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ONE GLOBAL PRESENCE

Annual Report
2017

HANSEN
TECHNOLOGIES
Customer Care & Billing Solutions

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1,000+ staff spread across 31 offices to support our customers



OPERATIONS

● Offices

CUSTOMERS SERVICED

● Regions

Notice of Annual General Meeting

Annual General Meeting of the Company is to be held on 23 November 2017 at 11am, Manningham Civic Centre, 699 Doncaster Road, Doncaster, Victoria.

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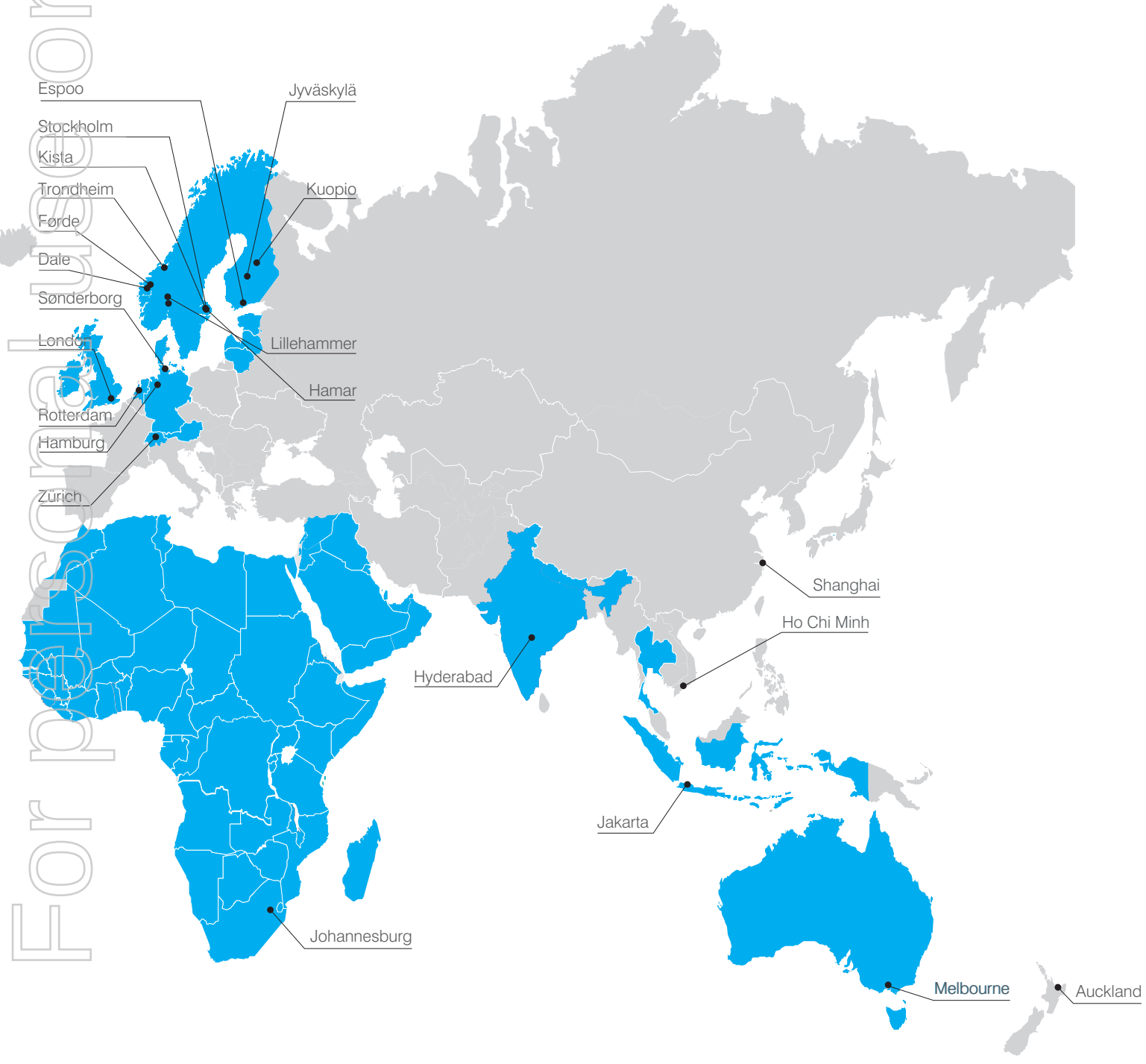
COMPANY PROFILE

With over 40 years' experience, Hansen Technologies (ASX: HSN) is a leading global provider of billing and customer care technologies for energy, water, pay-tv operators, and telcos. Employing over 1,000 experts, Hansen's proven and scalable solutions as well as its innovative and flexible offerings, enable more than 600 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, Brazil, South Africa, Norway, Finland, Netherlands, Sweden, Switzerland and the United Kingdom servicing customers in over 80 countries around the world.



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CHAIRMAN AND CHIEF EXECUTIVE OFFICER JOINT REPORT

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It is with great pride that we present Hansen Technologies' Annual Report for fiscal 2017.

Hansen has grown as a global business specialising in customer care and billing for the energy, water, pay-tv and telco sectors. Our business now employs over 1,000 people representing more than 40 nationalities across offices in Australia, USA, New Zealand, China, Denmark, Germany, Argentina, Brazil, South Africa, Norway, Finland, Netherlands, Sweden, Switzerland and the United Kingdom.

The diversity and reach of our team continues to expand as our newly acquired businesses add subject matter and technical experts to our global talent pool. Once again, we would like to extend our congratulations and gratitude to the entire Hansen team who have delivered strongly to our business strategy, laying a solid foundation for continued success.

During the year we commenced a number of exciting projects with our existing customers to assist them to improve their business operations, upgrade their technical approach and adapt to the changing regulatory environment.

We continued to execute on the Company's acquisition strategy closing two acquisitions across the reporting period. The acquisition of PPL Solutions (PPLS) and HiAffinity have expanded our CIS capability in both the US and UK markets. Both of these acquisitions have delivered to our expectations across the period.



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Located in Pennsylvania, PPLS delivers a billing solution for 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 administration, allowing them to focus on growing their revenue cost-effectively. With a focus on deregulated markets, PPLS is well placed to address opportunities from within this emerging market.

Located in London, HiAffinity delivers billing solutions focusing in water utilities and with customers across Europe, Australia, and Africa, is a natural addition to the Hansen product suite.

2016–17 financial performance

Operating revenue of $174.7 million for the year was up 17.3% on the previous year. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $45.1 million was flat over the prior period, reflecting the impact of some currency headwinds and a year of further investment as we build out our global platform.



CHAIRMAN AND CHIEF EXECUTIVE OFFICER JOINT REPORT CONTINUED

Net profit after tax (NPAT) was $23.9 million and basic earnings per share (EPS) was 13.2 cents compared to $26.1 million and 14.7 cents last year, respectively. This deterioration in EPS is largely due to the increase in amortisation associated with the acquisition of intangibles in the businesses discussed above.

Following the release of the full year's operating results, the Directors declared a three cent per share fully franked final dividend. When combined with the interim dividend of three cents per share fully franked, the total distribution of six cents per share is consistent with the Board's capital management policy that balances ongoing investment against the payment of franked dividends.

Year-on-year comparison (A$m)

The 2017 financial year commenced as expected with the conclusion of our relationship with a long-standing superannuation client resulting in a $3 million reduction in revenue. Importantly, Hansen did not own the intellectual property in the superannuation solution provided to that client, further



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highlighting the importance of the decision taken many years ago to own the intellectual property in the solutions we provide. Following a very strong year in 2016, a more modest amount of underlying organic revenue growth was achieved throughout the year after adjusting for the impact of the strengthening Australian dollar.

Specific items that impacted our results when compared to the prior year's performance include:

- The strong appreciation of the AUD against most major currencies. The most notable event was Brexit where the British pound depreciated approximately 20% when compared to levels in FY16, impacting revenue earned from our UK customer base. With some of the direct costs associated with these customers based in Australia, this increased the impact in the movement in currency on margins.
- The customer care and billing division of PPLS has met our expectations since its acquisition in July 2016. However, legacy call-centre only business that was acquired as part of the transaction continues to trade at very low EBITDA margins in contrast to typical Hansen levels.
- We have continued to invest, with a number of programs affecting this year's profitability while strengthening the Company's foundation for continued growth. Such items include:
  - a heightened level of costs associated with acquisitions. We have undertaken the acquisition and integration of two businesses during the year and completed due diligence activities on a third business; and
  - investment in Company infrastructure across Sales and Marketing, Human Resource Management and IT Services.



Who we are

Hansen's core business is focused on the provision of customer care, billing and data management systems. Our modular products service four major industry sectors (energy, water, pay-tv and telco) each with industry-specific and geographic needs. We have proprietary solutions that address the specific requirements of customers within the differing segments of the sectors we service. As an example, for the energy sector we have software solutions designed for large customers focused on retail consumers, for power distribution companies, and for customers requiring complex, commercial billing. We also have products that deal with meter and market data management.

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.

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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 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 relatively stable operating environment.
- Product focus – our recent acquisitions have expanded our comprehensive set of customer care, billing and data management systems, and allowed us to enter new markets with a market presence that is referenceable.
- Our people – Hansen continues to offer great opportunities for learning and development. Our HR programs assist us to retain a pool of very talented staff across all aspects of the business. Our reputation as a global employer that invests in staff development assists us to attract talented young people to the team. This constantly refreshes our thinking and ensures we remain at the forefront of emerging technologies and trends.

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 core business.

The combination of a local in-market presence and the depth of experience that comes from our global exposure to evolving industry and technological change places us in a unique position when assisting our customers to address a business need within their home market. Gaining and maintaining customer confidence as we assist our customers to grow their business is common across all industries and all markets in which we operate.

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:

- focusing on specific markets and delivering directly into the markets ourselves or in partnership with a local industry partner;
- delivering best of breed solutions under a collaborative approach working directly with our clients;
- delivering a business outcome on time and on budget by adopting an agile approach;
- 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; and
- offering the flexibility of an on-premise, hosted or cloud-based solution.

Mergers and acquisitions

Hansen maintains a consistent targeted approach to its acquisitions. Targets must meet the following strict criteria to be considered:

- business must be within, or adjacent to, our 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 sector.

On 1 July 2017, Hansen executed an agreement to secure ownership of the Enoro Group of Companies.

Enoro is a leading European software provider for the utility sector, providing Customer Information Systems (CIS) and Meter and Energy Data Management (MDM/EDM) solutions. Based in the Nordic countries, the world's most advanced energy markets, Enoro has market-leading positions with around 300 customers and over 270 employees. Enoro Group has offices in Finland, Netherlands, Norway, Sweden and Switzerland.

(Please note: Enoro was acquired subsequent to the end of the financial year and has been reported as a subsequent event.)

Corporate Governance Statement

Hansen Group and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Hansen has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2017 Corporate Governance Statement is dated as at 30 June 2017 and reflects the corporate governance practices in place throughout the 2017 financial year. The 2017 Corporate Governance Statement was approved by the Board on 21 August 2017. A description of the group's current corporate governance practices is set out in the Group's Corporate Governance Statement, which can be viewed at www.hsntech.com/investors/corporate-governance/.



David Trude
Chairman



Andrew Hansen
CEO

21 August 2017

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One Global Presence

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 core business.

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 69

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 and Financial Advisers Association of Australia and the Australian Institute of Company Directors. He is also Chairman of Baillieu Holst Limited, a Director of CHI-X Australia Limited and Director of ASX listed Acorn Capital Investment Fund and MSL Solutions Limited.



Mr Andrew Hansen
Managing Director and CEO

Managing Director since 2000
Age 57

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 57

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 57
Resigned 6 December 2016

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 Metgasco Ltd until 21 January 2015. Previously, Peter practised as a corporate lawyer in both Melbourne and New York and holds degrees in Bachelor of Laws and Bachelor of Commerce (majoring in accounting) from Melbourne University.

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Ms Sarah Morgan
Non-Executive Director

Director since 2014
Chair of the Audit and Risk Committee
Member of the Remuneration Committee
Age 47

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 68

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 and 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 Jennifer Douglas
Non-Executive Director

Director since 2017
Chair of the Remuneration Committee
Member of the Audit and Risk Committee
Age 50

Jennifer is an experienced executive who has worked in the technology and media industries for over 20 years. After starting her career as a lawyer with Allens and Mallesons, she has held key executive roles spanning diverse functions at Sensis and Telstra. Her roles at Telstra included responsibility for its $3 billion fixed voice business, establishment of Telstra's technology support business Platinum and responsibility for Telstra's customer strategy and advocacy. Jennifer was a Director of Telstra security and smart solutions business SNP Monitoring from 2014 to 2016, and has also held not for profit board positions. Jennifer holds degrees in Law and Science from Monash University and a Masters of Law and Masters of Business Administration from Melbourne University. She is also a graduate of AICD.



Ms Julia Chand
General Counsel and Company Secretary

Company Secretary since 2014
Age 47

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 2017.

DIRECTORS' REPORT

The Directors present their report together with the Financial Report of the consolidated entity, consisting of Hansen Technologies Ltd and the entities it controlled for the financial year ended 30 June 2017, and Auditor's Report thereon. This Financial Report has been prepared in accordance with Australian Accounting Standards.

