxation services	24	46
– compliance services	16	12
	<b>40</b>	<b>58</b>
Amounts paid and payable to network firms of Pitcher Partners for non-audit services:		
– taxation services	8	12
– compliance services	36	64
	<b>44</b>	<b>76</b>
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
– taxation services	53	20
– compliance services	2	2
	<b>55</b>	<b>22</b>
<b>Total auditors' remuneration for non-audit services</b>	<b>139</b>	<b>156</b>

# Audited Remuneration Report

The Directors present the consolidated entity's 2015 Remuneration Report.

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

This Remuneration Report section of the Directors' Report is subject to external audit and is required to disclose at a minimum such detail as specified by section 300A of the *Corporations Act 2001*. The Auditor's Report and opinion on this Remuneration Report may be found on page 78 of this Annual Report.

The following executives of the Group were classified as KMP during the 2015 financial year and unless otherwise indicated were classified as KMP for the entire year.

## Key management personnel details (KMP)

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

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### (i) Non-Executive Directors

D Trude	Chairman
B Adams	Director
P Berry	Director
S Morgan	Director (appointed October 2014)
D Osborne	Director
M Osborne	Director (resigned August 2014)

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### (ii) Executive Director

A Hansen	Managing Director and CEO
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### (iii) Other executive KMP

M Benne	General Manager, APAC <sup>(i)</sup>
N Fernando	Chief Strategy Officer <sup>(ii)</sup>
C Hunter	Chief Operating Officer
D Meade	Group Client Services and Delivery Manager
G Taylor	Chief Financial Officer <sup>(iii)</sup>
S Weir	Director, EMEA <sup>(i)</sup>

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### (iv) Former executives

G Lister	Chief Financial Officer <sup>(iii)</sup>
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(i) M Benne and S Weir no longer met the definition of KMP at 30 September 2014 due to the finalisation of the regional organisational structure. Their roles as Senior Managers of individual geographical regions are focused on planning, directing and controlling these regions and not the Company as a whole.

(ii) The Chief Strategy Officer met the definition of KMP from 1 October 2014 with responsibility for the corporate strategy and mergers and acquisitions.

(iii) G Lister in his role as CFO was KMP from 1 July to 30 September 2014 prior to retiring from the role of CFO. G Taylor was a KMP when appointed to the role of CFO from 1 October 2014.

At the Company's most recent Annual General Meeting (AGM), a resolution to adopt the prior year Remuneration Report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report. No comments were made on the Remuneration Report that was considered at the AGM.

# Audited Remuneration Report continued

## Remuneration governance

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

As at 30 June 2015 the Remuneration Committee was made up of three Non-Executive Directors, Bruce Adams, Sarah Morgan and the Chairman Peter Berry. The CEO and other Directors attend meetings as required at the invitation of the Committee Chairman.

The Remuneration Committee assesses the appropriateness of both the nature and amount of the remuneration of the KMP on an annual basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a quality Board and executive team. In doing so it uses reports on the remuneration practices of similar ASX listed entities as a basis to ensure

remuneration remains relevant to the market conditions as well as the size and nature of our business. Recommendations to provide equity/option-based remuneration to the Managing Director or any other Director are required to be approved by resolution at a General Meeting of shareholders. A Director or any associate of a Director is excluded from voting on a resolution to approve the issue of equity-based remuneration to a Director.

## Independent advice

To ensure it is fully informed when making decisions in relation to remuneration, the Remuneration Committee seeks advice from specialist external remuneration consultants as well as the Company's CEO. As required, advice is received on issues of benchmarking the remuneration of the CEO and Non-Executive Directors against other listed entities as well as the nature, size and structure of short and long term incentive arrangements. Given independent advice was received in 2014, the Remuneration Committee did not seek independent advice in FY2015, however a review has been commissioned in FY2016 to assist with the setting of future executive salaries.

## Details of key management personnel remuneration

### Directors' and executives' remuneration

	Short Term				Other	Post	Long	Total Options		
	Salary	Cash	Bonus	Non-		Employment	Term	Performance	as %	
	Fees	Bonus	Paid	monetary		Super	Options	Total	Related	of Total
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
	\$	\$	%	\$	\$	\$	\$	\$	%	%
<b>Directors</b>										
D Trude	91,159	-	-	-	-	8,660	-	99,819	-	-
B Adams	55,706	-	-	-	-	5,292	-	60,998	-	-
P Berry	55,706	-	-	-	-	5,292	-	60,998	-	-
A Hansen	639,141	-(i)	-	-	306,375 <sup>(ii)</sup>	34,999	-(iii)	980,515	31	-
S Morgan	41,950	-	-	-	-	3,985	-	45,935	-	-
D Osborne	55,706	-	-	-	-	5,292	-	60,998	-	-
M Osborne	7,905	-	-	-	-	751	-	8,656	-	-
	<b>947,273</b>	-	-	-	<b>306,375</b>	<b>64,271</b>	-	<b>1,317,919</b>	<b>23</b>	-
<b>Executives</b>										
M Benne	58,686	43,835 <sup>(iii)</sup>	96	-	-	9,739	2,997	115,257	40	3
N Fernando	206,054	-	-	-	-	19,143	11,989	237,186	5	5
C Hunter	311,550	54,794	100	-	-	29,998	15,986	412,328	17	4
G Lister	73,575	54,794 <sup>(iii)</sup>	100	3,545	-	12,195	3,996	148,105	40	3
D Meade	290,071	31,963	70	-	-	29,999	11,989	364,022	12	3
G Taylor	165,870	-	-	10,699	-	15,758	8,991	201,318	4	4
S Weir	51,652	46,934 <sup>(iii)</sup>	74	-	-	4,643	2,997	106,226	47	3
	<b>1,157,458</b>	<b>232,320</b>	-	<b>14,244</b>	-	<b>121,475</b>	<b>58,945</b>	<b>1,584,442</b>	<b>18</b>	<b>4</b>
	<b>2,104,731</b>	<b>232,320</b>	-	<b>14,244</b>	<b>306,375</b>	<b>185,746</b>	<b>58,945</b>	<b>2,902,361</b>	<b>21</b>	<b>2</b>

(i) Note: A Hansen was awarded a bonus of \$306,375 in relation to the FY14 financial year being 95% of his maximum bonus entitlement. At reporting date the amount was payable and accrued in the financial statements.

(ii) During 2014 the Board elected to implement a cash based long term incentive for A Hansen. Refer to Long Term Incentive plans below.

(iii) The full bonus paid in the 2015 financial year has been disclosed as it relates to the performance in 2014 financial year where the employees were a KMP for the full year.

The above details are for the period that the individual was a KMP during the year.



Directors' and executives' remuneration continued

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

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

### Remuneration policy

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

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

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

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

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

# Audited Remuneration Report continued

## Remuneration policy continued

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

## A. Fixed remuneration

### i. Executive KMP

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

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

### ii. Non-Executive Directors

Non-Executive Directors receive a base salary reviewed annually (inclusive of Superannuation Guarantee Contribution as required by government regulation).

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

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

## B. Incentive elements of remuneration

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

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

### i. Short term performance-linked remuneration

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

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

#### Financial

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

#### Business management

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

### Customer relationship and business growth

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

### Departmental operating efficiency

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

### Other

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

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

In 2015 the following KMP, performing the same role as the prior year, received remuneration increases above the general trend of salary increases. The reasons for these increases are summarised as follows:

- Cameron Hunter – Chief Operating Officer, increase in total remuneration 8%; and
- Darren Meade – Group Client Services and Delivery Manager, increase in total remuneration of 18%;
  - increase in size and complexity of the business operations from a 24% increase in revenue during FY15, directly impacting their areas under management;
  - their role in the successful completion of acquisitions over the past two years (Banner and TeleBilling);
  - their management of the successful integration of past acquisitions into the Company operations; and
  - increase of the size of workforce under their direct management and international diversity/complexity of the operations under their management.

### ii. Long term incentives

The Company's long term incentive component of KMP remuneration can be via cash or via options. Historically the issue of options has occurred in accordance with the Company's Executive Option Plan as approved at the 2011 AGM of shareholders. Alternatively at the Board's discretion, long term incentives may be on a cash basis.

During 2014, the Board elected to allocate the CEO's long term incentive on a cash basis, payable in two equal parts in FY16 and FY17. The payments are conditional on the operational performance of the Company in the initial financial year and ongoing employment with the Company.

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

The fundamental principle behind the use of options as a long term incentive is the alignment of any benefit from the incentive to the KMP with the overriding objective of enhanced shareholder value delivered, in this instance, by way of increased share prices over the period of the option term.

Options offer the additional incentive of enhancing the prospect for retention of KMP as the benefit to the employee is derived over time subject to the qualifying period of the option.

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

Options are issued with:

- a long term vesting/qualifying period, commonly three years;
- are conditional upon continued employment throughout the vesting period;
- may not be exercised until the end of the vesting period; and
- must be exercised within two years of when they vest.

They are conditionally issued in respect of the operating performance for the initial financial year and are subject to achieving specified financial performance targets for that year as determined by the Board, typically the achievement of the budgeted objectives of the Group as a whole for the initial year:

- at the end of the year the Directors assess the Group's performance against the agreed targets; and
- determine whether to confirm, vary or cancel the options previously issued.

