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GLOBAL EXPERIENCE

Annual Report
2018

HANSEN TECHNOLOGIES

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CONTENTS

2 Chairperson and Chief Executive Officer Joint Report
8 Information on Directors and Company Secretary
10 Directors' Report
16 Remuneration Report
32 Auditor's Independence Declaration
33 Financial Report
85 Directors' Declaration
86 Independent Auditor's Report
90 ASX Additional Information
92 Corporate Directory



1,000+ STAFF SPREAD ACROSS 31 OFFICES TO SUPPORT OUR CUSTOMERS

Notice of Annual General Meeting
Annual General Meeting of the Company to be held on Thursday 22 November 2018 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 our global customer base to deliver cost-effective end-to-end business initiatives to improve their customers' experience. Hansen has offices in Australia, United States, 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.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER JOINT REPORT

We are pleased to present the Annual Report for Hansen Technologies Limited for fiscal 2018.

Hansen has consistently delivered solid growth and strong earnings margins, growing its revenue base from $100 million to in excess of $200 million over three years. This year has been no different, with record revenues and earnings performance.

Our results are a reflection of the commitment and dedication of our people, who are core to delivering the Hansen way. These results also reflect the market leading expertise we deliver to clients and the value of the strong partnerships we've built.

2017–18 financial performance

Operating revenue of $230.8 million for the year was up 32% on the previous year. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $59.3 million was up 31% over the prior period.

Net profit after tax (NPAT) was up 21% to $28.9 million and Basic Earnings Per Share (EPS) was up 12% to 14.8 cents compared to $23.9 million and 13.2 cents last year, respectively.

Growth year on year was primarily underpinned by the Enoro acquisition, with modest growth achieved in our underlying recurring revenue base.

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

Strategic growth

In 2018 we successfully integrated our largest acquisition in Hansen's history, Enoro Holdings AS (Enoro), strategically taking the Hansen brand into the Nordic region, which is a testament to our robust business processes and strong team performance.

Enoro is the market leading provider of Customer Information Systems (CIS) and Meter Data Management (MDM) systems for the Nordic energy market, with an expanding footprint in the broader dynamic European market. Hansen's acquisition of Enoro (which was completed for an enterprise value of A$94.7 million (NOK 620 million) means that we now have a strong presence in the most advanced energy market in the world, and broader reach into the European energy market, building upon our existing European telecommunications CIS footprint.

OUR RESULTS ARE A REFLECTION OF THE COMMITMENT AND DEDICATION OF OUR PEOPLE



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COMPANY HIGHLIGHTS

$230.8M
Operating revenue
Up 32%

$28.9M
Net profit after tax
Up 21%

$59.3M
EBITDA
Up 31%

$14.8¢
Earnings per share
Up 12%



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It also has analytics software that analyses consumption data to understand customer behaviour, which provides cross-selling opportunities to the broader Hansen customer base and beyond. Enoro's customer base comprises a balanced portfolio of distribution system operators, retailers and integrated utilities, with a bulk of its revenues being recurring in nature.

The acquisition satisfied all of our key target requirements: (1) same core business, (2) owns the IP, (3) recurring revenues, and (4) attractive geographic markets. Importantly, it also positions Hansen to support further deregulation of the European energy markets.

The acquisition was completed via a mix of an A$50 million equity raising (comprising an A$40 million underwritten institutional placement and a fully subscribed A$10 million share placement plan) and debt (utilising new bank facilities), which is a testament to Hansen's strong balance sheet and prudent capital management strategy.

The Enoro business has performed well over the year and, overall, we were pleased that its performance has exceeded expectations. In light of this, we took the opportunity to commence optimisation of that business to ensure that future returns are maximised.

In addition to this significant acquisition, we continue to build out our global platform and make investments in our infrastructure and our people. During the year, Hansen established a low-cost development centre in Vietnam as part of our strategy to lower our delivery costs. We also undertook a refresh of our brand, to better reflect the global reach of Hansen's products.

Who we are

Hansen is a global business that develops, implements and supports proprietary customer care and billing software solutions to clients within the energy/utilities, telecommunications and pay-TV industries. From modest beginnings in 1971, our business has grown and today millions of people around the world rely on our software for a secure, accurate and reliable billing experience.

Hansen now employs over 1,000 people supporting customers in over 80 countries around the globe from offices in Australia, United States, New Zealand, China, Denmark, Finland, Norway, Germany, Argentina, India, the United Kingdom and South Africa.

Our continued diversification of the business through delivering proprietary solutions across a range of geographies and industry sectors continues to serve us well. The recent Enoro acquisition has given us access to the adjacent markets of Meter Data Management (MDM) and analytics.

With experts across the globe, we have deep understanding of the sectors and markets we serve. Working closely with our clients we continue to evolve our product offerings through a structured research and development program to ensure they have access to leading-edge billing systems that deliver reliable and accurate billing data. This ensures we continue to maintain our excellent reputation for delivering high-quality solutions to our customers.

Our people/Our values

Our people are core to the successful delivery of our solutions around the globe. Our success has enabled us to recruit top talent. As with our products, we believe investment in our staff is key in delivering cutting-edge solutions. Along with our enhanced performance development program, our people have access to ongoing professional development via our learning and development platform.

Hansen focuses on maintaining a culture that encourages its people to grow and strive for excellence. Underpinning this culture are our values that pave the way for how we do business.

Our Key Pillars are:

- **One united team**
  We strive to maintain an environment that encourages innovation and facilitates openness and transparency because we recognise that sharing knowledge and leveraging global experiences accelerate growth and success.
- **Treat it like it's your own**
  We encourage our people to make business decisions with the same level of considerations that they would if they were making these decisions for themselves.
- **People and family**
  We recognise as a global business that we have genuine diversity in our workforce. We embrace this diversity by being respectful of others and genuinely seeking to understand and embrace our differences.
- **Focused and committed**
  We challenge our people to be focused on understanding their customers' needs and to be passionate about delivering an exceptional customer experience.

Our strategic approach

Diversification is at the core of what we do. By diversifying our products across a variety of customers in different industry segments and geographic regions, Hansen ensures stability in its business revenues. This diversification, combined with the fact that our solutions are mission critical and used by our clients for extended periods of time, ensures that we continue to enjoy a strong recurring revenue stream.

We continue to focus on growing our footprint in new and existing markets by delivering directly into these markets ourselves or in partnership with a local industry partner.



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Through global market intelligence, we stay abreast of market trends and forecasts to ensure that we are positioning ourselves and our products in geographies that can deliver the best return on investment. Our underlying foundations of the business remain strong, and the platform we have built holds us in good stead for the future.

Our strategy is reviewed annually to ensure that goals are being met within the set timeframes and changes to the industry or business conditions are being identified and planned for. This enables Hansen to continue to deliver success to its shareholders, its people and its clients. Our focus remains on revenue growth (from new business and existing clients), maintaining earnings margins within our target range and the strengthening of our global platforms.

One global brand

Hansen has a strategic and structured acquisition plan to deliver acquisitions that allow Hansen to increase its footprint in new geographies whilst consolidating its position within the industries that it serves. Historically, acquisitions have continued to maintain their own branding, which has resulted in a low awareness of the Hansen brand outside of Australia.

In FY18, Hansen has strategically decided to go to market with our new unifying brand, HansenCX. In existing and new markets around the world, HansenCX will be a common brand that enables us to speak to our successes worldwide and unite our people under one brand. The 'CX' of HansenCX represents the customer experience, which has always been part of our DNA and extends into all of our products. Our approach to the global market continues to be driven by a strong focus on servicing our clients' needs, targeting strategic opportunities for new business and acquiring businesses that complement and bolster our core business.

Market differentiation

The combination of Hansen's products and our deep industry expertise provides compelling benefits that set us apart from our competitors. These include:

- **Solutions that are purpose built for the markets they serve** – Our extensive experience has enabled us to build robust and respected solutions that deliver industry requirements whilst having the flexibility to meet the specific business needs of the client, providing them with a competitive edge. These solutions can be delivered on premises, hosted or cloud based.
- **Client Focused** – Our reputation speaks for itself. Around the globe we are proud to have hundreds of referenceable clients delivering market-leading offerings in their respective industry segments. Our approach of partnering with clients to deliver strong technical outcomes means that they can focus on delivering exceptional customer experiences.
- **Our People** – Hansen continues to invest in the learning and development of our people. In an industry where talent churn is high, we pride ourselves on our ability to engage and retain talented people (our average tenure is around 10 years). This ensures that our clients benefit from a wealth of experience.