Principal activities

The principal activities of the consolidated entity during the financial year were the development, integration and support of billing systems software for the utilities, energy, pay-tv and telco sectors. Other activities undertaken by the consolidated entity include IT outsourcing services and the development of other specific software applications.

Operating and financial review

Review of operations

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

	2017 A$ Million	2016 A$ Million	Variance %
Operating revenue	174.7	149.0	17.3
EBITDA*	45.1	45.4	(0.7)
Profit before tax	32.8	36.4	(9.9)
NPAT	23.9	26.1	(8.4)
Basic earnings per share (cents)	13.2	14.7	(10.2)

* The Directors believe the information additional to IFRS measures included in the report is relevant and useful in measuring the financial performance of the Group.

The 2017 financial year was one of consolidation and investment with revenue growth generated from a combination of acquisition activity and organic growth. The overall earnings for the year were adversely affected by lower margins being delivered from the call centre associated with the PPLS business, the effect of a stronger Australian dollar across the reporting period and the increased investment in people and infrastructure as our global operations expand.

The year has benefited from the Company's continuing acquisition strategy with two acquisitions making a first-time contribution to the Group's results.

- PPL Solutions LLC (PPLS), acquired on 1 July 2016, has made a valuable contribution to the results while transitioning from its highly integrated operations within Pennsylvania Power and Light to an active business within the Hansen group of companies. While the business performed in line with expectations, the legacy call-centre only business that was acquired as part of the transaction continues to trade at very low margins.
- DST Billing Solutions Limited (HiAffinity), acquired on 1 November 2016, has made a good contribution to the results, exceeding our expectations at the time of the acquisition, and has now been integrated into the Hansen UK operations.

Subsequent to year end, Hansen announced the acquisition of Enoro, a leading European software provider for the utility sector providing Customer Information Systems (CIS) and Meter and Energy Data Management (MDM/EDM) solutions.

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Billing segment

The billing segment represents a major part of Hansen's business operations, delivering $168.9 million revenue in 2017 compared to $139.9 million in 2016, which translates into a 20.6% increase. Profit before tax was $34.2 million in 2017 compared to $33.9 million in 2016. The revenue growth was driven mainly via the PPLS and HiAffinity acquisitions.

The billing segment operates globally within the following sectors: energy, water, pay-tv and telco.

Outsourcing

The outsourcing segment represents our traditional data hosting business, which is mostly operated in Australia. It recorded revenues of $5.6 million in 2017 versus $6.3 million in 2016, representing an 11% decrease for the year. Profit before tax was $1.5 million compared to $2.8 million in 2016. This 46% decrease resulted from a number of existing customers rationalising their computer hardware over the year resulting in less space required within our outsourcing environment.

Other

The other segment relates to the provision of software and services in the superannuation administration market. As expected, due to the finalisation of customer contracts resulting in the discontinuation of this service, there has been a decline in the results of this segment for the year; revenue in 2017 was $0.1 million versus $2.7 million in 2016 with profit before tax being $55,000 in 2017 versus $1.1 million in 2016.

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

The Company's subsidiary, Hansen Holdings Europe Ltd, acquired 100% of the share capital of Enoro Holding AS and its controlled entities (Enoro), the Nordic market-leading provider of Customer Information Systems and Meter Data Management systems for the energy sector, for a consideration of approximately $71.0 million.

The transaction is effective from 1 July 2017.

No other matters have arisen between 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.

Opportunities and business risks

This year's performance shows the Group remains resilient to global economic volatility. This resilience is due to our distributed business model, having geographically diverse customers and breadth of products.

Hansen has a robust risk framework and continually monitors the business and marketplace for opportunities as well as identifies and manages business risks.

Opportunities within the business for above trend performance include:

- A higher than expected demand for services from customers from changing business and market conditions.
- Above budgeted levels of 'new logo' customers.
- Greater take up of product upgrades from existing customers.
- Favourable foreign exchange rates from international operations to the reporting currency of the Group being Australian dollars.
- Changes to or greater take up of technologies in the market such as smart metering or regulation changes that result in increased services demand from our customers.

We manage risks by monitoring our marketplace and global conditions.

Risks to the business include:

- Security or data incidents. As a technology-focused business, managing security and taking care of consumer and customer data is essential. To manage the risk of damaging security incidents, we have appropriate data management, security and compliance policies, procedures and practices in place.
- Loss of customers. While loss of customers due to market competition is a risk to the business, we manage this risk by ensuring we are focused on meeting our customers' expectations for system performance and service delivery, and by having a globally diverse customer base across various industry sectors.
- Decline in international market conditions. As a business with international operations, we have exposure to currency fluctuations, which we monitor and manage.
- Investment opportunities. The Group has an active mergers and acquisitions (M&A) program. Potential investments may carry execution and integration risks and this is managed via maintaining a highly experienced M&A team with a proven track record of business integration and value generation.

Outlook and likely developments for FY18

The Company will continue to pursue its operating strategy of providing billing and related data management solutions to our targeted industries while assessing appropriate acquisitions to enhance shareholder value.

Our strategic approach and view of the global market has been described above.

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.

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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 fully franked dividend of 3 cents per share has been declared. The final dividend was announced to the market on 21 August 2017 with payment to be made on 28 September 2017.

The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2017.

Dividends paid during the year:

- 3 cent per share fully franked interim dividend paid 31 March 2017, totalling $5,450,243; and
- 4 cent per share fully franked final dividend paid 30 September 2016, totalling $7,251,614.

Share options and rights

Options and rights 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:

	Options Granted Number	Grant Date	Rights Granted Number	Grant Date
Executives				
A Hansen	535,714[1]	22 December 2016	116,972[1]	
C Hunter	121,746	22 December 2016	25,824	2 July 2017
D Meade	115,220	22 December 2016	25,157	2 July 2017
G Taylor	108,718	22 December 2016	24,869	2 July 2017
N Fernando	102,603	22 December 2016	24,613	2 July 2017
Total	984,001		217,435[2]	

1. The Board has resolved to issue 535,714 indeterminate rights as part of the FY17 LTI plan and 116,972 rights as part of the FY18 LTI plan to Andrew Hansen, the Chief Executive Officer, as part of the FY18 LTI. The issue of these rights is subject to shareholder approval at the Company's Annual General Meeting in November 2017.
2. The number of rights granted is based on achievement of targets under the LTI plan. Refer to the Remuneration Report for further details.

All grants of options/rights are subject to the achievement of performance measurements. Further details regarding options/rights granted as remuneration are provided in the Remuneration Report.

Shares under options/rights

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

Grant Date	Exercise Date	Expiry Date	Exercise Price	Number of Options/Rights at Date of Report
2 July 2013	2 July 2016	2 July 2018	$0.92	295,000
2 July 2014	2 July 2017	2 July 2019	$1.30	760,000
2 July 2015	2 July 2018	2 July 2020	$2.67	1,000,000
22 December 2016	31 August 2019	22 December 2021	$3.59	1,323,730[1]
2 July 2017	31 August 2020	2 July 2022	Nil	217,435[2,3]

1. Included in the number of options/rights unissued is 535,714 indeterminate rights to Andrew Hansen relating to his FY17 LTI, which is subject to shareholder approval at the Company's Annual General Meeting in November 2017.
2. Included in the number of options/rights unissued is 116,972 indeterminate rights to Andrew Hansen relating to his FY18 LTI, which is subject to shareholder approval at the Company's Annual General Meeting in November 2017.
3. The number of rights granted is based on achievement of targets under the LTI plan. Refer to the Remuneration Report for further details.

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.

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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
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
21 October 2016	150,000	$0.92
18 April 2017	20,000	$0.92
22 June 2017	30,000	$0.92
5 July 2017	75,000	$1.30
27 July 2017	40,000	$0.92
7 August 2017	40,000	$1.30
Total	**1,885,000**	

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

Indemnification and insurance of Directors, officers and auditors

Indemnification

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

Insurance

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and officers' liability and legal expenses 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 disclosures are 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:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr David Trude	13	13	-	-	-	-
Mr Bruce Adams	13	13	-	-	3	3
Mr Peter Berry	6	6	2	2	1	1
Mr Andrew Hansen	13	12	-	-	-	-
Ms Sarah Morgan	13	13	5	5	3	3
Mr David Osborne	13	12	5	5	-	-
Ms Jennifer Douglas	5	5	2	2	2	2

Directors' interests in shares or options

Directors' relevant interests in shares of Hansen Technologies Ltd or options/rights 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/Rights Over Shares in Hansen Technologies Ltd
Mr David Trude	107,491	-
Mr Bruce Adams	152,304	-
Mr Peter Berry	15,304	-
Mr Andrew Hansen	38,248,078	652,686[1]
Ms Sarah Morgan	20,000	-
Mr David Osborne	384,984	-

1. Included in the options/rights over shares is the issue of 535,714 indeterminate rights to Andrew Hansen relating to his FY17 LTI and 116,972 indeterminate rights to Andrew Hansen relating to his FY18 LTI, which is subject to shareholder approval at the Company's Annual General Meeting in November 2017.

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.

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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	
	2017 $	2016 $
Amounts paid and payable to Pitcher Partners Melbourne for non-audit services:		
– taxation services	-	27,110
– compliance services	-	-
	-	27,110
Amounts paid and payable to network firms of Pitcher Partners for non-audit services:		
– taxation services	7,672	6,321
– compliance services	117,062	148,949
	124,734	155,270
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
– taxation services	52,784	22,390
– compliance services	34,744	-
	87,528	22,390
Total auditors' remuneration for non-audit services	212,262	204,710

REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present Hansen Technologies' Remuneration Report for the 2017 financial year.

Hansen Technologies' remuneration framework is designed to support and reinforce its business strategy. Linking remuneration to the drivers that support the business strategy ensures that remuneration outcomes for senior executives are aligned with the creation of a strong, sustainable business that delivers value for shareholders.

During FY16 and early 2017, the Board conducted a full review of executive remuneration, which was completed by Godfrey Remuneration Group Pty Ltd. As a result of the review, a number of amendments were made to the 2017 remuneration policy, impacting fixed remuneration, and the Short Term Incentive (STI) and the Long Term Incentive (LTI) programs, including:

- more formalised remuneration policy and market pay positioning;
- increases to fixed remuneration for executive incumbents whose fixed remuneration fell significantly below market benchmarks for their role;
- 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; and
- changes to the STI and LTI programs implementing performance criteria to ensure alignment with shareholder value, reflect market best practices and drive better motivational impacts.

Under both the STI and LTI programs, the amount that could be earned/awarded is determined as a percentage of total fixed remuneration (TFR) and is linked to the following performance conditions:

Short Term Incentive

- The proportion of the STI linked to financial related performance conditions was increased as a percentage of the amount that could be earned to be the greatest weighting, with the balance linked to non-financial related key performance indicators (KPIs).
- A STI 'gateway', was introduced whereby a minimum threshold of performance must be achieved before any entitlement to an STI payment occurs.

Long Term Incentive

- The granting of options associated with the LTI program was tied to two performance conditions:

  (a) Total Shareholder Return (50%); and

  (b) Earnings per share (EPS) growth (50%).
- LTI performance conditions are now assessed over a three-year measurement period, aligning these measures with sustained Company performance over the long term.

Additional changes are planned in FY18 to further improve the framework and will be detailed in next year's report. These include the use of performance rights instead of options in the LTI scheme and removal of the STI performance gateway on non-financial KPIs to ensure we reward strategically important activity.

The overarching intent of these changes is to create a clearer link between the remuneration framework, meeting short-term financial targets and the generation of long-term shareholder value. Many of these changes are discussed in further detail in this report. The Board remains committed to the ongoing review and improvement of the Company's remuneration framework to ensure it achieves its objectives and the Company is well placed to attract new talent while retaining and motivating the executive team.

Yours sincerely,



Jennifer Douglas
Chair of the Remuneration Committee

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Our detailed Remuneration Report (Audited)

The Remuneration Report for the year ended 30 June 2017 outlines key aspects of our remuneration framework, and has been prepared and audited in accordance with the *Corporations Act 2001*.

Our Remuneration Report contains the following sections:

1. Persons to whom this report covers
2. Overview of our remuneration framework
3. How reward was linked to performance
4. Remuneration expenses for executive key management personnel (KMP)
5. Contractual arrangements with executive KMP
6. Share-based remuneration
7. Non-Executive Director arrangements
8. Directors and executive KMP shareholding
9. Other statutory disclosures

1. Persons to whom this report covers

The remuneration disclosures in the report cover the following persons who were classified as the key management personnel of the consolidated Group during the 2017 financial year:

Non-Executive Directors	
David Trude	Chair and Independent Non-Executive Director
Bruce Adams	Non-Executive Director
Peter Berry [1]	Independent Non-Executive Director
Jennifer Douglas [2]	Independent Non-Executive Director
Sarah Morgan	Independent Non-Executive Director
David Osborne	Non-Executive Director

Executive KMP [3]	
Andrew Hansen	Managing Director and Chief Executive Officer (CEO)
Cameron Hunter	Chief Operating Officer
Darren Meade	Group Head of Delivery
Graeme Taylor	Chief Financial Officer
Niv Fernando	Chief Commercial Officer

1. Peter Berry resigned as a Non-Executive Director on 6 December 2016.
2. Jennifer Douglas was appointed as a Non-Executive Director effective 15 February 2017.
3. These executives of the Group were classified as KMP during the 2017 financial year and unless stated otherwise were KMP for the entire year.