# Audited Remuneration Report continued

## B. Incentive elements of remuneration continued

The price payable to convert the options to shares is specified at the original date of issue as being a price per share not less than the volume weighted average price (VWAP) at the date on which the options were originally issued or in the case of the CEO, the VWAP on the date the intention to issue the options is announced plus a graduated premium:

- The benefit to the employee arises where the pre-specified exercise price is less than the market price when the options vest at the end of the vesting/qualifying period.

Once an option has vested at the end of the qualifying period, the employee may elect to exercise the option in which event:

- the employee must pay in cash to the Company the previously specified exercise price multiplied by the number of options received;
- e.g. for 100,000 options with an exercise price of \$1.30 per share the employee will be required to pay the Company \$130,000 to convert the options to shares;
- in addition and regardless of whether the employee has exercised the options or not, the employee will be required to declare for tax purposes a taxable revenue gain to the extent the VWAP at the vesting date exceeds the exercise price and

pay tax to the relevant tax authority on this gain as if it was normal personal income, e.g. for 100,000 options with an exercise price of \$1.30 per share and a VWAP at the date of vesting of \$2.00, the employee would be required to declare as income for tax purposes \$70,000 and pay to the tax authority the applicable tax on this income; and

- due to a change in applicable taxation rules, options issued after 1 July 2015 will be taxable on the exercise date not the vesting date.

Options issued to executives are not able to be traded on the ASX. They do not qualify for receipt of dividends or have any voting rights until they have been exercised and converted to shares by the employee paying the required exercise price to the Company.

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

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

## Details of compensation options

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

	Options Vested During the Year	Options Granted	Grant Date	Value Per Option at Grant Date \$	Terms and Conditions for Each Grant		
					Exercise Price \$	Vesting Date	Last Exercise Date
<b>Executive Directors</b>							
A Hansen	750,000	-	-	-	-	-	-
<b>Specified executives</b>							
M Benne	75,000	75,000	2 July 2014	0.200	\$1.30	2 July 2017	2 July 2019
N Fernando	-	100,000	2 July 2014	0.200	\$1.30	2 July 2017	2 July 2019
C Hunter	100,000	100,000	2 July 2014	0.200	\$1.30	2 July 2017	2 July 2019
G Lister	100,000	100,000	2 July 2014	0.200	\$1.30	2 July 2017	2 July 2019
D Meade	75,000	75,000	2 July 2014	0.200	\$1.30	2 July 2017	2 July 2019
G Taylor	-	75,000	2 July 2014	0.200	\$1.30	2 July 2017	2 July 2019
S Weir	40,000	75,000	2 July 2014	0.200	\$1.30	2 July 2017	2 July 2019
<b>Total</b>	<b>1,140,000</b>	<b>600,000</b>					

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

## Key management personnel's equity holdings

### Number of options held by key management personnel

	Balance 1 July 2014	Granted as Remuneration	Options Exercised	Options Forfeited	Balance 30 June 2015	Vested at 30 June 2015		
						Total	Exercisable	Unexercisable
<b>Executive Directors</b>								
A Hansen	2,850,000	-	750,000	-	2,100,000	-	-	-
<b>Specified executives</b>								
M Benne	225,000	75,000	-	-	300,000	75,000	75,000	-
N Fernando	-	100,000	-	-	100,000	-	-	-
C Hunter	300,000	100,000	100,000	-	300,000	-	-	-
G Lister	300,000	100,000	100,000	-	300,000	-	-	-
D Meade	225,000	75,000	75,000	-	225,000	-	-	-
G Taylor	-	75,000	-	-	75,000	-	-	-
S Weir	225,000	75,000	40,000	-	260,000	-	-	-
<b>Total</b>	<b>4,125,000</b>	<b>600,000</b>	<b>1,065,000</b>	<b>-</b>	<b>3,660,000</b>	<b>75,000</b>	<b>75,000</b>	<b>-</b>

### Number of shares held by key management personnel

	Balance 30 June 2014	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2015
<b>Specified Directors</b>					
D Trude	100,000	-	-	3,623	103,623
B Adams	150,000	-	-	2,304	152,304
P Berry	-	-	-	15,304	15,304
A Hansen	52,991,890	-	750,000	(14,997,696)	38,744,194
S Morgan	-	-	-	-	-
D Osborne	362,653	-	-	14,868	377,521
M Osborne	54,000	-	-	1,871	55,871
<b>Specified executives</b>					
M Benne	41,484	-	-	7,514	48,998
N Fernando	4,065	-	-	2,728	6,793
C Hunter	703,578	-	100,000	113	803,691
G Lister	1,428,992	-	100,000	(495,392)	1,033,600
D Meade	4,120	-	75,000	(70,610)	8,510
G Taylor	839	-	-	2,304	3,143
S Weir	133,545	-	40,000	5,949	179,494
<b>Total</b>	<b>55,975,166</b>	<b>-</b>	<b>1,065,000</b>	<b>(15,507,120)</b>	<b>41,533,046</b>

# Audited Remuneration Report continued

## Service agreements and contract details

The contract of employment of the CEO includes a mutual minimum termination notice period of six months. The conditions of employment for the other KMP are not subject to any particular term or significant condition other than those normally applying by law for persons of their remuneration level and position in the Company.

As shown in note 25 to the accompanying financial statements, the CEO is a Director of the Trustee Company of the Trust from whom the Company leases premises in Melbourne. The terms and conditions of the lease arrangements are no more favourable than those available, or which might reasonably be expected to be available, from others on an arm's length basis.

The total lease rental payments during the 2015 financial year to the Trust were \$1,104,615.

## Measurements of performance on shareholder value

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

	2015	2014	2013	2012	2011	2010
EBITDA (A\$ millions)	31.3	24.1	15.7	19.1	20.5	17.2
Earnings per share (cents)	10.3	9.2	5.7	8.2	8.7	7.2
ASX share price at 30 June	\$2.62	\$1.27	\$0.91	\$0.92	\$0.90	\$0.62
Market capitalisation (millions) at 30 June	\$461.6	\$203.9	\$145.3	\$145.4	\$140.5	\$95.9
Dividend (cents per share)	6	6	6	6	6	5

## End of the Remuneration Report

## Rounding of amounts

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

Signed in accordance with a resolution of the Directors.



**David Trude**  
Director



**Andrew Hansen**  
Director

Melbourne  
30 September 2015

# Auditor's Independence Declaration



**To the Directors of Hansen Technologies Ltd.**

In relation to the independent audit for the year ended 30 June 2015, 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.

This declaration is in respect of Hansen Technologies Ltd and the entities it controlled during the year.

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

**S D Whitchurch**  
Partner

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

**Pitcher Partners**  
Melbourne

30 September 2015

# Corporate Governance Statement

For the Year Ended 30 June 2015

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

Hansen Technologies Ltd (Hansen or the Company) regularly reviews its Principles, Policies and Charters to ensure they remain consistent with the Board's objectives, current laws and best practice.

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

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

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

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

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

The specific functions established and reserved for the Board are:

- providing strategic direction and approving corporate strategies;
- selecting and appointing the CEO, determining conditions of service and monitoring performance against established objectives. If necessary removing the CEO from office;
- monitoring financial performance against budgeted objectives;
- ensuring adequate risk management controls and reporting mechanisms are maintained;
- approving and monitoring progress of major capital expenditure, capital management, acquisitions and divestments;

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

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

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

In identifying suitable persons to become Directors, after undertaking appropriate background checks, the Board will look to achieve an appropriate balance of relevant legal, commercial and financial management skills as well as expertise specific to the industries in which our Company operates. In pursuing this objective the Board will be cognisant of its policy to pursue a balance of gender diversity at all levels of the Company's management. Additionally, the Board will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

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

## The Company Secretary

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

## Diversity

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

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

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



The table below shows the gender diversity of the Company (worldwide) as at 30 June 2015:

	Female %	Male %
Board	17	83
Senior management	13	87
Hansen Group	25	75

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

### Performance of the Board

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

The performance evaluation process is as follows:

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

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

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

### Performance of senior executives

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

### Principle 2: Structure the Board to add value

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

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

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

### Director independence

It is the Board's objective to strive for a majority of independent Directors and has for a number of years been successful in this endeavour. The Chair of the Board, Mr David Trude, is an independent Director.

The Board has three independent Directors, David Trude, Peter Berry and Sarah Morgan (who was appointed as a Director on 1 October 2014). This represents 50% of the Board's total membership.

### Director induction training and continuing education

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

### Principle 3: Act ethically and responsibly

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

# Corporate Governance Statement continued

For the Year Ended 30 June 2015

## Principle 3: Act ethically and responsibly

continued

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

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

## Principle 4: Safeguard integrity in corporate reporting

### Audit and Risk Committee

The Audit Committee's obligations were extended by the Board by delegating the monitoring of the Risk Framework to the expanded Audit and Risk Committee in July 2015. The Audit and Risk Committee monitors and reviews the effectiveness of the Company's controls in the areas of operational reporting. The Audit and Risk Committee makes an assessment of external auditor performance and makes recommendations in respect of the external auditor's appointment and remuneration. The Committee has a formal charter, which is contained in the 'Board' document and is posted in the corporate governance section of the Company's website.

The members of the Committee as at 30 June 2015 were Non-Executive Directors David Osborne, Peter Berry and the Chairman of the Committee, Sarah Morgan, with 67% of the membership being deemed independent.