Mergers and acquisitions

Our strategic and structured approach to expansion has served us well and remains unchanged. Hansen has a strong track record of effective acquisitions, which now includes our largest acquisition Enoro. Our past performances, and the learnings from them, give us strong confidence in our ability to continue to deliver for shareholders on this strategy.

We focus on acquisition targets that meet the following criteria:

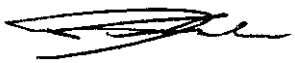
- Are within, or adjacent to, our core competencies;
- Own the intellectual property in their products;
- Have high levels of annuity/ recurring revenue streams; and
- Extend Hansen's footprint into an attractive market segment, geography or industry vertical.

We are continually reviewing acquisition opportunities, and our universe of available targets increases as we expand the size and scope of Hansen.

Corporate Governance Statement

Hansen 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.

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 https://hansencx.com/about/investor-relations.



David Trude
Chairman



Andrew Hansen
CEO

16 August 2018

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OUR STRATEGIC AND STRUCTURED APPROACH TO EXPANSION HAS SERVED US WELL AND REMAINS UNCHANGED

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a Director of Hansen Technologies Limited at any time during or since the end of the financial year 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 70

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.

David is also Non-Executive Chairman of Baillieu Holst Limited, a Non-Executive Director of CHI-X Australia Limited and Non-Executive Director of ASX listed Acorn Capital Investment Fund and MSL Solutions Limited.



Mr Andrew Hansen
Managing Director and CEO
Managing Director since 2000
Age 58

Andrew has over 35 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 led Hansen from its listing on the ASX in 2000 to today being a global business with a strong history of decades of strong profitability and growth.

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 58

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 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.



Ms Sarah Morgan
Non-Executive Director
Director since 2014
Chair of the Audit and Risk Committee
Member of the Remuneration Committee
Age 48

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. Sarah holds a degree in Engineering and a Masters of Business Administration from the University of Melbourne and is a Graduate of AICD.

Sarah is also Non-Executive Director of Adslot Limited, Future Generation Global Investment Company Limited, and the National Gallery of Victoria Foundation.

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Mr David Osborne
Non-Executive Director
Director since 2006
Member of the Audit and Risk Committee
Age 69

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 51

Jennifer has over 25 years' experience in the technology and media industries. Jennifer started as a lawyer before holding senior executive roles including Executive Director of Telstra's Customer Office, responsibility for Telstra's $3 billion Fixed Voice business, and the establishment of technology business Platinum.

Jennifer holds degrees in Science and Law from Monash University, a Masters of Law and Masters of Business Administration from Melbourne University and is a Graduate of AICD. Jennifer is also a Non-Executive Director of Essential Energy, Opticomm Pty Ltd and Peter MacCallum Cancer Foundation.



Mr David Howell
Non-Executive Director
Director since 2018
Member of the Audit and Risk Committee
Age 60

David is a highly accomplished executive having worked across a number of industries including financial services, retail, oil marketing and social media. David has had roles as Managing Director, Board Director and Board Adviser across large corporates, SMEs and early stage businesses, including private equity.

David is also Non-Executive Chairman of Littlepay (an Australian fintech company) and a Non-Executive Director of Tiger Pistol Pty Ltd (a social media advertising technology business).



Ms Julia Chand
General Counsel and Company Secretary
Company Secretary since 2014
Age 48

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 Limited held any other directorships of listed companies at any time during the three years prior to 30 June 2018.

DIRECTORS' REPORT

The Directors present their report together with the Financial Report of the consolidated entity (the Group), being Hansen Technologies Limited (the Company) and the entities it controlled for the financial year ended 30 June 2018, and Auditor's Report thereon. This Financial Report has been prepared in accordance with Australian Accounting Standards.

Principal activities

The principal activities of the Group during the financial year were the development, integration and support of billing systems software for the utilities, energy, pay-TV and telecommunications sectors. Other activities undertaken by the Group 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:

	2018 A$ Million	2017 A$ Million	Variance %
Operating revenue	**230.8**	174.7	32%
EBITDA*	**59.3**	45.1	31%
Profit before tax	**37.0**	32.8	13%
NPAT	**28.9**	23.9	21%
Basic earnings per share (cents)	**14.8**	13.2	12%

* EBITDA is a non-IFRS term, defined as Earnings Before Interest, Tax, Depreciation and Amortisation. 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 2018 financial year saw the business achieve record results with the highest level of operating revenue achieved and a significant increase in earnings per share.

The year has benefited from the Group's continuing acquisition strategy, with the Enoro acquisition being completed on 1 July 2017, making a first-time contribution to the Group's results. Enoro has performed in excess of expectations and is now fully integrated into the Group's operations, which is consistent with our continued success from acquisitions.

The effect of the movement in exchange rates has been largely neutral given the strengthening of the Australian dollar in the first half of the year, offset by weakening in the second half.

The Group has generated free cash flow of $39.3 million, which has been used to retire external debt of $20.0 million and fund dividends of $10.4 million during the financial year. With low levels of gearing and robust cash conversion, our balance sheet has further strengthened year on year.

With the business continuing to expand internationally, we continue to invest in our key people, allowing us to deploy resources that facilitate growth on a global scale. This in turn has allowed us to continue to create shareholder value and be a leading player within the billing software and service market.

Billing segment

The Billing segment represents a major part of the Group's business operations, delivering $217.2 million revenue in 2018 (2017: $159.1[1] million), which translates into a 36.5% increase. Profit before tax was $40.2 million in 2018 (2017: $34.9 million), representing a 15.2% increase. The revenue growth was driven mainly via the Enoro acquisition. The billing segment operates globally within the following sectors: energy, water, pay-TV and telecommunications.

Other activities

In 2018, the Group separated its Customer Care call centre services in the United States from the Billing segment and aggregated these services with its existing data hosting business to form an 'other' segment. This change allows our segment results to more closely align with our core Billing Solutions business.

Revenues from other activities was $13.6 million in 2018 (2017: $15.5 million), representing a 12.3% decrease for the year. Profit before tax was $1.4 million for 2018 (2017: $1.8 million). This 22.2% decrease resulted from expected reduction in business activity associated with the Customer Care call centre.

1 Prior year comparative segment results have been restated due to changes in our segment classification during the 2018 financial year. Refer to Note 2 to the consolidated financial statements for further information.

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Significant changes in the state of affairs

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

Events after balance sheet date

No 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 Group, the results of those operations or the state of affairs of the Group in future years.

Opportunities and business risks

This year's performance shows the Group has been committed to its core values, demonstrating the effective integration of the largest acquisition in the Group's history (Enoro) and maintaining its focus on creating shareholder value.

Organic and strategic growth opportunities within the business for above trend performance include, but are not limited to:

- A higher than expected demand for services from customers from changing business needs;
- Significant unbudgeted new customers due to increased marketing efforts;
- 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 (deregulation) that results in the provision of increased system functionality; and
- A higher than expected conversion rate associated with targeted acquisitions.

To ensure our goals are achieved, the Group has established a robust risk framework that is continually monitored, managed and responded to. As the Group continues to grow, we continue to identify, control, plan, and co-ordinate effective responses to a wide array of risks which include, but are not limited to the following:

- **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.

We manage risks by monitoring our market place and global conditions.

Outlook and likely developments for FY19

The Group 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 approach to business remains solid and unchanged and we will maintain a well-disciplined method of growing a profitable business while diversifying our products across a variety of customers in different industry segments and geographic regions.

Offering technically driven solutions that deliver a positive business outcome supports our philosophy of putting clients' needs at the forefront of our business. Our mission-critical solutions will continue to grow our underlying recurring revenue base.

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

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.

Environmental regulations

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

Dividends paid, recommended and declared

A fully franked final dividend of 4 cents per share has been declared, representing a 3 cents per share regular dividend plus a 1 cent per share special dividend. The final dividend was announced to the market on 17 August 2018, with payment to be made on 27 September 2018.