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 considered at the AGM.

2. Overview of our remuneration framework

Our philosophy

People are at the heart of Hansen's success, enabling us to deliver on our vision and long-term goals. Our remuneration framework focuses on providing competitive fixed pay and variable pay that rewards achievement of the Company's annual objectives and long-term growth in shareholder value.

Remuneration outcomes are aligned with both individual and Company performance, ensuring that employees are rewarded for overall Company achievement as well as their individual contribution to the Company's success. This aligns remuneration to both individual performance and value creation for shareholders.

2. Overview of our remuneration framework continued

Remuneration governance

The Board annually reviews our remuneration principles, practices, strategy and approach to ensure they support the Company's long-term business strategy and are appropriate for a listed company of our size and nature.

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 2017 the Remuneration Committee was made up of three Non-Executive Directors: Chair Jennifer Douglas, Bruce Adams, and Sarah Morgan. The CEO and other Directors attend meetings as required at the invitation of the Committee Chair.

The Remuneration Committee assesses the appropriateness of both the nature and amount of the remuneration of the executive KMP on an annual basis by reference to market conditions and current remuneration practices, with the overall objective of ensuring maximum shareholder benefit from the retention of a quality Board and executive team. The Committee also engages professional support as required to ensure remuneration practices remain in step with the market as well as the size and nature of the business.

Total fixed remuneration (TFR)

At the end of each financial year the CEO assesses each senior executive's performance considering actual outcomes relative to agreed targets, general performance and market conditions. Based on this assessment, the CEO makes a recommendation to the Remuneration Committee for Board approval of the amount of TFR for each senior executive.

The Remuneration Committee considers the CEO recommendation with respect to the senior executive Team and assesses the actual performance of each executive. The CEO's performance is also considered by the Remuneration Committee against agreed targets. Based on this assessment and consideration of any other relevant factors by the Remuneration Committee, a recommendation is then made to the Board regarding the appropriate TFR for the coming financial year.

Approval: Short Term Incentive (STI)

At the end of each financial year the CEO assesses each senior executive's performance considering actual outcomes relative to agreed STI targets and general performance. Based on this assessment, the CEO makes a recommendation to the Remuneration Committee for Board approval of the amount of STI to award to each senior executive.

The Remuneration Committee considers the CEO recommendation with respect to the senior executive team and assesses the actual performance of each executive. The CEO's performance is also considered by the Remuneration Committee against agreed targets. Based on this assessment and consideration of any other relevant factors by the Remuneration Committee, a determination is then made regarding the appropriate STI payments before a formal recommendation is passed to the Board for approval.

Approval: Long Term Incentive (LTI)

At the end of the measurement period for each LTI plan individual LTI outcomes are reviewed against the measurement criteria by the Remuneration Committee with the CEO and a recommendation is passed to the Board for approval.

Directors' remuneration

Directors' remuneration is governed by resolutions passed at a general meeting of the shareholders. The maximum remuneration payable for Non-Executive Directors was set at the 2013 AGM at $430,000. This approval limit is yet to be reached.

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

Commencing in the 2016 financial year and completing in the 2017 financial year, the Board engaged an external remuneration consulting organisation, Godfrey Remuneration Group Pty Ltd (GRG) to review and provide recommendations on the remuneration level and structure of STI and LTI arrangements for executives and to review the 2016 draft Remuneration Report. Some of these recommendations were implemented in FY16, and other recommendations have been implemented in FY17. The Board has taken the view that the advice received from GRG was independent because GRG applies a process independent of Executives and the Chair of the Remuneration Committee approves all interactions between GRG and the executive. The fee payable to GRG was $55,000 in the FY16 and FY17 combined.

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Summary of Remuneration Structure

Total fixed remuneration (TFR)

TFR typically includes base salary and superannuation contributions and may include, at the discretion of the Board, other benefits such as a motor vehicle (aggregated with associated fringe benefits tax to represent the total employment cost to the Company).

Objective	The objective of TFR is to provide a base level of remuneration that is commensurate with the skills required for and responsibilities associated with the role, and within the context of external market levels. Fixed remuneration is determined with reference to available market data, the scope of an individual's role and the qualifications and experience of the individual. TFR is reviewed annually to account for market movements and individual performance outcomes. See page 23 for summaries of executive KMP contracts.

2017 Short Term Incentive (STI)

Objective	STIs are annual cash bonuses that seek to align the rewards attainable by executive KMPs with the achievement of particular annual objectives of the Company and the creation of shareholder value. A key focus of the Board is the achievement of the Company's annual budget and the STI links performance measures to specific elements of the budget by: (a) linking 70% of the STI to a financial measure that is linked to the Company's performance against its annual budget; (b) linking 30% of the STI to specific non-financial key performance indicators (KPI) that link executive KMP achievements to short and long-term objectives of the Company; (c) non-financial KPIs are selected based on their importance to achieving the Company's strategic and operational plan and building shareholder value; (d) imposing a gate condition aligned to budgeted revenue and budgeted EBITDA which, if not satisfied, will result in the forfeiture of STI; (e) rewarding over achievement of financial targets with up to 150% of target STI payable where maximum over achievement targets are achieved; and (f) the Board retains final discretion over STI payments to ensure outcomes appropriately reflect performance and achieve objectives of the STI scheme.
STI	The target STI benefit is set as follows: • CEO STI: 40% of TFR; and • KMP STI: 25% of TFR.
Change of approach from 2016	Under the previous STI plan: • less emphasis was placed on financial performance – previously comprising between 30% to 50% of STI compensation; • there was no performance gate below which no incentive is payable; and • there was no over achievement opportunity.

2. Overview of our remuneration framework continued

2017 Long Term Incentive (LTI)

Objective

LTIs are designed to align the rewards attainable by executive KMPs with the achievement of particular long-term objectives of the Company and achievement of shareholder value. Eligibility to participate in the LTI scheme is determined by the Board and is targeted at senior executives whose role contributes significantly to the performance of the Company.

LTI may be delivered as options or cash. Options issued under the 2017 LTI plan have a three-year vesting period and must be exercised within two years of when they vest. Vesting is dependent on continuing employment with the Company and the Company meeting the following specific performance measures over a three-year period. The LTI is linked to long-term growth in shareholder value by:

(a) tying 50% of the LTI to relative Total Shareholder Return (TSR) with an entitlement payable where the Company ranks at a level greater than the 50th percentile against its peers;

(b) tying 50% of the LTI to earnings per share (EPS) growth where the EPS growth is measured on a compounding basis over the term where an approved threshold must be obtained;

(c) rewarding over achievement of targets with up to 150% of target LTI payable where maximum over achievement targets are achieved; and

(d) the Board has discretion to increase or reduce the amount awarded if the Board considers the outcome to be misaligned given the circumstances that prevailed over the relevant measurement period and the experience of shareholders.

Options will lapse if performance conditions are not met.

Where options have been issued, 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.

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

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

- the employee must pay in cash to the Company the previously specified exercise price multiplied by the number of options received e.g. for 100,000 options with an exercise price of $3.00 per share the employee will be required to pay the Company $300,000 to convert the options to shares;
- in addition and regardless of whether the employee has exercised the options or not, the employee will be required to declare for tax purposes a taxable revenue gain to the extent the VWAP at the vesting date exceeds the exercise price; and
- pay tax to the relevant tax authority on this gain as if it was normal personal income, e.g. for 100,000 options with an exercise price of $3.00 per share and a VWAP at the date of vesting of $4.00, the employee would be required to declare as income for tax purposes $100,000 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 executive 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.

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LTI	The LTI benefit is set as follows: • CEO LTI: 50% of TFR delivered as indeterminate rights that may be satisfied by a cash payment or grant of options; and • KMP LTI: 25% of TFR delivered as options subject to vesting conditions.
Change of approach from 2016	Under the previous LTI plan: • there was no vesting condition linked to long-term performance (e.g. TSR or EPS); and • measurement was conducted in the year of issue with vesting in a future period as a means of retention.

3. How reward was linked to performance

As detailed above in section 2, various elements of the Company's remuneration policy (both STI and LTI) are linked to Company performance, in particular achievement of the annual budget and demonstrable long-term growth in shareholder value. Details are outlined above but, in summary:

- An STI is payable if actual revenue and/or EBITDA exceeds the Company's budgeted revenue and/or EBITDA thresholds, 'the gate' and an additional STI is payable where the executive KMP achieves their individual KPIs.
- An LTI is payable where predetermined relative TSR and EPS thresholds are met at the end of the three-year performance period.

A summary of key measurement criteria of the Group's financial performance over the last five years are shown below:

Year Ended 30 June	2013	2014	2015	2016	2017
Revenue (A$m)	63.8	86.0	106.3	149.0	**174.7**
EBITDA* (A$m)	15.7	24.1	31.3	45.4	**45.1**
NPAT (A$m)	9.1	14.8	16.9	26.1	**23.9**
Basic earnings per share (cents)	5.7	9.2	10.3	14.7	**13.2**
Dividends (cents per share)	6.0	6.0	6.0	7.0	**6.0**
ASX share price at 30 June	$0.91	$1.27	$2.62	$3.39	**$4.04**
Total shareholder return	**5.4%**	**45.6%**	**111.9%**	**31.7%**	**21.2%**

* EBITDA is a non-IFRS term that relates to Earnings Before Interest Tax, Depreciation and Amortisation.

STI

For FY17, budget targets were established for Group revenue and EBITDA, and the STI gate was set with respect to these targets. Notwithstanding the growth in revenue during the year, as the EBITDA gate applying to the STI was not met, no STIs linked to financial performance were paid to executive KMPs. The Board exercised its discretion to award a small percentage of STIs to those executive team members (excluding the CEO) who achieved KPIs important to the long-term strategy and growth of the Company. Those executive KMPs only achieved the portion of their STI relating to individual performance.

LTI

Options granted in prior years (under the previous LTI program) vested in 2017 where performance conditions relating to these LTIs were met. See section 6 for a summary of options that met the vesting conditions in 2017.

Options granted in 2017 have performance conditions attached that will be measured over three years. Assessment and vesting (where conditions are satisfied) will happen after the completion of FY19. See section 6 for a summary of options granted during 2017.

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4. Remuneration expenses for executive KMP

Details of executive KMP remuneration for the 2016 and 2017 financial years are set out in the table below.

		Fixed Remuneration					Variable Remuneration			Total
Executive KMP	Year	Cash Salary $	Super $	Non-monetary Benefits $	Annual and Long Service Leave $	Total $	STI[1] $	LTI[2] Fair Value $	Total $	Performance Related
Andrew Hansen	2017	768,972	34,998	18,699	107,620	930,289	351,030	297,500[3]	1,578,819	41%
	2016	745,104	34,999	-	53,663	833,766	313,420[5]	213,844[4]	1,361,030	39%
Cameron Hunter	2017	357,415	34,999	13,830	-11,907[8]	394,337	63,927	68,581	526,845	25%
	2016	392,253[6]	30,968	-	-20,136[8]	403,085	54,794	23,483	481,362	16%
Darren Meade	2017	336,269	34,999	-	693	371,961	59,360	64,660	495,981	25%
	2016	325,199	34,999	-	1,670	361,868	54,794	21,352	438,014	17%
Graeme Taylor	2017	316,507[7]	34,999	-	7,834	359,340	68,493	62,081	489,914	27%
	2016	270,928	29,208	2,377	15,633	318,146	36,529	18,956	373,631	15%
Niv Fernando	2017	299,933	29,999	-	11,014	340,946	45,662	60,988	447,596	24%
	2016	290,801	29,999	-	14,322	335,122	54,794	20,288	410,204	18%
Total	2017	2,079,096	169,994	32,529	115,254	2,396,873	588,472	553,810	3,539,155	32%
	2016	2,024,285	160,173	2,377	65,152	2,251,987	514,331	297,923	3,064,241	27%

1. The STI payments represent (a) cash payments made during FY17 relating to FY16 performance, and (b) cash payments made during FY16 relating to FY15 performance, unless otherwise stated. No bonuses were accrued in respect of the FY17 STI plan as conditions for payment were not met at 30 June 2017.
2. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based payments and amortised over vesting period.
3. Andrew Hansen's LTI has two parts: (a) a cash LTI granted in relation to the 2015 and 2016 financial years with the value of $85,000 in FY17, (b) indeterminate rights granted in 2016 (with a fair value of $212,500 related to FY17).
4. In 2016, Andrew Hansen's LTI comprised $165,000 of cash related to the LTI program in the 2015 and 2016 financial years and share based payment expense of $48,844 which is measured in accordance with AASB 2 Share-based payments.
5. Andrew Hansen was paid a bonus of $306,375 in FY16 that related to FY14 (the amount was accrued in FY15 but not paid). He was also paid a bonus of $313,420 relating to FY15.
6. Cameron Hunter's total salary in FY16 was made up of his base salary (excluding superannuation) of $330,579 and cashed out annual leave of $61,674.
7. Graeme Taylor's base salary was adjusted in FY17 as part of market remuneration analysis.
8. Cameron Hunter received a cash payment to reduce his annual leave due to its high value from a historical build-up from his long tenure at the Company.

