

Company Registration No. 09578657 (England and Wales)

**HANSEN HOLDINGS EUROPE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**30 JUNE 2016**

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# HANSEN HOLDINGS EUROPE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	AA Hansen S J A Weir
<b>Secretary</b>	J Chand
<b>Company number</b>	09578657
<b>Registered office</b>	3rd Floor, Harlequin House 7 High Street Teddington Middlesex United Kingdom TW11 8EE
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Third Floor One London Square Cross Lanes Guildford Surrey GU1 1UN

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# HANSEN HOLDINGS EUROPE LIMITED

## STRATEGIC REPORT

FOR THE PERIOD ENDED 30 JUNE 2016

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The directors present the strategic report for the period ended 30 June 2016.

### Fair review of the business

The company was incorporated on 7 May 2015. The company was created as a subsidiary of Hansen Corporation Investments Pty Ltd, a company incorporated in Australia, to act as a holding company for Hansen Technologies Denmark A/S. During this first period of account, the company extended its year end to be co-terminus with other group entities.

During the period, the company acquired its subsidiary undertaking, Hansen Technologies Denmark A/S.

The results of the company for the period ended 30 June 2016 are shown on page 5, where the company has reported a loss after tax of £819,848, predominantly arising as a result of a fair value adjustment to contingent consideration payable in respect of the acquisition of the company's subsidiary undertaking.

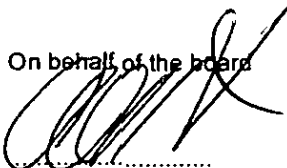
### Key performance indicators

The key performance indicators that the directors use to assess the performance of the company are profit on ordinary activities before tax, and the net assets. For the period ended 30 June 2016, these were a loss before taxation of £795,141, and net assets of £15,405,923.

### Principal risks and uncertainties

The directors review the principal risks and uncertainties facing the company on a regular basis and ensure systems and policies are adhered to in order to minimise any risks. The directors acknowledge the investment being made by the parent company in the business and are confident that the structure of the holding company is sound.

On behalf of the board



AA Hansen

Director

24 February 2017

# HANSEN HOLDINGS EUROPE LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 30 JUNE 2016

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The directors present their annual report and financial statements for the period ended 30 June 2016.

#### Principal activities

This is the first period of account for the company and its principal activity was that of a holding company.

The company was incorporated on 7 May 2015. These financial statements cover the period from incorporation to 30 June 2016. The reporting period was extended to bring the period end date in line with the rest of the Hansen Technologies group entities.

#### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

AA Hansen

(Appointed 7 May 2015)

S J A Weir

(Appointed 7 May 2015)

#### Results and dividends

The results for the period are set out on page 5.

*No ordinary dividends were paid. The directors do not recommend payment of a final dividend.*

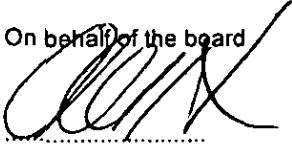
#### Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



AA Hansen

Director

24 February 2017

# **HANSEN HOLDINGS EUROPE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 30 JUNE 2016**

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The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HANSEN HOLDINGS EUROPE LIMITED

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## Opinion on financial statements

We have audited the financial statements on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

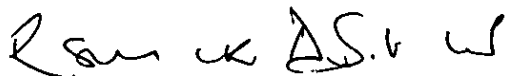
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Colin Roberts FCA (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants

Third Floor  
One London Square  
Cross Lanes  
Guildford  
Surrey  
GU1 1UN

28 FEB 2017

# HANSEN HOLDINGS EUROPE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

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		Period ended 30 June 2016 £
	Notes	
Administrative expenses	3	94,917
Interest receivable and similar income	6	34,858
Interest payable and similar charges	7	(873)
Fair value gains and losses		(924,043)
<b>Loss on ordinary activities before taxation</b>		<b>(795,141)</b>
Taxation	8	(24,707)
<b>Loss for the financial period</b>	<b>14</b>	<b>(819,848)</b>

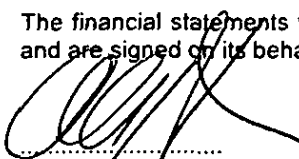
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**HANSEN HOLDINGS EUROPE LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2016**

	Notes	2016 £	£
<b>Fixed assets</b>			
Investments	9	16,270,837	
<b>Current assets</b>			
Debtors	11	1,068,506	
Creditors: amounts falling due within one year	12	(1,933,420)	
<b>Net current liabilities</b>			(864,914)
<b>Total assets less current liabilities</b>			<u>15,405,923</u>
<b>Capital and reserves</b>			
Called up share capital	13	16,225,771	
Profit and loss reserves	14	(819,848)	
<b>Total equity</b>			<u>15,405,923</u>

The financial statements were approved by the board of directors and authorised for issue on .....  
and are signed on its behalf by:

24 February 2017

  
 .....  
 AA Hansen  
 Director



# HANSEN HOLDINGS EUROPE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Period ended 30 June 2016:</b>				
Loss and total comprehensive income for the period		-	(819,848)	(819,848)
Issue of share capital	13	16,225,771	-	16,225,771
<b>Balance at 30 June 2016</b>		<u>16,225,771</u>	<u>(819,848)</u>	<u>15,405,923</u>

# HANSEN HOLDINGS EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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### 1 Accounting policies

#### Company information

Hansen Holdings Europe Limited is a company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, Harlequin House, 7 High Street, Teddington, Middlesex, United Kingdom, TW11 8EE.

The company was incorporated on 7 May 2015. These financial statements cover the period from 7 May 2015 to 30 June 2016, this being the first period of account for the company. The reporting period was extended to bring the period end date inline with the rest of the Hansen Technologies group entities.

This is the first period of account for the company and its principal activity was that of a holding company.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Reduced disclosure

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Hansen Technologies Limited. These consolidated financial statements are available from its registered office, 2 Frederick Street, Doncaster, Victoria, 3108 Australia.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Hansen Holdings Europe Limited is a wholly owned subsidiary of Hansen Corporation Investments Pty Ltd and the results of Hansen Holdings Europe Limited are included in the consolidated financial statements of Hansen Technologies Limited which are available from Hansen Technologies, 2 Frederick Street, Doncaster, Victoria, 3108 Australia.

# HANSEN HOLDINGS EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

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### 1 Accounting policies (Continued)

#### **Going concern**

Due to the company not trading, the parent company has given assurance of their support for at least twelve months from the date of approval of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Contingent consideration is measured at fair value on the acquisition date and any change in fair value is recognised in profit or loss of the current reporting period.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

*Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.*

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Other financial assets**

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

# HANSEN HOLDINGS EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

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### 1 Accounting policies (Continued)

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

#### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

# HANSEN HOLDINGS EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

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### 1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

No estimates or assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 3 Administrative expenses

	2016
Included within administrative expenses:	£
Exchange gains	(174,174)

# HANSEN HOLDINGS EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

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### 4 Auditor's remuneration

	<b>2016</b>
	<b>£</b>
Fees payable to the company's auditor and its associates:	
<b>For audit services</b>	
Audit of the company's financial statements	5,000
<b>For other services</b>	
Taxation compliance services	2,500
All other non-audit services	2,500
	<u>5,000</u>

### 5 Directors' remuneration

During the year the directors received no remuneration for their services.

### 6 Interest receivable and similar income

	<b>2016</b>
	<b>£</b>
<b>Interest income</b>	
Interest receivable from subsidiary undertakings	34,858
	<u>34,858</u>

### 7 Interest payable and similar charges

	<b>2016</b>
	<b>£</b>
Interest payable to group undertakings	873
	<u>873</u>

### 8 Taxation

	<b>2016</b>
	<b>£</b>
<b>Current tax</b>	
UK corporation tax on profits for the current period	24,707
	<u>24,707</u>

The charge for the period can be reconciled to the loss per the income statement as follows:

	<b>2016</b>
	<b>£</b>
Loss before taxation	(795,141)
	<u>(795,141)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00%	(159,028)
Tax effect of expenses that are not deductible in determining taxable profit	198,660
Tax effect of income not taxable in determining taxable profit	(14,925)
	<u>24,707</u>
Tax expense for the period	<u>24,707</u>

# HANSEN HOLDINGS EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 9 Fixed asset investments

	Notes	2016 £
Investments in subsidiaries	10	16,270,837
<b>Movements in fixed asset investments</b>		
		Shares in group undertakings £
<b>Cost or valuation</b>		
At 7 May 2015		-
Initial consideration		15,300,284
Contingent consideration		1,894,596
Fair value adjustment to contingent consideration		(924,043)
At 30 June 2016		16,270,837
<b>Carrying amount</b>		
At 30 June 2016		16,270,837

On the 7 May 2015 the company purchased 100% of the share capital of Hansen Technologies Denmark A/S a company incorporated in Denmark. Included in the cost of investment is contingent consideration payable amounting to £1,894,596. The fair value of the contingent consideration at acquisition was considered to be £970,553 and therefore the fair value adjustment of £924,043 has been recognised in the profit and loss account.

### 10 Subsidiaries

Details of the company's subsidiaries at 30 June 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
Hansen Technologies Denmark A/S	Customer care and billing solutions	Ordinary	100.00

### 11 Debtors

	2016 £
<b>Amounts falling due within one year:</b>	
Amounts due from subsidiary undertakings	1,067,926
Other debtors	580
	1,068,506

# HANSEN HOLDINGS EUROPE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016

### 12 Creditors: amounts falling due within one year

	2016 £
Amounts due to group undertakings	4,117
Corporation tax	24,707
Other creditors	1,894,596
Accruals and deferred income	10,000
	<u>1,933,420</u>

### 13 Share capital

	2016 £
Ordinary share capital	
Authorised, issued and fully paid	
16,225,771 Ordinary shares of £1 each	<u>16,225,771</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

### 14 Reserves

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

### 15 Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

### 16 Controlling party

The company's immediate holding company is Hansen Corporation Investments Pty Ltd, a company incorporated in Australia. The ultimate holding company and controlling party is Hansen Technologies Limited, a company incorporated in Australia.

The parent undertaking of the smallest and largest group for which group accounts are prepared and of which the company is a member is Hansen Technologies Limited. Copies of these group accounts are available from Hansen Technologies, 2 Frederick Street, Doncaster, Victoria, 3108 Australia.



# **HANSEN HOLDINGS EUROPE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2016**

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### **17 Post balance sheet events**

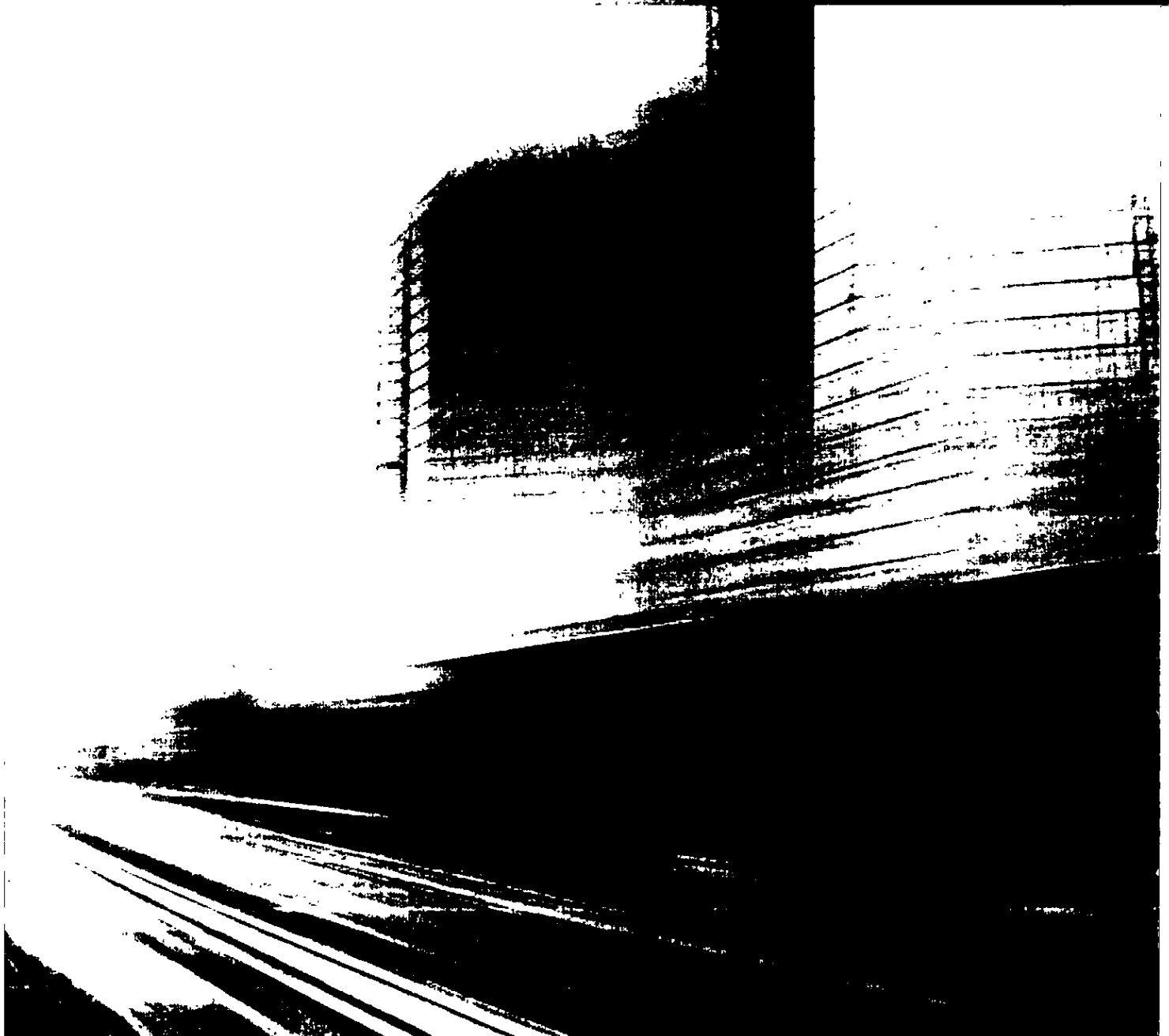
On the 1 November 2016 the company entered into a purchase agreement to acquire DST Billing Solutions Limited, which owns the HiAffinity customer care and billing system ("HiAffinity"). The consideration paid for DST Billing Solutions Limited amounted to £4.6m. Following the purchase of DST Billing Solutions Limited, its name was changed to Hansen Billing Solutions Limited.