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

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

### Declarations from the CEO and CFO

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

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

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

Such a statement has been provided in respect of the financial year ending 30 June 2015.

### External auditor

The external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

## Principle 5: Make timely and balanced disclosure

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

The key principles of the Policy are that:

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

## Principle 6: Respect the rights of security holders

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

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

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

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

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

### **Principle 7: Recognise and manage risk**

The Company has established a Risk Management Policy for the oversight and management of material business risks. The Policy is available from the corporate governance section of the Company's website. The Audit and Risk Committee is responsible for overseeing the Company's risk management framework.

The Audit and Risk Committee reviews the Company's risk management framework regularly to satisfy itself that it continues to be sound and reports its findings to the Board.

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

The key risk categories to which the Company is exposed, and how it manages or intends to manage those risks are set out in the Risk Management Policy on the Company's website. In addition, the Audit and Risk Committee Charter is set out in the 'Board' document posted in the corporate governance section of the Company's website.

### **Principle 8: Remunerate fairly and responsibly**

#### **Remuneration Committee**

The Remuneration Committee members as at 30 June 2015 were Bruce Adams plus independent Non-Executive Directors Sarah Morgan and the Chairman Peter Berry.

The Committee meets at least annually to assess annual remuneration changes, and will hold additional meetings where required. The Remuneration Committee met twice during the financial year and all members of the Remuneration Committee at the time were present.

The Remuneration Committee Charter is set out in the 'Board' document posted in the corporate governance section of the Company's website.

#### **Remuneration policies and practices**

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

The Company has share and option plans for its employees. The Company's Employee Option Plan was approved by shareholders at the 2011 AGM.

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

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

# Corporate Governance Statement continued

For the Year Ended 30 June 2015

## Principle 8: Remunerate fairly and responsibly continued

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

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

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

### Share trading policy

The Company has a share trading policy that can be found in the corporate governance section of the Company's website.

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

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# Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2015

	Note	Consolidated Entity	
		2015 \$'000	2014 \$'000
Revenue from continuing operations	5	106,257	86,021
Other income	5	475	436
<b>Total revenue and other income</b>		<b>106,732</b>	<b>86,457</b>
Employee expenses	6	(55,295)	(46,425)
Depreciation expense	6	(1,863)	(1,588)
Amortisation expense	6	(5,213)	(3,130)
Property and operating rental expenses	6	(4,575)	(3,993)
Contractor and consultant expenses		(1,582)	(1,779)
Software licence expenses		(1,092)	(443)
Hardware and software expenses		(3,251)	(2,741)
Travel expenses		(3,719)	(2,317)
Communication expenses		(1,768)	(808)
Professional expenses		(1,407)	(1,022)
Other expenses		(2,964)	(2,753)
<b>Total expenses</b>		<b>(82,729)</b>	<b>(66,999)</b>
<b>Profit before income tax</b>		<b>24,003</b>	<b>19,458</b>
Income tax expense	7(b)	(7,059)	(4,657)
<b>Profit after income tax from ongoing operations</b>		<b>16,944</b>	<b>14,801</b>
<b>Other comprehensive income/(expense)</b>			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign entities	18(a)	10,052	(658)
<b>Other comprehensive income/(expense) for the year</b>		<b>10,052</b>	<b>(658)</b>
<b>Total comprehensive income for the year attributable to members of the parent</b>		<b>26,996</b>	<b>14,143</b>
Basic earnings (cents) per share for continuing operations	22	10.3	9.2
<b>Total basic earnings (cents) per share</b>		<b>10.3</b>	<b>9.2</b>
Diluted earnings (cents) per share for continuing operations	22	10.0	9.0
<b>Total diluted earnings (cents) per share</b>		<b>10.0</b>	<b>9.0</b>

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 40 to 76.

# Consolidated Statement of Financial Position

As at 30 June 2015

		Consolidated Entity	
	Note	2015 \$'000	2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents	9	21,985	3,829
Receivables	10	19,950	14,701
Other current assets	11	5,202	5,309
<b>Total current assets</b>		<b>47,137</b>	<b>23,839</b>
<b>Non-current assets</b>			
Plant, equipment and leasehold improvements	12	7,556	4,376
Intangible assets	13	104,103	68,774
Deferred tax assets	7	3,599	2,578
<b>Total non-current assets</b>		<b>115,258</b>	<b>75,728</b>
<b>Total assets</b>		<b>162,395</b>	<b>99,567</b>
<b>Current liabilities</b>			
Payables	14	8,005	5,006
Borrowings	15	10,087	10,055
Current tax payable	7	3,813	1,061
Provisions	16	8,862	6,973
Unearned income		13,570	8,133
<b>Total current liabilities</b>		<b>44,337</b>	<b>31,228</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	7	4,012	2,130
Borrowings	15	374	-
Provisions	16	143	123
<b>Total non-current liabilities</b>		<b>4,529</b>	<b>2,253</b>
<b>Total liabilities</b>		<b>48,866</b>	<b>33,481</b>
<b>Net assets</b>		<b>113,529</b>	<b>66,086</b>
<b>Equity</b>			
Share capital	17	75,127	45,126
Foreign currency translation reserve	18(a)	7,946	(2,106)
Options granted reserve	18(b)	967	748
Retained earnings	18(c)	29,489	22,318
<b>Total equity</b>		<b>113,529</b>	<b>66,086</b>

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 40 to 76.

# Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2015

Consolidated entity	Note	Consolidated Entity			Total Equity \$'000
		Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	
<b>Balance as at 1 July 2014</b>		45,126	(1,358)	22,318	66,086
Profit for the year		-	-	16,944	16,944
Movement in carrying value of foreign entities due to currency translation	18(a)	-	10,052	-	10,052
<b>Total comprehensive income for the year</b>		-	10,052	16,944	26,996
<b>Transactions with owners in their capacity as owners:</b>					
Employee share plan	17	155	-	-	155
Options exercised	17	1,257	-	-	1,257
Employee share options	18(b)	-	219	-	219
Equity issued under dividend reinvestment plan	17	1,510	-	-	1,510
Institutional placement	17	14,780	-	-	14,780
Share purchase plan offer	17	12,299	-	-	12,299
Dividends paid	8	-	-	(9,773)	(9,773)
<b>Total transactions with owners in their capacity as owners</b>		30,001	219	(9,773)	20,447
<b>Balance as at 30 June 2015</b>	17, 18	75,127	8,913	29,489	113,529

Consolidated entity	Note	Consolidated Entity			Total Equity \$'000
		Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	
<b>Balance as at 1 July 2013</b>		43,650	(925)	17,142	59,867
Profit for the year		-	-	14,801	14,801
Movement in carrying value of foreign entities due to currency translation	18(a)	-	(658)	-	(658)
<b>Total comprehensive income for the year</b>		-	(658)	14,801	14,143
<b>Transactions with owners in their capacity as owners:</b>					
Employee share plan	17	160	-	-	160
Options exercised	17	337	-	-	337
Employee share options	18(b)	-	225	-	225
Equity issued under dividend reinvestment plan	17	979	-	-	979
Dividends paid	8	-	-	(9,625)	(9,625)
<b>Total transactions with owners in their capacity as owners</b>		1,476	225	(9,625)	(7,924)
<b>Balance as at 30 June 2014</b>	17, 18	45,126	(1,358)	22,318	66,086

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 40 to 76.



# Consolidated Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	Consolidated Entity	
		2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		113,528	93,440
Payments to suppliers and employees		(72,336)	(70,314)
Interest received		60	149
Finance costs		(234)	(58)
Income tax paid		(4,129)	(4,339)
<b>Net cash provided by operating activities</b>	19(a)	<b>36,889</b>	18,878
<b>Cash flows from investing activities</b>			
Payment for acquisition of business net of bank overdraft assumed	20	(29,900)	(21,812)
Payment for plant and equipment	12	(3,037)	(1,244)
Payment for capitalised development costs	13	(4,479)	(3,553)
<b>Net cash used in investing activities</b>		<b>(37,416)</b>	(26,609)
<b>Cash flows from financing activities</b>			
Proceeds from share issue	17	27,436	160
Proceeds from options exercised	17	1,257	337
Proceeds from borrowings	15	24,000	10,055
Payment of borrowings	15	(25,748)	-
Dividends paid net of dividend re-investment		(8,262)	(8,645)
<b>Net cash provided by financing activities</b>		<b>18,683</b>	1,907
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>18,156</b>	(5,824)
Cash and cash equivalents at beginning of year		3,829	9,653
<b>Cash and cash equivalents at end of the year</b>	19(b)	<b>21,985</b>	3,829

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 40 to 76.

# Notes to the Financial Statements

30 June 2015

## 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 applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

The Financial Report was authorised for issue by the Directors on 30 September 2015.

### Compliance with IFRS

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

### Historical cost convention

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

### Critical accounting estimates

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

### (b) Principles of consolidation

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

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

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

### (c) Revenue

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

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

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

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

#### (d) Cash and cash equivalents

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

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

##### Cost and valuation

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

##### Depreciation

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

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

	2015	2014
Plant, equipment and leasehold improvements	2.5 to 12 years	2.5 to 12 years
Leased plant and equipment	2.5 to 12 years	2.5 to 12 years

#### (f) Leases

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

##### Finance leases

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

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

##### Operating leases

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

#### (g) Business combinations

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

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquired. Deferred consideration payable is measured at fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value.