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Performance-based measures granted and forfeited during the 2017 year

	Total STI Bonus			LTI Options		
2017	Total Opportunity $	Awarded 70% Financial	Awarded 30% KPIs	Total Forfeited %	Value Granted[1]	Value Exercised[2]
Andrew Hansen	340,000	0%	0%	100%	-	$3,559,080
Cameron Hunter	96,586	0%	50%	85%	$48,293	$357,960
Darren Meade	91,407	0%	67%	80%	$45,704	$244,028
Graeme Taylor	86,250	0%	67%	80%	$43,125	-
Niv Fernando	81,339[3]	0%	100%	70%	$40,699	-

1. The value at grant date, calculated in accordance with AASB2 Share-based Payments, of options granted during the year as part of remuneration.
2. The value of options (at the exercise date) granted as part of remuneration that were exercised during FY17 has been determined as the intrinsic value of the options at that date (being the difference between the exercise price and the underlying share price at the date of exercise).
3. The Board has exercised its discretion to award an additional STI payment of $15,000 to Niv Fernando for his role as the project lead in successfully completing the Enoro transaction which was additional to his agreed KPIs.

5. Contractual arrangements with executive KMP

Remuneration and other conditions of employment are set out in each executive's employment contract. The key elements of these employment contracts are summarised below:

Component	Approach for CEO	Approach for Other Executive KMP
Total fixed remuneration	$850,000	Range between $330,000 and $406,000
Contract duration	Ongoing	Ongoing
Notice by individual/Company	6 months	1 month
Termination of employment (without cause)	The Board has discretion to allow some or all STI entitlements to be paid out on a pro-rata basis aligned to time, where termination occurs by way of resignation or dismissal. In other without cause terminations, the STI will be reduced proportionately to reflect the portion of the measurement period, but there is no other impact to the executive's entitlement. The Board has discretion to allow unvested LTIs to vest on a pro-rate basis aligned to time. Where this discretion is not exercised, such unvested options will lapse.	
Termination of employment (with cause)	STI is forfeited. All unvested LTIs and vested but unexercised LTIs are forfeited.	

6. Share-based remuneration

The terms and conditions of each grant of options affecting the remuneration in the current or future reporting period are as follows.

Grant Date	Vesting Date	Expiry Date	Exercise Price	Value Per Option at Grant Date	Performance Achieved	% Vested
2 July 2013	2 July 2016	2 July 2018	$0.92	$0.12	100%	100%
2 July 2014	2 July 2017	2 July 2019	$1.30	$0.20	100%	-
2 July 2015	2 July 2018	2 July 2020	$2.67	$0.56	100%	-
22 Dec 2016	31 August 2019*	22 Dec 2021	$3.59	$1.19	-	-

* The vesting date for options granted on 22 December 2016 is the date on which the Board notifies the executive that the options have vested, after the outcomes for the measurement period have been determined and satisfaction of performance conditions have been assessed.

The number of options over unissued ordinary shares in the Company provided as remuneration to executive KMPs is shown in the table below. The options carry no dividend or voting rights. See section 2 for the conditions that must be satisfied for the FY17 granted options to vest.

Once an option has vested at the end of the qualifying period but before the expiry date, 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.

Options granted to executive KMP which remain unvested at 30 June 2017 and outstanding are detailed below:

Executive KMP	Grant Date	Balance 30/6/2016	Granted as Remuneration	Exercise Price	Vested	Forfeited	Exercised in FY17	Balance 30/6/2017
Andrew Hansen	12 Dec 2013	350,000	-	$1.06	350,000		(350,000)	-
	12 Dec 2013	350,000	-	$1.11	350,000		(350,000)	-
	12 Dec 2013	350,000	-	$1.16	350,000		(350,000)	-
	Total	**1,050,000**	**-**		**1,050,000**		**(1,050,000)**	**-**
Cameron Hunter	1 Jul 2016		121,746	$3.59	-		-	121,746
	2 Jul 2015	100,000	-	$2.67	-		-	100,000
	2 Jul 2014	100,000	-	$1.30	-		-	100,000
	2 Jul 2013	100,000	-	$0.92	100,000		(100,000)	-
	Total	**300,000**	**121,746**		**100,000**		**(100,000)**	**321,746**
Darren Meade	1 Jul 2016		115,219	$3.59	-		-	115,220
	2 Jul 2015	100,000	-	$2.67	-		-	100,000
	2 Jul 2014	75,000	-	$1.30	-		-	75,000
	2 Jul 2013	75,000	-	$0.92	75,000		(75,000)	-
	Total	**250,000**	**115,219**		**75,000**		**(75,000)**	**290,220**
Graeme Taylor	1 Jul 2016		130,462	$3.59				108,718
	2 Jul 2015	100,000	-	$2.67				100,000
	2 Jul 2014	75,000	-	$1.30	-	-	-	75,000
	Total	**175,000**	**130,462**		**-**	**-**	**-**	**283,718**
Niv Fernando	1 Jul 2016		68,402	$3.59	-	-	-	102,603
	2 Jul 2015	100,000	-	$2.67	-	-	-	100,000
	2 Jul 2014	100,000	-	$1.30	-	-	-	100,000
	Total	**200,000**	**68,402**		**-**	**-**	**-**	**302,603**
Total		**1,975,000**	**448,287**		**1,225,000**		**1,225,000**	**1,198,287**

The Board resolved to issue 535,714 indeterminate rights to Andrew Hansen (the Chief Executive Officer) as part of his FY17 LTI. The LTI may be satisfied in options (pending shareholder approval) or cash, at the end of the measurement period, where performance conditions have been met. The issue of options to Andrew Hansen relating to the FY17 LTI is subject to shareholder approval at the company's Annual General Meeting in November 2017.

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When reviewing the LTI plan for FY18 the Board concluded that the plan would include the same three-year performance vesting criteria as FY17. However, in line with the recommendation of GRG, best market practice and the benefits of rights over options a decision was made to grant rights, replacing options under the FY18 LTI plan. Rights allow an executive KMP to receive shares without financial burden encouraging them to hold an ongoing equity stake in the Company, better aligning their long incentive with the long-term value of shareholders. Rights are also less dilutive to shareholders as a smaller number are issued.

Subsequent to year end, a grant of rights was made to executive KMP in respect of the FY18–FY21 measurement period.

A summary of the grant to executive KMP is provided below:

Executive KMP	Grant Date	Rights Granted	Fair Value Per Right $[1]	Vesting Date[2]	Expiry Date
Cameron Hunter	2 Jul 2017	25,824	3.815	2 July 2020	2 July 2022
Darren Meade	2 Jul 2017	25,157	3.815	2 July 2020	2 July 2022
Graeme Taylor	2 Jul 2017	24,869	3.815	2 July 2020	2 July 2022
Niv Fernando	2 Jul 2017	24,613	3.815	2 July 2020	2 July 2022

1. The fair value of the rights has been determined by an independent external valuation expert.
2. The vesting date for rights granted on 2 July 2017 is the date on which the Board notifies the executive that the options have vested, after the outcomes for the measurement period have been determined and satisfaction of performance conditions have been assessed. This is likely to be 31 August 2020.

* The Board has resolved to issue 116,972 rights to Andrew Hansen, the Chief Executive Officer, as part of the FY18 LTI. The issue of these rights is subject to shareholder approval at the Company's Annual General Meeting in November 2017.

7. Non-Executive Director arrangements

Non-Executive Directors enter into service agreements through a letter of appointment. Non-Executive Director fees are determined with reference to market levels and the need to attract high-quality Directors. The Company currently has a policy of not paying separate committee fees for committee participation.

Non-Executive Directors do not receive any variable or performance-based remuneration.

The Non-Executive Director fee pool has a maximum value of $430,000 per annum, as approved by shareholders at the 2013 AGM.

The annual fees provided to Non-Executive Directors, inclusive of superannuation, are shown below:

	2017 $	2016 $
Chairman	105,640	102,232
Other Non-Executive Directors	64,556	62,473

		Fixed Remuneration $			
Non-Executive Director	Year	Salary and Fees	Super	Non-monetary Benefits	Total
David Trude	2017	96,475	9,165	-	105,640
	2016	93,363	8,869	-	102,232
Bruce Adams	2017	58,955	5,601	-	64,556
	2016	57,053	5,420	-	62,473
Peter Berry	2017	24,918	2,367		27,285
	2016	57,053	5,420	-	62,473
Jennifer Douglas	2017	22,273	2,335	-	24,608
	2016	-	-	-	-
Sarah Morgan	2017	58,955	5,601	-	64,556
	2016	57,053	5,420	-	62,473
David Osborne	2017	29,606	34,950	-	64,556
	2016	57,053	5,420	-	62,473
Total	2017	291,182	60,019	-	351,201
	2016	321,575	30,549	-	352,124

8. Directors and executive KMP shareholding

The number of shares in the Company held by each Non-Executive Director and executive KMP during the year, including their related parties, is summarised below:

	Balance 30 June 2016	Received During the Year on Exercise of Options	Other Changes During the Year	Balance 30 June 2017
Non-Executive Directors				
David Trude	105,579	-	1,912	107,491
Bruce Adams	152,304	-	-	152,304
Peter Berry[1]	15,304	-		15,304
Jennifer Douglas[2]	-	-	-	-
Sarah Morgan	20,000	-	-	20,000
David Osborne	384,984	-	-	384,984
Executive KMP				
Andrew Hansen	41,194,235	1,050,000	(3,996,157)	38,248,078
Cameron Hunter	903,691	100,000	2,191	1,005,882
Darren Meade	2,642	75,000	(74,714)	2,928
Graeme Taylor	3,432	-	50,032	53,464
Niv Fernando	7,082	-	286	7,368
Total	**42,789,253**	**1,225,000**	**(4,016,450)**	**39,997,803**

1. Peter Berry resigned as a Non-Executive Director on 6 December 2016.
2. Jennifer Douglas was appointed as a Non-Executive Director effective 15 February 2017.

9. Other statutory disclosures

Lease agreement with the CEO

The Company leases its Melbourne head office and York Street office from an entity in which the CEO is a Director and shareholder. The terms and conditions of the lease and other property 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 2017 financial year were $1,314,045.

Signed in accordance with a resolution of the Directors.





David Trude
Director

Andrew Hansen
Director

Melbourne
21 August 2017

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AUDITOR'S INDEPENDENCE DECLARATION

PITCHER PARTNERS

To the Directors of Hansen Technologies Ltd

In relation to the independent audit for the year ended 30 June 2017, 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 the Accounting Professional and Ethical Standards Board APES 110 Code of Ethics for Professional Accountants.

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





S D Whitchurch
Partner

Pitcher Partners
Melbourne

21 August 2017

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FINANCIAL REPORT

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

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	Note	Consolidated Entity 2017 $'000	2016 $'000
Revenue	4	174,672	148,961
Other income	4	370	295
Total revenue and other income		175,042	149,256
Employee benefit expenses	5	(87,357)	(74,249)
Depreciation expense	5	(3,015)	(2,547)
Amortisation expense	5	(9,368)	(6,489)
Property and operating rental expenses	5	(7,329)	(5,891)
Contractor and consultant expenses		(8,875)	(4,057)
Software licence expenses		(4,450)	(1,035)
Hardware and software expenses		(7,064)	(6,071)
Travel expenses		(4,267)	(4,955)
Communication expenses		(3,010)	(2,042)
Professional expenses		(2,415)	(1,915)
Finance costs	5	(43)	(59)
Other expenses	5	(5,016)	(3,522)
Total expenses		(142,209)	(112,832)
Profit before income tax expense		32,833	36,424
Income tax expense	6(b)	(8,945)	(10,341)
Profit after income tax from continuing operations		23,888	26,083
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign entities	17(a)	(1,971)	2,221
Other comprehensive income/(expense) for the year		(1,971)	2,221
Total comprehensive income for the year attributable to members of the parent		21,917	28,304
Basic earnings (cents) per share for continuing operations	21	13.2	14.7
Total basic earnings (cents) per share		13.2	14.7
Diluted earnings (cents) per share for continuing operations	21	13.0	14.4
Total diluted earnings (cents) per share		13.0	14.4

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 33 to 71.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated Entity 2017 $'000	2016 $'000
Current assets			
Cash and cash equivalents	8	15,013	30,203
Receivables	9	37,685	21,507
Other current assets	10	7,643	6,923
Total current assets		60,341	58,633
Non-current assets			
Plant, equipment and leasehold improvements	11	8,912	6,743
Intangible assets	12	125,479	106,059
Deferred tax assets	6(d)	4,821	4,030
Total non-current assets		139,212	116,832
Total assets		199,553	175,465
Current liabilities			
Payables	13	9,653	12,229
Borrowings	14	101	95
Current tax payable	6(c)	1,051	2,187
Provisions	15	10,122	9,497
Unearned income		19,435	11,171
Total current liabilities		40,362	35,179
Non-current liabilities			
Deferred tax liabilities	6(d)	6,707	4,810
Borrowings	14	190	291
Provisions	15	678	203
Total non-current liabilities		7,575	5,304
Total liabilities		47,937	40,483
Net assets		151,616	134,982
Equity			
Share capital	16	85,350	78,650
Foreign currency translation reserve	17(a)	8,196	10,167
Options granted reserve	17(b)	1,972	1,253
Retained earnings	17(c)	56,098	44,912
Total equity		151,616	134,982