On the 23 November 2016 the company issued 1,840,000 ordinary shares of £1.00 each. These shares are fully paid up and rank pari passu with the existing share capital of the company at 30 June 2016.

**HANSEN**  
TECHNOLOGIES

# WELL POSITIONED FOR GLOBAL GROWTH

ANNUAL REPORT 2016



## CONTENTS

<b>3</b>	<b>Chairman and Chief Executive Officer Joint Report</b>
<b>10</b>	<b>Information on Directors and Company Secretary</b>
<b>12</b>	<b>Directors' Report</b>
<b>17</b>	<b>Letter from the Chair of the Remuneration Committee</b>
<b>18</b>	<b>Audited Remuneration Report</b>
<b>28</b>	<b>Auditor's Independence Declaration</b>
<b>29</b>	<b>Corporate Governance Statement</b>
<b>34</b>	<b>Financial Report</b>
<b>35</b>	<b>Consolidated Statement of Comprehensive Income</b>
<b>36</b>	<b>Consolidated Statement of Financial Position</b>
<b>37</b>	<b>Consolidated Statement of Changes in Equity</b>
<b>38</b>	<b>Consolidated Statement of Cash Flows</b>
<b>39</b>	<b>Notes to the Financial Statements</b>
<b>75</b>	<b>Directors' Declaration</b>
<b>76</b>	<b>Independent Auditor's Report</b>
<b>77</b>	<b>ASX Additional Information</b>
<b>78</b>	<b>Corporate Directory</b>

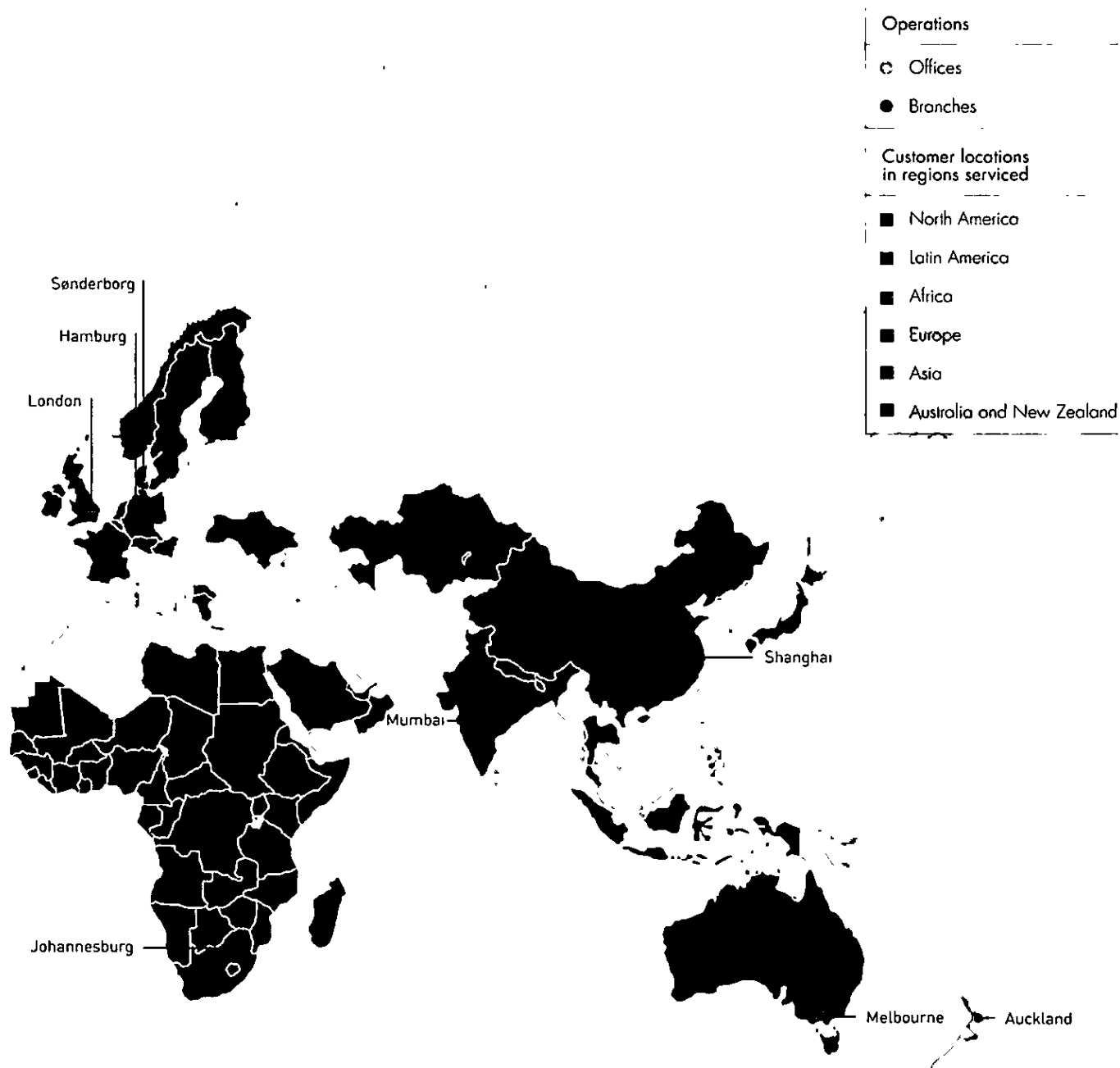


## COMPANY PROFILE

With over 40 years' experience, Hansen Technologies (ASX: HSN) is a leading global provider of billing and customer care technologies for utilities, telcos and pay-tv. Employing over 800 experts, Hansen's proven and scalable solutions as well as its innovative and flexible offerings, enable more than 200 clients to deliver cost-effective end-to-end business initiatives to improve their customers' experience. Hansen has offices in Australia, USA, New Zealand, China, Denmark, Germany, Argentina, South Africa and the United Kingdom. For more on Hansen, visit [www.hsnitech.com](http://www.hsnitech.com) | @Hansen\_tech

### Notice of Annual General Meeting

Annual General Meeting of the Company is to be held on Thursday 24 November 2016 at 11am, 2 Frederick Street, Doncaster, Victoria



Hansen Technologies is a leading global provider of billing and customer care technologies for utilities, telcos and pay-tv.

## Highlights

**\$149 m**

OPERATING REVENUE UP 40%

**\$26.1m**

AFTER TAX PROFIT UP 54%

**\$45.4m**

EBITDA UP 45%

**14.7¢**

EARNINGS PER SHARE UP 49%



**800+**

EMPLOYEES



**57%**

INCREASE



# CHAIRMAN AND CHIEF EXECUTIVE OFFICER JOINT REPORT

It is with great pride that we present Hansen Technologies' Annual Report for fiscal 2016.

Hansen has grown as a global business specialising in customer care and billing for the utilities, energy, pay-tv and telco sectors. Our business now employs over 800 people representing more than 40 nationalities across offices in Australia, USA, New Zealand, China, Denmark, Germany, Argentina, India, the United Kingdom and South Africa.

It has been a joy to watch such a diverse team embrace the Hansen culture and methodologies and make a solid contribution to our global business. Once again, we would like to extend our congratulations and gratitude to the entire Hansen team who have delivered an exceptional outcome for the company and its shareholders.

Whilst building our existing customer base, the Hansen team has also integrated the TeleBilling business acquired in May 2015, as well as completing our latest acquisition, PPL Solutions, on July 1 2016.

*"It has been a joy to watch such a diverse team embrace the Hansen culture and methodologies and make a solid contribution to our global business."*

Expanding our presence in Europe, TeleBilling provides us with the ability to offer QuadPlay<sup>1</sup> billing into the European market. To date, TeleBilling has been very successful across the fiscal period delivering new customers and a strong overall performance. The integration of this business is now finalised and we predict a bright future for the expansion into emerging markets.

Our recent acquisition PPL Solutions (PPLS), while not forming part of the financial performance for the year, has been completed in line with our strategy to acquire businesses that add to our capabilities in the customer care and billing arena. Located in Pennsylvania, PPLS provides us with the opportunity to deliver a billing solution for retail energy consumers and offers our clients a total solution from customer care and invoicing to cash collection. This end-to-end business process enables our clients to outsource their back office processes, allowing them to focus on growing their revenue.

Other highlights of fiscal 2016:

- Operational performance across the year was very strong. Demand for our professional support was high, resulting in above average staff utilisation, delivering an exceptional EBITDA margin. We continued to invest in the business internally to strengthen:
  - sales and marketing reach;
  - human resource management;
  - internal training and staff development programs; and
  - regional management.

With Hansen now operational across six global regions, servicing in excess of 200 customers within four industry verticals, we have a strong base from which the company will continue its growth.

## The dedicated Hansen team

Our results are the culmination of a great many people's hard work and dedication to their expertise. We are very fortunate to retain a productive team who deliver exceptional outcomes to our clients every day.

We recognise that our people are our biggest asset and to that end a significant initiative was launched this year with the creation of the Learning & Development Program. This program is driven by a select internal team dedicated to training our people with set studies and awarding specific accreditation associated with Hansen's products and their development. These trained experts will then be well placed to deliver consistently high levels of service to our clients across the globe. In parallel, we have also recently employed a number of university graduates who are now actively engaged in the 12 month Hansen Graduate Program. We see this investment as an equally important step to ensure the depth of our technical team is maintained as our customer base grows.

## Strong 2015-16 financial performance

Operating revenue of \$149 million for the year was up 40% on the previous year. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$45.4 million represents an increase over fiscal 2015 of 45% and represents a return on operating revenue of 30.5%.

Net profit after tax (NPAT) was \$26.1 million and earnings per share 14.7 cents per share compared to 10.3 cents last year.

<sup>1</sup>. QuadPlay refers to the billing of your home phone, mobile phone, internet and pay-tv on the one bill.

# CHAIRMAN AND CHIEF EXECUTIVE OFFICER JOINT REPORT

## CONTINUED

Following the release of the full year's operating results, the directors declared a three cent per share final dividend franked to 100% together with a special dividend of a further one cent per share, also franked to 100%. When combined with the interim dividend of three cents per share franked to 83.3%, the total distribution of seven cents per share is an increase on the prior year.

With the strong trading result combined with the availability of franking credits, a special dividend of one cent per share was declared by the Board. As the profits from overseas operations comprise an ever increasing percentage of the total group profits, the Board expects the company's ability to provide shareholders with fully franked dividends will diminish.

*"Hansen has an extensive understanding of the sectors and markets in which it operates, and continues to evolve its product offering in readiness for compelling events and market opportunities including those from high growth emerging markets."*

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

The Fiscal year 2016 benefited from a full year of the TeleBilling business (acquired in May 2015) in generating \$24 million of the yearly revenue growth. This was further enhanced with the fiscal period experiencing double digit organic growth. We have worked hard to enhance our core systems during the year to enable our clients to meet their business needs head on and compete in their respective markets. Our superior professional support has resulted in a very high level of team utilisation and has generated a fantastic EBITDA for the year. We expect that organic revenue growth will return to more traditional single digit levels over future periods.

### Who we are

Hansen's core business is focused on the provision of customer care and billing technologies. Our modular products service four major industry verticals (energy, water, paytv and telecommunications) each with industry-specific needs. Within each of these four verticals, we have solutions that address individual requirements within each segment. As an example, for the energy sector we have specific software designed for large customers and the power distribution segment, as well as products targeted at specific needs and complex billing. We also have a product that deals with market data management required by the retail segment.

Hansen has an extensive understanding of the sectors and markets in which it operates and continues to evolve its product offering in readiness for compelling events and market opportunities, including those from high growth emerging markets.

### Our strategic approach

Hansen's specialised product offering and strong multi-industry expertise provides benefits including:

- Best-fit solutions designed to exceed the industries' requirements whilst delivering on the specific business needs of the customer.
- Stable global platform – Hansen's business is not overly exposed to a single customer, industry segment, product or geographic region. While influenced by the market, the mission-critical role of our software ensures a stable operating environment.
- Employment engagement – Hansen continues to offer great opportunities for learning and development. With the continued expansion of the business, ongoing exposure to new products and global opportunities, the landscape is exciting and engaging. With the introduction of the Hansen Learning and Development Program, our people have the opportunity to increase their knowledge in a formal learning environment. Hansen's people retention is one of the highest in the industry, and our mix of seasoned professionals and new graduates positions us well for future growth.

### The global market

Hansen's approach to the global market continues to be driven by a strong focus on servicing its clients' needs, targeting strategic opportunities for new business and acquiring businesses that complement and bolster our customer core and billing expertise.

Together our people and product offerings put us in a unique position to compete for the new opportunities as they present themselves across the globe.

The emerging markets of Asia, Middle East, Africa and South America offer exciting opportunities.

### Market differentiation

Competing internationally with the world's largest software houses, our competition commonly targets full enterprise solutions using system integrators to deliver the outcome. We differentiate ourselves by:

- Focussing on specific markets and delivering directly into the markets ourselves or in partnership with a local industry partner.
- Delivering best-fit solutions under a collaborative approach working directly with our clients.
- Delivering a business outcome adopting an agile approach, on time and on budget.
- Offering the security of a global, full-service organisation while maintaining the flexibility to deliver tailored client driven outcomes
- Investing in foundation technologies to ensure our solutions remain current, industry-specific and efficient.

Hansen's core business focuses  
on four major industries



**ENERGY &  
UTILITIES**



**PAY-TV**



**TELCO**



# CHAIRMAN AND CHIEF EXECUTIVE OFFICER JOINT REPORT

## CONTINUED



### Industry verticals

#### Energy

The energy sector globally experiences further deregulation and the introduction of 'smart meter, smart grid' technology. This shift has made exponentially greater levels of usage data available to both retailers and wholesalers, yet this segment is still heavily regulated as governments look to drive energy efficiency and address complex issues such as global warming. The opportunity to manage usage through 'user pay' models is emerging, adding to the need for more complex billing tools. We are seeing the bundling of both gas and electricity offerings into the home as retailers seek ways of improving customer loyalty. With the ability to leverage our extensive experience in unified solutions in our home market of Australia, we can rapidly address these market opportunities.