Goodwill is recognised initially at 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.

# Notes to the Financial Statements continued

30 June 2015

## 1. Statement of significant accounting policies continued

### (h) Intangibles

#### Goodwill

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

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

#### Technology, trademarks and customer contracts

Technology, trademarks and customer contracts are recognised at cost and are amortised over their estimated useful lives, which range from the term of the contract or five to 10 years. Technology, trademarks and customer contracts are carried at cost less accumulated amortisation and any impairment losses.

#### Research and development

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

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

Other development expenditure is recognised as an expense when incurred.

### (i) Impairment of non-financial assets

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

### (j) Income tax

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

#### Deferred tax balances

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

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

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

## Tax consolidation

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

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

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

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

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

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

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

#### (iii) Retirement benefit obligations

##### *Defined contribution superannuation plan*

The consolidated entity makes contributions to defined 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.

#### (iv) Share-based payments

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

# Notes to the Financial Statements continued

30 June 2015

## 1. Statement of significant accounting policies continued

### (v) Bonus plan

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

### (vi) Termination benefits

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

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

### (m) Borrowing costs

Borrowing costs can include interest expense calculated using the effective interest method and finance charges in respect of finance leases. Borrowing costs are expensed as incurred except for borrowing costs incurred as part of the construction of a qualifying asset, which are capitalised until the asset is ready for its intended use or sale.

### (n) Financial instruments

#### Classification

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

#### Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

#### Loans and receivables

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

#### Financial liabilities

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

### (o) Foreign currencies translations and balances

#### Functional and presentation currency

The financial statements of each entity within the consolidated 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.

### Foreign subsidiaries

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 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.

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

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

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

### (q) Comparatives

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

### (r) Rounding amounts

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

### (s) Going concern

The Financial Report has been prepared on a going concern basis.

### (t) Adoption of new and amended accounting standards that are first operative at 30 June 2015

There are no new or amended accounting standards effective for the financial year beginning 1 July 2014 that have affected any amounts recorded in the current or prior year.

### (u) Accounting standards and interpretations issued but not operative at 30 June 2015

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 on the following page.

# Notes to the Financial Statements continued

30 June 2015

## 1. Statement of significant accounting policies continued

### (i) AASB 15 Revenue from Contracts with Customers

AASB 15 introduces a five-step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five-step approach is as follows:

- Step 1: Identify the contracts with the customer.
- Step 2: Identify the separate performance obligations.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price.
- Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2017.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact if any of AASB 15 has not yet been quantified.

### (ii) AASB 9 Financial Instruments

AASB 9 makes significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

AASB 9 amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Impairment of assets is now based on expected losses in AASB 9, which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The effective date is annual reporting periods beginning on or after 1 January 2018.

The impact if any of AASB 9 has yet to be quantified.

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

## 2. Critical accounting estimates and judgements

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



#### **(a) Impairment of goodwill**

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

- provides for a constant 5% growth rate (2014: 3%) for the remainder of the forecast period; and
- utilises a 12% (2014:14.5%) weighted cost of capital discount rate; to
- determine the discounted value of the resultant cash flow over a five-year period, plus terminal value using a terminal growth rate of 2% (2014: 3%) at period end.

#### **(b) Impairment of non-financial assets other than goodwill**

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined.

#### **(c) Income tax**

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

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

#### **(d) Research and development**

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

There has been investment in research and development expenditure incurred in relation to the HUB, Peace, ICC, Banner and NaviBilling software in the 2015 year. Returns are expected to be derived from this investment over coming years.

### **3. Foreign currency translations and balances**

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

### **4. 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; and
- (d) fair values.

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

#### **(a) Interest rate risk**

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

# Notes to the Financial Statements continued

30 June 2015

## 4. Financial risk management continued

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

Financial Instruments	Note	Consolidated Entity				
		Interest Bearing \$'000	Non-interest Bearing \$'000	Total Carrying Amount \$'000	Weighted Avg. Effective Interest Rate %	Fixed/ Variable Rate
<b>2015</b>						
<b>Financial assets</b>						
Cash and cash equivalents	9	21,985	-	21,985	2.63	variable
Receivables	10	-	19,950	19,950		
Other current assets	11	-	5,202	5,202		
		21,985	25,152	47,137		
<b>Financial liabilities</b>						
Payables	14	-	5,724	5,724		
Deferred consideration	14	-	2,281	2,281		
Borrowings	15	10,461	-	10,461	3.34	variable
		10,461	8,005	18,466		
<b>2014</b>						
<b>Financial assets</b>						
Cash and cash equivalents	9	3,829	-	3,829	2.25	variable
Receivables	10	-	14,701	14,701		
Other current assets	11	-	5,309	5,309		
		3,829	20,010	23,839		
<b>Financial liabilities</b>						
Payables	14	-	5,006	5,006		
Borrowings	15	10,055	-	10,055	4.06	variable
		10,055	5,006	15,061		

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

Post balance date the term facility drawn down to \$10 million as at 30 June 2015 was fully repaid on 8 July 2015.

### (b) Credit risk

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

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

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

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

Concentrations of credit risk on trade debtors are with customers in the following industries: utilities 21% (2014: 37%), finance sector 0% (2014: 4%), telecommunications 32% (2014: 18%), Pay TV 44% (2014: 35%) and other 3% (2014: 6%).

### (c) Liquidity and foreign exchange risk

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

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

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

The Group's borrowings are predominantly made up of \$10 million drawn down from our \$30 million secured facility (refer to note 15). Management has treated the entire borrowing as current to reflect its intended repayment, which has subsequently occurred on 8 July 2015. Lease liabilities of \$0.46 million are due for repayment by January 2020. Trade creditors are due for repayment within six months.

### (d) Fair value measurements

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.

Included in 'Other Payables' is a liability for deferred consideration measured at fair value on a recurring basis, expected to be paid in relation to a business combination dated 1 May 2015.

There are no other assets or liabilities carried at fair value on a recurring basis.

#### (i) Fair value hierarchy

Asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

Deferred consideration liabilities totalling \$2,281,000 are measured and recognised at fair value and have been determined to be a recurring Level 3 financial liability.

#### (ii) Valuation techniques and significant unobservable inputs

The deferred consideration is based on management's best and most probable estimate of the business performance targets.

In determining the fair value of the deferred consideration, management considers the probability of business targets being met by comparison to budget. A fair value is placed on the option that the seller has to receive, either cash or shares in Hansen Technologies Ltd at a pre-determined price using the Black-Scholes model.

The entire deferred consideration payment is dependent on performance criteria being met. Under the arrangement the minimum deferred consideration amount is \$nil and the maximum is dependent on the movement in the Hansen share price from the pre-determined price per share (which was included in the contract) and the value as at the date the amount becomes payable.

#### (iii) Reconciliation of recurring Level 3 fair value movements

	<b>Level 3 Liability \$'000</b>
<b>2015</b>	
Opening balance	-
Deferred consideration from business acquisition	1,881
Movement in foreign currency	106
Change in fair value of deferred consideration	294
Closing balance	2,281

# Notes to the Financial Statements continued

30 June 2015

## 5. Revenue and other income

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>Revenues from continuing operations</b>		
Revenue from sale of goods and services	106,257	86,021
	<b>106,257</b>	<b>86,021</b>
<b>Other income:</b>		
<i>From operating activities</i>		
Interest received	60	149
Net foreign exchange gains	203	43
Other income	212	244
Total other income	475	436
<b>Total revenue and other income from continuing operations</b>	<b>106,732</b>	<b>86,457</b>

## 6. Profit from continuing operations

	Note	Consolidated Entity	
		2015 \$'000	2014 \$'000
Profit from continuing operations before income tax has been determined after the following specific expenses:			
<b>Employee benefit expenses</b>			
Wages and salaries		51,142	43,016
Superannuation costs		3,934	3,184
Share-based payments		219	225
<b>Total employee benefit expenses</b>		<b>55,295</b>	<b>46,425</b>
<b>Depreciation of non-current assets</b>			
Plant, equipment and leasehold improvements	12	1,863	1,588
<b>Total depreciation of non-current assets</b>		<b>1,863</b>	<b>1,588</b>
<b>Amortisation of non-current assets</b>			
Technology, trademarks and customer contracts	13	3,082	1,627
Research and development	13	2,131	1,503
<b>Total amortisation of non-current assets</b>		<b>5,213</b>	<b>3,130</b>
<b>Property and operating rental expenses</b>			
Rental charges		4,575	3,993
<b>Total property and operating rental expenses</b>		<b>4,575</b>	<b>3,993</b>
<b>Finance charges</b>			
Finance costs		234	58
<b>Total finance costs</b>		<b>234</b>	<b>58</b>