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 33 to 71.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

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		Consolidated Entity			
Consolidated Entity	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2016		78,650	11,418	44,912	134,980
Profit for the year		-	-	23,888	23,888
Movement in carrying amount of foreign entities due to currency translation	17(a)	-	(1,971)	-	(1,971)
Total comprehensive income for the year		-	(1,971)	23,888	21,917
Transactions with owners in their capacity as owners:					
Employee share plan	16(b)	175	-	-	175
Options exercised	16(b)	1,791	-	-	1,791
Employee share options	17(b)	-	721	-	721
Equity issued under dividend reinvestment plan	16(b)	1,325	-	-	1,325
Shares issued on contingent liability settlement	16(b)	3,409	-	-	3,409
Share purchase plan offer	16(b)	-	-	-	-
Dividends paid	7	-	-	(12,702)	(12,702)
Total transactions with owners in their capacity as owners		6,700	721	(12,702)	(5,281)
Balance as at 30 June 2017	16, 17	85,350	10,168	56,098	151,616

		Consolidated Entity			
Consolidated Entity	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'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
Total comprehensive income for the year		-	2,221	26,083	28,304
Transactions with owners in their capacity as owners:					
Employee share plan	16(b)	161	-	-	161
Options exercised	16(b)	2,238	-	-	2,238
Employee share options	17(b)	-	286	-	286
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)
Total transactions with owners in their capacity as owners		3,523	286	(10,660)	(6,851)
Balance as at 30 June 2016	16,17	78,650	11,420	44,912	134,982

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 33 to 71.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated Entity 2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers		180,592	154,984
Payments to suppliers and employees		(140,021)	(109,929)
Interest received	4	114	62
Finance costs	5	(43)	(59)
Transaction costs relating to acquisition of subsidiary	27	(228)	-
Income tax paid		(9,321)	(11,600)
Net cash provided by operating activities	19(a)	31,093	33,458
Cash flows from investing activities			
Proceeds from sale of plant and equipment		8	-
Payment for acquisition of business net of cash assumed	27	(20,525)	-
Payment for plant and equipment	11	(5,211)	(1,810)
Payment for acquisition of customer contract	27	(2,165)	-
Payment for capitalised development costs	12	(7,750)	(5,488)
Net cash used in investing activities		(35,643)	(7,298)
Cash flows from financing activities			
Proceeds from share issue	16	175	161
Proceeds from options exercised	16	1,791	2,238
Proceeds from borrowing		4,000	-
Repayment of borrowings		(4,000)	(10,000)
Dividends paid net of dividend reinvestment		(11,377)	(9,506)
Net cash used in financing activities		(9,411)	(17,107)
Net (decrease)/increase in cash and cash equivalents		(13,961)	9,053
Cash and cash equivalents at beginning of year		30,203	21,985
Effects of exchange rate changes on cash and cash equivalents		(1,229)	(835)
Cash and cash equivalents at end of the year		15,013	30,203

The consolidated statement of cash flow is to be read in conjunction with the notes to the financial statements set out on pages 33 to 71.

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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 Street, Doncaster. 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 21 August 2017.

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 which may exist.

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

(c) Revenue

Revenue from the provision of services to customers is recognised upon delivery of the service to the customer. Maintenance and support revenue when invoiced in advance is initially recognised as an unearned income 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).

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:	2017	2016
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 consolidated statement of comprehensive income.

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

Operating leases

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

(g) Business combinations

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

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the 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 acquirers 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.

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(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 10 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 ranges from 5 to 10 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 of disposal and value in use.

(j) Income tax

Current income tax expense 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.

1. Statement of significant accounting policies continued

(j) Income tax continued

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 USA, 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 obligations 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 remeasurements 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 consolidated 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 employees' 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 consolidated statement of financial position.

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(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 is 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 are 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.

1. Statement of significant accounting policies continued

(n) Financial instruments continued

Financial liabilities

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

(o) Foreign currencies translations and balances

Functional and presentation currency

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

Transactions and balances

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

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

All resulting exchange differences arising on settlement or re-statement are recognised as revenues 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 consolidated statement of financial position are shown inclusive of sales tax.

Cash flows are presented in the consolidated 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 ASIC Corporations (Rounding in Financial/Directors' 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.

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(t) Adoption of new and amended accounting standards that are first operative at 30 June 2017

There are no new or amended accounting standards effective for the financial year, beginning 1 July 2016, that have affected any amounts recorded in the current or prior year.

(u) Accounting standards and interpretations issued but not operative at 30 June 2017

The following standards and interpretations have been issued at the reporting date but are not yet effective. The Directors' assessment of the impact of these standards and interpretations is set out below.

Title of Standard	AASB 15 Revenue from Contracts with Customers
Nature of change	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services, and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected: • Accounting for licence, maintenance and service revenue – the application of AASB 15 may result in the identification of separate performance obligations, which could affect the timing of the recognition of revenue. • AASB 15 requires that the total consideration received must be allocated to the separate performance obligations based on relative standalone selling prices rather than based on the residual value method; this could result in different amounts being allocated to the different revenue streams which could affect the timing of the recognition of a portion of the revenue. • Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under AASB 15. At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next 12 months.
Mandatory application date/ Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the Group: 1 July 2018.
Title of standard	**AASB 9 Financial Instruments**
Nature of change	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	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).
Mandatory application date/ Date of adoption by Group	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt AASB 9 before its mandatory date.

1. Statement of significant accounting policies continued

(u) Accounting standards and interpretations issued but not operative at 30 June 2017 continued

Title of Standard	AASB 16 Leases
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $19.40 million, see note 20. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.
Mandatory application date/ Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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

2. Critical accounting estimates and judgements

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

(a) Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board covering a five-year period.

Goodwill is monitored by management at the level of operating segments identified in note 26. The entire goodwill is allocated to the billing segment.

Cash flows beyond the five-year forecast period are extrapolated using the estimated terminal growth rates stated below.

Key assumptions used in the value-in-use calculations for the billing segment:

- provides for a constant 3% growth rate (2016: 5%) for the remainder of the forecast period;
- utilises a 12% (2016: 12%) weighted cost of capital discount rate; and
- a terminal growth rate of 2% (2016: 2%) at the end of the forecast period.

(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) 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 HUB, ICC, Banner and NaviBilling software in the 2017 year. Returns are expected to be derived from this investment over coming years.

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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:

Financial Instruments	Note	Interest Bearing $'000	Non-interest Bearing $'000	Total Carrying Amount $'000	Weighted Avg Effective Interest Rate %	Fixed/ Variable Rate
2017						
Financial assets						
Cash and cash equivalents	8	15,013	-	15,013	0.95	variable
Receivables	9	-	37,685	37,685		
Other current assets	10	-	66	66		
		15,013	37,751	52,764		
Financial liabilities						
Payables	13	-	9,653	9,653		
Deferred consideration at fair value through the profit and loss	13	-	-	-		
Borrowings	14	291	-	291	1.39	variable
		291	9,653	9,944		
2016						
Financial assets						
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		
Financial liabilities						
Payables	13	-	8,820	8,820		
Deferred consideration at fair value through the profit and loss	13	-	3,409	3,409		
Borrowings	14	386	-	386	1.39	variable
		386	12,229	12,615		

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.

3. Financial risk management continued

(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 with customers in the following industries: utilities 43% (2016: 30%), telecommunications 32% (2016: 38%), pay-tv 23% (2016: 30%) and other 2% (2016: 2%).

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 past due but not 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 Group's bankers to provide increased capacity for strategic growth objectives.

The 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 68% 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 $0.291 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.

At 30 June 2016, included in 'other payables' was a liability for deferred consideration measured at fair value on a recurring basis in relation to a business combination dated 1 May 2015. This amount was settled on 1 July 2016 by the Group issuing 921,290 shares to the value of $3.409 million.

At 30 June 2017, there are no assets or liabilities carried at fair value on a recurring basis.

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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.

At 30 June 2016, deferred consideration liabilities totalling $3.409 million were measured and recognised at fair value and determined to be a recurring Level 2 financial liability. This was subsequently settled in full on 1 July 2016.

Valuation techniques and significant unobservable inputs

The deferred consideration (referred to above) was based on management's best and most probable estimate of the business performance targets. In determining the fair value of the deferred consideration, management considered the probability of business targets being met by comparison to budget. A fair value was 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 was dependent on performance criteria being met. Under the arrangement the minimum deferred consideration amount was $nil and the maximum was 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 became 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 above, the liability for deferred consideration was extinguished shortly after the reporting date by the Group issuing shares.

4. Revenue and other income

	Consolidated Entity	
	2017 $'000	2016 $'000
Revenues from continuing operations		
Revenue from sale of goods and services	174,672	148,961
	174,672	148,961
Other income:		
From operating activities		
Interest received	114	62
Other income	256	233
Total other income	370	295
Total revenue and other income from continuing operations	175,042	149,256

5. Profit from continuing operations

	Note	Consolidated Entity 2017 $'000	2016 $'000
Profit from continuing operations before income tax has been determined after the following specific expenses:			
Employee benefit expenses			
Wages and salaries		80,524	68,587
Superannuation costs		6,112	5,378
Share-based payments		721	284
Total employee benefit expenses		87,357	74,249
Depreciation expense			
Plant, equipment and leasehold improvements	11	3,015	2,547
Total depreciation of non-current assets		3,015	2,547
Amortisation of non-current assets			
Technology, trademarks and customer contracts	12	5,425	3,572
Research and development	12	3,943	2,917
Total amortisation of non-current assets		9,368	6,489
Property and operating rental expenses			
Rental charges		7,329	5,891
Total property and operating rental expenses		7,329	5,891
Finance charges			
Finance costs		43	59
Total finance costs		43	59
Net foreign exchange losses		919	59

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6. Income tax

	Consolidated Entity 2017 $'000	2016 $'000
(a) Components of income tax expense:		
Current tax	7,733	9,635
Deferred tax	812	367
Under/(over) provision in prior years	400	339
Total income tax expense	8,945	10,341
(b) Prima facie tax payable		
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%	9,850	10,927
Add/(less) tax effect of:		
Impact of tax rates on foreign subsidiaries	(469)	249
Research and development allowances	(842)	(1,494)
Non-deductible share-based payments	177	52
Under/(over) provision in prior years	400	339
Gain on foreign exchange assessable/(non-assessable)	-	407
Deferred tax not previously brought to account	(154)	-
Other non-allowable items	(17)	(139)
Income tax expense attributable to profit	8,945	10,341
(c) Current tax payable		
Current tax relates to the following:		
Current tax liabilities/(assets)		
Opening balance	2,187	3,813
Liability from acquisition	31	-
Prior year under/(over) provision	400	340
Income tax expense	7,733	9,635
Income tax paid	(9,321)	(11,600)
Other	21	(1)
	1,051	2,187

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6. Income tax continued

	Consolidated Entity	
	2017 $'000	2016 $'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	942	520
Other payables	1,380	1,155
Employee benefits	2,499	2,355
	4,821	4,030
Deferred tax liabilities balance comprises:		
Research and development expenditure	(4,976)	(3,504)
Difference in depreciation and amortisation of plant, equipment and intangibles for accounting and income tax purposes	(1,731)	(1,108)
Other income not yet assessable	-	(198)
	(6,707)	(4,810)
Net deferred tax	(1,886)	(780)
(e) Deferred income tax (revenue)/expense included in income tax expense comprises:		
Increase in deferred tax assets	(791)	(431)
Decrease in deferred tax liabilities	1,897	798
Increase from acquisition	(294)	-
	812	367
(f) Deferred tax assets not brought to account		
Tax effect of capital losses	847	847
Tax effect of operating losses	878	806
	1,725	1,653

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7. Dividends

2017

A regular dividend of 3 cents per share has been declared. This final dividend of 3 cents per share, fully franked, was announced to the market on 21 August 2017. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2017.

	Consolidated Entity	
	2017 $'000	2016 $'000
Dividends provided for or paid during the year		
4 cent per share final dividend paid 30 September 2016 – fully franked	7,252	
3 cent per share final dividend paid 30 September 2015 – fully franked		5,307
3 cent per share interim dividend paid 31 March 2017 – fully franked	5,450	
3 cent per share interim dividend paid 31 March 2016 – franked to 2.5 cents		5,353
	12,702	10,660
Proposed dividend not recognised at the end of the year	5,872	7,252
Dividends franking account		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years	4,482	5,513

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	
	2017 $'000	2016 $'000
Current		
Cash at bank and on hand	15,011	29,644
Interest bearing deposits	2	559
	15,013	30,203

9. Receivables

	Consolidated Entity 2017 $'000	2016 $'000
Current		
Trade receivables	37,083	20,821
Less: provision for impairment	-	(31)
	37,083	20,790
Sundry receivables	602	717
	37,685	21,507

As at 30 June 2017, trade receivables of $9,409,000 (2016: $6,136,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Trade Receivables Ageing Analysis at 30 June:	Gross 2017 $'000	Impairment 2017 $'000	Gross 2016 $'000	Impairment 2016 $'000
Not past due	27,674	-	14,685	-
Past due 1– 30 days	4,799	-	1,416	-
Past due 31– 60 days	1,470	-	803	-
Past due more than 61 days	3,140	-	3,917	31
	37,083	-	20,821	31

The sundry receivables do not contain impaired assets and are not past due. Based on the credit history of these receivables, it is expected that these amounts will be received when due and thus, no provision for impairment has been recorded. The Group does not hold any collateral in relation to these receivables.