#### Water

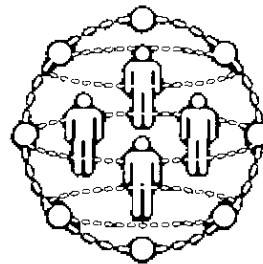
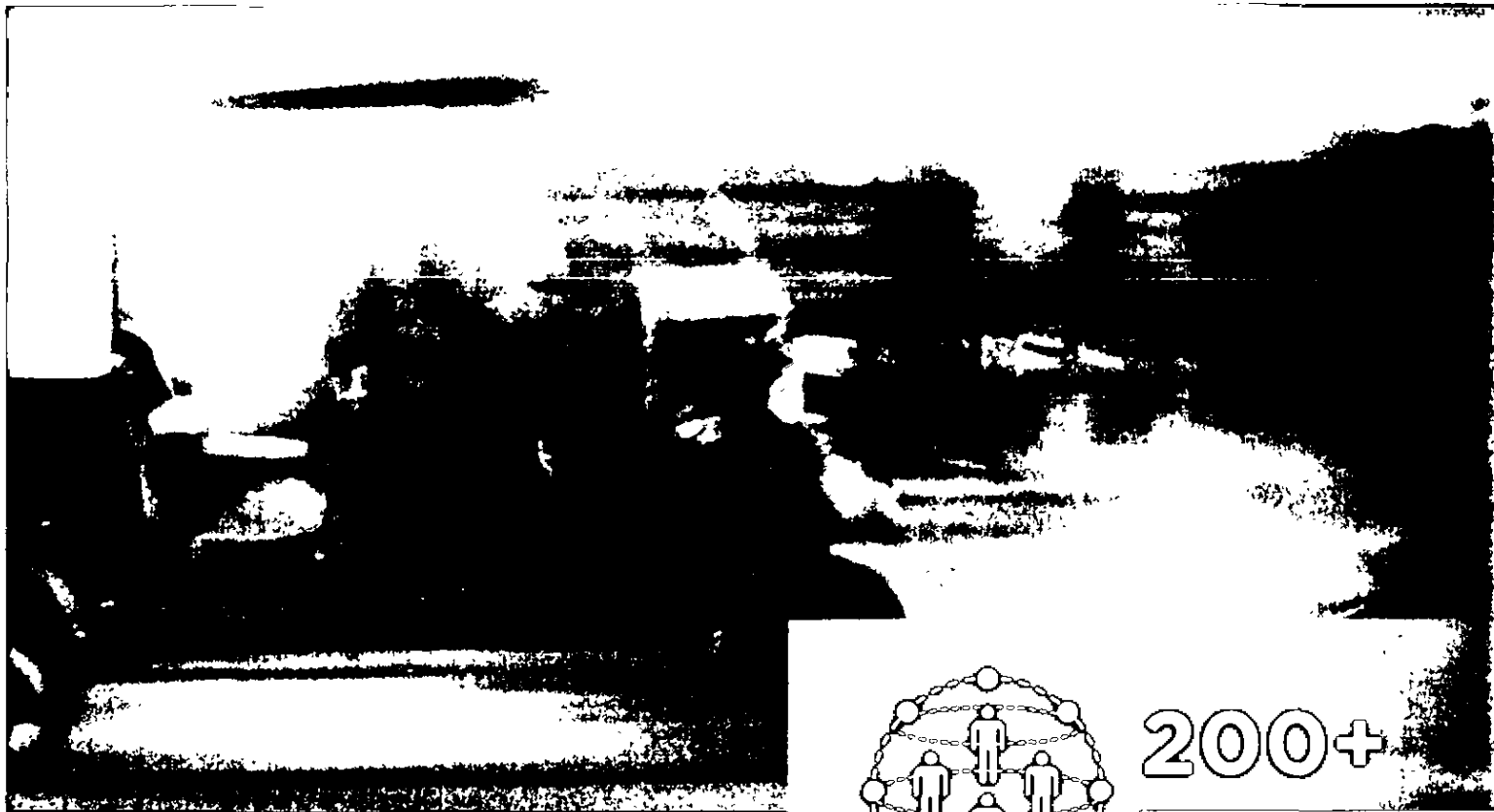
Hansen has a functionally-rich CIS solution to address this market segment. With a recently enhanced user interface, our product designed for water usage has a strong customer 'reference-ability' across the global market. Water being a key resource, will require ongoing management as the planet's demands on this resource increase.

#### Pay-tv

The pay-tv sector continues to offer new opportunities for growth, particularly in emerging markets such as Asia, the Middle East, South America and Africa. The implementation of a new billing system with the global Hinduja Group during the year in India is testimony that our pay-tv customer care and billing platform is well regarded within these emerging markets.

The pay-tv sector is now seeing the introduction of Over the Top (OTT) providers in the mature markets. These providers deliver specific historical content into the home as they look to exploit a specific sector of the pay-tv market. While initially it was uncertain as to the impact that these providers would have on the market, it now appears that the traditional pay-tv providers are looking to co-exist with the OTT providers enabling them to concentrate on the lucrative here and now market built around one off events associated with sport and newsworthy events. We have not seen the cord cutting that was initially expected when these operators entered the market and we now believe that ultimately as the billing becomes more complex or they bundle with the traditional operators, this development will also offer opportunities for Hansen.

Supporting this is the acquisition of TeleBilling which also delivered significant bundling capabilities found in the NaviBilling system. The delivery of a bill, bundling a fixed line, mobile, internet and pay-tv service, enhances our ability to address this market segment well into the future.



200+

CLIENTS  
WORLDWIDE

### Telecommunications

Hansen maintains its long association with the telecommunications (telco) industry, retaining many in-house experts, and is well placed to operate and grow within this vertical

Voice communication is now secondary when we talk about this industry. Data management and delivery of information to an ever increasing array of smart devices is the minimum requirement. We are constantly working with our telco clients in order to deliver optimal product offerings that enable them to differentiate themselves in this highly competitive space. The complexity of this segment's billing increases with each iteration, playing to our strengths. We see great opportunity for convergence within the telecommunication and pay-tv industries, and the 'Quad Play' capabilities found in our NaviBilling solution address this need.

### Outsourcing

With Hansen's technologies driving business-critical outcomes for our clients, the attractiveness of having the owner of the software provide a full support package is growing in popularity. For this reason, we offer a number of hosting and support solutions, providing further opportunities to differentiate from the competition.

*"With Hansen's technologies driving business-critical outcomes for our clients, the attractiveness of having the owner of the software provide a full support package is growing in popularity."*

# CHAIRMAN AND CHIEF EXECUTIVE OFFICER JOINT REPORT

## CONTINUED

### Other developments

#### Global management

As we expand our global footprint, we now manage our business across six regions each focussing on the unique requirements of that industry segment within the region. These regions include:

1. Australia / New Zealand
2. Asia
3. North America
4. Latin America
5. Europe (including United Kingdom) and the Middle East
6. Africa

We believe this regional structure provides a direct and local focus on opportunities supported by a solid corporate network of highly regarded experts in their field

### Mergers and acquisitions

In growing our business with a targeted acquisition strategy, we have established a disciplined approach whereby targets must meet strict criteria to be considered. These are as follows:

- Business must be in customer care and billing or adjacent to this core competency
- Revenue streams must be recurring or annually 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.

On 1 July 2016 Hansen executed an agreement to secure ownership of PPL Solutions LLC. This acquisition delivers a billing and customer care solution for the evolving US retail market via a SaaS model (Software-as-a-Service). It also offers a full business outsourcing solution including call centre management and debtor management service. (Please note: PPLS was acquired subsequent to the end of the financial year and has been reported as a subsequent event.)

### The future

We welcome the coming year with excitement and enthusiasm.

Our approach to business remains solid and unchanged and we will maintain a well disciplined method of growing a profitable business into the future.

Offering technically-driven solutions that deliver a positive business outcome supports our philosophy of putting clients' needs at the forefront of our business.

Our strategy with respect to acquisitions remains successful as we extend the global reach of Hansen Technologies.

Investing in the organisation remains paramount to ensure our business foundations are resilient and our intellectual property continues to be recognised as a high-end solution.

We are proud of our business achievements since listing on the ASX in 2000 and this year has been another great result. As we look to fiscal 2017 we expect our revenues to be in the range of \$165 to \$175 million, maintaining an EBITDA margin of 25%–30%.

Finally we would like to sincerely thank the shareholders for their support throughout the year. We have welcomed a number of new investors onto the register again this year and we look forward to delivering real value to every single shareholder as we grow Hansen Technologies globally.

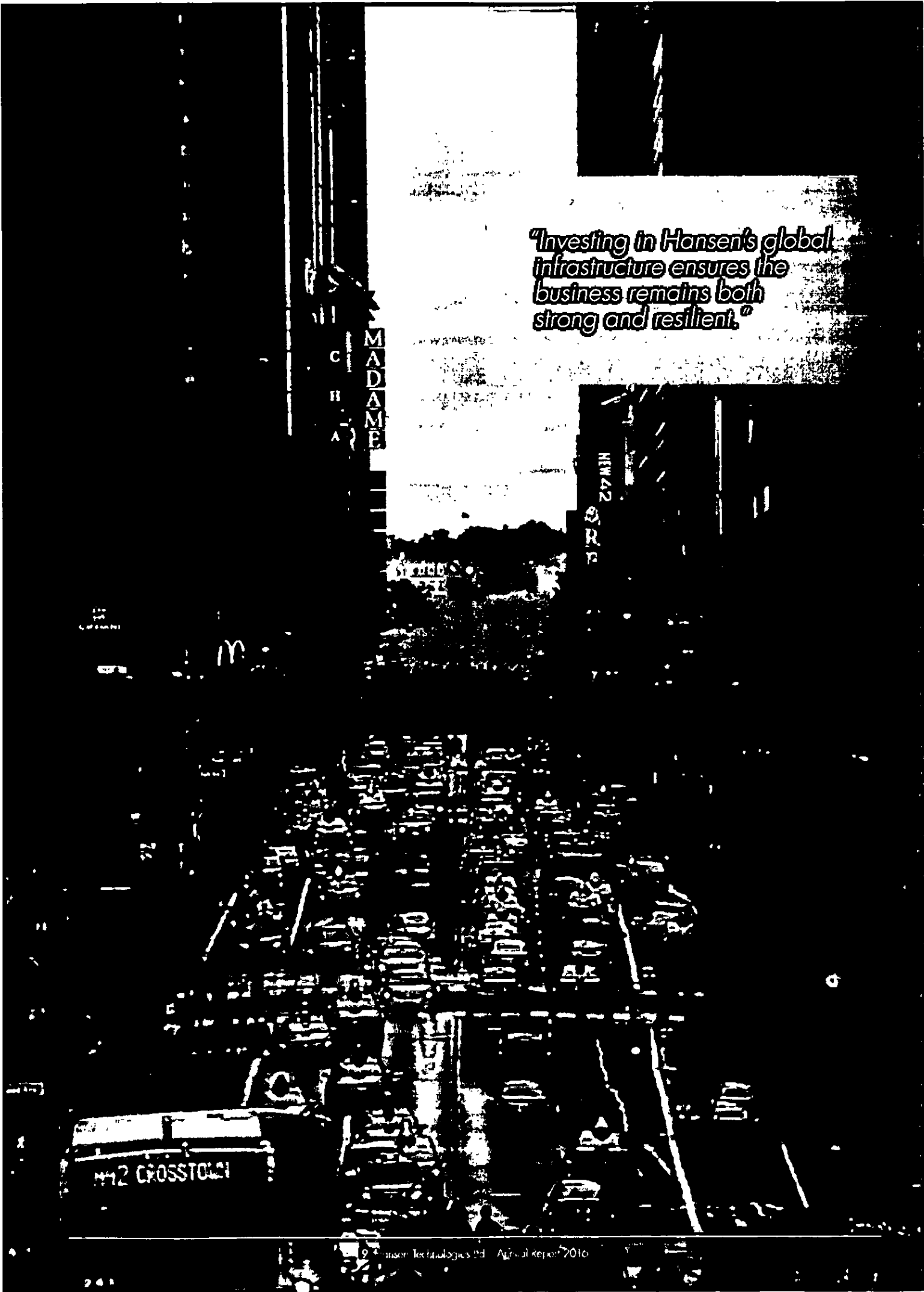


David Trude  
Chairman



Andrew Hansen  
CEO

29th September 2016

An aerial photograph of a city street grid. A large white rectangular area is positioned in the upper center of the image. In the bottom left corner, a street sign for '112 CROSSTOWN' is visible. The text 'MADAME' is written vertically on the left side of the white area, and 'CHAM' is written vertically on the right side. The quote 'Investing in Hansen's global infrastructure ensures the business remains both strong and resilient.' is located in the upper right corner.

*"Investing in Hansen's global infrastructure ensures the business remains both strong and resilient."*

## INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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



Mr David Trude  
Non-Executive Director

Chairman since 2011

Director since 2011

Age 68

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 Stockbrokers Association of Australia and the Australian Institute of Company Directors. He is also Chairman of Baillieu Holst Limited, Waterford Retirement Village and East West Line Parks Limited, and a Director of CHIX 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 56

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 56

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 56

Peter has been an investment banker in excess of 25 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 Collgar Wind Farm and of Campus Living Villages, and an adviser to investors in infrastructure. Peter was a Director of Meigasco 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 2014

Chair of the Audit and  
Risk Committee

Member of the Remuneration  
Committee

Age 46

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 67

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 Julia Chand  
General Counsel and  
Company Secretary

Company Secretary  
since 2014

Age 46

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 2016.

## 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 controls for the financial year ended 30 June 2016 and a Future Report to be made. 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 energy and utilities, telecommunications and pay-tv industries. Other activities undertaken by the consolidated entity include IT outsourcing services and the development of other specific software applications.

### Results

The consolidated profit after income tax attributable to members of Hansen Technologies Ltd for the 2016 financial year was \$26,082,966 (2015: \$16,944,094).

### Review of operations

The 2016 financial year continued the trend of 2015 with the Company delivering on all of its key objectives, resulting in considerable growth over the previous year and delivering record revenues, profits and earnings per share.

The Group's operating performance for the fiscal year compared to last year are as follows:

	2016 A\$ Million	2015 A\$ Million	Variance %
Operating revenue	149.0	106.3	▲ 40
EBITDA	45.4	31.3	▲ 45
Profit before tax	36.4	24.0	▲ 52
NPAT	26.1	16.9	▲ 54
Earnings per share (cents)	14.7	10.3	▲ 43

During 2016 we completed the integration of the TeleBilling business acquired in May 2015. This business has now adopted Hansen methodologies and has delivered a strong contribution across its first year. TeleBilling, while focusing on customer care and billing, has extended our telecommunications and pay-tv offering into central and northern Europe. It is exciting that this business has delivered new customers to Hansen in its first year of operation.