The amount declared has not been recognised as a liability in the accounts of the Company as at 30 June 2018.

Dividends paid during the year:

- 3 cents per share fully franked interim dividend paid 29 March 2018, totalling $5,888,099; and
- 3 cents per share fully franked final dividend paid 28 September 2017, totalling $5,873,908.

Share options and performance rights

Options and performance rights over shares may be issued to key management personnel (KMP) as an incentive for motivating and rewarding performance as well as encouraging longevity of employment. The issuing of options and performance rights is intended to enhance the alignment of KMP with the primary shareholder objective of increasing shareholder value.

Performance rights over unissued ordinary shares granted by the Company during or since the end of the financial year to the KMP as part of their remuneration for the year ended 30 June 2018 are as follows:

Grant Date	Number of Rights Granted[1]
Executives	**2 July 2017**
A Hansen	116,972
C Hunter	25,824
D Meade	25,157
G Taylor	24,869
N Fernando	24,613
Total	**217,435**

1. The number of rights granted that will vest is conditional on achievement of targets under the LTI plan. Refer to the Remuneration Report for further details.

There were no rights over unissued ordinary shares granted by the Company since the end of the financial year to the KMP as part of their remuneration.

There were no options over unissued ordinary shares granted by the Company during or since the end of the financial year to the KMP as part of their remuneration.

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

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Shares under options and performance rights

Unissued ordinary shares of the Company under options and rights at the date of this report are as follows:

Instrument	Grant Date	Vesting Date	Expiry Date	Exercise Price	Number of Options/ Rights at Date of Report
Options	2 July 2013	2 July 2016	30 Sept 2018[1]	$0.92	75,000
Options	2 July 2014	2 July 2017	2 July 2019	$1.30	470,000
Options	2 July 2015	2 July 2018	2 July 2020	$2.67	1,000,000
Options	22 Dec 2016	31 August 2019[2]	22 Dec 2021	$3.59	1,323,730
Rights	2 July 2017	31 August 2020[2]	–	Nil	355,318

1. The original expiry date for this tranche of options was 2 July 2018. However, due to extraordinary circumstances, the remaining 75,000 options could not be exercised during the year. Therefore, the Board has exercised its discretion during the year to extend the expiry date for the remaining options to 30 September 2018.
2. The vesting date for options granted 22 Dec 2016 and rights granted on 2 July 2017 is the date on which the Board notifies the executive that the options and rights 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 2019 and 31 August 2020 respectively.

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

Option and performance rights holders do not have any right, by virtue of the option or performance right held, to participate in any share issue of the Company. Options and performance rights will not give any right to participate in dividends or any voting rights until shares are issued upon the exercise of vested options or performance rights.

Shares issued on exercise of options and performance rights

The following ordinary shares of the Company 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
05 July 2017	75,000	1.30
27 July 2017	40,000	0.92
07 August 2017	40,000	1.30
24 August 2017	75,000	1.30
30 October 2017	40,000	1.30
02 February 2018	75,000	1.30
12 February 2018	40,000	0.92
22 February 2018	100,000	1.30
14 March 2018	75,000	0.92
29 March 2018	105,000	0.92
Total	**665,000**	

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

No shares were issued during or since the end of the financial year on exercise of performance rights.

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 Group 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 and Risk Committee Meetings		Remuneration Committee Meetings	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr David Trude	12	12	–	–	–	–
Mr Bruce Adams	12	12	–	–	3	3
Mr Andrew Hansen	12	12	–	–	–	–
Ms Sarah Morgan	12	12	6	6	3	3
Mr David Osborne	12	12	6	6	–	–
Ms Jennifer Douglas	12	12	6	6	3	3
Mr David Howell[1]	2	2	1	1	–	–

1. David Howell was appointed as a Non-Executive Director and a member of the Audit and Risk Committee effective 24 May 2018.

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Directors' interests in shares or options

Directors' relevant interests in shares of the Company 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 the Company	Options/Rights over Shares in the Company
Mr David Trude	110,617	–
Mr Bruce Adams	152,304	–
Mr Andrew Hansen	34,958,807	652,686
Ms Sarah Morgan	21,351	–
Mr David Osborne	386,335	–
Ms Jennifer Douglas	8,000	–
Mr David Howell	25,000	–

Proceedings on behalf of the Company

No person applied for leave of Court to bring proceedings on behalf of the Company or any of its subsidiaries.

Directors' interests in contracts

Directors' interests in contracts with the Company are limited to the provision of leased premises on arm's length terms and are disclosed in Note 25 to the financial statements.

Auditor's Independence Declaration

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

Non-audit services

Non-audit services were provided by the auditors of the Group during the year, namely RSM Australia Partners, network firms of RSM 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*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

	Consolidated	
	2018 $	2017 $
Amounts paid and payable to RSM Australia Partners for non-audit services:		
– taxation services	–	–
– compliance services	–	–
	–	–
Amounts paid and payable to network firms of RSM Australia Partners for non-audit services:		
– taxation services	13,493	10,679
– compliance services	3,034	174,567
	16,527	185,246
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
– taxation services	–	49,776
– compliance services	8,302	132,801
	8,302	182,577
Total auditors' remuneration for non-audit services	24,829	367,823

REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to present the Remuneration Report of the Group, consisting of Hansen Technologies Limited (the Company) and its controlled entities for the 2018 financial year.

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

Significant changes have been made to strengthen the Hansen remuneration framework since FY16, including changes to better align the links between performance and reward and ensure balance of focus on short-term and long-term outcomes.

Building on these improvements, two further structural changes were made to the FY18 remuneration policy to strengthen and more closely align remuneration outcomes with performance. These adjustments included:

- Adopting the Executive Performance Rights Plan as the new LTI scheme, replacing the use of options with performance rights; and
- Modifying the STI performance gateway such that it is only applicable to the financial component of the STI scheme, to ensure we also recognise and reward achievement of the Group's strategic objectives.

The maximum amount of remuneration available to be awarded under the STI and LTI programs continues to be determined as a percentage of total fixed remuneration (TFR) and continues to be linked to the key financial and non-financial performance conditions.

The remuneration outcomes this year reflect continued organic and acquisition growth, the latter being led by the inclusion of the results from the Enoro business for the first time. These results are detailed in the Operating and Financial Review section of the Directors' Report.

Based on the Group's FY18 performance, 94% of target STI payments were awarded to KMP, reflecting achievement rates of 85% to 100% against financial and non-financial key performance indicators (KPIs) set for the year.

The Board has determined that the FY19 remuneration framework will be largely consistent with the FY18 policy with one exception. In FY19, the number of performance rights granted under the LTI Plan will be determined based on 'market value' instead of 'fair value' to align with current market practice. A review of the remuneration framework is planned in FY19 with any changes ready for introduction in FY20.

The Board remains committed to the ongoing review and improvement of the Group's Remuneration Framework to ensure it achieves its objectives of incentivising and rewarding performance that optimises business and shareholder value and ensuring the Company is well placed to attract, retain and motivate a talented 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 2018 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 details: executive KMP
5. Contractual arrangements with executive KMP
6. Remuneration details: non-executive KMP
7. Share-based remuneration disclosures
8. Other transactions with KMP

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 (KMP) of the Group during the 2018 financial year. KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group:

Executives[1]	
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 Strategy & Commercial Officer

Non-Executive Directors	
David Trude	Chairperson and Independent Non-Executive Director
Bruce Adams	Non-Executive Director
Jennifer Douglas	Independent Non-Executive Director
Sarah Morgan	Independent Non-Executive Director
David Osborne	Non-Executive Director
David Howell	Independent Non-Executive Director[2]

1. These executives of the Group were classified as KMP during the 2018 financial year and unless stated otherwise were KMP for the entire year.
2. David Howell was appointed as a Non-Executive Director effective 24 May 2018.

At the 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.

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2. Overview of our remuneration framework

Our philosophy

People are at the heart of the Group'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.