	2017 $'000	2016 $'000
Movements in the provision for impairment were:		
Opening balance at 1 July	31	470
Movement for the year	-	(439)
Amounts written off	(31)	-
Foreign exchange translation	-	-
Closing balance at 30 June	-	31

10. Other current assets

	Consolidated Entity 2017 $'000	2016 $'000
Current		
Prepayments	2,910	2,341
Other assets	66	-
Accrued revenue	4,667	4,582
	7,643	6,923

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11. Plant, equipment and leasehold improvements

	Consolidated Entity	
	2017 $'000	2016 $'000
Plant, equipment and leasehold improvements at cost	38,042	33,504
Accumulated depreciation	(29,130)	(26,761)
Total plant, equipment and leasehold improvements	8,912	6,743

Reconciliation

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

		Consolidated Entity	
	Note	2017 $'000	2016 $'000
Plant, equipment and leasehold improvements at cost			
Carrying amount at 1 July		6,743	7,556
Additions		5,211	1,810
Acquired		74	-
Disposals		(51)	(117)
Depreciation expense	5	(3,015)	(2,547)
Net foreign currency movements arising from foreign operations		(50)	41
Carrying amount at 30 June		8,912	6,743

12. Intangible assets

	Consolidated Entity	
	2017 $'000	2016 $'000
Goodwill at cost	89,058	84,196
Accumulated impairment	(1,562)	(1,575)
	87,496	82,621
Technology, trademarks and customer contracts at cost	38,729	22,496
Accumulated amortisation and impairment	(16,391)	(11,119)
	22,338	11,377
Software development at cost	42,568	35,141
Accumulated amortisation and impairment	(26,923)	(23,080)
	15,645	12,061
Total intangible assets	125,479	106,059

12. Intangible assets continued

	Note	Consolidated Entity 2017 $'000	2016 $'000
Reconciliation of goodwill at cost			
Carrying amount at 1 July		84,196	81,888
Increase due to acquisition	27	6,064	-
Net foreign currency movements arising from foreign operations		(1,202)	2,308
Carrying amount at 30 June		89,058	84,196
Accumulated impairment at beginning of year		(1,575)	(1,454)
Net foreign currency movements arising from foreign operations		13	(121)
Accumulated impairment at end of year		(1,562)	(1,575)
Reconciliation of technology, trademarks and customer contracts at cost			
Carrying amount at 1 July		22,496	21,740
Increase due to acquisition	27	14,421	-
Additions		2,165	-
Net foreign currency movements arising from foreign operations		(353)	756
Carrying amount at 30 June		38,729	22,496
Accumulated amortisation and impairment at beginning of year		(11,119)	(7,487)
Amortisation of technology, trademarks and customer contracts		(5,425)	(3,572)
Net foreign currency movements arising from foreign operations		153	(60)
Accumulated amortisation and impairment at end of year		(16,391)	(11,119)
Reconciliation of software development at cost			
Carrying amount at 1 July		35,141	29,574
Expenditure capitalised in current period		7,750	5,488
Net foreign currency movements arising from foreign operations		(323)	79
Carrying amount at 30 June		42,568	35,141
Accumulated amortisation at beginning of year		(23,080)	(20,158)
Current year charge		(3,943)	(2,917)
Net foreign currency movements arising from foreign operations		100	(5)
Accumulated amortisation at end of year		(26,923)	(23,080)

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13. Payables

	Consolidated Entity 2017 $'000	2016 $'000
Current		
Trade payables	3,572	2,061
Other payables	6,081	10,168
	9,653	12,229

Included in other payables as at 30 June 2016 was a liability for contingent consideration related to a business combination dated 1 May 2015. This liability was settled on 1 July 2016. Refer to note 3(d) for further information regarding fair value calculations.

14. Borrowings

	Consolidated Entity 2017 $'000	2016 $'000
Current		
Secured		
Lease liability	101	95
	101	95
Non-current		
Secured		
Lease liability	190	291
	190	291

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

The Company has a secured A$30 million multi-currency three-year term facility with its external bankers to provide additional funding as required for acquisitions and general corporate purposes. This facility expires on 9 May 2018 and will be subject to renewal upon negotiation with its external bankers.

The facility is secured by 90% of Group assets. As at 30 June 2017 the remaining unutilised portion of the facility is A$30 million.

As at 29 June 2017, the Company entered into a new facility agreement with a new external banker. This new facility of A$105 million replaces the A$30 million multi-currency three-year term facility and can only be activated upon termination of the A$30 million multi-currency facility. As at 30 June 2017, the A$105 million facility was undrawn and uncommitted. Refer to note 29 for further details.

15. Provisions

	Consolidated Entity	
	2017 $'000	2016 $'000
Current		
Employee benefits	9,618	9,201
Other	504	296
	10,122	9,497
Non-current		
Employee benefits	678	203
	678	203
Aggregate employee benefits liability	10,296	9,404
Other – current		
Carrying amount at beginning of year	296	276
Net provisions (payments) made during the year	208	20
Carrying amount at end of year	504	296

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. These amounts are presented 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 following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2017 $'000	2016 $'000
Current leave obligations expected to be settled after 12 months	962	606

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	
	2017 $'000	2016 $'000
(a) Issued and paid up capital		
Ordinary shares, fully paid	85,350	78,650

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	Consolidated Entity 2017 No. of Shares	Consolidated Entity 2017 $'000	Consolidated Entity 2016 No. of Shares	Consolidated Entity 2016 $'000
(b) Movements in shares on issue				
Balance at beginning of the financial year	178,914,061	78,650	176,195,333	75,127
Shares issued under dividend reinvestment plan	344,943	1,325	377,199	1,154
Shares issued under employee share plan	50,050	175	46,529	161
Options exercised under employee share plan	1,730,000	1,791	2,295,000	2,238
Shares issued on contingent liability settlement	921,290	3,409	-	-
Share purchase plan offer	-	-	-	(30)
Balance at end of the financial year	181,960,344	85,350	178,914,061	78,650

(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) 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.

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

	Consolidated Entity 2017 No. of Shares	Consolidated Entity 2016 No. of Shares
Number of shares at beginning of year	219,578	329,326
Number of shares distributed to employees	50,050	46,529
Number of shares transferred to main share registry and/or disposed of	(132,401)	(156,277)
Number of shares at year end	137,227	219,578

16. Contributed capital continued

(d) Employee share plan continued

The consideration for the shares issued 3 May 2017 was $3.50 (4 May 2016: $3.46).

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	
	2017 $'000	2016 $'000
Current receivables	44	40
Issued ordinary share capital	175	161

The market value of ordinary Hansen Technologies Ltd shares closed at $4.04 on 30 June 2017 ($3.39 on 30 June 2016).

(e) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, increase debt or sell assets to reduce debt or a combination of these activities.

17. Reserves and retained earnings

	Note	Consolidated Entity	
		2017 $'000	2016 $'000
Foreign currency translation reserve	17(a)	8,196	10,167
Options granted reserve	17(b)	1,972	1,253
Retained earnings	17(c)	56,098	44,912

(a) Foreign currency translation reserve

This reserve is used to record the exchange differences arising on translation of a foreign entity.

	Consolidated Entity	
	2017 $'000	2016 $'000
Movements in reserve		
Balance at beginning of year	10,167	7,946
Adjustment to carrying value of overseas interests due to currency fluctuation	(1,971)	2,221
Balance at end of year	8,196	10,167

(b) Options granted reserve

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

	Consolidated Entity	
	2017 $'000	2016 $'000
Balance at beginning of year	1,251	967
Value of options expensed during the year	721	286
Balance at end of year	1,972	1,253

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(c) Retained earnings

	Consolidated Entity 2017 $'000	2016 $'000
Balance at the beginning of the year	44,912	29,489
Dividends paid during the year	(12,702)	(10,660)
Net profit attributable to members of Hansen Technologies Ltd	23,888	26,083
Balance at end of year	56,098	44,912

18. Share-based payments

Employee Share Option Plan

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

The maximum number of options on issue under the Plan must not at any time exceed 7.5% of the total number of ordinary shares on issue at that time. The Board may issue options under the Plan to any employee of the Company and its subsidiaries, including executive Directors, but excluding Non-Executive Directors.

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

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

The exercise price per share for an option will be the amount determined by the Board at the time of the grant of the option. Option holders will not be entitled to participate in any new issue of securities in the Company unless they exercise their options prior to the record date for the determination of entitlements to the new issue. If the Company makes a bonus issue of securities to ordinary shareholders, each unexercised option will, on exercise, entitle its holder to receive the bonus securities as if the option had been exercised before the record date for the bonus issue.

If the Company makes a pro-rata rights issue of ordinary shares for cash to its ordinary shareholders, the exercise price of unexercised options may be adjusted to reflect the diluting effect of the issue. If there is any reorganisation of the capital of the Company, the exercise price of the options will be adjusted in accordance with the Listing Rules.

Options issued under the Employee Share Option Plan are valued on the same basis as those issued to KMP.

Options issued and not yet exercised at 30 June 2017:

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
Consolidated 2017							
2 July 2012	2 July 2015	2 July 2017	0.92	220,000		180,000	40,000
2 July 2013	2 July 2016	2 July 2018	0.92	795,000		500,000	295,000
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	875,000		-	875,000
2 July 2015	2 July 2018	2 July 2020	2.67	1,000,000		-	1,000,000
22 December 2016	31 Aug 2019	22 December 2021	3.59	-	1,323,730[1]	-	1,323,730
Total				3,940,000	1,323,730	1,730,000	3,533,730

1. Included in the options granted during the year is the issue of 535,714 indeterminate rights to Andrew Hansen relating to his FY17 LTI which is subject to shareholder approval at the Company's Annual General Meeting in November 2017.

18. Share-based payments continued

Employee Share Option Plan continued

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
Consolidated 2016							
1 January 2011	1 Jan 2014	2 July 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 $1.05 (2016: $0.98).

The weighted average remaining contractual life for share options outstanding at the end of the period was 3.11 years (2016: 0.68 years).

(a) Employee Share Option Plan – FY17

Grant 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
Consolidated 2017						
22 December 2016	22 December 2021	3.59	-	1,323,730[1]	-	1,323,730
Total			-	1,323,730	-	1,323,730

1. Included in the options granted during the year is the issue of 535,714 indeterminate rights to Andrew Hansen relating to his FY17 LTI, which is subject to shareholder approval at the Company's Annual General Meeting in November 2017.

Under the 2017 new option plan, participants are granted options which only vest if certain performance conditions are met. The performance conditions for the 2017 options are:

- 50% of the award will vest based on Hansen's total return to shareholder (TSR)'s ranking within a peer group of ASX 200 Small Industrials Index listed companies over a three-year period (TSR options); and
- 50% of the award will vest based on target earnings per share (EPS) growth over a three-year performance period (EPS options).

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(b) Fair value of options granted

(i) Fair value of options granted – FY16

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 in 2016, the Black-Scholes model applied the following assumptions to determine a weighted average fair value for the options issued as at grant date of $0.560 cents per option:

- 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%;
- share price at grant date of $2.67;
- a compounding risk-free interest rate of 3.05%; and
- a probability factor for the likelihood of the options being exercised based on historical trends of 80%.

(ii) Fair value of options granted – FY17

The assessed fair value at grant date of options granted during the year ended 30 June 2017 was $1.38 per TSR option and $1.00 per EPS options. The fair value of TSR options at grant date is independently determined using an adjusted form of the Black-Scholes model, which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the year ended 30 June 2017 included:

- grant date: 22 December 2016;
- expiry date: 22 December 2021;
- share price at grant date: $3.79;
- expected price volatility of the Company's shares: 35%;
- expected dividend yield: 2.0%; and
- risk-free interest rate: 2.18%.