Our strong client relationships and the delivery of a number of new logos across the year have resulted in an unusually high period of organic growth. The careful planning around the delivery of these systems and customer solutions has produced a year of strong staff utilisation, allowing us to deliver an EBITDA margin of 30.5%, which is at the upper end of our target range.

With the business continuing to expand internationally, our investment in key people has continued across the period. We believe it is important to ensure that the business is well supported as it continues to grow in regions outside of Australia. This investment will continue into the future.

The cash flow from operations continues to be strong across the business enabling us to retire all debt and accumulate cash into the close of the financial year.

### Significant changes in the state of affairs

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

### After balance date event

On 1 July 2016 the Company completed a transaction to acquire the business PPL Solutions, LLC as a going concern. PPL Solutions provides billing, business processing outsourcing (BPO) and call centre and information technology services to competitive electricity and gas suppliers and regulated utilities in the US, and adds business process outsourcing, customer care and Software-as-a-Service to Hansen's strong portfolio of electricity, gas and water products. For additional detail please refer to note 27 of the accompanying Financial Report.

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.

## Dividend paid, recommended and declared

A regular dividend of 3 cents per share together with a special dividend of 1 cent per share has been declared. This final dividend totalling 4 cents per share is 100% franked. The final dividend was announced to the market on 24 August 2016 with payment to be made on 30 September 2016.

The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2016.

Dividends paid during the year:

- 3 cent per share partially franked interim dividend paid 31 March 2016, totalling \$5,352,923; and
- 3 cent per share fully franked final dividend paid 30 September 2015, totalling \$5,306,560.

## 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>		
N Fernando	100,000	2 July 2015
C Hunter	100,000	2 July 2015
D Meade	100,000	2 July 2015
G Taylor	100,000	2 July 2015
<b>Total</b>	<b>400,000</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. The Board may exercise its 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.

Based on the advice of an independent remuneration consultant, the Board has resolved to attach long term performance vesting conditions to future LTI. Therefore, the offer of options will no longer be subject to short term performance assessment (i.e. prior to granting), but will be offered to executives on an equitable basis, proportional to their fixed remuneration.

As at the date of this report no options had as yet been issued in line with this new policy.

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



## 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 2012	2 July 2015	2 July 2017	\$0.92	145,000
2 July 2013	2 July 2016	2 July 2018	\$0.92	390,000
2 July 2014	2 July 2017	2 July 2019	\$1.30	875,000
2 July 2015	2 July 2018	2 July 2020	\$2.67	1,000,000
<b>Total</b>				<b>2,410,000</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
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
21 December 2015	75,000	\$0.92
14 January 2016	40,000	\$0.92
3 March 2016	350,000	\$0.97
3 March 2016	350,000	\$1.02
3 March 2016	350,000	\$1.07
3 March 2016	100,000	\$0.92
16 May 2016	75,000	\$0.92
16 May 2016	75,000	\$0.92
16 June 2016	40,000	\$0.91
30 June 2016	75,000	\$0.91
5 July 2016	40,000	\$0.92
12 August 2016	40,000	\$0.92
24 August 2016	75,000	\$0.92
5 September 2016	75,000	\$0.92
5 September 2016	350,000	\$1.06
5 September 2016	350,000	\$1.11
5 September 2016	350,000	\$1.16
5 September 2016	175,000	\$0.92
13 September 2016	75,000	\$0.92
<b>Total</b>	<b>3,825,000</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 and 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.

### Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' Report and in the Financial Report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

## 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	12	12	-	-	-	-
Mr Bruce Adams	12	12	-	-	4	4
Mr Peter Berry	12	12	4	4	4	4
Mr Andrew Hansen	12	12	-	-	-	-
Ms Sarah Morgan	12	12	4	4	4	4
Mr David Osborne	12	12	4	4	-	-

## Directors' interests in shares or options

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

Directors' Relevant Interests in:	Ordinary Shares of Hansen Technologies Ltd	Options over Shares in Hansen Technologies Ltd
D Trude	105,579	-
B Adams	152,304	-
P Berry	15,304	-
A Hansen	36,844,194	-
S Morgan	20,000	-
D Osborne	388,984	-

## DIRECTORS' REPORT

### CONTINUED

#### Proceedings on behalf of the company

No person applied for leave of Court to bring proceedings on behalf of Hansen Technologies Ltd or any of its subsidiaries.

#### Directors' interests in contracts

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

#### Auditor's Independence Declaration

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

#### Non-audit services

Non-audit services are approved by resolution of the Audit Committee and approval is provided in writing to the Board of Directors. Non-audit services 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 auditors is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

	Consolidated	
	2016	2015
	\$	\$
Amounts paid and payable to Pitcher Partners Melbourne for non-audit services:		
- taxation services	27,110	23,848
- compliance services	-	15,935
	27,110	39,783
Amounts paid and payable to network firms of Pitcher Partners for non-audit services:		
- taxation services	6,321	7,976
- compliance services	148,949	159,314
	155,270	167,290
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
- taxation services	22,390	53,196
- compliance services	-	2,095
	22,390	55,290
<b>Total auditors' remuneration for non-audit services</b>	<b>204,710</b>	<b>262,363</b>

# LETTER FROM THE CHAIR OF THE REMUNERATION COMMITTEE

Dear Shareholder,

During FY2016 the Board has invested considerable time and effort to improve the alignment between Hansen's KMP remuneration practices, shareholder expectations and market best practices in this area. To that end, the Remuneration Committee appointed an independent, specialist external remuneration consultant (ERC) to provide the Remuneration Committee with objective advice regarding remuneration policy, benchmarking and the quantum, elements and design of remuneration.

Following the receipt of that advice and consideration by the Remuneration Committee and the Board, a number of changes have been made to the executive remuneration framework and remuneration design. Some of these changes are immediate and others will require transitioning over the longer term.

The following summarises the main changes that emerged from the Board's review, some of which began to be implemented during FY2016, and some others that could not be implemented until FY2017:

- more formalised remuneration policy and market pay positioning (which is discussed further in this report);
- increases to fixed remuneration for executive incumbents whose fixed remuneration fell significantly below market benchmarks for their role, some of which may be higher than typical market movements;
- changes to the mix of incentives to improve the links between performance and reward, and to focus executives on short and long term outcomes consistent with the level and nature of their roles;
- changes to the design of short term incentives (STI) to improve motivational impacts and alignment between STI awards and performance from the perspective of shareholders; and
- changes to the design of long term incentives (LTI) to improve alignment with market best practices and improve the alignment with Company performance, including the application of performance based vesting conditions and alignment with the experience of shareholders.

Many of these changes are discussed in further detail in this report (such as changes to incentive design), while others will become apparent through future reporting (such as changes to fixed remuneration). It is trusted that the changes made will be seen as an improvement and it is hoped that shareholders will express their support by voting in favour of the resolution to adopt the Remuneration Report at the AGM.



Peter Berry  
Chairman of the Remuneration Committee

# AUDITED REMUNERATION REPORT

The Directors present the consolidated entity's 2016 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 76 of this Annual Report.

## Key management personnel details (KMP)

The following executives of the Group were classified as KMP during the 2016 financial year and unless otherwise indicated were classified as KMP for the entire year. 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 and member of the Remuneration Committee
P Berry	Director and Chair of the Remuneration Committee and member of the Audit and Risk Committee
S Morgan	Director and Chair of the Audit and Risk Committee and member of the Remuneration Committee
D Osborne	Director and member of the Audit and Risk Committee

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### (ii) Executive Director

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

N Fernando	Chief Commercial Officer
C Hunter	Chief Operating Officer
D Meade	Group Client Services and Delivery Manager
G Taylor	Chief Financial Officer

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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 were considered at the AGM.

## 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 2016, 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 executive KMP and Non-Executive Directors against other listed entities as well as the nature, size and structure of short and long term incentive arrangements. During 2016, independent advice from an external remuneration consulting (ERC) organisation was obtained to review and provide recommendations on the remuneration level and structure for the executive. This advice informed the Board's decisions regarding KMP remuneration for FY2017. The ERC was Godfrey Remuneration Group Pty Ltd and the fee paid for this service was \$31,900.

The advice received from the ERC was independent, as stated by the ERC in its report to the Remuneration Committee. The Board has taken the view that the advice was independent because the ERC applies a process to assure its independence from executives and because the Chair of the Remuneration Committee authorised or oversaw all interactions between the ERC and executives.

## Details of key management personnel remuneration

### Directors' and executives' remuneration

Directors' and Executives' Remuneration	Short Term			Non-monetary 2016	Other 2016	Post Employment	Share Based	Total 2016	Total Performance Related 2016	Options as % of Total 2016
	Salary Fees 2016	Cash Bonus Paid 2016 <sup>(iv)</sup>	% Maximum Bonus Paid 2016			Super 2016	Options 2016 <sup>(iii)</sup>			
	\$	\$	%	\$	\$	\$	\$	\$	%	%
<b>Directors</b>										
B Adams	57,053	-	-	-	-	5,420	-	62,473	-	-
P Berry	57,053	-	-	-	-	5,420	-	62,473	-	-
A Hansen	745,104	313,420 <sup>(ii)</sup>	100	-	-	34,999	-	1,093,523	29	-
S Morgan	57,053	-	-	-	-	5,420	-	62,473	-	-
D Osborne	57,053	-	-	-	-	5,420	-	62,473	-	-
D Trude	93,363	-	-	-	-	8,869	-	102,232	-	-
	1,066,679	313,420		-	-	65,548	-	1,445,647	21	-
<b>Executives</b>										
C Hunter	392,253	54,794	100	-	-	30,968	44,879	522,894	19	9
D Meade	325,199	54,794	100	-	-	34,999	44,879	459,871	22	10
G Taylor <sup>(ii)</sup>	270,928	36,529	100	2,377	-	29,208	44,879	383,921	21	12
N Fernando <sup>(iii)</sup>	290,801	54,794	100	-	-	29,999	44,879	420,473	24	11
	1,279,181	200,911		2,377	-	125,174	179,516	1,787,159	21	10
	2,345,860	514,331		2,377	-	190,722	179,516	3,232,806	21	5

(i) Additional to the cash bonus reported relating to fiscal year 2015, a bonus of \$306,375 was paid in FY2016 that related to fiscal year 2014. This amount was accrued in FY2015 but not paid

(ii) G Taylor and N Fernando became KMPs part way through FY2015. This report is for their first full 12 months as KMP

(iii) Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments.

(iv) The STI payments represent the cash payments made during the FY2016 financial year and unless otherwise stated relate to performance in the FY2015 financial year.

# AUDITED REMUNERATION REPORT

## CONTINUED

### Details of key management personnel remuneration (continued)

#### Directors' and executives' remuneration (continued)

	Short Term				Other	Post Employment	Share Based	Total	Performance Related	Options as % of Total
	Salary Fees	Cash Bonus	Maximum Bonus Paid	Non- monetary		Super	Options			
	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	Nil	Nil	-	306,375 <sup>(i)</sup>	34,999	Nil	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	-	-
	947,273	-	-	-	306,375	64,271	-	1,317,919	23	-
<b>Executives</b>										
M Benne	58,686	43,835 <sup>(ii)</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
	1,157,458	232,320		14,244	-	121,475	58,945	1,584,442	18	4
	2,104,731	232,320		14,244	306,375	185,746	58,945	2,902,361	21	2

(i) A Hansen was awarded a bonus of \$306,375 in relation to the FY2014 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 the 2014 financial year where the employees were KMP for the full 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 an at-risk component of remuneration for the executives and senior management, in the form of both a short term incentive (STI) and a long term incentive (LTI). 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 as follows:

- CEO:
  - Fixed remuneration comprising between 50% and 60% of total remuneration (fixed + STI + LTI at target);
  - Plus performance linked;
    - targeted short term cash incentive, 50% of fixed remuneration:
      - 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 50% of fixed remuneration.
- Other executive KMP:
  - Fixed remuneration comprising between 65% and 80% of total remuneration (fixed + STI + LTI);
  - Plus performance linked;
    - targeted short term cash incentive, 10% to 25% of fixed remuneration.
      - of which between 30% and 50% is related to the achievement of key financial performance criteria, including revenue and EBITDA; and
      - with the balance relating to specific targeted activities and focused objectives as set by the CEO and the Board from year to year; and
    - targeted long term incentive 5% to 15% of fixed remuneration.

In FY2016 the Board undertook a review of these relativities and determined that, based on the recommendations of the remuneration consultant and consideration of the market data, a new remuneration policy will be adopted for FY2017.

## A. Fixed remuneration

### i. Executive KMP policy

Fixed remuneration generally comprises a base salary plus employer contributions to superannuation funds at the legislated Superannuation Guarantee Contribution rate and may include allowances, benefits and salary sacrifice items (if applicable).

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

The Company's fixed remuneration policy is to:

- benchmark roles at the P50/median (the middle) of the market of similarly classified roles in comparable companies;
- make adjustments to these benchmarks to reflect differences between standard role designs evident in the market and the role designs as they exist in Hansen; and
- apply a range to this policy benchmark to allow for the recognition of individual attributes such as the calibre of the incumbent, etc.

An appropriately qualified incumbent fulfilling a standard role and delivering to expectations is intended to be remunerated as close as possible to the P50 of the market, taking into account the calibre of the incumbent.

### ii. Changes to fixed remuneration during FY2016

In response to the analysis received and the recommendations of the independent ERC, a number of executive roles were identified as falling materially short of the remuneration policy outlined above. In order to ensure the incumbents in these roles are retained, remunerated fairly, and that the Company's remuneration policy is adhered to, increases have been planned for in a staged manner where appropriate. For some incumbents this adjustment to meet the requirements of the policy and current market conditions was effectively made during FY2016.

In 2016 the following KMP, performing the same role as the prior year, received base remuneration increases above the general trend of salary increases:

- Cameron Hunter – Chief Operating Officer, increase in fixed remuneration of 26%; and
- Darren Meade – Group Client Services and Delivery Manager, increase in fixed remuneration of 12%;
  - The reasons for these increases include:
    - growth in the overall size and complexity of Hansen's business operations represented by a 40% increase in revenue during FY2016;
    - their role in the successful completion of acquisitions over the past two years;
    - their management of the successful integration of past acquisitions into the Company operations; and
    - increase of the scale of the business under their direct management and international diversity/complexity of the operations under their management.