Remuneration governance

The Board annually reviews the Group's 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 for reviewing and making recommendations to the Board regarding compensation arrangements for the Directors, executive KMP and the balance of the CEO's direct reports. As at 30 June 2018, the Remuneration Committee was made up of three Non-Executive Directors: Jennifer Douglas (Chair of the Remuneration Committee), Bruce Adams, and Sarah Morgan, the majority of whom are independent.

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 Company performance and shareholder benefit including 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.

Remuneration annual review – executives

CEO

Assess each senior executive's current year performance based on actual outcomes relative to agreed targets, general performance and market conditions.

Provides appropriate recommendations to the Remuneration Committee on incentive payments for the current year.

Provides appropriate recommendations to the Remuneration Committee of the amount of fixed remuneration, appropriate STI targets and STI payments for the future measurement period.

Remuneration Committee

Reviews the CEO's recommendations with respect to the senior executive team and provides appropriate recommendations to the Board.

Assesses the CEO's current year performance and remuneration outcomes against agreed targets, formulating a recommendation to the Board.

Provides appropriate recommendations to the Board of the amount of the CEO's fixed remuneration and appropriate STI and LTI targets for the future measurement period, considering general performance, market conditions and other external factors.

Board

Reviews the Remuneration Committee's recommendations.

Approves current year STI and LTI payments.

Approves the remuneration and remuneration structure for the future measurement period, including STI and LTI targets.

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Remuneration review – Non-Executive Directors

Non-Executive 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. Given this amount has not been reviewed since that time and requires increasing to meet requirements in FY19 and beyond, the Board will seek shareholder approval during the forthcoming AGM to vary the limit. Further details will be provided prior to the AGM.

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

During the 2018 financial year, the Board engaged GrilloHiggins Lawyers to draft the Executive Performance Rights Plan arrangement rules. The Board has taken the view that GrilloHiggins Lawyers was not acting in the capacity of a remuneration consultant (as defined in the *Corporations Act 2001*) and therefore the services did not constitute a remuneration recommendation.

In FY19, the Board plans to engage the services of an independent third-party remuneration consultant to review the current executive and non-executive remuneration structure and provide recommendations for the Group's future remuneration structure.

Summary of remuneration structure for FY18

Objective	Component	Form	Assessment	
Attract and retain employees with the skills and experience associated with the role.	Total Fixed Remuneration (TFR)	Cash + non-cash benefits	Market data, individual experience and performance	Fixed
Incentivise and reward achievement of annual performance objectives and business outcomes.	Short Term Incentive (STI)		Annual performance based on financial and non-financial targets	Variable ('at-risk')
Align motivations with shareholder interests and creation of long-term value.	Long Term Incentive (LTI)	Performance rights to shares	Total Shareholder Returns (TSR) and earnings per share (EPS) over 3 years	

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 Group). TFR is determined with reference to available market data, the scope of an individual's role and the qualifications and experience of the individual, as well as geographic location. TFR is reviewed annually to account for market movements and individual performance outcomes. See page 29 for a summary of executive KMP contracts.

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2. Overview of our remuneration framework continued

FY18 Short Term Incentive (STI) Plan

Objective

To incentivise and align the rewards attainable by executive KMPs with the achievement of specific annual objectives of the Group and the creation of shareholder value.

How is it paid?

Annual cash entitlement on achievement of specific annual financial and non-financial KPIs.

How much can executives earn?

Target STI benefit is set at 40% of TFR for the CEO and 25% of TFR for other executive KMPs. These are subject to the following minimum and target performance thresholds:

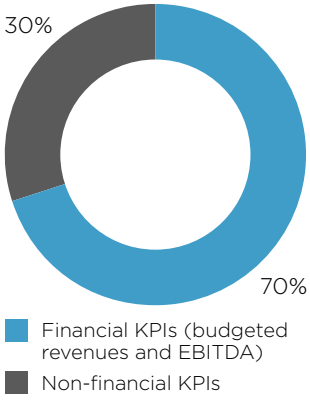
Financial KPIs (70% total STI)	*(0% to 92% achievement of financial KPIs)* No award	*(93% to 103% achievement of financial KPIs)* **0% to 100%** of financial STI awarded on linear basis	*(100% to max 110% achievement of financial KPIs)* **100% to 150%** of financial STI awarded on linear basis
Non-financial KPIs (30% total STI)	Non-financial KPI's outcome is assessed and awarded up to a maximum of 100% based on outcomes.		

How is performance measured?

Performance measures (KPIs) selected reflect financial, strategic and operational objectives relevant to the level and function of the role that are central to achievement of the business plan and strategy and building shareholder value. Financial measures selected are measures against which management and the Board assess the short-term financial performance of the Group. Strategic and operational objectives are assigned to each individual to drive specific outcomes considered to be of strategic importance to the Group within that individual's level of responsibility. These objectives are determined by the CEO and the Board in accordance with the process set out in page 18.

The weightings for each performance measure that comprise the total STI opportunity are set out below:

The selection of **non-financial KPIs** varies depending on each KMP's role and responsibilities within the Group. These may include achievement of specific strategic projects that drive longer-term shareholder value. Each KMP may have a number of separate non-financial KPIs. Achievement of each individual's non-financial KPIs is determined by reference to an assigned performance rating determined by the CEO and the Board at the end of the financial year in accordance with the process described on page 19.



Achievement of **financial KPIs** is determined by reference to the Group's audited accounts for the year in question. No payment is made in respect of financial KPIs to any KMP if the target amount is not met for the Group (set at 93% of budgeted revenue and EBITDA).

The Board retains final discretion over STI payments to ensure outcomes appropriately reflect performance and achieve objectives of the STI scheme.

Changes from FY17 STIs	Under the previous STI plan, the award of the STI components related to both the financial KPIs as well as the non-financial KPIs was subject to a performance gateway condition based on the achievement of certain financial performance thresholds (as described above). For the FY18 STI plan, the performance gateway is now only applicable to the financial KPI's component of the STI plan to ensure achievement of strategic and operational objectives is also recognised.

FY18 Long Term Incentive (LTI) – Executive Performance Rights Plan

Objective	To align the rewards attainable by executive KMPs with the achievement of particular long-term objectives of the Group and achievement of increasing 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 Group.
How much can executives earn?	Performance rights are subject to the service and performance conditions. The target LTI benefit is set as follows: • CEO LTI: 50% of TFR delivered as performance rights subject to vesting conditions; and • KMP LTI: 25% of TFR delivered as performance rights subject to vesting conditions. The number of performance rights issued is based on each executive's target LTI benefit divided by the value of the rights. The value of rights granted is determined by an independent third party using the Black-Scholes option pricing model and the Monte Carlo simulation model, taking into account the terms and conditions upon which the performance rights were granted. LTI benefits of up to 150% of target LTI is payable where performance criteria are exceeded.
How is it paid?	LTIs are awarded as performance rights on achievement of certain thresholds reflective of shareholder value delivered. Each performance right entitles the eligible executive to be issued with a share.

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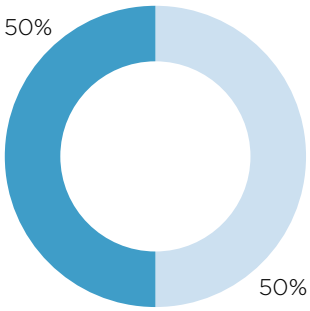
2. Overview of our remuneration framework continued

How is performance measured?

Vesting of the LTI awards are subject to the following criteria:

1. Three years of continuous employment with the Group from 1 July 2017 to 30 June 2020.
2. Achievement of the thresholds over the three-year period as set out below:

Total Shareholder Return (TSR)
The percentage change in a company's share price, plus the effect of any dividends paid, over the measurement period, relative on a ranked percentile basis to a comparative group (S&P/ASX Small Ordinaries Industrials Index). Relative TSR is a measure widely understood and accepted by shareholders, as it directly measures shareholder value creation.



Earnings per share (EPS)
Based on the relative basic EPS compound average growth rate (CAGR) over the measurement period. EPS growth is selected as it is considered a relevant indicator linking financial performance with shareholder value.

The proportion of rights that may vest based on TSR performance is determined based on the following vesting schedule:

Relative TSR performance	Percentage of performance rights that will vest
< 50th percentile	None
Between 50th to 75th percentile	100% to 150% on a linear basis
> 75th percentile	150%

The proportion of rights that may vest based on EPS CAGR is determined based on the following vesting schedule:

Basic EPS CAGR	Percentage of performance rights that will vest
< 6%	None
Between 6% to 10%	100% to 150% on a pro-rata basis
> 10%	150%

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.