The expected price volatility is based on the historic volatility (based on the life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Expenses arising from share-based payment transactions	2017 $	2016 $
Options issued under employee option plan	209,011	286,449
Options issued under employee option plan FY17	512,231	-
	721,242	286,449

19. Cash flow information

	Note	Consolidated Entity 2017 $'000	2016 $'000
(a) Reconciliation of the net profit after tax to net cash flows from operations			
Net profit from ordinary activities after income tax		23,888	26,083
Add/(less) items classified as investing/financing activities:			
Net (profit)/loss on sale of non-current assets		43	-
Add/(less) non-cash items:			
Amortisation and depreciation		12,383	9,036
Share-based payment expense	18(c)	721	286
Unrealised foreign exchange		568	22
Adjustment to fair value on contingent liabilities		-	1,589
Employee share scheme		131	121
Net cash provided by operating activities before change in assets and liabilities		37,734	37,137
Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:			
(Increase)/decrease in trade receivables		(12,447)	(1,557)
(Increase)/decrease in sundry debtors and other assets		1,762	(1,721)
Increase/(decrease) in trade payables		1,181	414
Increase/(decrease) in other creditors and accruals		3,721	(254)
Increase/(decrease) in provisions		(482)	698
(Increase)/decrease in deferred taxes		791	367
Increase/(decrease) in income tax payable		(1,167)	(1,626)
Net cash provided by operating activities		31,093	33,458
(b) Reconciliation of cash			
Cash at bank		15,013	30,203
(c) Loan facilities			
Loan facility		30,000	30,000
Amount utilised		-	-
Unused loan facility		30,000	30,000

Refer to note 14 for details of the loan facility.

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20. Commitments

	Consolidated Entity 2017 $'000	2016 $'000
Lease expenditure commitments		
Operating leases (non-cancellable):		
Not later than one year	4,977	4,617
Later than one year and not later than five years	11,798	13,486
Later than five years	2,625	3,251
Aggregate lease expenditure contracted for at reporting date	19,400	21,354
Finance lease commitments		
Not later than one year	101	82
Later than one year and not later than five years	190	291
Total minimum lease payments	291	373
Less: Future finance charges	-	-
Present value of minimum lease payment	291	373
Lease liabilities provided for in the financial statements:		
Current	101	82
Non-current	190	291
Total lease liabilities	291	373

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.

21. Earnings per share

	Consolidated Entity	
	2017 $'000	2016 $'000
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings – ordinary shares	23,888	26,083
Diluted earnings – ordinary shares	23,888	26,083

	2017 No. of Shares	2016 No. of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share:		
Number for basic earnings per share – ordinary shares	181,363,788	177,557,079
Number for diluted earnings per share – ordinary shares	184,262,852	181,491,615

	2017 Cents Per Share	2016 Cents Per Share
Basic earnings (cents) per share from continuing operations	13.2	14.7
Total basic earnings (cents) per share	13.2	14.7
Diluted earnings (cents) per share from continuing operations	13.0	14.4
Total diluted earnings (cents) per share	13.0	14.4

Classification of securities as potential ordinary shares

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

22. Directors' and executives' compensation

	Consolidated Entity	
	2017 $	2016 $
Short-term employment benefits	3,106,533	2,927,720
Post-employment benefits	230,013	190,722
Share-based payments	553,810	297,923
	3,890,356	3,416,365

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 26.

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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 2017 %	Ordinary Share Consolidated Entity Interest 2016 %
Parent entity				
Hansen Technologies Ltd		Australia		
Subsidiaries of Hansen Technologies Ltd				
Hansen Corporation Pty Ltd		Australia		
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 Ltd Limited		China	100	100
Hansen Technologies Denmark A/S	(i)	Denmark	100	100
TeleBilling Systems A/S	(ii)	Denmark	-	100
Hansen Customer Support India Private Limited	(iii)	India	100	100
Hansen New Zealand Limited		New Zealand	100	100
Hantech Singapore Pte Ltd	(iv)	Singapore	100	100
Hansen Corporation Europe Limited		United Kingdom	100	100
Hansen Holdings Europe Limited		United Kingdom	100	100
Hansen Billing Solutions Limited		United Kingdom	100	-
Hansen Solutions LLC		United States	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) Merged into Hansen Technologies Denmark A/S and de-registered.

(iii) Incorporated 2 June 2016.

(iv) Incorporated 28 January 2016.

23. Related party disclosures continued

(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	
	2017 $	2016 $
A related party to Andrew Hansen – lease rental payments	1,314,045	1,110,113

24. Auditor's remuneration

	Consolidated Entity	
	2017 $	2016 $
(a) Amounts paid and payable to Pitcher Partners (Melbourne) for:		
(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	340,346	340,969
(ii) Other non-audit services		
– taxation services	-	27,110
– compliance services	-	-
	-	27,110
Total remuneration of Pitcher Partners (Melbourne)	340,346	368,079
(b) Amounts paid and payable to network firms of Pitcher Partners for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entities in the consolidated entity	118,363	25,249
(ii) Other non-audit services		
– taxation services	7,672	6,231
– compliance services	117,062	148,949
	124,734	155,180
Total remuneration of network firms of Pitcher Partners	243,097	180,429
(c) Amounts paid and payable to non-related auditors of Group entities for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of other entities in the consolidated entity	126,442	84,882
(ii) Other non-audit services		
– taxation services	52,784	22,390
– compliance services	34,744	-
	87,528	22,390
Total remuneration of non-related auditors of Group entities	213,970	107,272
Total auditors' remuneration	797,413	655,780

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25. Parent entity information

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

	Parent Entity 2017 $'000	Parent Entity 2016 $'000
(a) Summarised statement of financial position		
Assets		
Current assets	1,274	96
Non-current assets	95,309	91,966
Total assets	96,583	92,062
Liabilities		
Current liabilities	1,077	4,163
Non-current liabilities	-	-
Total liabilities	1,077	4,163
Net assets	95,506	87,899
Equity		
Share capital	85,350	78,650
Accumulated profits	8,184	7,998
Share-based payments reserve	1,972	1,251
Total equity	95,506	87,899

	Parent Entity 2017 $'000	Parent Entity 2016 $'000
(b) Summarised statement of comprehensive income		
Profit for the year	12,887	12,968
Total comprehensive income for the year	12,887	12,968

A dividend was paid from Hansen Corporation Pty Ltd to Hansen Technologies Ltd of $13.0 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).
In addition, there are cross guarantees given by Hansen Technologies Ltd and Hansen Corporations Pty Ltd as described in note 28.
No deficiencies of assets exist in any of these companies.

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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

	2017 Financial Year			
2017	Billing $'000	Outsourcing $'000	Other $'000	Total $'000
Segment revenue				
Total segment revenue	168,886	5,644	142	174,672
Segment revenue from external source	168,886	5,644	142	174,672
Segment result				
Total segment result	34,236	1,537	55	35,828
Segment result from external source	34,236	1,537	55	35,828
Items included within the segment result:				
Depreciation expense	2,513	155	-	2,668
Amortisation expense	9,368	-	-	9,368
Total segment assets	180,716	1,778	44	182,538
Additions to non-current assets	4,754	-	-	4,754
Total segment liabilities	46,216	1,732	44	47,991

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

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

	2017 $'000	2016 $'000
Segment revenue from external source	**174,672**	148,961
Other revenue	**256**	233
Interest revenue	**114**	62
Total revenue	**175,042**	149,256

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

	2017 $'000	2016 $'000
APAC	**39,383**	41,167
Americas	**62,887**	35,184
EMEA	**72,402**	72,610
Total revenue	**174,672**	148,961

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

	2017 $'000	2016 $'000
Segment result from external source	**35,828**	37,770
Interest revenue	**114**	62
Interest expense	**(43)**	(59)
Depreciation and amortisation	**(347)**	(311)
Other expense	**(2,719)**	(1,038)
Total profit before income tax	**32,833**	36,424

26. Segment information continued

(b) Segment information continued

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

	2017 $'000	2016 $'000
Segment assets	182,538	143,102
Unallocated assets		
– Cash	15,013	30,203
– Other	2,002	2,160
Total unallocated assets	17,015	32,363
Total assets	199,553	175,465

Total assets attributed to individual countries is detailed as follows:

	2017 $'000	2016 $'000
APAC	55,997	52,130
Americas	83,694	75,372
EMEA	59,862	47,963
Total assets	199,553	175,465

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

	2017 $'000	2016 $'000
Segment liabilities	47,991	36,324
Unallocated liabilities		
– Bank facility	-	-
– Other	(54)	4,161
Total unallocated liabilities	(54)	4,161
Total liabilities	47,937	40,485

27. Business combination

(1) Acquisition of PPL Solutions LLC

The Company's subsidiary, Hansen Technologies North America, Inc. acquired 100% of the share capital of PPL Solutions LLC (renamed Hansen Solutions LLC) with effect from 1 July 2016. PPL Solutions is a strategically attractive business that is strongly aligned with the Company's key acquisition criteria. It sits within our core billing and customer care business, owns the intellectual property in its billing software and extends the Company's footprint into a new market segment in the US.

Details of the purchase consideration:

	$'000
Cash paid	14,169
Total purchase consideration	**14,169**

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Assets and liabilities acquired as a result of the business combination were:

	Fair Value $'000
Assets acquired:	
Receivables	2,674
Other current assets	2,149
Plant and equipment	74
Deferred tax asset	497
Total assets acquired	5,394
Liabilities acquired:	
Payables	2,473
Accruals	170
Provisions	1,346
Current tax liability	31
Total liabilities acquired	4,020
Net identifiable assets acquired	1,374
Add: intangible assets	
Technology	5,518
Customer contracts	4,372
Goodwill	2,905
Total purchase consideration	**14,169**

Goodwill arose on the acquisition of PPL Solutions LLC 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 goodwill is expected to be deductible for tax purposes in the US.

(a) Transaction costs

Transaction costs of $87,922 were incurred in relation to the acquisition. These costs are included with 'professional expenses' in the consolidated statement of comprehensive income.

(b) Contribution since acquisition

Since the acquisition date of 1 July 2016 which is the beginning of the reporting period, PPL Solutions has contributed revenue of $29.059 million and a profit after tax of $1.694 million which is included within the consolidated results. The profit after tax contribution included integration costs incurred to enable the entity to operate as part of the Hansen consolidated Group.

(2) Acquisition of DST Billing Solutions Limited

The Company's subsidiary, Hansen Holdings Europe Ltd, acquired 100% of the share capital of DST Billing Solutions Limited (renamed Hansen Billing Solutions Limited), which owns the HiAffinity customer care and billing system (HiAffinity). The transaction was effective from 1 November 2016.

DST Billing Solutions Limited is focused on the water billing industry with clients in the United Kingdom, Australia, Africa and the Americas and is headquartered in Surbiton in London with around 31 billing subject matter experts employed in the business. The acquisition will further enhance the Company's reputation as a global billing system specialist.

Details of the purchase consideration:

	$'000
Cash paid	7,403
Total purchase consideration	**7,403**

27. Business combination continued

(2) Acquisition of DST Billing Solutions Limited continued

	Fair Value $'000
Assets acquired:	
Cash	1,047
Receivables	1,066
Other current assets	334
Deferred tax asset	95
Total assets acquired	2,542
Liabilities acquired:	
Deferred income	1,610
Accruals	79
Provisions	235
Total liabilities acquired	1,924
Net identifiable assets acquired	618
Add: intangible assets	
Technology	1,358
Customer contracts	3,173
Deferred tax liability	(905)
Goodwill	3,159
Total purchase consideration	**7,403**

Goodwill arose on the acquisition of DST Billing Solutions Limited 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. None of the goodwill is expected to be deductible for tax purposes.

(a) Acquisition related costs

Transaction costs of $140,484 were incurred in relation to the acquisition. These costs are included with 'professional expenses' in the consolidated statement of comprehensive income.

(b) Contribution since acquisition

Since the acquisition date of 1 November 2016, DST Billing Solutions Limited has contributed revenue of $5.521 million and a profit after tax of $1.258 million which is included within the consolidated results. It is impracticable to disclose the results of DST Billing Solutions Limited as though the acquisition date had occurred at 1 July 2016 as the historical financial information for the four months prior to acquisition of the standalone business is not available.

Purchase consideration – cash outflow:

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	7,403
Less: Cash balance acquired	(1,047)
Net outflow of cash – investing activities	**6,356**

(c) Transaction recognised separately from business combination

Shortly after the acquisition date, DST Billing Solutions Limited entered into an arrangement with a related party of the seller, DST Process Solutions Limited to acquire the rights to specific Australian and South African customer contracts for a consideration of $2.165 million. This transaction is recognised separately from business combination and a customer contract intangible asset of $2.165 million has been recognised (refer to note 12).

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28. Deed of cross guarantee

Hansen Technologies Ltd and Hansen Corporation Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under *ASIC Corporations (wholly owned Companies) Instrument 2016/785* issued by the Australian Securities and Investments Commission.

(a) Consolidated statement of comprehensive income

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Hansen Technologies Ltd, they also represent the 'extended closed group'. Set out below is a consolidated statement of comprehensive income for the year ended 30 June 2017 of the closed group consisting of Hansen Technologies Ltd and Hansen Corporation Pty Ltd.