## 7. Income tax

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
<b>(a) Components of income tax expense:</b>		
Current tax	6,537	4,326
Deferred tax	861	375
Under/(over) provision in prior years	(339)	(44)
<b>Total income tax expense</b>	<b>7,059</b>	<b>4,657</b>
<b>(b) Prima facie tax payable</b>		
The prima facie tax payable on profit before income tax reconciled to the income tax expense is as follows:		
Prima facie income tax payable on profit before income tax at 30%	7,201	5,838
<b>Add/(less) tax effect of:</b>		
Impact of tax rates on foreign subsidiaries	772	108
Research and development allowances	(271)	(362)
Non-deductible share-based payments	65	68
Under/(over) provision in prior years	(339)	(44)
Previous year losses not brought to account utilised	-	(958)
Gain on foreign exchange assessable/(non-assessable)	-	(16)
Deferred tax not previously brought to account	(420)	-
Other non-allowable items	51	23
<b>Income tax expense attributable to profit</b>	<b>7,059</b>	<b>4,657</b>
<b>(c) Current tax liability</b>		
Current tax relates to the following:		
<b>Current tax liabilities/(assets)</b>		
Opening balance	1,061	1,116
Liability from acquisition	544	-
Prior year under/(over) provision	(339)	(44)
Income tax	6,537	4,326
Tax payments	(4,129)	(4,339)
Other	139	2
	<b>3,813</b>	<b>1,061</b>

# Notes to the Financial Statements continued

30 June 2015

## 7. Income tax continued

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>(d) Deferred tax</b>		
Deferred tax relates to the following:		
<b>Deferred tax assets balance comprises:</b>		
Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes	369	256
Other payables	1,121	620
Employee benefits	2,109	1,702
	<b>3,599</b>	<b>2,578</b>
<b>Deferred tax liabilities balance comprises:</b>		
Research and development expenditure capitalised	(3,182)	(2,066)
Difference in depreciation and amortisation of plant, equipment and intangibles for accounting and income tax purposes	(781)	-
Other income not yet assessable	(49)	(64)
	<b>(4,012)</b>	<b>(2,130)</b>
<b>Net deferred tax</b>	<b>(413)</b>	<b>448</b>
<b>(e) Deferred income tax (revenue)/expense included in income tax expense comprises:</b>		
Increase in deferred tax assets	(1,021)	(358)
Decrease in deferred tax liabilities	1,882	733
	<b>861</b>	<b>375</b>
<b>(f) Deferred tax assets not brought to account</b>		
Tax effect of capital losses	847	847
Tax effect of operating losses	819	717
	<b>1,666</b>	<b>1,564</b>

## 8. Dividends

### 2015

A 3 cent per share final dividend, franked to 2.5 cents, was announced to the market on 27 August 2015. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2015.

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
<b>Dividends provided for or paid during the year</b>		
3 cent per share final dividend paid 30 September 2014 – fully franked	4,874	
3 cent per share final dividend paid 30 September 2013 – fully franked		4,807
3 cent per share interim dividend paid 27 March 2015 – franked to 2.5 cents	4,899	
3 cent per share interim dividend paid 28 March 2014 – franked to 2.5 cents		4,818
	9,773	9,625
Proposed dividend not recognised at the end of the year	5,307	4,874
<b>Dividend franking account</b>		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years	2,473	1,879

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

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

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

## 9. Cash and cash equivalents

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
<b>Current</b>		
Cash at bank and on hand	5,718	2,828
Interest bearing deposits	16,267	1,001
	21,985	3,829

# Notes to the Financial Statements continued

30 June 2015

## 10. Receivables

	Consolidated Entity			
	2015		2014	
	\$'000		\$'000	
<b>Current</b>				
Trade receivables		19,578		13,516
Less: provision for impairment		(470)		(317)
		<b>19,108</b>		13,199
Sundry receivables		842		1,502
		<b>19,950</b>		14,701
	Gross	Impairment	Gross	Impairment
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
<b>Trade and other receivables ageing analysis at 30 June:</b>				
Not past due	15,708	-	10,162	-
Past due 31–60 days	1,350	-	1,739	-
Past due 61–90 days	1,072	-	800	-
Past due more than 91 days	1,448	470	815	317
	<b>19,578</b>	<b>470</b>	13,516	317

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

	2015	2014
	\$'000	\$'000
Movements in the provision for impairment were:		
Opening balance at 1 July	317	238
Charge for the year	393	142
Amounts written off	(319)	(18)
Foreign exchange translation	79	(45)
Closing balance at 30 June	<b>470</b>	317

## 11. Other current assets

	Consolidated Entity	
	2015	2014
	\$'000	\$'000
<b>Current</b>		
Prepayments	1,990	1,517
Other receivables	38	-
Accrued revenue	3,174	3,792
	<b>5,202</b>	5,309



## 12. Plant, equipment and leasehold improvements

	Consolidated Entity	
	2015 \$'000	2014 \$'000
Plant, equipment and leasehold improvements at cost	32,111	25,711
Accumulated depreciation	(24,555)	(21,335)
<b>Total plant, equipment and leasehold improvements</b>	<b>7,556</b>	<b>4,376</b>

### Reconciliation

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

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>Plant, equipment and leasehold improvements</b>		
Carrying amount at 1 July	4,376	4,699
Additions	3,037	1,244
Acquired	1,960	9
Disposals	(19)	(23)
Depreciation expense	(1,863)	(1,588)
Net foreign currency movements arising from foreign operations	65	35
<b>Carrying amount at 30 June</b>	<b>7,556</b>	<b>4,376</b>

## 13. Intangible assets

	Consolidated Entity	
	2015 \$'000	2014 \$'000
Goodwill at cost	81,888	54,944
Accumulated amortisation and impairment	(1,454)	(1,433)
	<b>80,434</b>	<b>53,511</b>
Technology, trademarks and customer contracts at cost	21,740	12,377
Accumulated amortisation and impairment	(7,487)	(3,764)
	<b>14,253</b>	<b>8,613</b>
Software development at cost	29,574	28,627
Accumulated amortisation	(20,158)	(21,977)
	<b>9,416</b>	<b>6,650</b>
<b>Total intangible assets</b>	<b>104,103</b>	<b>68,774</b>

# Notes to the Financial Statements continued

30 June 2015

## 13. Intangible assets continued

	Note	Consolidated Entity	
		2015 \$'000	2014 \$'000
<b>Reconciliation of goodwill at cost</b>			
Carrying amount at 1 July		54,944	37,408
Increase due to acquisition	20	20,062	18,056
Net foreign currency movements arising from foreign operations		6,882	(520)
Carrying amount at 30 June		81,888	54,944
Accumulated amortisation and impairment at beginning of year		(1,433)	(1,418)
Net foreign currency movements arising from foreign operations		(21)	(15)
Accumulated amortisation and impairment at end of year		(1,454)	(1,433)
<b>Reconciliation of technology, trademarks and customer contracts at cost</b>			
Carrying amount at 1 July		12,377	7,177
Increase due to acquisition	20	7,091	5,390
Net foreign currency movements arising from foreign operations		2,272	(190)
Carrying amount at 30 June		21,740	12,377
Accumulated amortisation and impairment at beginning of year		(3,764)	(2,170)
Amortisation of technology, trademarks and customer contracts		(3,082)	(1,627)
Net foreign currency movements arising from foreign operations		(641)	33
Accumulated amortisation and impairment at end of year		(7,487)	(3,764)
<b>Reconciliation of software development at cost</b>			
Carrying amount at 1 July		28,627	29,705
Expenditure capitalised in current period		4,479	3,553
Fully amortised write back		(3,994)	(4,574)
Net foreign currency movements arising from foreign operations		462	(57)
Carrying amount at 30 June		29,574	28,627
Accumulated amortisation at beginning of year		(21,977)	(25,048)
Current year charge		(2,131)	(1,503)
Fully amortised write back		3,994	4,574
Net foreign currency movements arising from foreign operations		(44)	-
Accumulated amortisation at end of year		(20,158)	(21,977)

## 14. Payables

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>Current</b>		
Trade payables	1,885	1,394
Other payables	6,120	3,612
	<b>8,005</b>	<b>5,006</b>

Included in other payables is a liability for contingent consideration expected to be paid in relation to a business combination dated 1 May 2015. Refer to note 4 for further information regarding Fair Value calculations.

## 15. Borrowings

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>Current</b>		
<i>Secured</i>		
Term facility	10,000	10,055
Lease liability	87	-
	<b>10,087</b>	<b>10,055</b>
<b>Non-current</b>		
<i>Secured</i>		
Lease liability	374	-
	<b>374</b>	<b>-</b>

The Company has a secured A\$30 million multi-currency three-year term facility with its external bankers to provide additional funding as required for acquisitions and general corporate purposes.

The facility is secured by 90% of Group assets. As at 30 June 2015, the remaining unutilised portion of the facility is A\$20 million. Subsequent to balance date the amount outstanding was repaid in full.

The Company acquired additional borrowings of A\$1.693 million via the business combination on 1 May 2015, refer to note 20 for further details.

The Company has a lease liability relating to IT equipment due for repayment in full by January 2020.