Performance rights will lapse if performance conditions are not met.

What happens if an executive leaves?

If an eligible executive ceases employment with the Group during the performance period other than by way of dismissal or resignation (e.g. death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board) then the unvested performance rights will vest on a pro-rata basis according to the eligible period of time served up until the termination date.

Where termination occurs by way of dismissal or resignation prior to the vesting of the performance rights, unvested rights may vest on a pro-rata according to the eligible period of time served up until the termination date at the Board's discretion.

If termination of employment occurs for serious misconduct, all vested and unvested rights will be forfeited and will lapse.

What are the performance rights entitlements?

Performance rights 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 immediately on vesting date and converted to shares by the employee.

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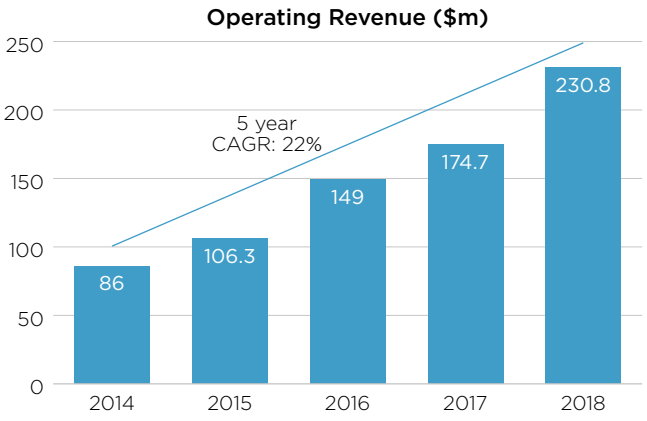
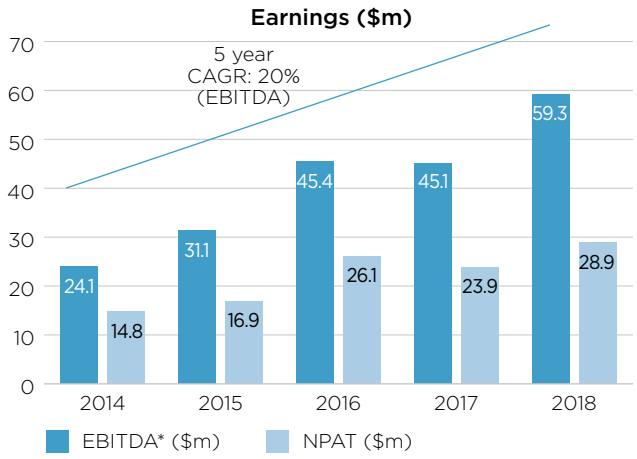
Are there any restrictions attached to the performance rights?	The Group prohibits executive KMP from entering into arrangements to protect the value of unvested equity awards. The prohibition includes entering into contracts to hedge their exposure to any awards as part of their remuneration package. Performance rights cannot be transferred to, or vest in, any person or body corporate other than the executive KMP.
Changes from FY17 LTIs	Under the FY17 LTI plan, eligible executives were awarded share options. The terms and performance conditions attached to the share options under the FY17 LTI plan are the same as attaching to rights issued under the FY18 plan. When reviewing the LTI plan for FY18, and in line with the recommendations of our remuneration consultant in previous years, best market practice and the structural benefits of rights over options, a decision was made by the Board 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 interests with the long-term value of shareholders. Rights are also less dilutive to shareholders as a smaller number are issued.

3. How reward was linked to performance

Group's performance against FY18 STI plan measures

A summary of key measurement criteria of the Group's financial performance for the financial years ended over the last five years is below:





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

For FY18, budget targets were established for Group revenue and EBITDA, and the STI gate was set with respect to these targets. Both the Group's revenue and EBITDA targets were met this year, with revenue increasing by 32% and EBITDA increasing by 31% on the prior period. Refer to the operational and financial review section of the Directors' Report for further information about the Group's FY18 performance.

	FY18			FY17		
	Total Opportunity $	Awarded 70% Financial	Awarded 30% KPIs	Total Opportunity $	Awarded 70% Financial	Awarded 30% KPIs
Andrew Hansen	357,000	100%	75%	340,000	0%	0%
Cameron Hunter	98.517	100%	50%	96,586	0%	50%
Darren Meade	95,977	100%	100%	91,407	0%	67%
Graeme Taylor	94,875	100%	100%	86,250	0%	67%
Niv Fernando	93,899	100%	100%	81,339[1]	0%	100%

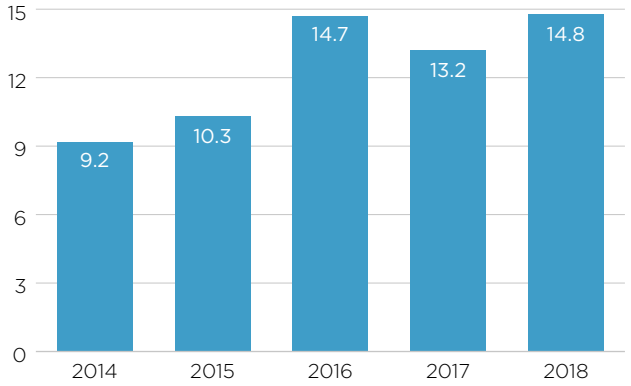
1. During FY17, the Board has exercised its discretion to award an additional STI payment of $15,000 to Niv Fernando for his role as the project lead in successfully completing the Enoro transaction, which was additional to his agreed KPIs.

3. How reward was linked to performance continued

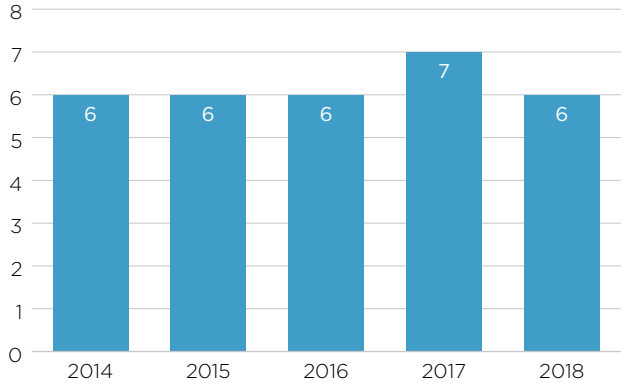
Group's performance against FY18 LTI plan measures

A summary of key measurement criteria of the Group's performance relevant for assessing shareholder value creation over the last five financial years is shown below:

Basic EPS (cents)

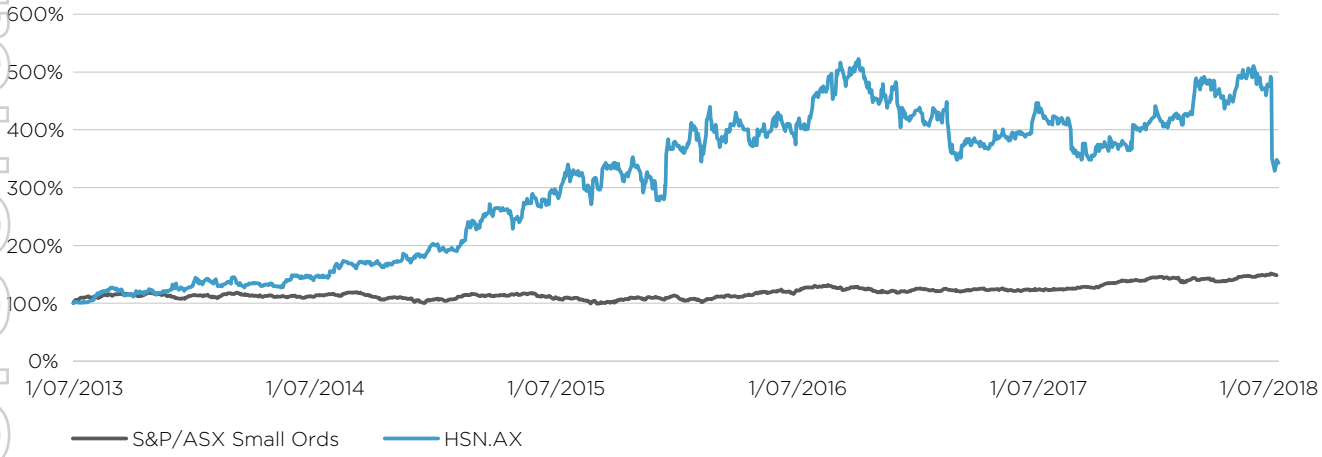


Dividends Paid* (cents per share)



* Amount of dividends paid represents the return on shareholder value. However, the amount of dividends paid is not in itself a performance measure included in the FY18 LTI plan, but is included as part of the calculation of relative TSR.