### iii. Changes to fixed remuneration planned for FY2017

For some incumbents the increases to fixed remuneration required to fulfil the policy and meet current market conditions have been staged across both the FY2016 and FY2017 reporting periods. The Board will again consider these roles and incumbents in mid FY2017 before potentially making further adjustments to the extent appropriate in the circumstances.



# AUDITED REMUNERATION REPORT

## CONTINUED

### A. Fixed remuneration continued

#### iv. Non-Executive Directors

Non-Executive Directors receive Director fees 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 aggregate fees approved for Non-Executive Directors at the 2013 AGM is \$430,000.

Consistent with the policy applied to executives, the Company's policy regarding the setting of Board fees over the longer term is to also be set with reference to the P50 of the data for comparable roles in comparable companies.

The Company also has a policy of not paying separate committee fees for committee participation at this time.

### 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 challenging individual, business unit and group strategic, financial and operational 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, thus enhancing shareholder confidence through sustainable share price appreciation and dividend return.

The incentives are designed to link with the Company's strategy, short and long term business plans, and to align executive remuneration with sustainable value creation for shareholders.

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 (independent remuneration consultants), currently considers a combination of annual target-based cash incentives and share option allocations with three-year performance tests to be appropriate.

This structure will be regularly reviewed to ensure it remains in the best interests of shareholders. In particular that it continues to be relevant to our business and represents optimum incentive to the executives for both operational performance as well as employee retention.

The Company's policy regarding incentive elements of remuneration is that, assuming a fixed remuneration aligned with P50 of the market, total remuneration at target (including target STI and LTI) should fall approximately halfway between P50 and P75 of the

market data. The gap between these two policy positions should be composed of STI and LTI (at target) appropriate to the level of the role: a higher weighting on LTI for the CEO than for other roles and not less than equal weighting on LTI compared to STI for other executive KMP.

#### 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 incentive 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 (if appropriate to the role) and quantitative measures are established and individually tailored for each senior executive to ensure their 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.

#### Short term performance-linked remuneration for FY2016

The nature and range of KPIs and other targets against which the individual performance of a KMP may be measured is described below for FY2016. These measures were chosen as they represented the key drivers for the short term success of the business and provide a framework for delivering long term value for shareholders:

##### *Financial*

- Company's operational performance compared to budget which impacts 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;
- financial operating performance of individual business units and geographic regions against budget which impacts revenue and EBITDA; and
- these parameters commonly comprise between 30% and 50% of the STI compensation available to be earned for FY2016.

##### *Business management*

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

##### *Client relationship and business growth*

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

##### *Departmental operating efficiency*

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

- 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.

#### Short term performance-linked remuneration for FY2017

For FY2017 the Board intends to introduce a new STI scheme for senior executives, which is a target-based STI scheme based on the advice of the independent remuneration consultant and information received regarding market best practices. The features of the plan are summarised as follows and will be disclosed in further detail in the FY2017 Remuneration Report, following offers being finalised and made.

- For each participant, challenging but achievable KPIs will be selected across Group/Company level, business unit level (if applicable) and individual indicators linked to the Company's strategy.
- The KPIs will reflect financial, strategic and operational objectives relevant to the level and function of the role that are identified as building shareholder value creation.
- The greatest weighting will be on financial objectives at the Group/Company level unless the participant is a business unit executive, in which case financial measures relating to both Group/Company and business unit results will together have the highest weighting.
- Non-financial KPIs will be selected on the basis of linkage to the Company's strategic and operational plans, which most clearly link with building shareholder value.
- A performance hurdle of 90% of budgeted group EBITDA will apply to all KPIs (including non-financial) such that all KPIs will be 'switched off' if this gate is not exceeded.

- The Board will have discretion to modify STI awards in the circumstances that the outcomes of the STI award calculations are likely to be seen as inappropriate given the circumstances that prevailed over the period.

#### 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 FY2017 and FY2018. The payments are conditional on the operational performance of the Company in the initial financial year and ongoing employment with the Company. This long term incentive has continued for 2015 and the 2016 financial years.

The Board recognises that a significant purpose of the LTI plan is to promote the long term holding of Company equity by executives, therefore improving alignment with shareholders. Therefore the Board only exercises its discretion to satisfy the LTI in the form of cash in exceptional circumstances. For example, cash will be considered if the tax consequences of equity remuneration would be detrimental to the participant (because they are not eligible for tax deferral, for example) or in the case of our CEO, where significant equity is already held.

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.

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, of not less than three years (from FY2017 onwards);
- 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.

# AUDITED REMUNERATION REPORT

## CONTINUED

### B. Incentive elements of remuneration (continued)

#### ii. Long term incentives (continued)

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

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

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

- the employee must pay in cash to the Company the previously specified exercise price multiplied by the number of options received, for example, 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, for example, 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 of \$70,000 and pay to the tax authority the applicable tax on this income.

Options issued to executives are not able to be traded on the ASX. They do not qualify for receipt of dividends 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.

#### Options issued to executives in FY2016

During FY2016 options were offered in accordance with the practices that have prevailed over recent years. As part of the review of remuneration governance conducted by the independent ERC, it was identified that the practice of not applying long-term vesting conditions linked to performance to offers of LTI was not aligned with market best practices and those of peers. Therefore FY2016 is the last year during which LTI without long term performance-based vesting conditions will be offered. This is discussed further below.

Offers in FY2016 were 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.

#### Options Planned for FY2017

Based on the advice of the independent remuneration consultant, the Board has resolved to attach long term performance vesting conditions to future LTI. Therefore, the offer of options will no longer be subject to short term performance assessment (i.e. prior to granting), but will be offered to executives on an equitable basis, proportional to their fixed remuneration.

For FY2017 it is intended that the options will be offered with a market exercise price and subject to vesting conditions aligned to delivering shareholder value.

#### 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
Executive Directors							
A Hansen	1,050,000	-	-	-	-	-	-
Specified executives							
N Fernando	-	100,000	2 July 2015	0.56	2.67	2 July 2018	2 July 2020
C Hunter	100,000	100,000	2 July 2015	0.56	2.67	2 July 2018	2 July 2020
D Meade	75,000	100,000	2 July 2015	0.56	2.67	2 July 2018	2 July 2020
G Taylor	-	100,000	2 July 2015	0.56	2.67	2 July 2018	2 July 2020
Total	1,225,000	400,000					

All grants of options are subject to the achievement of performance measurements for the year of issue. Subject to continuation of employment criteria, options 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 July 2015	Granted as Remuneration	Options Exercised	Options Forfeited	Balance 30 June 2016	Vested at 30 June 2016		
						Total	Exercisable	Unexercisable
<b>Executive Directors</b>								
A Hansen	2,100,000	-	1,050,000	-	1,050,000	-	-	-
<b>Specified executives</b>								
N Fernando	100,000	100,000	-	-	200,000	-	-	-
C Hunter	300,000	100,000	100,000	-	300,000	-	-	-
D Meade	225,000	100,000	75,000	-	250,000	-	-	-
G Taylor	75,000	100,000	-	-	175,000	-	-	-
<b>Total</b>	<b>2,800,000</b>	<b>400,000</b>	<b>1,225,000</b>	<b>-</b>	<b>1,975,000</b>			

## AUDITED REMUNERATION REPORT

### CONTINUED

Table 1: Remuneration of specified directors and executives

	Balance 30 June 2015	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2016
<b>Specified Directors</b>					
D Trude	103,623	-	-	1,956	105,579
B Adams	152,304	-	-	-	152,304
P Berry	15,304	-	-	-	15,304
A Hansen	38,744,194	-	1,050,000	-	39,794,194
S Morgan	-	-	-	20,000	20,000
D Osborne	377,521	-	-	11,463	388,984
<b>Specified executives</b>					
N Fernando	6,793	-	-	289	7,082
C Hunter	803,691	-	100,000	-	903,691
D Meade	8,510	-	75,000	(80,868)	2,642
G Taylor	3,143	-	-	289	3,432
<b>Total</b>	<b>40,215,083</b>	<b>-</b>	<b>1,225,000</b>	<b>(46,871)</b>	<b>41,389,212</b>

#### Service agreements and contract details

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

As shown in note 23 to the accompanying financial statements, the CEO is a Director of 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 2016 financial year to the Trust were \$1,110,113.

### 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:

	2016	2015	2014	2013	2012	2011
Revenue (A\$ millions)	149.0	106.3	86.0	63.8	56.6	57.6
EBITDA (A\$ millions)	45.4	31.3	24.1	15.7	19.1	20.5
Earnings per share (cents)	13.7	10.3	9.2	5.7	8.2	8.7
ASX share price at 30 June	\$3.39	\$2.62	\$1.27	\$0.91	\$0.92	\$0.90
Market capitalisation (millions) at 30 June	\$606.2	\$461.6	\$203.9	\$145.3	\$145.4	\$140.5
Dividend declared (cents per share) in respect of FY2016	7	6	6	6	6	6
Total shareholder return	31.7%	111.9%	45.6%	5.4%	8.9%	69.9%

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  
29 September 2016

## AUDITOR'S INDEPENDENCE DECLARATION



To the Directors of Hansen Technologies Ltd.

In relation to the independent audit for the year ended 30 June 2016, 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.

S D Whitchurch  
Partner

Pitcher Partners  
Melbourne

29 September 2016

# CORPORATE GOVERNANCE STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

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.hsnitech.com](http://www.hsnitech.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, clients, employees and the 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 employees 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, clients 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)



# CORPORATE GOVERNANCE STATEMENT CONTINUED

## FOR THE YEAR ENDED 30 JUNE 2016

The table below shows the gender diversity of the Company (worldwide) as at 30 June 2016:

	Female %	Male %
Board	17	83
Senior management	18	82
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.

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. 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.

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 can be found in the Ethics & Responsibilities document in the Corporate Governance section of the 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 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 2016 were Non-Executive Directors David Osborne and 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 are detailed in the Annual Report.

The Committee shall meet as required, but no less than twice each year. In the relevant reporting period, the Committee met four times and the attendances at these meetings are detailed within 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 2016.

#### External auditor

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

# CORPORATE GOVERNANCE STATEMENT CONTINUED

## FOR THE YEAR ENDED 30 JUNE 2016

### 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.hsnitech.com](http://www.hsnitech.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 2016 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 four times 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.

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.

# FINANCIAL REPORT

35 Company's Shareholders' Rights (Shareholders' Rights)

36 Company's Shareholders' Rights (Shareholders' Rights)

37 Company's Shareholders' Rights (Shareholders' Rights)

38 Company's Shareholders' Rights (Shareholders' Rights)

## Notes to the Financial Statements

39 Note 1 Shareholders' Rights (Shareholders' Rights)

46 Note 2 Company's Shareholders' Rights (Shareholders' Rights)

47 Note 3 Shareholders' Rights (Shareholders' Rights)

49 Note 4 Shareholders' Rights (Shareholders' Rights)

50 Note 5 Shareholders' Rights (Shareholders' Rights)

51 Note 6 Shareholders' Rights

53 Note 7 Shareholders' Rights

53 Note 8 Shareholders' Rights (Shareholders' Rights)

54 Note 9 Shareholders' Rights

54 Note 10 Shareholders' Rights

55 Note 11 Shareholders' Rights (Shareholders' Rights)

55 Note 12 Shareholders' Rights

57 Note 13 Shareholders' Rights

57 Note 14 Shareholders' Rights

58 Note 15 Shareholders' Rights

59 Note 16 Shareholders' Rights

62 Note 17 Shareholders' Rights (Shareholders' Rights)

63 Note 18 Shareholders' Rights (Shareholders' Rights)

64 Note 19 Shareholders' Rights

64 Note 20 Shareholders' Rights

65 Note 21 Shareholders' Rights (Shareholders' Rights)

67 Note 22 Shareholders' Rights (Shareholders' Rights)

68 Note 23 Shareholders' Rights (Shareholders' Rights)

69 Note 24 Shareholders' Rights

70 Note 25 Shareholders' Rights (Shareholders' Rights)

71 Note 26 Shareholders' Rights

73 Note 27 Subsequent events

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2016

		Consolidated Entity	
	Note	2016 \$'000	2015 \$'000
Revenue	4	148,961	106,257
Other income	4	236	475
<b>Total revenue and other income</b>		<b>149,197</b>	<b>106,732</b>
Employee benefit expenses	5	(74,249)	(55,295)
Depreciation expense	5	(2,547)	(1,863)
Amortisation expense	5	(6,489)	(5,213)
Property and operating rental expenses	5	(5,891)	(4,575)
Contractor and consultant expenses		(4,057)	(1,582)
Software licence expenses		(1,035)	(1,092)
Hardware and software expenses		(6,071)	(3,251)
Travel expenses		(4,955)	(3,719)
Communication expenses		(2,042)	(1,768)
Professional expenses		(1,915)	(1,407)
Other expenses		(3,522)	(2,964)
<b>Total expenses</b>		<b>(112,773)</b>	<b>(82,729)</b>
<b>Profit before income tax</b>		<b>36,424</b>	<b>24,003</b>
Income tax expense	6(b)	(10,341)	(7,059)
<b>Profit after income tax from continuing operations</b>		<b>26,083</b>	<b>16,944</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	17(a)¹	2,221	10,052
<b>Other comprehensive income/(expense) for the year</b>		<b>2,221</b>	<b>10,052</b>
<b>Total comprehensive income for the year attributable to members of the parent</b>		<b>28,304</b>	<b>26,996</b>
Basic earnings (cents) per share for continuing operations	20	14.7	10.3
<b>Total basic earnings (cents) per share</b>		<b>14.7</b>	<b>10.3</b>
Diluted earnings (cents) per share for continuing operations	20	14.4	10.0
<b>Total diluted earnings (cents) per share</b>		<b>14.4</b>	<b>10.0</b>

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 39 to 74.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2016