# Notes to the Financial Statements continued

30 June 2015

## 16. Provisions

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>Current</b>		
Employee benefits	8,586	6,748
Onerous lease	-	130
Other	276	95
	<b>8,862</b>	<b>6,973</b>
<b>Non-current</b>		
Employee benefits	143	123
	<b>143</b>	<b>123</b>
(a) Aggregate employee benefits liability	<b>8,729</b>	6,871
(b) Number of employees at year end	<b>544</b>	427
<b>Reconciliations</b>		
Movements in provisions other than employee benefits:		
<i>Provisions onerous lease – current</i>		
Carrying amount at beginning of year	130	147
Net provisions (payments) made during the year	(130)	(17)
Carrying amount at end of year	-	130
<i>Other – current</i>		
Carrying amount at beginning of year	95	85
Net provisions (payments) made during the year	181	10
Carrying amount at end of year	<b>276</b>	95

## 17. Contributed capital

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>(a) Issued and paid up capital</b>		
Ordinary shares, fully paid	<b>75,127</b>	45,126

	Consolidated Entity		Consolidated Entity	
	2015 No. of Shares	2015 \$'000	2014 No. of Shares	2014 \$'000
<b>(b) Movements in shares on issue</b>				
Balance at beginning of the financial year	161,209,642	45,126	159,634,602	43,650
Shares issued under dividend reinvestment plan	931,695	1,510	825,800	979
Shares issued under employee share plan	65,720	155	134,240	160
Options exercised	1,345,000	1,257	615,000	337
Institutional placement	6,966,717	14,780	-	-
Share purchase plan offer	5,676,559	12,299	-	-
<b>Balance at end of the financial year</b>	<b>176,195,333</b>	<b>75,127</b>	161,209,642	45,126

The institutional placement above is net of \$337,000 of transaction fees.

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

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

### (d) Share options

#### Employee Share Option Plan

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

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

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

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

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

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

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

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

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

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

Options issued under the Employee Share Option Plan are valued on the same basis as those issued to KMP. Refer to note 23 for disclosure regarding valuation inputs.

Since the end of the financial year 1,000,000 (2014: 1,115,000) share options have been granted under this scheme.

# Notes to the Financial Statements continued

30 June 2015

## 17. Contributed capital continued

### Options issued and not yet exercised at 30 June 2015

Grant Date	Exercise Date	Expiry Date	Exercise Price \$	No. of Options at Beg. of Year	Options Granted	Options Exercised or Lapsed	No. of Options at End of Year Issued	Vested
<b>Consolidated 2015</b>								
1 July 2010	1 July 2013	1 July 2015	0.58	105,000	-	105,000	-	-
1 January 2011	1 January 2014	1 January 2016	0.75	75,000	-	-	75,000	75,000
2 July 2011	2 July 2014	2 July 2016	0.91	745,000	-	450,000	295,000	295,000
1 December 2011	1 July 2014	1 July 2016	0.95	250,000	-	250,000	-	-
1 December 2011	1 July 2014	1 July 2016	1.00	250,000	-	250,000	-	-
1 December 2011	1 July 2014	1 July 2016	1.05	250,000	-	250,000	-	-
2 December 2011	2 July 2013	2 July 2015	0.91	40,000	-	40,000	-	-
2 December 2011	2 July 2014	2 July 2016	0.91	40,000	-	-	40,000	40,000
2 July 2012	2 July 2015	2 July 2017	0.92	785,000	-	-	785,000	-
1 December 2012	2 July 2015	2 July 2017	0.92	70,000	-	-	70,000	-
1 December 2012	2 July 2015	2 July 2017	0.97	350,000	-	-	350,000	-
1 December 2012	2 July 2015	2 July 2017	1.02	350,000	-	-	350,000	-
1 December 2012	2 July 2015	2 July 2017	1.07	350,000	-	-	350,000	-
2 July 2013	2 July 2016	2 July 2018	0.92	895,000	-	-	895,000	-
12 December 2013	2 July 2016	2 July 2018	1.06	350,000	-	-	350,000	-
12 December 2013	2 July 2016	2 July 2018	1.11	350,000	-	-	350,000	-
12 December 2013	2 July 2016	2 July 2018	1.16	350,000	-	-	350,000	-
2 July 2014	2 July 2017	2 July 2019	1.30	-	1,115,000	40,000	1,075,000	-
<b>Total</b>				<b>5,605,000</b>	<b>1,115,000</b>	<b>1,385,000</b>	<b>5,335,000</b>	<b>410,000</b>

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

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

## Employee Share Plan

The Employee Share Plan (ESP) was approved by shareholders at the Company's AGM on 9 November 2001. The ESP is available to all eligible employees to acquire ordinary shares in the Company.

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

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

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

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

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

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

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

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

	Consolidated Entity	
	2015	2014
	No. of Shares	No. of Shares
Number of shares at beginning of year	397,577	421,684
Number of shares distributed to employees	65,720	134,240
Number of shares transferred to main share registry and/or disposed of	(133,971)	(158,347)
<b>Number of shares at year end</b>	<b>329,326</b>	<b>397,577</b>

The consideration for the shares issued on 27 April 2015 was \$2.3534 (16 May 2014: \$1.1909).

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	
	2015	2014
	\$'000	\$'000
Current receivables	39	40
Issued ordinary share capital	155	164

The market value of ordinary Hansen Technologies Ltd shares closed at \$2.62 on 30 June 2015 (\$1.265 on 30 June 2014).

# Notes to the Financial Statements continued

30 June 2015

## 18. Reserves and retained earnings

	Note	Consolidated Entity	
		2015 \$'000	2014 \$'000
Foreign currency translation reserve	18(a)	7,946	(2,106)
Options granted reserve	18(b)	967	748
Retained earnings	18(c)	29,489	22,318

### (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	(2,106)	(1,448)
Adjustment to carrying value of overseas interests due to currency fluctuation	10,052	(658)
<b>Balance at end of year</b>	<b>7,946</b>	<b>(2,106)</b>

### (b) Options granted reserve

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

#### *Movements in reserve*

Balance at beginning of year	748	523
Value of options granted during the year	219	225
<b>Balance at end of year</b>	<b>967</b>	<b>748</b>

### (c) Retained earnings

Balance at beginning of year	22,318	17,142
Dividends paid during the year	(9,773)	(9,625)
Net profit attributable to members of Hansen Technologies Ltd	16,944	14,801
<b>Balance at end of year</b>	<b>29,489</b>	<b>22,318</b>



## 19. Cash flow information

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>(a) Reconciliation of the net profit after tax to net cash flows from operations</b>		
Net profit from ordinary activities after income tax	16,944	14,801
<i>Add/(less) items classified as investing/financing activities:</i>		
(Profit)/loss on sale of non-current assets	-	23
<i>Add/(less) non-cash items:</i>		
Amortisation and depreciation	7,076	4,718
Share-based payment expense	219	225
Unrealised foreign exchange	425	47
Adjustment to fair value on contingent liabilities	294	-
Employee share scheme	112	120
<b>Net cash provided by operating activities before change in assets and liabilities</b>	<b>25,070</b>	19,934
<i>Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:</i>		
(Increase)/decrease in trade receivables	85	2,875
(Increase)/decrease in sundry debtors and other assets	2,874	(3,145)
Increase/(decrease) in trade payables	(134)	207
Increase/(decrease) in other creditors and accruals	(154)	(1,584)
Increase/(decrease) in provisions	6,218	271
(Increase)/decrease in deferred taxes	722	375
Increase/(decrease) in income tax payable	2,208	(55)
<b>Net cash provided by operating activities</b>	<b>36,889</b>	18,878
<b>(b) Reconciliation of cash</b>		
<b>Cash at bank</b>	<b>21,985</b>	3,829
<b>(c) Loan facilities</b>		
Loan facility	30,000	20,000
Amount utilised	(10,000)	(10,055)
<b>Unused loan facility</b>	<b>20,000</b>	9,945

# Notes to the Financial Statements continued

30 June 2015

## 20. Business combinations

### (a) TeleBilling Group

(i) The Company acquired 100% of the share capital of TeleBilling A/S and its subsidiary, TeleBilling Systems A/S, with the effective date being 1 May 2015

	2015 \$'000
<b>Consideration</b>	
Cash paid	29,658
Deferred consideration	1,881
Total acquisition cost	31,539
Add bank overdraft assumed	242
<b>Payment for acquisition of business</b>	<b>31,781</b>

	Fair Value 2015 \$'000
<b>Net assets acquired</b>	
<i>Assets</i>	
Cash	(242)
Receivables	5,334
Other current assets	2,767
Plant and equipment	1,898
<b>Total assets acquired</b>	<b>9,757</b>
<i>Liabilities</i>	
Payables	626
Accruals	782
Provisions	1,128
Lease liability	460
Borrowings	1,693
Current tax liability	544
Deferred tax liability	138
<b>Total liabilities acquired</b>	<b>5,371</b>
<b>Net assets acquired</b>	<b>4,386</b>
<b>Total acquisition cost adjusted for net assets acquired</b>	<b>27,153</b>
Technology	3,514
Customer contracts	3,025
Tradenname	552
Goodwill	20,062
<b>Net intangibles</b>	<b>27,153</b>

Goodwill arose on the acquisition of TeleBilling due to the combination of the consideration paid for the business and the net assets acquired, less values attributed to other intangibles in the form of customer contracts, technology and tradenname. The value of goodwill represents the future benefit arising from the expected future earnings, synergies and personnel assumed via the acquisition. Goodwill is not deductible for tax purposes.

### (ii) Revenue and profit of TeleBilling included in the consolidated results of the Group since acquisition

#### Transaction costs

External transaction costs of \$132,823 were incurred in relation to the acquisition. These costs are included with professional expenses in the statement of comprehensive income.

	2015 \$'000
Total revenue	4,219
Profit after income tax	743

(iii) Results of the entity for the period as though the date for the acquisition of TeleBilling occurred at 1 July 2014

It is impracticable to disclose this detail as the TeleBilling business prior to our purchase was being accounted in Denmark in compliance with Danish General Accepted Accounting Principles resulting in different accounting treatments to IFRS. Additionally, TeleBilling operated on a conflicting comparative balance date.