Share price performance relative to the S&P/ASX Small Ordinaries Index for the previous five years:



Performance rights granted in FY18 have performance conditions attached that will be measured over three years. Assessment and vesting (where conditions are satisfied) will happen after the completion of FY20. See section 4 for a summary of performance rights granted during FY18.

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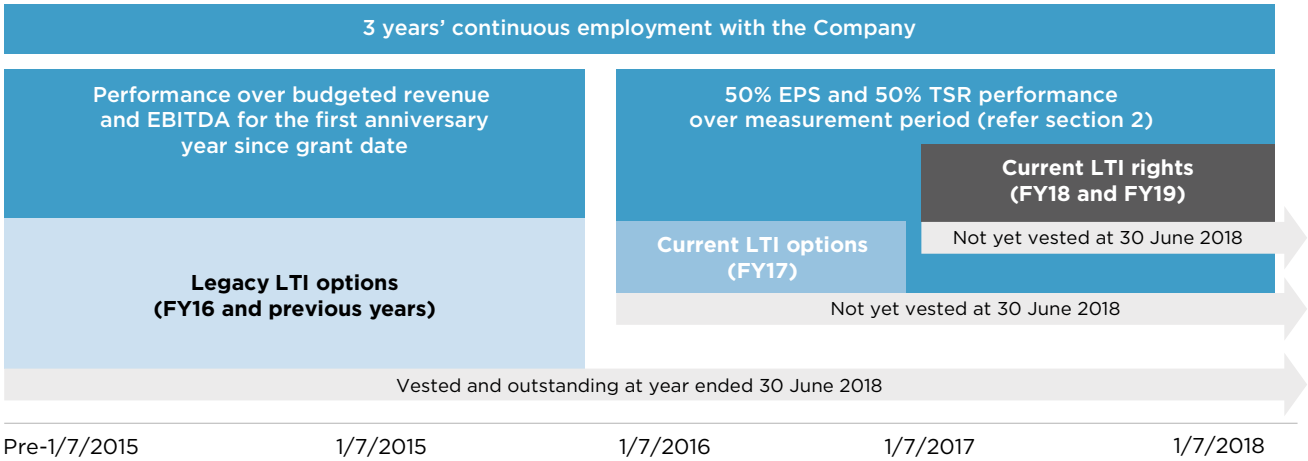
Overview of historical and current LTI plans

To understand the relationship between the options and performance rights granted, vested, exercised and outstanding at the end of FY18, and the Group's performance this financial year and for historical periods, it is important to first note that the Group has three different LTI plans on issue. Each LTI plan has different terms and vesting conditions, as illustrated below:



For the Group's Legacy LTI and Current LTI options, once an option has vested, if the employee wishes to convert the options to shares, the employee must pay in cash to the Company the 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 $300,000 to convert the options to shares.

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.

Link between Legacy LTI plan measures and Group performance

All KMPs who were granted Legacy LTI options remained with the Company during the measurement period, and continue to be in office at the end of FY18. The financial performance measures for the first anniversary year of Legacy LTI plans were met. The below table sets out the value of Legacy LTI options that was exercised during FY18 and FY17:

	FY18	FY17
	Value exercised*	Value exercised*
	$	$
Andrew Hansen	–	3,559,080
Cameron Hunter	256,000	357,960
Darren Meade	153,000	244,028
Graeme Taylor	189,750	–
Niv Fernando	–	–

* Represents the intrinsic value of options that were exercised during the financial years 2018 and 2017, which is the net dollar value of shares realised from the exercise of profitable options. Intrinsic value is calculated as the difference between the exercise price and the underlying share price at the date of exercise. For example, an option with an exercise price of $2.00 exercised when the underlying share price is $5.00 has an intrinsic value of $3.00.

3. How reward was linked to performance continued

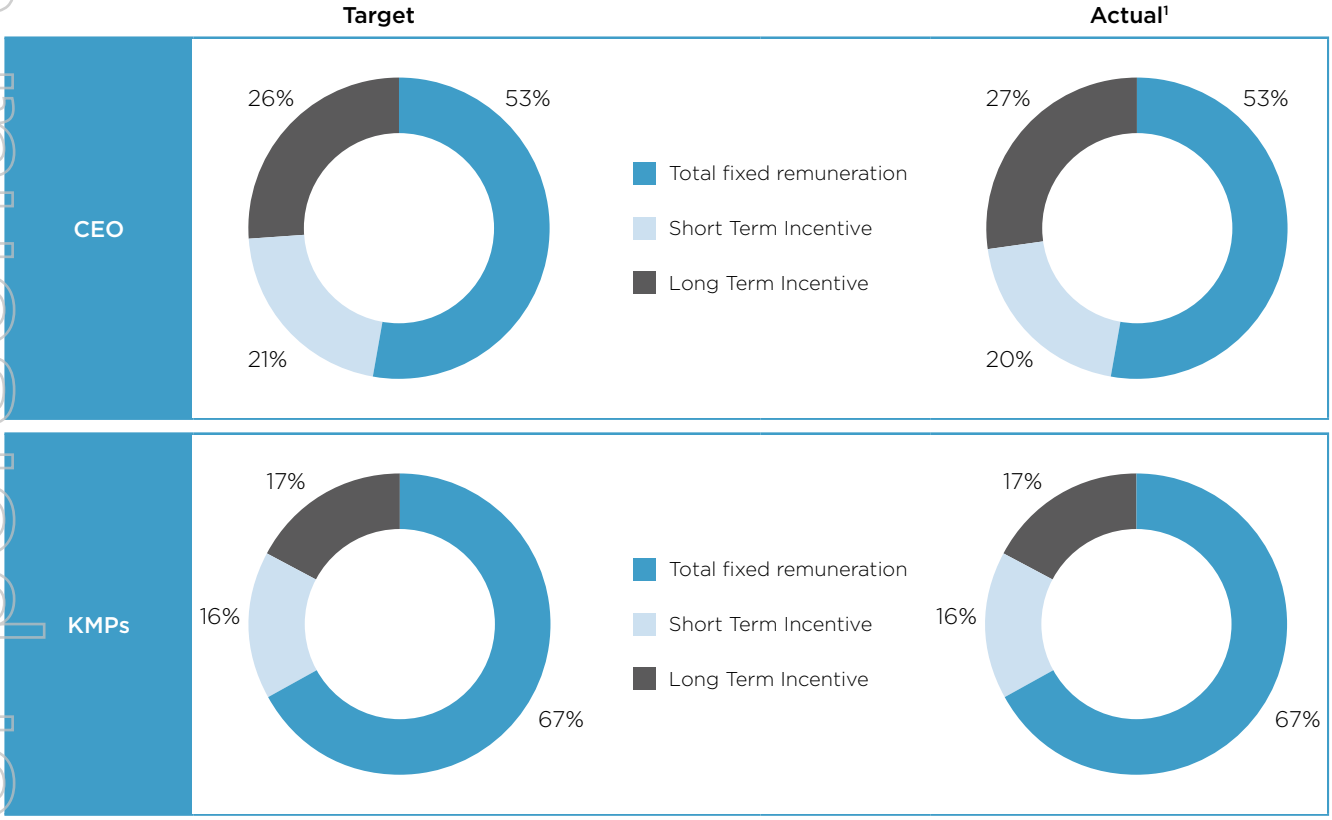
Link between Current LTI plan measures and Group performance

The below table sets out the value of Current LTI performance rights (FY18) and Current LTI options (FY17) granted (there were no forfeitures of LTIs in FY18 and FY17):

	FY18		FY17	
	Rights	Options	Rights	Options
	Value granted* $		Value granted* $	
Andrew Hansen	446,250	–	–	535,714
Cameron Hunter	98,517	–	–	144,878
Darren Meade	94,875	–	–	137,111
Graeme Taylor	95,978	–	–	129,374
Niv Fernando	93,899	–	–	122,098

* Represents the value of performance rights (FY18) and options (FY17) at grant date, calculated in accordance with AASB 2 Share-based Payment, granted during the year as part of remuneration under the terms of the FY18 LTI plan and FY17 LTI plan respectively.