		Consolidated Entity	
	Note	2016 \$'000	2015 \$'000
<b>Current assets</b>			
Cash and cash equivalents	8	30,203	21,985
Receivables	9	21,507	19,950
Other current assets	10	6,923	5,202
<b>Total current assets</b>		<b>58,633</b>	<b>47,137</b>
<b>Non-current assets</b>			
Plant, equipment and leasehold improvements	11	6,743	7,556
Intangible assets	12	106,059	104,103
Deferred tax assets	6	4,030	3,599
<b>Total non-current assets</b>		<b>116,832</b>	<b>115,258</b>
<b>Total assets</b>		<b>175,465</b>	<b>162,395</b>
<b>Current liabilities</b>			
Payables	13	12,229	8,005
Borrowings	14	95	10,087
Current tax payable	6	2,187	3,813
Provisions	15	9,497	8,862
Unearned income		11,171	13,570
<b>Total current liabilities</b>		<b>35,179</b>	<b>44,337</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	6	4,810	4,012
Borrowings	14	291	374
Provisions	15	205	143
<b>Total non-current liabilities</b>		<b>5,306</b>	<b>4,529</b>
<b>Total liabilities</b>		<b>40,485</b>	<b>48,866</b>
<b>Net assets</b>		<b>134,980</b>	<b>113,529</b>
<b>Equity</b>			
Share capital	16	78,650	75,127
Foreign currency translation reserve	17(a)	10,167	7,946
Options granted reserve	17(b)	1,251	967
Retained earnings	17(c)	44,912	29,489
<b>Total equity</b>		<b>134,980</b>	<b>113,529</b>

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 39 to 74.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2016

Consolidated entity	Note	Consolidated Entity			Total Equity \$'000
		Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	
Balance as at 1 July 2015		75,127	8,913	29,489	113,529
Profit for the year		-	-	26,083	26,083
Movement in carrying amount of foreign entities due to currency translation	17(a)	-	2,221	-	2,221
<b>Total comprehensive income for the year</b>		-	2,221	26,083	28,304
<b>Transactions with owners in their capacity as owners:</b>					
Employee Share Plan	16(b)	161	-	-	161
Options exercised	16(b)	2,238	-	-	2,238
Employee share options	17(b)	-	284	-	284
Equity issued under dividend reinvestment plan	16(b)	1,154	-	-	1,154
Share purchase plan offer	16(b)	(30)	-	-	(30)
Dividends paid	7	-	-	(10,660)	(10,660)
<b>Total transactions with owners in their capacity as owners</b>		3,523	284	(10,660)	(6,853)
<b>Balance as at 30 June 2016</b>	16, 17	78,650	11,418	44,912	134,980

Consolidated Equity	Note	Consolidated Entity			Total Equity \$'000
		Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	
Balance as at 1 July 2014		45,126	(1,358)	22,318	66,086
Profit for the year		-	-	16,944	16,944
Movement in carrying amount of foreign entities due to currency translation	17(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	16(b)	155	-	-	155
Options exercised	16(b)	1,257	-	-	1,257
Employee share options	17(b)	-	219	-	219
Equity issued under dividend reinvestment plan	16(b)	1,510	-	-	1,510
Institutional placement	16(b)	14,780	-	-	14,780
Share purchase plan offer	16(b)	12,299	-	-	12,299
Dividends paid	7	-	-	(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>	16, 17	75,127	8,913	29,489	113,529

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 39 to 74.



# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2016

		Consolidated Entity	
	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		154,984	108,671
Payments to suppliers and employees		(110,764)	(67,479)
Interest received		62	60
Finance costs		(59)	(234)
Income tax paid	6(a)	(11,600)	(4,129)
<b>Net cash provided by operating activities</b>	<b>18(a)</b>	<b>32,623</b>	<b>36,889</b>
<b>Cash flows from investing activities</b>			
Payment for acquisition of business net of bank overdraft assumed	19	-	(29,900)
Payment for plant and equipment	11	(1,810)	(3,037)
Payment for capitalised development costs	12	(5,488)	(4,479)
<b>Net cash used in investing activities</b>		<b>(7,298)</b>	<b>(37,416)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue	16	161	27,436
Proceeds from options exercised	16	2,238	1,257
Proceeds from borrowings	14	-	24,000
Payment of borrowings	14	(10,000)	(25,748)
Dividends paid net of dividend reinvestment		(9,506)	(8,262)
<b>Net cash provided by (used in) financing activities</b>		<b>(17,107)</b>	<b>18,683</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,218</b>	<b>18,156</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>21,985</b>	<b>3,829</b>
<b>Cash and cash equivalents at end of the year</b>	<b>18(b)</b>	<b>30,203</b>	<b>21,985</b>

The consolidated statement of cash flow is to be read in conjunction with the notes to the financial statements set out on pages 39 to 74.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

## 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. The address of Hansen Technologies Ltd registered office and principle place of business is 2 Frederick St Doncaster, Victoria. Hansen Technologies Ltd is a for-profit entity for the purpose of preparing the financial statements.

This Financial Report was authorised for issue by the Directors on 29 September 2016.

### 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 and liabilities as described in the accounting policies.

### Significant 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 that 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 and support 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 measured net of the amount of goods and services tax (GST).

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 30 JUNL 2016

### 1. Statement of significant accounting policies continued

#### (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 and any accumulated impairment losses.

##### 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:	2016	2015
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 business 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 acquiree. Deferred consideration payable is measured at its acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at the acquisition date fair value.

Goodwill is recognised initially at the excess of:

(a) The aggregate of the consideration transferred, the fair value of the non-controlling interests and the acquisition date fair value of the acquirer's previously held equity interest; over (b) the net fair value of the identifiable assets acquired and liabilities assumed.

Acquisition-related costs are expensed as incurred.

## (h) Intangibles

### Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Refer to note 1(g) for a description of how goodwill arising from a business combination is initially measured.

### 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 five to ten years for technology and trademarks, and the term of the contract for customer contracts. 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.

Development costs are capitalised when the entity can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development.

Capitalised development expenditure is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using a straight-line method to allocate the cost of the intangible asset over its estimated useful life, which range from five to ten years. Amortisation commences 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 30 JUN 2016

### 1. Statement of significant accounting policies continued

#### (j) Income tax consolidation

##### Income tax consolidation

The consolidated entity is subject to income taxes in Australia and jurisdictions in which it has foreign operations. In some of these jurisdictions, namely Australia, the US and Denmark, the immediate parent entity and entities it controls have formed local income tax consolidated groups that are taxed as a single entity in their relevant jurisdiction. Each 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.

Each 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) Other long term employee benefit obligations

The provision for other long term employee benefits, including obligation for long service leave and annual leave, which are not expected to be settled wholly before 12 months after the end of the reporting period are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected further payments incorporate anticipated future wage and salary levels, durations of service and employee turnover and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long term employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur. All other long term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

##### (iii) Retirement benefit obligations

The consolidated entity makes superannuation contributions (currently 9.50% of the employee's average ordinary salary) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The Group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

#### (iv) Share-based payments

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

#### (v) Bonus plan

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

#### (vi) Termination benefits

The Group recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits are measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long term employee benefits.

#### (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, in which case the costs are capitalised until the asset is ready for its intended use or sale.

#### (n) Financial instruments

##### Classification

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

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

##### Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation by key management personnel. Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period. Fair value of listed investments is based on closing bid prices at the reporting date.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

## 1. Statement of significant accounting policies continued

### (o) Foreign currencies translations and balances

#### Functional currency 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 or expenses for the financial year.

#### Foreign subsidiaries

Subsidiaries that have a functional currency different to the presentation currency of the consolidated Group 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) Sales tax (including GST and VAT)

Revenues, expenses and assets are recognised net of the amount of sales tax, except where the amount of sales tax incurred is not recoverable from the Tax Office. In these circumstances the sales tax 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 sales tax.

Cash flows are presented in the statement of cash flows on a gross basis, except for the sales tax 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 Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191 and, accordingly, the amounts in the consolidated financial statements and in the Directors' Report have been rounded 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 2016

There are no new or amended accounting standards effective for the financial year beginning 1 July 2015 that have affected any amounts recorded in the current or prior year.

### (u) Accounting standards and interpretations issued but not operative at 30 June 2016

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.

(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 2018.

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.

(iii) AASB 16 Leases

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition, right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the Directors anticipate that the adoption of AASB 16 may have an impact on the Group's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

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.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUN 2016

### 2. Critical accounting estimates and judgements

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

#### (a) Impairment 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 (2015: 5%) for the remainder of the forecast period; and
- utilises a 12% (2015: 12%) 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% (2015: 2%) 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 2016 year. Returns are expected to be derived from this investment over coming years.

#### (e) Fair value measurement

Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy.

### 3. Financial risk management

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

- (a) interest rate risk;
- (b) credit risk;
- (c) liquidity and foreign exchange risk; 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.

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:

		Consolidated Entity				
	Note	Interest Bearing \$'000	Non-interest Bearing \$'000	Total Carrying Amount \$'000	Weighted Avg. Effective Interest Rate %	Fixed/ Variable Rate
<b>2016</b>						
<b>Financial assets</b>						
Cash and cash equivalents	8	30,203	-	30,203	1.53	variable
Receivables	9	-	21,507	21,507		
Other current assets	10	-	-	-		
		30,203	21,507	51,710		
<b>Financial liabilities</b>						
Payables	13	-	12,229	12,229		
Deferred consideration at fair value through the profit and loss	13	-	3,410	3,410		
Borrowings	14	386	-	386	1.39	variable
		386	15,639	16,025		
<b>2015</b>						
<b>Financial assets</b>						
Cash and cash equivalents	8	21,985	-	21,985	2.63	variable
Receivables	9	-	19,950	19,950		
Other current assets	10	-	38	38		
		21,985	19,988	41,973		
<b>Financial liabilities</b>						
Payables	13	-	5,724	5,724		
Deferred consideration at fair value through the profit and loss		-	2,281	2,281		
Borrowings	14	10,461	-	10,461	3.34	variable
		10,461	8,005	18,466		

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.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

### 3. Financial risk management

#### (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 by industry are as follows: utilities 30% (2015: 21%), telecommunications 38% (2015: 32%), pay-tv 30% (2015: 44%), and other 2% (2015: 3%).

The ageing analysis of trade and other receivables is provided in note 9. As the consolidated entity undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired are expected to be received in accordance with the credit terms.

#### (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 75% of its revenue is now earned in foreign currency designated transactions. The Group has a number of offices located internationally and more than 65% of its workforce 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 lease liabilities of \$0.386 million which 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 contingent consideration measured at fair value on a recurring basis, which was settled on 1 July 2016 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.

#### 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 \$3,410,217 are measured and recognised at fair value and have been determined to be a recurring Level 2 financial liability.

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 predetermined 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 predetermined price per share (which was included in the contract) and the value as at the date the amount becomes payable.

Transfers between Level 2 and 3

On 30 June 2016, the Group transferred the entire carrying amount of deferred consideration on acquisition of TeleBilling A/S from Level 3 fair value to Level 2 of the fair value hierarchy as there were no longer any significant unobservable inputs. Consistent with the Group's policy on transfers, the timing of the transfer coincided with confirmation that all service and performance criteria had been achieved, leaving observable inputs as the only significant inputs for measuring the fair value of the liability for the consideration. As disclosed in note 13, the liability for deferred consideration was extinguished shortly after the reporting date by the Group issuing shares to the value of \$3,410,217.

#### 4. Revenue and other income

	Consolidated Entity	
	2016 \$'000	2015 \$'000
Revenues from continuing operations		
Revenue from sale of goods and services	148,961	106,257
	148,961	106,257
Other income:		
From operating activities		
Interest received	62	60
Net foreign exchange gains	(59)	203
Other income	233	212
Total other income	236	475
Total revenue and other income from continuing operations	149,197	106,732

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

## 5. Profit from continuing operations

		Consolidated Entity	
	Note	2016 \$'000	2015 \$'000
Profit from continuing operations before income tax has been determined after the following specific expenses:			
Employee benefit expenses			
Wages and salaries		68,587	51,142
Superannuation costs		5,378	3,934
Share-based payments		284	219
Total employee benefit expenses		74,249	55,295
Depreciation expense			
Plant, equipment and leasehold improvements	11	2,547	1,863
Total depreciation of non-current assets		2,547	1,863
Amortisation of non-current assets			
Technology, trademarks and customer contracts	12	3,572	3,082
Research and development	12	2,917	2,131
Total amortisation of non-current assets		6,489	5,213
Property and operating rental expenses			
Rental charges		5,891	4,575
Total property and operating rental expenses		5,891	4,575
Finance charges			
Finance costs		-	234
Total finance costs		-	234

## 6. Income tax

	Consolidated Entity	
	2016 \$'000	2015 \$'000
<b>(a) Components of income tax expense:</b>		
Current tax	9,635	6,537
Deferred tax	367	861
Under/(over) provision in prior years	339	(339)
<b>Total income tax expense</b>	<b>10,341</b>	<b>7,059</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%	10,927	7,201
<b>Add/(less) tax effect of:</b>		
Impact of tax rates on foreign subsidiaries	249	772
Research and development allowances	(1,494)	(271)
Non-deductible share-based payments	52	65
Under/(over) provision in prior years	339	(339)
Gain on foreign exchange assessable/(non-assessable)	407	-
Deferred tax not previously brought to account	-	(420)
Other (allowable)/non-allowable items	(139)	51
<b>Income tax expense attributable to profit</b>	<b>10,341</b>	<b>7,059</b>
<b>(c) Current tax liability</b>		
Current tax relates to the following:		
<b>Current tax liabilities/(assets)</b>		
Opening balance	3,813	1,061
Liability from acquisition	-	544
Prior year under/(over) provision	340	(339)
Income tax	9,635	6,537
Tax payments	(11,600)	(4,129)
Other	(1)	139
	<b>2,187</b>	<b>3,813</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

## 6. Income tax continued

	Consolidated Entity	
	2016	2015
	\$'000	\$'000
(d) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes	520	369
Other payables	1,155	1,121
Employee benefits	2,355	2,109
	4,030	3,599
Deferred tax liabilities balance comprises:		
Research and development expenditure capitalised	(3,504)	(3,182)
Difference in depreciation and amortisation of plant, equipment and intangibles for accounting and income tax purposes	(1,108)	(781)
Other income not yet assessable	(198)	(49)
	(4,810)	(4,012)
Net deferred tax	(780)	(413)
(e) Deferred income tax (revenue)/expense included in income tax expense comprises:		
Increase in deferred tax assets	(431)	(1,021)
Decrease in deferred tax liabilities	798	1,882
	367	861
(f) Deferred tax assets not brought to account		
Tax effect of capital losses	847	847
Tax effect of operating losses	806	819
	1,653	1,666

## 7. Dividends

### 2016

A regular dividend of 3 cents per share, together with a special dividend of 1 cent per share, has been declared. This final dividend of 4 cents per share, franked to 4 cents, was announced to the market on 24 August 2016. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2016.