**(b) Hansen Banner, LLC**

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

	2014 \$'000
<b>Consideration</b>	
Cash paid	21,812
Cash payable	-
Total acquisition cost	21,812
Less cash acquired	-
<b>Payment for acquisition of business</b>	21,812

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

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

# Notes to the Financial Statements continued

30 June 2015

## 20. Business combinations continued

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

	2015 \$'000	2014 \$'000
Total revenue	13,848	2,410
Profit after income tax	2,823	470

## 21. Commitments

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>Lease expenditure commitments</b>		
<i>Operating leases (non-cancellable):</i>		
Not later than one year	3,378	1,874
Later than one year and not later than five years	9,499	3,037
Later than five years	3,128	86
<b>Aggregate lease expenditure contracted for at reporting date</b>	<b>16,005</b>	<b>4,997</b>
<i>Finance lease commitments</i>		
Not later than one year	87	-
Later than one year and not later than five years	374	-
Total minimum lease payments	461	-
Less: Future finance charges	-	-
Present value of minimum lease payment	461	-
Lease liabilities provided for in the financial statements:		
<i>Current</i>	87	-
<i>Non-current</i>	374	-
Total lease liabilities	461	-

### 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.

### Finance lease commitments

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

## 22. Earnings per share

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>Reconciliation of earnings used in calculating earnings per share:</b>		
Basic earnings – ordinary shares	16,944	14,801
Diluted earnings – ordinary shares	16,944	14,801
	2015 No. Shares	2014 No. Shares
Weighted average number of ordinary shares used in calculating basic earnings per share:		
Number for basic earnings per share – ordinary shares	164,045,486	160,585,269
Number for diluted earnings per share – ordinary shares	169,374,596	165,742,352
	2015 Cents Per Share	2014 Cents Per Share
Basic earnings (cents) per share from continuing operations	10.3	9.2
<b>Total basic earnings (cents) per share</b>	<b>10.3</b>	9.2
Diluted earnings (cents) per share from continuing operations	10.0	9.0
<b>Total diluted earnings (cents) per share</b>	<b>10.0</b>	9.0

### Classification of securities as potential ordinary shares

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

# Notes to the Financial Statements continued

30 June 2015

## 23. Directors' and executives' equity holdings

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

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

2015	Vested During the Year	Granted During the Year	Grant Date	Value per Option at Grant Date	Terms and Conditions for each Grant		
					Exercise Price	Vesting Date	Last Exercise Date
<b>Executive Directors</b>							
A Hansen	750,000	-	-	-	-	-	-
<b>Specified executives</b>							
M Benne	75,000	75,000	2 July 2014	\$0.200	\$1.30	2 July 2017	2 July 2019
N Fernando	-	100,000	2 July 2014	\$0.200	\$1.30	2 July 2017	2 July 2019
C Hunter	100,000	100,000	2 July 2014	\$0.200	\$1.30	2 July 2017	2 July 2019
G Lister	100,000	100,000	2 July 2014	\$0.200	\$1.30	2 July 2017	2 July 2019
D Meade	75,000	75,000	2 July 2014	\$0.200	\$1.30	2 July 2017	2 July 2019
G Taylor	-	75,000	2 July 2014	\$0.200	\$1.30	2 July 2017	2 July 2019
S Weir	40,000	75,000	2 July 2014	\$0.200	\$1.30	2 July 2017	2 July 2019
<b>Total</b>	<b>1,140,000</b>	<b>600,000</b>					

2014	Vested During the Year	Granted During the Year	Grant Date	Value per Option at Grant Date	Terms and Conditions for each Grant		
					Exercise Price	Vesting Date	Last Exercise Date
<b>Executive Directors</b>							
A Hansen	-	350,000	12 December 2013	\$0.139	\$1.06	2 July 16	2 July 2018
	-	350,000	12 December 2013	\$0.131	\$1.11	2 July 16	2 July 2018
	-	350,000	12 December 2013	\$0.123	\$1.16	2 July 16	2 July 2018
<b>Specified executives</b>							
M Benne	75,000	75,000	2 July 2013	\$0.128	\$0.92	2 July 16	2 July 2018
C Hunter	75,000	100,000	2 July 2013	\$0.128	\$0.92	2 July 16	2 July 2018
G Lister	75,000	100,000	2 July 2013	\$0.128	\$0.92	2 July 16	2 July 2018
D Meade	75,000	75,000	2 July 2013	\$0.128	\$0.92	2 July 16	2 July 2018
S Weir	40,000	75,000	2 July 2013	\$0.128	\$0.92	2 July 16	2 July 2018
<b>Total</b>	<b>340,000</b>	<b>1,475,000</b>					

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

2015	Balance 30 June 14	Granted as Remuneration	Options Exercised	Options Forfeited	Balance 30 June 15	Vested at 30 June 2015		
						Total	Exer- cisable	Unexer- cisable
<b>Executive Directors</b>								
A Hansen	2,850,000	-	750,000	-	2,100,000	-	-	-
<b>Specified executives</b>								
M Benne	225,000	75,000	-	-	300,000	75,000	75,000	-
N Fernando	-	100,000	-	-	100,000	-	-	-
C Hunter	300,000	100,000	100,000	-	300,000	-	-	-
G Lister	300,000	100,000	100,000	-	300,000	-	-	-
D Meade	225,000	75,000	75,000	-	225,000	-	-	-
G Taylor	-	75,000	-	-	75,000	-	-	-
S Weir	225,000	75,000	40,000	-	260,000	-	-	-
<b>Total</b>	<b>4,125,000</b>	<b>600,000</b>	<b>1,065,000</b>	<b>-</b>	<b>3,660,000</b>	<b>75,000</b>	<b>75,000</b>	<b>-</b>

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

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 2019. Each option entitles the holder to purchase one ordinary share in the Company. The share-based payment value disclosed above is calculated at the date of grant using the Black-Scholes model.

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

- share price volatility factor in respect of the Company's historical share price movement compared with the industry average, for a period equal to the three-year option vesting period of 25%;
- a continuously compounding risk-free interest rate of 2.96%;
- a probability factor for the likelihood of the options being exercised based on historical trends of 80%; and
- compared the issue price (\$1.30 cents per share) with the market price on day of issue (\$1.30 cents per share); to
- determine a weighted average fair value for the options issued as at grant date of \$0.200 cents per option.

# Notes to the Financial Statements continued

30 June 2015

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

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

2015	Balance 30 June 14	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 15
<b>Directors</b>					
D Trude	100,000	-	-	3,623	103,623
B Adams	150,000	-	-	2,304	152,304
P Berry	-	-	-	15,304	15,304
A Hansen	52,991,890	-	750,000	(14,997,696)	38,744,194
S Morgan	-	-	-	-	-
D Osborne	362,653	-	-	14,868	377,521
M Osborne	54,000	-	-	1,871	55,871
<b>Specified executives</b>					
M Benne	41,484	-	-	7,514	48,998
N Fernando	4,065	-	-	2,728	6,793
C Hunter	703,578	-	100,000	113	803,691
G Lister	1,428,992	-	100,000	(495,392)	1,033,600
D Meade	4,120	-	75,000	(70,610)	8,510
G Taylor	839	-	-	2,304	3,143
S Weir	133,545	-	40,000	5,949	179,494
<b>Total</b>	<b>55,975,166</b>	<b>-</b>	<b>1,065,000</b>	<b>(15,507,120)</b>	<b>41,533,046</b>

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

## 24. Directors' and executives' compensation

	Consolidated Entity	
	2015	2014
Short term employment benefits	2,657,670	2,663,811
Post-employment benefits	185,746	167,337
Share-based payments	58,945	164,546
	<b>2,902,361</b>	<b>2,995,694</b>



## 25. Related party disclosures

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

Name	Note	Country of Incorporation	Ordinary Share Consolidated Entity Interest	
			2015 %	2014 %
<b>Parent entity</b>				
Hansen Technologies Ltd		Australia		
<b>Subsidiaries of Hansen Technologies Ltd</b>				
Hansen Corporation Pty Ltd		Australia	100	100
Hansen Corporation Investments Pty Ltd		Australia	100	100
Hansen Holdings (Asia) Pty Ltd		Australia	100	100
Utilisoft Pty Ltd		Australia	100	100
Peace Software Canada Inc.	(i)	Canada	-	100
Hansen Technologies (Shanghai) Company Limited		China	100	100
TeleBilling A/S	(ii)	Denmark	100	-
TeleBilling Systems A/S	(ii)	Denmark	100	-
Hansen Corporation Asia Limited	(iii)	Hong Kong	-	100
Hansen New Zealand Limited		New Zealand	100	100
Hansen Corporation Europe Limited		United Kingdom	100	100
Hansen Holdings Europe Limited	(iv)	United Kingdom	100	-
Hansen Technologies North America, Inc.		United States	100	100
Hansen ICC, LLC		United States	100	100
Hansen Banner, LLC		United States	100	100
NirvanaSoft LLC	(v)	United States	-	100
Peace Software Inc.		United States	100	100

#### Notes

- (i) Deregistered effective 30 June 2015.
- (ii) Acquired 1 May 2015 by Hansen Holdings Europe Limited.
- (iii) Officially deregistered 13 March 2015.
- (iv) UK company formed to purchase the equity in TeleBilling A/S and TeleBilling Systems A/S.
- (v) Officially deregistered 16 January 2015.