	2017 $'000	2016 $'000
Revenue	41,510	41,499
Other income	12,332	17,141
Total revenue and other income	53,842	58,640
Employee benefit expenses	(26,641)	(24,596)
Depreciation expense	(1,310)	(1,072)
Amortisation expense	(2,559)	(2,462)
Property and operating rental expenses	(2,306)	(2,130)
Contractor and consultant expenses	(261)	(77)
Software licence expenses	(1,019)	(554)
Hardware and software expenses	(2,399)	(2,146)
Travel expenses	(1,249)	(1,575)
Communication expenses	(690)	(656)
Professional expenses	(605)	(623)
Finance cost	(33)	(154)
Other expenses	(2,205)	(2,175)
Total expenses	(41,277)	(38,220)
Profit before income tax	12,565	20,420
Income tax expense	(3,315)	(6,088)
Profit after income tax from continuing operations	9,250	14,332
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit and loss	-	-
Exchange differences on translation of foreign entities	-	-
Other comprehensive income/(expense) for the year	-	-
Total comprehensive income for the year	9,250	14,332

28. Deed of cross guarantee continued

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2017 of the closed group consisting of Hansen Technologies Ltd and Hansen Corporation Pty Ltd.

	2017 $'000	2016 $'000
Current assets		
Cash and cash equivalents	4,214	7,445
Receivables	9,227	3,152
Current tax asset	1,128	1,458
Other current assets	1,992	-
Total current assets	16,561	12,055
Non-current assets		
Plant, equipment and leasehold improvements	3,789	3,690
Intangible assets	21,297	20,194
Other non-current assets	87,523	87,618
Deferred tax assets	3,323	3,388
Total non-current assets	115,932	114,890
Total assets	132,493	126,945
Current liabilities		
Payables	3,511	3,624
Current tax payable	-	2,932
Provisions	5,898	5,697
Unearned income	6,984	4,531
Total current liabilities	16,393	16,784
Non-current liabilities		
Deferred tax liabilities	2,064	1,542
Other non-current liabilities	8,937	7,480
Provisions	195	206
Total non-current liabilities	11,196	9,228
Total liabilities	27,589	26,012
Net assets	104,904	100,933

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(c) Summary of movements in consolidated retained earnings of the closed group

	2017 $'000	2016 $'000
Equity		
Share capital	85,350	78,650
Other reserves	(3,475)	(3,477)
Options granted reserve	1,974	1,253
Retained earnings	21,055	24,507
Total equity	104,904	100,933

29. Subsequent events

(a) Acquisition of Enoro Holding AS

The Company's subsidiary, Hansen Holdings Europe Ltd, acquired 100% of the share capital of Enoro Holding AS and its controlled entities (Enoro), the Nordic market-leading provider of Customer Information Systems and Meter Data Management systems for the energy sector, for a consideration of approximately $71 million. The total enterprise value is $96 million. The transaction is effective from 1 July 2017.

The acquisition will further expand the Company's energy footprint into a number of European countries namely Norway, Sweden, Finland, Germany, Netherlands, Switzerland and Austria and positions the Company to support further deregulation of the energy markets across Eastern Europe.

(i) Details of the purchase consideration

Total purchase consideration was approximately $71 million. The purchase consideration was partly funded via $50 million of equity raising, comprising a $40 million underwritten institutional placement completed on 4 July 2017 and a $10 million share purchase plan. The equity raise resulted in the issue of 10.8 million new shares at $3.70 from the institutional placement and 2.8 million new shares at $3.70 from the share purchase plan, which rank equally with existing Hansen shares. Funds from the equity raise was used to partially fund the acquisition and for working capital purposes.

The remaining consideration was settled via drawdown of new bank facilities. As at 29 June 2017, the Company entered into a new facility agreement, which would allow the Company access up to $105 million as part of securing funding for the Enoro acquisition. As at 30 June 2017, the $105 million facility was undrawn and uncommitted. Subsequent to year end, an amount of approximately $46 million was drawn along with internal cash reserves to settle the remaining purchase consideration and to repay Enoro's acquired external borrowings of approximately $25 million.

The A$30 million multi-currency three-year term facility was terminated on 5 July 2017.

(ii) Information not disclosed as not yet available

At the time the financial statements were authorised for issue, the Company had not yet completed the accounting for the acquisition of Enoro. In particular, it is impracticable to provide detailed information about the fair values of the assets and liabilities of the acquired group as the independent valuations have not been finalised and the carrying value of Enoro's assets and liabilities as at the date of acquisition were being accounted in Norway in compliance with local accounting standards resulting in different accounting treatments to IFRS.

(b) Other events

Please refer to note 7 for the final dividend recommended by the Directors, to be paid on 28 September 2017.

There has been no other matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2017, of the consolidated entity; or

(ii) the results of those operations; or

(iii) the state of affairs, in financial years subsequent to 30 June 2017, of the consolidated entity.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 29 to 71 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 2017 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.

At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 28 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 28.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

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





David Trude
Director

Andrew Hansen
Director

Melbourne
21 August 2017

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HANSEN TECHNOLOGIES LTD

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hansen Technologies Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition *Refer to Note 1(c) and Note 4*	
The Group's revenue is primarily derived from the provision of customer care and billing technologies and the maintenance and support for this technology. Some of the contracts that account for revenue are based on the stage of completion of individual contracts, calculated on the proportion of total costs incurred at the reporting date compared to management's estimation of total costs of the contract. The accurate recording of revenue is highly dependent on the following key factors: • a detailed knowledge of the individual contract characteristics, including; the status of contracts, the judgements and estimation regarding the cost to complete, location of the project, complexity of the project; and • the number and nature of variations on the original contract terms. Our testing of revenue transactions focused on revenue recognition and evidencing that the underlying transaction had occurred in the period.	Our procedures included, amongst others: • Review of the Group's terms and conditions of sale; • For a sample of revenue transactions, substantiation to supporting documentation including or receipt of monies; • A review and analysis of general journals impacting revenue; • For a sample of revenue transactions, we agreed to underlying customer contracts; and • For a sample of revenue transactions which were recognised on a percentage completion basis, we tested that the calculations of costs to complete the contract and costs incurred were based on supportable assumptions by: – assessing the forecast costs to complete through challenging Group finance and operational management assessments; – assessing the Group's ability to deliver contracts within budgeted margins by analysing the historical accuracy of forecasting margins and the relationship of cost versus billing status on contracts; and, – reading the contract terms and conditions and any applicable variations to evaluate whether the individual characteristics of each contract were reflected in management's estimate.

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Key Audit Matter	How our audit addressed the key audit matter
Impairment of Goodwill *Refer to Note 1(h), Note 2(a) and Note 12.*	
At 30 June 2017 the Group's balance sheet includes goodwill amounting to $87.5 million, allocated to one cash generating unit (CGU). The assessment of impairment of the Group's goodwill balance incorporated significant judgement in respect of factors such as: • revenue; • expenses; • capital expenditure; and • economic assumptions such as, discount rates and terminal growth. A key audit matter was identified as to whether the Group's value-in-use model for impairment included appropriate consideration and support for significant estimates and judgements and the selection of key external and internal inputs.	Our procedures included, amongst others: • We assessed management's determination of the Group's CGUs based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also reviewed the internal reporting of the Group to assess how earnings streams are monitored and reported; • We evaluated management's process regarding valuation of the Group's goodwill assets to determine any asset impairments including the procedures around the preparation and review of forecasts. • We challenged the Group's assumptions and estimates used to determine the recoverable value of its assets, including those relating to forecast revenue, expenses and capital expenditure. • Used an auditors expert to corroborate the key market related assumptions to external data; • We checked the mathematical accuracy of the cash flow models and agreed relevant data to the latest forecasts; • We assessed the historical accuracy of budgeting and forecasting of the Group; and • We performed sensitivity analysis in two main areas. These included the discount rate and terminal growth assumptions.

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Key Audit Matter	How our audit addressed the key audit matter
Calculation of Capitalised Software Development Expenditure *Refer to Note 1(h), Note 2(d) and Note 12.*	
At 30 June 2017 the Group's balance sheet includes a carrying value of Internally Capitalised Software Development Expenditure of $15.6 million which included $7.8 million which was capitalised during the year ended 30 June 2017. The assessment of the Capitalised Software Development Expenditure incorporated significant judgement in respect of factors such as: • probability of future benefit; and • the accuracy of inputs such as wage rate and overhead calculations. A key audit matter was identified for the application of the Group's capitalisation policy; in particular when capitalising wages and overheads relating to the development of a new product or additional functionality to an existing product.	Our procedures included, amongst others: • For a sample of projects agreeing time incurred relating to the project back to employee timesheets; • Challenging management on the basis for capitalisation and expected future benefit for a sample of projects capitalised; • Testing on a sample basis for impairment of projects previously capitalised by obtaining an update on the current status of a sample of projects from management's review of sales of product during the current year; • Substantiating wage rates used in capitalisation back to salaries of employees in the development team; • Agreeing overhead allocation of fixed costs; • Reviewing the overhead expense percentages allocated to capitalised software development; and • Testing the mathematical accuracy of the amortisation of previously capitalised amounts in line with the Group policy.

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Key Audit Matter	How our audit addressed the key audit matter
Acquisition of Hansen Solutions LLC (PPL) and Hansen Billing Solutions Limited (HiAffinity) Refer to Note 27.	
During the year the Group acquired Hansen Solutions LLC (PPL) and Hansen Billing Solutions Limited (HiAffinity) for gross purchase consideration of $10.6m USD ($14.2m AUD) and £4.6m GBP ($7.4m AUD) respectively. Management considered these to be significant purchases for the Group. Accounting for this transaction is a complex and judgemental exercise, requiring management to determine the fair value of acquired assets and liabilities, in particular determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets such as customer contracts and relationships. It is due to the size of the acquisition and the estimation process involved in accounting for it that this is a key area of audit focus.	Our procedures included, amongst others: • We read the sale and purchase agreements to understand key terms and conditions; • We evaluated the assumptions and methodology in management's models, such as forecast revenues, operating costs and contributory assets used to determine the value of customer contracts. • We evaluated the work of the independent expert in respect of the purchase price allocation; • We used our internal valuation specialists to compare these valuation assumptions with external benchmarks (for example discount rates) and to consider the assumptions based on our knowledge of the Group and its industries; • We considered the Group's determination of the final fair value adjustments at 30 June 2017 and compared them to the provisionally reported values at 31 December 2016. We performed testing on the fair value adjustments to confirm that they related to new information obtained about facts and circumstances that existed on acquisition date, therefore were eligible for recognition; • We separately considered the reasonableness of the purchased entities opening balances on the acquisition date of each entity; and • We assessed the adequacy of the Group's disclosures in respect of business acquisitions.

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The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 26 of the directors' report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Hansen Technologies Ltd, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



S D Whitchurch
Pitcher Partners

Melbourne
21 August 2017

AUSTRALIAN SECURITIES EXCHANGE (ASX) ADDITIONAL INFORMATION

As at 22 September 2017

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

Substantial shareholders

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

Shareholder	Number of Ordinary Shares	Percentage Held
Othonna Pty Ltd	34,739,113	17.74%
HSBC Custody Nominees (Australia) Limited	23,709,780	12.11%
J.P Morgan Nominees Australia Limited	13,160,989	6.72%
HSBC Custody Nominees (Australia) Limited - A/C 2	9,907,747	5.06%

(i) Voting rights

Ordinary shares and options – refer note 16.

(ii) Distribution of equity security holders

	Number of Equity Security Holders	
Category	Ordinary Shares	Options
1 to 1,000	2,216	-
1,001 to 5,000	4,801	-
5,001 to 10,000	2,051	-
10,001 to 100,000	1,928	5
100,000 and over	84	11

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

(iii) Twenty largest shareholders

Name	Total Units	Percentage of Issued Capital
Othonna Pty Ltd	34,739,113	17.74%
HSBC Custody Nominees (Australia) Limited	23,709,780	12.11%
J P Morgan Nominees Australia Limited	13,160,989	6.72%
HSBC Custody Nominees (Australia) Limited - A/C	9,907,747	5.06%
National Nominees Limited	6,317,594	3.32%
BNP Paribas Noms Pty Ltd	5,191,801	2.65%
Citicorp Nominees Pty Limited	5,086,165	2.60%
Andrew Alexander Hansen	2,102,304	1.07%
BNP Paribas Nominees Pty Ltd	1,494,812	0.76%
UBS Nominees Pty Ltd	1,207,806	0.62%
Mrs Yvonne Irene Hansen	1,187,714	0.61%
One Managed Investment Funds Limited	1,141,425	0.58%
Mr Cameron Hunter	1,003,691	0.51%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd Drp	905,998	0.46%
Warbont Nominees Pty Ltd	881,970	0.45%
Mr James Lucas & Ms Lesley Dormer	800,940	0.41%
Six of Us Pty Ltd	536,953	0.27%
Pacific Custodians Pty Limited	511,150	0.26%
BNP Paribas Nominees Pty Ltd	448,561	0.23%
Ozcun Pty Ltd	433,456	0.22%
Total	**110,769,969**	**56.57%**

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CORPORATE DIRECTORY

Directors
David Trude, Chairman
Andrew Hansen, Managing Director and CEO
Bruce Adams, Non-Executive
Jennifer Douglas, Non-Executive
Sarah Morgan, Non-Executive
David Osborne, Non-Executive

Company secretary
Julia Chand

Principal registered office
2 Frederick Street, Doncaster Victoria 3108
T (03) 9840 3000
F (03) 9840 3099

Share registry
Link Market Services Limited
Tower 4
727 Collins Street
Melbourne Victoria 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 Victoria 3000

Solicitors
GrilloHiggins
Level 20, 31 Queen Street
Melbourne Victoria 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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