The following diagrams set out the proportional mix of remuneration for the CEO and each KMP at both the target amount and the actual remuneration achieved for FY18:



1. Target and actual remuneration mix is calculated based on the combination of each CEO and KMP's total fixed remuneration for FY18, total value of STIs awarded in relation to actual performance outcomes for FY18, and the value of LTIs granted in FY18 under the terms of the FY18 LTI plan. The proportional mix of remuneration for KMPs is based on an average amount.

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4. Remuneration details: executive KMPs

Statutory remuneration details

Details of executive KMP remuneration for the 2017 and 2018 financial years are set out in the table below:

		Fixed Remuneration					Variable Remuneration			Total
Executive KMP	Year	Cash Salary $	Super $	Non-monetary benefits $	Annual & long service leave $	Total $	STI[1] awarded $	LTI[2] fair value $	Total $	Perform-ance related
Andrew Hansen	**2018**	**826,005**	**24,999**	**27,588**	**94,130**	**972,722**	**330,225**	**361,249**	**1,664,196**	**42%**
	2017	768,972	34,999	18,699	107,620	930,290	–	212,500	1,142,790	41%
Cameron Hunter	**2018**	**370,320**	**25,000**	**14,730**	**45,380**	**455,430**	**83,739**	**96,092**	**635,261**	**28%**
	2017	357,415	34,999	13,830	(11,907)[3]	394,337	14,442	68,581	477,360	25%
Darren Meade	**2018**	**360,496**	**25,000**	**–**	**6,538**	**392,034**	**95,978**	**92,655**	**580,667**	**32%**
	2017	336,269	34,999	–	693	371,961	18,282	64,660	454,903	25%
Graeme Taylor	**2018**	**354,500**	**25,000**	**–**	**25,676**	**405,176**	**94,875**	**89,710**	**589,761**	**31%**
	2017	316,507	34,999	–	7,834	359,340	17,250	62,081	438,671	27%
Niv Fernando	**2018**	**354,126**	**25,000**	**–**	**9,230**	**388,356**	**93,899**	**86,958**	**569,213**	**32%**
	2017	299,933	29,999	–	11,014	340,946	40,698	60,988	442,632	24%
Total	**2018**	**2,266,943**	**124,999**	**42,318**	**180,955**	**2,613,718**	**698,716**	**726,664**	**4,039,098**	**35%**
	2017	2,079,096	169,995	32,529	115,254	2,396,874	588,472	553,810	3,539,156	32%

1. Represents STI awarded and accrued in relation to actual performance during the 2018 and 2017 financial years.
2. Options and performance rights granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payment and amortised over vesting period.
3. Cameron Hunter received a cash payment in FY17 to reduce his annual leave due to its high value from a historical build-up from his long tenure at the Company.

Options awarded, vested and lapsed during the year

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	Perform-ance achieved	% Vested	Number of Options on issue at 30/6/2018
2 Jul 2014	2 Jul 2017	2 Jul 2019	$1.30	$0.20	100%	100%	100,000
2 Jul 2015	2 Jul 2018	2 Jul 2020	$2.67	$0.56	100%	0%	400,000
22 Dec 2016	31 Aug 2019[1]	22 Dec 2021	$3.59	$1.19	–	0%	984,001

1. 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.

Options granted in 2014 and 2015 related to the Legacy LTI options plan. Options granted on 22 Dec 2016 related to the Current LTI options plan. Both are described in section 3 of this report.

4. Remuneration details: executive KMPs continued

Options granted to executive KMP, which remain unvested at 30 June 2018 and outstanding, are detailed below:

							Balance 30/6/2018	
Name and Grant Date	Balance 30/6/2017	Granted as remuneration	Exercise Price	Vested	Forfeited	Exercised	Vested and exercisable	Unvested
Andrew Hansen								
22 Dec 2016[1]	–	535,714	$3.59	–	–	–	–	535,714
Total	**–**	**535,714**		**–**	**–**	**–**	**–**	**535,714**
Cameron Hunter								
22 Dec 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	–	(100,000)	–	–
Total	**321,746**	**–**		**100,000**	**–**	**(100,000)**	**–**	**221,746**
Darren Meade								
22 Dec 2016	115,220	–	$3.59	–	–	–	–	115,220
2 Jul 2015	100,000	–	$2.67	–	–	–	–	100,000
2 Jul 2014	75,000	–	$1.30	75,000	–	(75,000)	–	–
Total	**290,220**	**–**		**75,000**	**–**	**(75,000)**	**–**	**215,220**
Graeme Taylor								
22 Dec 2016	108,718	–	$3.59	–	–	–	–	108,718
2 Jul 2015	100,000	–	$2.67	–	–	–	–	100,000
2 Jul 2014	75,000	–	$1.30	75,000	–	(75,000)	–	–
Total	**283,718**	**–**		**75,000**	**–**	**(75,000)**	**–**	**208,718**
Niv Fernando								
22 Dec 2016	102,603	–	$3.59	–	–	–	–	102,603
2 Jul 2015	100,000	–	$2.67	–	–	–	–	100,000
2 Jul 2014	100,000	–	$1.30	100,000	–	–	100,000	–
Total	**302,603**	**–**		**100,000**	**–**	**–**	**100,000**	**202,603**
Grand Total	**1,198,287**	**–**		**350,000**	**–**	**(250,000)**	**100,000**	**1,384,001**

1. These were indeterminate rights issued at grant date that were subject to shareholder approval at the Company's Annual General Meeting. Shareholder approval was obtained on 23 November 2017. The indeterminate rights were ultimately granted as share options with the same vesting conditions as other options granted on 22 December 2016. Any differences in the fair value of the share option between the original grant date by the Board and the date of shareholder approval is not material to remuneration awarded.

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Performance rights awarded, vested and lapsed during the year

Performance rights issued under the Group's 2018 LTI Executive Performance Rights Plan during the year are subject to the service and performance criteria as described on pages 18 to 20.

The following table sets out details of performance rights granted to executives during the financial year:

Executive KMP	Grant Date	Rights granted	Balance 30/6/2018[1]	Fair value per Right[2]	Vesting date[3]	$ value of rights at grant date[1]
Andrew Hansen*	2 Jul 2017	116,972	116,972	3.815	31 Aug 2020	446,250
Cameron Hunter	2 Jul 2017	25,824	25,824	3.815	31 Aug 2020	98,517
Darren Meade	2 Jul 2017	25,157	25,157	3.815	31 Aug 2020	95,977
Graeme Taylor	2 Jul 2017	24,869	24,869	3.815	31 Aug 2020	94,875
Niv Fernando	2 Jul 2017	24,613	24,613	3.815	31 Aug 2020	93,899

* 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 was approved by shareholders at the Company's Annual General Meeting on 23 November 2017. Any differences in the fair value of the performance rights between the original grant date by the Board and the date of shareholder approval is not material to remuneration awarded.

1. No performance rights were vested or forfeited during the year. Rights do not expire as shares are issued to KMPs upon vesting.
2. The fair value of the rights at grant date has been determined by an independent external valuation expert in accordance with Australian Accounting Standards. Note 15 to the Group's financial statements outlines the valuation methodology and key inputs and assumptions to the valuation in greater detail.
3. The vesting date for rights granted on 2 July 2017 is the date on which the Board notifies the executive that the rights 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.

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	$892,500	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. Remuneration details: non-executive KMPs

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. In FY18, the Company introduced a policy of paying separate fees to committee chairs for committee participation in line with market practice.