### (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	
	2015 \$	2014 \$
A related party to Andrew Hansen – lease rental payments	1,104,615	1,088,949

# Notes to the Financial Statements continued

30 June 2015

## 26. Auditor's remuneration

	Consolidated Entity	
	2015 \$'000	2014 \$'000
<b>(a) Amounts paid and payable to Pitcher Partners (Melbourne) for:</b>		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entity in the consolidated entity	289	310
(ii) Other non-audit services		
– taxation services	24	46
– compliance services	16	12
	40	58
Total remuneration of Pitcher Partners (Melbourne)	329	368
<b>(b) Amounts paid and payable to network firms of Pitcher Partners for:</b>		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of other entities in the consolidated entity	40	74
(ii) Other non-audit services		
– taxation services	8	12
– compliance services	36	64
	44	76
Total remuneration of network firms of Pitcher Partners	84	150
<b>(c) Amounts paid and payable to non-related auditors of Group entities for:</b>		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of other entities in the consolidated entity	82	65
(ii) Other non-audit services		
– taxation services	53	20
– compliance services	2	2
	55	22
Total remuneration of non-related auditors of group entities	137	87
<b>Total auditors' remuneration</b>	<b>550</b>	<b>605</b>

## 27. Parent entity information

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

	Parent Entity	
	2015 \$'000	2014 \$'000
<b>(a) Summarised statement of financial position</b>		
<b>Assets</b>		
Current assets	68	127
Non-current assets	85,502	62,411
<b>Total assets</b>	<b>85,570</b>	<b>62,538</b>
<b>Liabilities</b>		
Current liabilities	3,773	1,999
Non-current liabilities	13	-
<b>Total liabilities</b>	<b>3,786</b>	<b>1,999</b>
<b>Net assets</b>	<b>81,784</b>	<b>60,539</b>
<b>Equity</b>		
Share capital	75,127	45,126
Accumulated profits	5,690	14,665
Share-based payments reserve	967	748
<b>Total equity</b>	<b>81,784</b>	<b>60,539</b>

	Parent Entity	
	2015 \$'000	2014 \$'000
<b>(b) Summarised statement of comprehensive income</b>		
Profit for the year	798	9,001
Total comprehensive income for the year	798	9,001

### (c) Parent entity guarantees

Hansen Technologies Ltd, being the parent entity, has entered into a guarantee in regard to the loan facility (refer note 15), but other than that has not entered into any guarantees in relation to debts of its subsidiaries.

# Notes to the Financial Statements continued

30 June 2015

## 28. 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.

#### Business segments

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

- Billing:** Represents the sale of billing applications and the provision of consulting services in regard to billing systems.
- IT outsourcing:** Represents the provision of various IT outsourced services covering facilities management, systems and operations support, network services and business continuity support.
- Other:** Represents software and service provision in superannuation administration.

#### Geographical segments

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

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

- APAC:** Sales and services throughout Australia and Asia.
- Americas:** Sales and services throughout the Americas.
- EMEA:** Sales and services throughout Europe, the Middle East and Africa.

### (b) Segment information

2015	2015 Financial Year			Total \$'000
	Billing \$'000	Outsourcing \$'000	Other \$'000	
<b>Segment revenue</b>				
Total segment revenue	97,275	6,040	2,942	106,257
<b>Segment revenue from external source</b>	97,275	6,040	2,942	106,257
<b>Segment result</b>				
Total segment result	21,779	2,858	958	25,595
<b>Segment result from external source</b>	21,779	2,858	958	25,595
<i>Items included within the segment result:</i>				
Depreciation expense	1,514	84	6	1,604
Amortisation expense	5,213	-	-	5,213
<b>Total segment assets</b>	135,799	1,558	758	138,115
Additions to non-current assets	1,285	631	-	1,916
<b>Total segment liabilities</b>	32,695	1,606	782	35,083

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

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

	2015 \$'000	2014 \$'000
Segment revenue from external source	106,257	86,021
Other revenue	415	287
Interest revenue	60	149
<b>Total revenue</b>	<b>106,732</b>	<b>86,457</b>

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

	2015 \$'000	2014 \$'000
APAC	39,068	36,033
Americas	32,142	19,982
EMEA	35,047	30,006
<b>Total revenue</b>	<b>106,257</b>	<b>86,021</b>

# Notes to the Financial Statements continued

30 June 2015

## 28. Segment information continued

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

	2015 \$'000	2014 \$'000
Segment result from external source	25,595	21,327
Interest revenue	60	149
Interest expense	(234)	(58)
Depreciation and amortisation	(259)	(638)
Other expense	(1,159)	(1,322)
<b>Total profit before income tax</b>	<b>24,003</b>	<b>19,458</b>

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

	2015 \$'000	2014 \$'000
Segment assets	138,115	92,905
Unallocated assets		
– Cash	21,985	3,829
– Other	2,295	2,833
Total unallocated assets	24,280	6,662
<b>Total assets</b>	<b>162,395</b>	<b>99,567</b>

Total assets attributed to individual countries is detailed as follows:

	2015 \$'000	2014 \$'000
APAC	58,691	46,185
Americas	58,355	49,554
EMEA	45,349	3,828
<b>Total assets</b>	<b>162,395</b>	<b>99,567</b>

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

	2015 \$'000	2014 \$'000
Segment liabilities	35,083	17,651
Unallocated liabilities		
– Bank facility	10,000	10,055
– Other	3,783	5,775
Total unallocated liabilities	13,783	15,830
<b>Total liabilities</b>	<b>48,866</b>	<b>33,481</b>

## 29. Subsequent events

Post balance date the Term Facility drawn to \$10 million as at 30 June 2015 was fully repaid on 8 July 2015.

There has been no matter or circumstance that has arisen since 30 June 2015 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2015, of the consolidated entity; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years subsequent to 30 June 2015, of the consolidated entity.

# Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 35 to 76 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 2015 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 CEO and Chief Financial Officer to the Directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

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



**David Trude**  
Director

Melbourne  
30 September 2015



**Andrew Hansen**  
Director

# Independent Auditor's Report

## To the Members of Hansen Technologies Ltd



### Report on the Financial Report

We have audited the accompanying Financial Report of Hansen Technologies Ltd and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

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

### Auditor's Responsibility

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

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

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

### Independence

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

### Auditor's Opinion

In our opinion,

- (a) the Financial Report of Hansen Technologies Ltd and its controlled entities 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 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated Financial Report also complies with International Financial Reporting Standards as disclosed in note 1.

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 28 of the Directors' Report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion the Remuneration Report of Hansen Technologies Ltd and controlled entities for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Handwritten signature of S D Whitchurch.

**S D Whitchurch**  
Partner

Melbourne  
30 September 2015

Handwritten signature of Pitcher Partners.

**Pitcher Partners**



# ASX Additional Information

## As at 24 September 2015

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

## Substantial shareholders

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

Shareholder	Number of Ordinary Shares	Percentage Held
Othonna Pty Ltd (including associates)	37,989,113	21.47%
HSBC Custody Nominees	23,621,160	13.35%

## Voting rights

Ordinary shares and options – refer note 17.

## Distribution of equity security holders

Category	Number of Equity Security Holders	
	Ordinary Shares	Options
1 to 1,000	1,231	-
1,001 to 5,000	3,139	-
5,001 to 10,000	1,441	-
10,001 to 100,000	1,781	2
100,000 and over	100	16

The number of shareholders holding less than a marketable parcel of ordinary shares is 104.

## Twenty largest shareholders

Name	Total Units	Percentage of Issued Capital
Othonna Pty Ltd	37,989,113	21.47%
HSBC Custody Nominees	23,621,160	13.35%
National Nominees Limited	12,624,299	7.13%
J P Morgan Nominees Australia	7,514,804	4.25%
Citicorp Nominees Pty Limited	3,033,718	1.71%
BNP Paribas Noms Pty Ltd	2,480,403	1.4%
RBC Investor Services Australia Pty Ltd	2,476,639	1.4%
Brispot Nominees Pty Ltd	1,431,267	0.81%
Mrs Yvonne Irene Hansen	1,187,714	0.67%
Mr Cameron Hunter	803,691	0.45%
Mr James Lucas + Mr Lesley Dormer	800,940	0.45%
OZCUN Pty Ltd	795,866	0.45%
Andrew Alexander Hansen	752,304	0.43%
UBS Nominees Pty Ltd	738,888	0.42%
Six of us Pty Ltd	650,000	0.37%
Pacific Custodians Pty Limited	584,603	0.33%
Mr Meng Ghee Yeoh	500,000	0.28%
FGDG Super Pty Ltd	442,416	0.25%
Mr Brian Gregory Wright + Mrs Patricia Gladys Wright	412,304	0.23%
Mr John Henry Waterhouse + Mrs Carol Evelyn Waterhouse	402,304	0.23%
<b>Total</b>	<b>99,242,433</b>	<b>56.08%</b>

# Corporate Directory

## Directors

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

## Company secretary

Julia Chand

## 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. 1300 554 474  
F. (02) 9287 0309 – Proxy forms  
F. (02) 9287 0303 – General

## Stock exchange

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

## Auditors

Pitcher Partners  
Level 19, 15 William Street  
Melbourne VIC 3000

## Solicitors

GrilloHiggins  
Level 20, 31 Queen Street  
Melbourne VIC 3000

## Other information

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