	Consolidated Entity	
	2016 \$'000	2015 \$'000
<b>Dividends provided for or paid during the year</b>		
3 cent per share final dividend paid 30 September 2015 – fully franked	5,307	
3 cent per share final dividend paid 30 September 2014 – fully franked		4,874
3 cent per share interim dividend paid 31 March 2016 – franked to 2.5 cents	5,353	
3 cent per share interim dividend paid 27 March 2015 – franked to 2.5 cents		4,899
	<b>10,660</b>	<b>9,773</b>
<b>Proposed dividend not recognised at the end of the year</b>	<b>7,252</b>	<b>5,307</b>
<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	5,513	2,473

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

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

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

## 8. Cash and cash equivalents

	Consolidated Entity	
	2016 \$'000	2015 \$'000
<b>Current</b>		
Cash at bank and on hand	29,644	5,718
Interest bearing deposits	559	16,267
	<b>30,203</b>	<b>21,985</b>



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 30 JUNE 2016

### 9. Receivables

	Consolidated Entity	
	2016 \$'000	2015 \$'000
Current		
Trade receivables	20,821	19,578
Less: provision for impairment	(31)	(470)
	20,790	19,108
Sundry receivables	717	842
	21,507	19,950

	Gross 2016 \$'000	Impairment 2016 \$'000	Gross 2015 \$'000	Impairment 2015 \$'000
Trade and other receivables ageing analysis at 30 June:				
Not past due	14,685	-	15,708	-
Past due 31-60 days	1,416	-	1,350	-
Past due 61-90 days	803	-	1,072	-
Past due more than 91 days	3,917	31	1,448	470
	20,821	31	19,578	470

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

	2016 \$'000	2015 \$'000
Movements in the provision for impairment were:		
Opening balance at 1 July	470	317
Movement for the year	(439)	393
Amounts written off	-	(319)
Foreign exchange translation	-	79
Closing balance at 30 June	31	470

### 10. Other current assets

	Consolidated Entity	
	2016 \$'000	2015 \$'000
Current		
Prepayments	2,341	1,990
Other receivables	-	38
Accrued revenue	4,582	3,174
	6,923	5,202

## 11. Plant, equipment and leasehold improvements

	Consolidated Entity	
	2016 \$'000	2015 \$'000
Plant, equipment and leasehold improvements at cost	33,504	32,111
Accumulated depreciation	(26,761)	(24,555)
<b>Total plant, equipment and leasehold improvements</b>	<b>6,743</b>	<b>7,556</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	
	2016 \$'000	2015 \$'000
<b>Plant, equipment and leasehold improvements</b>		
Carrying amount at 1 July	7,556	4,376
Additions	1,810	3,037
Acquired	-	1,960
Disposals	(117)	(19)
Depreciation expense	(2,547)	(1,863)
Net foreign currency movements arising from foreign operations	41	65
<b>Carrying amount at 30 June</b>	<b>6,743</b>	<b>7,556</b>

## 12. Intangible assets

	Consolidated Entity	
	2016 \$'000	2015 \$'000
Goodwill at cost	84,196	81,888
Accumulated impairment	(1,575)	(1,454)
	<b>82,621</b>	<b>80,434</b>
Technology, trademarks and customer contracts at cost	22,496	21,740
Accumulated amortisation and impairment	(11,119)	(7,487)
	<b>11,377</b>	<b>14,253</b>
Software development at cost	35,141	29,574
Accumulated amortisation and impairment	(23,080)	(20,158)
	<b>12,061</b>	<b>9,416</b>
<b>Total intangible assets</b>	<b>106,059</b>	<b>104,103</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 30 JUNE 2016

### 12. Intangible assets continued

	Consolidated Entity	
	2016	2015
	\$'000	\$'000
<b>Reconciliation of goodwill at cost</b>		
Carrying amount at 1 July	81,888	54,944
Increase due to acquisition	-	20,062
Net foreign currency movements arising from foreign operations	2,308	6,882
Carrying amount at 30 June	84,196	81,888
Accumulated impairment at beginning of year	(1,454)	(1,433)
Net foreign currency movements arising from foreign operations	(121)	(21)
Accumulated impairment at end of year	(1,575)	(1,454)
<b>Reconciliation of technology, trademarks and customer contracts at cost</b>		
Carrying amount at 1 July	21,740	12,377
Increase due to acquisition	-	7,091
Net foreign currency movements arising from foreign operations	756	2,272
Carrying amount at 30 June	22,496	21,740
Accumulated amortisation and impairment at beginning of year	(7,487)	(3,764)
Amortisation of technology, trademarks and customer contracts	(3,572)	(3,082)
Net foreign currency movements arising from foreign operations	(60)	(641)
Accumulated amortisation and impairment at end of year	(11,119)	(7,487)
<b>Reconciliation of software development at cost</b>		
Carrying amount at 1 July	29,574	28,627
Expenditure capitalised in current period	5,488	4,479
Fully amortised write back	-	(3,994)
Net foreign currency movements arising from foreign operations	79	462
Carrying amount at 30 June	35,141	29,574
Accumulated amortisation at beginning of year	(20,158)	(21,977)
Current year charge	(2,917)	(2,131)
Fully amortised write back	-	3,994
Net foreign currency movements arising from foreign operations	(5)	(44)
Accumulated amortisation at end of year	(23,080)	(20,158)

### 13. Payables

	Consolidated Entity	
	2016 \$'000	2015 \$'000
<b>Current</b>		
Trade payables	2,061	1,885
Other payables	10,168	6,120
	<u>12,229</u>	<u>8,005</u>

Included in other payables is a liability for contingent consideration related to a business combination dated 1 May 2015. This liability was settled on 1 July 2016 in the amount of \$3,410,217. Refer to note 3 for further information.

### 14. Borrowings

	Consolidated Entity	
	2016 \$'000	2015 \$'000
<b>Current</b>		
<i>Secured</i>		
Term facility	-	10,000
Lease liability	95	87
	<u>95</u>	<u>10,087</u>
<b>Non-current</b>		
<i>Secured</i>		
Lease liability	291	374
	<u>291</u>	<u>374</u>

The Company has a secured A\$30 million multi-currency facility with its external bankers to provide additional funding as required for acquisitions and general corporate purposes, which will expire May 2018.

The facility is secured by 90% of Group assets. As at 30 June 2016, the remaining unutilised portion of the facility was A\$30 million.

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 JUNL 2016

## 15. Provisions

	Consolidated Entity	
	2016 \$'000	2015 \$'000
<b>Current</b>		
Employee benefits	9,201	8,586
Other	296	276
	<u>9,497</u>	<u>8,862</u>
<b>Non-current</b>		
Employee benefits	205	143
	<u>205</u>	<u>143</u>
<b>(a) Aggregate employee benefits liability</b>	<b>9,406</b>	<b>8,729</b>
<b>(b) Number of employees at year end</b>	<b>579</b>	<b>544</b>
<i>Other – current</i>		
Carrying amount at beginning of year	276	95
Net provisions (payments) made during the year	20	181
Carrying amount at end of year	<u>296</u>	<u>276</u>

### Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in note 1(l).

## 16. Contributed capital

	Consolidated Entity	
	2016 \$'000	2015 \$'000
(a) Issued and paid up capital		
Ordinary shares, fully paid	78,650	75,127

	Consolidated Entity		Consolidated Entity	
	2016 No. of Shares	2016 \$'000	2015 No. of Shares	2015 \$'000
(b) Movements in shares on issue				
Balance at beginning of the financial year	176,195,333	75,127	161,209,642	45,126
Shares issued under dividend reinvestment plan	377,199	1,154	931,695	1,510
Shares issued under employee share plan	46,529	161	65,720	155
Options exercised	2,295,000	2,238	1,345,000	1,257
Institutional placement	-	-	6,966,717	14,780
Share purchase plan offer	-	(30)	5,676,559	12,299
Balance at end of the financial year	178,914,061	78,650	176,195,333	75,127

### (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.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

### 16. Contributed capital continued

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 21 for disclosure regarding valuation inputs.

Since the end of the financial year NIL (2015: 1,000,000) share options have been granted under this scheme.

#### Options issued and not yet exercised at 30 June 2016

Grant Date	Exercise Date	Expiry Date	Exercise Price \$	No. of Options at Beg. of Year	Options Granted	Options Exercised or Lapsed	No. of Options at End of Year	
							Issued	Vested
Consolidated 2016								
1 January 2011	1 January 2014	1 January 2016	0.75	75,000	-	75,000	-	-
2 July 2011	2 July 2014	2 July 2016	0.91	295,000	-	295,000	-	-
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	-	565,000	220,000	-
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	-	100,000	795,000	-
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	1,075,000	-	200,000	875,000	-
2 July 2015	2 July 2018	2 July 2020	2.67	-	1,000,000	-	1,000,000	-
Total				5,335,000	1,000,000	2,395,000	3,940,000	

The weighted average share price for share options exercised during the period was \$0.98.

The weighted average remaining contractual life for share options outstanding at the end of the period was 0.68 years.

## 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
Consolidated 2015								
1 July 2010	1 July 2013	1 July 2015	0.58	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	-	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	-
Total				5,605,000	1,115,000	1,385,000	5,335,000	410,000

## 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:

- 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
- the date on which the participant is no longer employed by the Company or a related body corporate of the Company.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

### 16. Contributed capital continued

#### Employee Share Plan continued

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

	Consolidated Entity	
	2016 No. of Shares	2015 No. of Shares
Number of shares at beginning of year	329,326	397,577
Number of shares distributed to employees	46,529	65,720
Number of shares transferred to main share registry and/or disposed of	(156,277)	(133,971)
Number of shares at year end	219,578	329,326

The consideration for the shares issued 4 May 2016 was \$3.46 (27 April 2015: \$2.3534).

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	
	2016 \$'000	2015 \$'000
Current receivables	40	39
Issued ordinary share capital	161	155

The market value of ordinary Hansen Technologies Ltd shares closed at \$3.39 on 30 June 2016 (\$2.62 on 30 June 2015).

### 17. Reserves and retained earnings

	Note	Consolidated Entity	
		2016 \$'000	2015 \$'000
Foreign currency translation reserve	17(a)	10,167	7,946
Options granted reserve	17(b)	1,251	967
Retained earnings	17(c)	44,912	29,489
<b>(a) Foreign currency translation reserve</b>			
This reserve is used to record the exchange differences arising on translation of a foreign entity.			
<i>Movements in reserve</i>			
Balance at beginning of year		7,946	(2,106)
Adjustment to carrying value of overseas interests due to currency fluctuation		2,221	10,052
Balance at end of year		10,167	7,946
<b>(b) Options granted reserve</b>			
This reserve is used to record the fair value of options issued to employees as part of their remuneration.			
<i>Movements in reserve</i>			
Balance at beginning of year		967	748
Value of options granted during the year		284	219
Balance at end of year		1,251	967

	Consolidated Entity	
	2016 \$'000	2015 \$'000
(c) Retained earnings		
Balance at beginning of year	29,489	22,318
Dividends paid during the year	(10,660)	(9,773)
Net profit attributable to members of Hansen Technologies Ltd	26,083	16,944
Balance at end of year	44,912	29,489

## 18. Cash flow information

	Consolidated Entity	
	2016 \$'000	2015 \$'000
(a) Reconciliation of the net profit after tax to net cash flows from operations		
Net profit from ordinary activities after income tax	26,083	16,944
Add/(less) items classified as investing/financing activities:		
Net (profit)/loss on sale of non-current assets	-	-
Add/(less) non-cash items:		
Amortisation and depreciation	9,036	7,076
Share-based payment expense	284	219
Unrealised foreign exchange	(811)	425
Adjustment to fair value on contingent liabilities	1,589	294
Employee share scheme	121	112
Net cash provided by operating activities before change in assets and liabilities	36,302	25,070
Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:		
(Increase)/decrease in trade receivables	(1,557)	85
(Increase)/decrease in other receivables and other assets	(1,721)	2,874
Increase/(decrease) in trade payables	176	(134)
Increase/(decrease) in other payables and unearned income	(15)	(154)
Increase/(decrease) in provisions	697	6,218
(Increase)/decrease in deferred taxes	367	722
Increase/(decrease) in income tax payable	(1,626)	2,208
Net cash provided by operating activities	32,623	36,889
(b) Reconciliation of cash		
Cash at bank	30,203	21,985
(c) Loan facilities		
Loan facility	30,000	30,000
Amount utilised	-	(10,000)
Unused loan facility	30,000	20,000

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

## 19. Commitments

	Consolidated Entity	
	2016	2015
	\$'000	\$'000
<b>Lease expenditure commitments</b>		
<i>Operating leases (non-cancellable):</i>		
Not later than one year	4,617	3,378
Later than one year and not later than five years	13,486	9,499
Later than five years	3,251	3,128
<b>Aggregate lease expenditure contracted for at reporting date</b>	<b>21,354</b>	<b>16,005</b>
<i>Finance lease commitments</i>		
Not later than one year	82	87
Later than one year and not later than five years	291	374
<b>Total minimum lease payments</b>	<b>373</b>	<b>461</b>
Less: Future finance charges	-	-
<b>Present value of minimum lease payment</b>	<b>373</b>	<b>461</b>
<b>Lease liabilities provided for in the financial statements:</b>		
<i>Current</i>	<b>82</b>	<b>87</b>
<i>Non-current</i>	<b>291</b>	<b>374</b>
<b>Total lease liabilities</b>	<b>373</b>	<b>461</b>

### Operating leases (non-cancellable)

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

### 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.

## 20. Earnings per share

	Consolidated Entity	
	2016	2015
	\$'000	\$'000
<b>Reconciliation of earnings used in calculating earnings per share:</b>		
Basic earnings – ordinary shares	26,083	16,944
Diluted earnings – ordinary shares	26,083	16,944
	2016	2015
	No. Shares	No. Shares
<b>Weighted average number of ordinary shares used in calculating basic earnings per share:</b>		
Number for basic earnings per share – ordinary shares	177,557,079	164,045,486
Number for diluted earnings per share – ordinary shares	181,491,615	169,374,596

	2016 Cents Per Share	2015 Cents Per Share
Basic earnings (cents) per share from continuing operations	14.7	10.3
Total basic earnings (cents) per share	14.7	10.3
Diluted earnings (cents) per share from continuing operations	14.4	10.0
Total diluted earnings (cents) per share	14.4	10.0

#### 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.

## 21. Directors' and executives' equity holdings

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

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

	Vested During the Year	Granted During the Year	Grant Date	Value Per Option at Grant Date	Terms and Conditions for Each Grant		
2016					Exercise Price	Vesting Date	Last Exercise Date
Executive Directors							
A Hansen	1,050,000	-	-	-	-	-	-
Specified executives							
N Fernando	-	100,000	2 July 2015	\$0.56	\$2.67	2 July 2018	2 July 2020
C Hunter	100,000	100,000	2 July 2015	\$0.56	\$2.67	2 July 2018	2 July 2020
D Meade	75,000	100,000	2 July 2015	\$0.56	\$2.67	2 July 2018	2 July 2020
G Taylor	-	100,000	2 July 2015	\$0.56	\$2.67	2 July 2018	2 July 2020
Total	1,225,000	400,000					

	Vested During the Year	Granted During the Year	Grant Date	Value Per Option at Grant Date	Terms and Conditions for Each Grant		
2015					Exercise Price	Vesting Date	Last Exercise Date
Executive Directors							
A Hansen	750,000	-	-	-	-	-	-
Specified executives							
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
Total	1,140,000	600,000					

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

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

(b) Number of options held by key management personnel

						Vested at 30 June 2016		
2016	Balance 30 June 15	Granted as Remuneration	Options Exercised	Options Forfeited	Balance 30 June 16	Total	Exercisable	Unexercisable
<b>Executive Directors</b>								
A Hansen	2,100,000	-	1,050,000	-	1,050,000	-	-	-
<b>Specified executives</b>								
N Fernando	100,000	100,000	-	-	200,000	-	-	-
C Hunter	300,000	100,000	100,000	-	300,000	-	-	-
D Meade	225,000	100,000	75,000	-	250,000	-	-	-
G Taylor	75,000	100,000	-	-	175,000	-	-	-
<b>Total</b>	<b>2,800,000</b>	<b>400,000</b>	<b>1,225,000</b>	<b>-</b>	<b>1,975,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

						Vested at 30 June 15		
2015	Balance 30 June 14	Granted as Remuneration	Options Exercised	Options Forfeited	Balance 30 June 15	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>

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 2020. 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 3.05%;
- a probability factor for the likelihood of the options being exercised based on historical trends of 80%; and
- compared the issue price (\$2.67 cents per share) with the market price on day of issue (\$2.67 cents per share); to
- determine a weighted average fair value for the options issued as at grant date of \$0.560 cents per option.

(c) Number of shares held by key management personnel

2016	Balance 30 June 2015	Received as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2016
<b>Specified Directors</b>					
D Trude	103,623	-	-	1,956	105,579
B Adams	152,304	-	-	-	152,304
P Berry	15,304	-	-	-	15,304
A Hansen	38,744,194	-	1,050,000	-	39,794,194
S Morgan	-	-	-	20,000	20,000
D Osborne	377,521	-	-	11,463	388,984
<b>Specified executives</b>					
N Fernando	6,793	-	-	289	7,082
C Hunter	803,691	-	100,000	-	903,691
D Meade	8,510	-	75,000	(80,868)	2,642
G Taylor	3,143	-	-	289	3,432
<b>Total</b>	<b>40,215,083</b>	<b>-</b>	<b>1,225,000</b>	<b>(46,871)</b>	<b>41,393,212</b>

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>

22. Directors' and executives' compensation

	Consolidated Entity	
	2016	2015
Short term employment benefits	2,862,568	2,657,670
Post-employment benefits	190,722	185,746
Share-based payments	179,516	58,945
	<b>3,232,806</b>	<b>2,902,361</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

## 23. Related party disclosures

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

Name	Note	Country of Incorporation	Ordinary Share Consolidated Entity Interest	
			2016 %	2015 %
Parent entity				
Hansen Technologies Ltd		Australia		
Subsidiaries of Hansen Technologies Ltd				
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
Hansen Technologies (Shanghai) Company Limited		China	100	100
Hansen Technologies Denmark A/S	(i)	Denmark	100	100
TeleBilling Systems A/S	(ii)	Denmark	100	100
Hansen Customer Support India Private Limited	(iii)	India	100	-
Hansen New Zealand Limited		New Zealand	100	100
Hantech Singapore Pte Ltd	(iv)	Singapore	100	-
Hansen Corporation Europe Limited		United Kingdom	100	100
Hansen Holdings Europe Limited		United Kingdom	100	100
Hansen Technologies North America, Inc.		United States	100	100
Hansen ICC, LLC		United States	100	100
Hansen Banner, LLC		United States	100	100
Peace Software Inc.		United States	100	100

### Notes

(i) Officially changed the company name from TeleBilling A/S to Hansen Technologies Denmark A/S 1 June 2016.

(ii) In the process of being merged into Hansen Technologies Denmark A/S and de-registered.

(iii) Incorporated 2 June 2016.

(iv) Incorporated 28 January 2016.

(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	
	2016 \$	2015 \$
A related party to Andrew Hansen – lease rental payments	1,110,113	1,104,615

## 24. Auditors' remuneration

	Consolidated Entity	
	2016	2015
	\$	\$
<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	340,969	289,160
(ii) Other non-audit services		
– taxation services	27,110	23,848
– compliance services	-	15,935
	27,110	39,783
<b>Total remuneration of Pitcher Partners (Melbourne)</b>	<b>368,079</b>	<b>328,943</b>
<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	25,249	39,960
(ii) Other non-audit services		
– taxation services	6,231	7,976
– compliance services	148,949	159,314
	155,180	167,290
<b>Total remuneration of network firms of Pitcher Partners</b>	<b>180,429</b>	<b>207,250</b>
<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	84,882	82,272
(ii) Other non-audit services		
– taxation services	22,390	53,196
– compliance services	-	2,095
	22,390	55,290
<b>Total remuneration of non-related auditors of group entities</b>	<b>107,272</b>	<b>137,562</b>
<b>Total auditors' remuneration</b>	<b>655,780</b>	<b>673,755</b>



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

### 25. Parent entity information

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

	Parent Entity	
	2016 \$'000	2015 \$'000
<b>(a) Summarised statement of financial position</b>		
<b>Assets</b>		
Current assets	96	68
Non-current assets	91,966	85,502
<b>Total assets</b>	<b>92,062</b>	<b>85,570</b>
<b>Liabilities</b>		
Current liabilities	4,163	3,773
Non-current liabilities	-	13
<b>Total liabilities</b>	<b>4,163</b>	<b>3,786</b>
<b>Net assets</b>	<b>87,899</b>	<b>81,784</b>
<b>Equity</b>		
Share capital	78,650	75,127
Accumulated profits	7,998	5,690
Share-based payments reserve	1,251	967
<b>Total equity</b>	<b>87,899</b>	<b>81,784</b>
<b>(b) Summarised statement of comprehensive income</b>		
Profit for the year	12,968	798
<b>Total comprehensive income for the year</b>	<b>12,968</b>	<b>798</b>

A dividend was paid from Hansen Corporation Pty Ltd to Hansen Technologies Ltd of \$12.5 million during the financial year.

### (c) Parent entity guarantees

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

## 26. Segment information

### (a) Description of segments

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

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

#### 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

2016	2016 Financial Year			
	Billing \$'000	Outsourcing \$'000	Other \$'000	Total \$'000
<b>Segment revenue</b>				
Total segment revenue	139,939	6,310	2,712	148,961
Segment revenue from external source	139,939	6,310	2,712	148,961
<b>Segment result</b>				
Total segment result	33,874	2,811	1,085	37,770
Segment result from external source	33,874	2,811	1,085	37,770
<i>Items included within the segment result:</i>				
Depreciation expense	2,063	169	4	2,236
Amortisation expense	6,489	-	-	6,489
<b>Total segment assets</b>	140,716	1,669	717	143,102
Additions to non-current assets	1,035	-	-	1,035
<b>Total segment liabilities</b>	34,231	1,464	629	36,324

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 JUNE 2016

## 26. Segment information continued

2015	2015 Financial Year			Total \$'000
	Billing \$'000	Outsourcing \$'000	Other \$'000	
Segment revenue				
Total segment revenue	97,275	6,040	2,942	106,257
Segment revenue from external source	97,275	6,040	2,942	106,257
Segment result				
Total segment result	21,779	2,858	958	25,595
Segment result from external source	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
Total segment assets	135,799	1,558	758	138,115
Additions to non-current assets	1,285	631	-	1,916
Total segment liabilities	32,695	1,606	782	35,083

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

	2016 \$'000	2015 \$'000
Segment revenue from external source	148,961	106,257
Other revenue	174	415
Interest revenue	62	60
Total revenue	149,197	106,732

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

	2016 \$'000	2015 \$'000
APAC	41,167	39,068
Americas	35,184	32,142
EMEA	72,610	35,047
Total revenue	148,961	106,257

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

	2016 \$'000	2015 \$'000
Segment result from external source	37,770	25,595
Interest revenue	62	60
Interest expense	(59)	(234)
Depreciation and amortisation	(311)	(259)
Other expense	(1,038)	(1,159)
Total profit before income tax	36,424	24,003

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

	2016 \$'000	2015 \$'000
Segment assets	143,102	138,115
Unallocated assets		
– Cash	30,203	21,985
– Other	2,160	2,295
Total unallocated assets	32,363	24,280
Total assets	175,465	162,395

Total assets attributed to individual countries is detailed as follows:

	2016 \$'000	2015 \$'000
APAC	52,130	58,691
Americas	75,372	58,355
EMEA	47,963	45,349
Total assets	175,465	162,395

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

	2016 \$'000	2015 \$'000
Segment liabilities	36,324	35,083
Unallocated liabilities		
– Bank facility	-	10,000
– Other	4,161	3,783
Total unallocated liabilities	4,161	13,783
Total liabilities	40,485	48,866

## 27. Subsequent events

### PPL Solutions, LLC

(i) The Company acquired 100% of the share capital of PPL Solutions LLC, with the effective date being 1 July 2016

	2016 \$'000
Consideration	
Cash paid	14,295
Deferred consideration	-
Total acquisition cost	14,295
Add bank overdraft assumed	-
Payment for acquisition of business	14,295

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 30 JUNE 2016

### 27. Subsequent events continued

(i) The Company acquired 100% of the share capital of PPL Solutions LLC, with the effective date being 1 July 2016 continued

	Fair Value 2016 \$'000
Net assets acquired	
<i>Assets</i>	
Receivables	2,674
Other current assets	2,149
Plant and equipment	302
Total assets acquired	5,125
<i>Liabilities</i>	
Payables	2,124
Accruals	519
Provisions	757
Current tax liability	31
Other liabilities	639
Total liabilities acquired	4,070
Net assets acquired	1,055
<b>Total acquisition cost adjusted for net assets acquired</b>	<b>13,240</b>
Technology	5,709
Customer contracts	4,535
Goodwill	2,996
<b>Net intangibles</b>	<b>13,240</b>

Goodwill arose on the acquisition of PPL Solutions 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 and technology. The value of goodwill represents the future benefit arising from the expected future earnings, synergies and personnel assumed via the acquisition.

The business combination post year end has been provisionally accounted for as the initial accounting is yet to be completed due to working capital adjustments still being finalised and the purchase price allocation of intangible assets being subject to review.

There has been no other matter or circumstance, which has arisen since 30 June 2016, that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the consolidated entity; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the consolidated entity

## DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 35 to 74 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 2016 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 section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2016.

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



David Trude  
Director



Andrew Hansen  
Director

Melbourne  
29 September 2016

# 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 2016, 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 2016 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 18 to 27 of the Directors' Report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

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

S D Whitchurch  
Partner

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

Pitcher Partners

Melbourne  
29 September 2016

An independent Victorian Partnership ABN 27 975 255 196  
Level 19, 15 William Street, Melbourne VIC 3000  
Liability limited by a scheme approved under Professional Standards Legislation

Pitcher Partners is an association of independent firms  
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle  
An independent member of Baker Tilly International

## ASX ADDITIONAL INFORMATION

Refer to note 16.

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
Oihonna Pty Ltd (including associates)	34,739,113	19.15%
HSBC Custody Nominees	23,145,933	12.76%
J.P Morgan Nominees	13,486,991	7.44%

### Voting rights

Ordinary shares and options – refer note 16.

### Distribution of equity security holders

Category	Number of Equity Security Holders	
	Ordinary Shares	Options
1 to 1,000	2,045	-
1,001 to 5,000	4,450	-
5,001 to 10,000	1,771	-
10,001 to 100,000	1,729	5
100,000 and over	88	11

The number of shareholders holding less than a marketable parcel of ordinary shares is 159.

### Twenty largest shareholders

Name	Total Units	Percentage of Issued Capital
Oihonna Pty Ltd	34,739,113	19.15%
HSBC Custody Nominees (Australia) Limited	23,145,933	12.76%
J P Morgan Nominees Australia Limited	13,486,991	7.44%
National Nominees Limited	7,388,474	4.07%
BNP Paribas Noms Pty Ltd	5,858,419	3.23%
Citicorp Nominees Pty Limited	5,416,747	2.99%
Andrew Alexander Hansen	2,102,304	1.16%
CS Fourth Nominees Pty Limited	1,325,613	0.73%
Mrs Yvonne Irene Hansen	1,187,714	0.65%
UBS Nominees Pty Ltd	1,129,912	0.62%
Mr Cameron Hunter	1,003,691	0.55%
Brispot Nominees Pty Ltd	901,855	0.50%
Mr James Lucas & Ms Lesley Dormer	800,940	0.44%
BNP Paribas Nominees Pty Ltd	738,467	0.41%
HSBC Custody Nominees (Australia) Limited – A/C 3	544,261	0.30%
Pacific Custodians Pty Limited	535,326	0.30%
Six of Us Pty Ltd	490,000	0.27%
ABN Amro Clearing Sydney Nominees Pty Ltd	488,180	0.27%
Ozgun Pty Ltd	450,000	0.25%
JH & CE Pty Ltd	402,304	0.22%
<b>Total</b>	<b>102,136,244</b>	<b>56.31%</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 Limited

Tower 4

727 Collins Street

Melbourne VIC 3008

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.

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