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

The Non-Executive Director fee pool currently has a maximum value of $430,000 per annum, as approved by shareholders at the 2013 AGM. The Board will seek shareholder approval during the forthcoming AGM to increase the limit given this amount has not been reviewed since that time and requires an increase to meet requirements in FY19 and beyond. Further details will be provided prior to the AGM.

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

	2018	2017
Board fees		
Chairman	**111,817**	105,640
Other Non-Executive Directors	**68,330**	64,556
Committee fees		
Audit and Risk Committee – chair	**4,168**	–
Remuneration Committee – chair	**4,168**	–

		Fixed Remuneration			
Non-Executive Director	Year	Salary and Fees	Super	Non-monetary benefits	Total
David Trude	**2018**	**102,116**	**9,701**	**–**	**111,817**
	2017	96,475	9,165	–	105,640
Bruce Adams	**2018**	**62,402**	**5,928**	**–**	**68,330**
	2017	58,955	5,601	–	64,556
Peter Berry[1]	**2018**	**–**	**–**	**–**	**–**
	2017	24,918	2,367	–	27,285
Jennifer Douglas	**2018**	**66,208**	**6,290**	**–**	**72,498**
	2017	22,273	2,335	–	24,608
Sarah Morgan	**2018**	**66,208**	**6,290**	**–**	**72,498**
	2017	58,955	5,601	–	64,556
David Osborne	**2018**	**62,402**	**5,928**	**–**	**68,330**
	2017	29,606	34,950	–	64,556
David Howell[2]	**2018**	**6,693**	**636**	**–**	**7,329**
	2017	–	–	–	–
Total	**2018**	**366,029**	**34,773**	**–**	**400,802**
	2017	**291,182**	**60,019**	**–**	**351,201**

1. Peter Berry resigned as a Non-Executive Director on 6 December 2016.
2. David Howell was appointed as a Non-Executive Director effective 24 May 2018.

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7. Share-based remuneration disclosures

Shareholdings of KMP

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 2017	Received during the year on exercise of options	Other changes during the year	Balance 30 June 2018
Non-Executive Directors				
David Trude	107,491	–	3,126	**110,617**
Bruce Adams	152,304	–	–	**152,304**
Jennifer Douglas	–	–	8,000	**8,000**
Sarah Morgan	20,000	–	1,351	**21,351**
David Osborne	384,984	–	1,351	**386,335**
David Howell[1]	–	–	25,000	**25,000**
Executive KMP				
Andrew Hansen	38,248,078	–	(3,289,271)	**34,958,807**
Cameron Hunter	1,005,882	100,000	–	**1,105,882**
Darren Meade	2,928	75,000	1,587	**79,515**
Graeme Taylor	53,464	75,000	1,628	**130,092**
Niv Fernando	7,368	–	1,587	**8,955**
Total	**39,982,499**	**250,000**	**(3,245,641)**	**36,986,858**

1. David Howell was appointed as a Non-Executive Director effective 24 May 2018.

Shares issued on exercise of options and performance rights

Person	Number of Ordinary Shares Issued	Amount Paid Per Share
Darren Meade	75,000	1.30
Cameron Hunter	100,000	1.30
Graeme Taylor	75,000	1.30
Total	**250,000**	

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

8. Other transactions with KMP

Lease agreement with the CEO

The Group 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 2018 financial year were $1,373,421.

Signed in accordance with a resolution of the Directors.



David Trude
Director



Andrew Hansen
Director

Melbourne
16 August 2018

AUDITOR'S INDEPENDENCE DECLARATION

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Hansen Technologies Limited and Controlled Entities for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 16 August 2018
Melbourne, Victoria

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FINANCIAL REPORT

Consolidated Statement of Comprehensive Income 34
Consolidated Statement of Financial Position 35
Consolidated Statement of Changes in Equity 36
Consolidated Statement of Cash Flows 37

Notes to the Financial Statements 38
Section A: Basis of Preparation 38
1. Basis of preparation 38

Section B: Performance 40
2. Segment information 40
3. Revenue and other income 44
4. Profit from continuing operations 45
5. Income tax 46
6. Earnings per share 49

Section C: Working Capital and Operating Assets 50
7. Cash and cash equivalents 50
8. Receivables 51
9. Other current assets 52
10. Plant, equipment and leasehold improvements 52
11. Intangible assets 53
12. Payables 56
13. Other operating provisions 56

Section D: People 57
14. Employee benefits 57
15. Share-based payments 59
16. Directors' and executives' compensation 63

Section E: Capital and Financial Risk Management 64
17. Financial risk management 64
18. Borrowings 67
19. Contributed capital 69
20. Dividends 70
21. Reserves and retained earnings 71
22. Commitments and contingencies 72

Section F: Group Structure 73
23. Parent entity information 73
24. Business combinations 74

Section G: Other Disclosures 76
25. Related party disclosures 76
26. Auditor's remuneration 78
27. Deed of cross guarantee 79
28. New and amended accounting standards and interpretations 81
29. Subsequent events 84

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2018

	Note	Consolidated Entity 2018 $'000	2017 $'000
Operating revenue	3	**230,816**	174,672
Other income	3	**1,957**	370
Total revenue and other income		**232,773**	175,042
Employee benefit expenses	4	**(124,133)**	(87,357)
Depreciation expense	4	**(3,908)**	(3,015)
Amortisation expense	4	**(16,483)**	(9,368)
Property and operating rental expenses	4	**(9,995)**	(7,329)
Contractor and consultant expenses		**(8,022)**	(8,875)
Software licence expenses		**(2,440)**	(4,450)
Hardware and software expenses		**(9,006)**	(7,064)
Travel expenses		**(5,926)**	(4,267)
Communication expenses		**(3,524)**	(3,010)
Professional expenses		**(2,418)**	(2,415)
Finance costs	4	**(2,085)**	(43)
Other expenses	4	**(7,851)**	(5,016)
Total expenses		**(195,791)**	(142,209)
Profit before income tax expense		**36,982**	32,833
Income tax expense	5(b)	**(8,132)**	(8,945)
Net profit after tax		**28,850**	23,888
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign entities, net of tax	21(a)	**8,543**	(1,971)
Other comprehensive income/(expense) for the year		**8,543**	(1,971)
Total comprehensive income for the year		**37,393**	21,917
Basic earnings (cents) per share attributable to ordinary equity holders of the Company	6	**14.8**	13.2
Diluted earnings (cents) per share attributable to ordinary equity holders of the Company	6	**14.7**	13.0

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 38 to 84.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	Consolidated Entity 2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	7	**23,245**	15,013
Receivables	8	**37,254**	37,685
Other current assets	9	**11,216**	7,643
Total current assets		**71,715**	60,341
Non-current assets			
Plant, equipment and leasehold improvements	10	**10,554**	8,912
Intangible assets	11	**243,440**	125,479
Deferred tax assets	5(d)	**4,061**	4,821
Total non-current assets		**258,055**	139,212
Total assets		**329,770**	199,553
Current liabilities			
Payables	12	**16,492**	9,653
Borrowings	18	**112**	101
Current tax payable	5(c)	**3,196**	1,051
Provisions	13, 14	**13,181**	10,122
Unearned income		**22,914**	19,435
Total current liabilities		**55,895**	40,362
Non-current liabilities			
Deferred tax liabilities	5(d)	**16,156**	6,707
Borrowings	18	**27,121**	190
Provisions	13, 14	**675**	678
Total non-current liabilities		**43,952**	7,575
Total liabilities		**99,847**	47,937
Net assets		**229,923**	151,616
Equity			
Share capital	19	**136,896**	85,350
Foreign currency translation reserve	21(a)	**16,739**	8,196
Options granted reserve	21(b)	**3,102**	1,972
Retained earnings	21(c)	**73,186**	56,098
Total equity		**229,923**	151,616

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 38 to 84.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2018

	Note	Consolidated Entity Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2017		85,350	10,168	56,098	151,616
Profit for the year		–	–	28,850	28,850
Movement in carrying amount of foreign entities due to currency translation	21(a)	–	8,543	–	8,543
Total comprehensive income for the year		–	8,543	28,850	37,393
Transactions with owners in their capacity as owners:					
Employee share plan	19(b)	180	–	–	180
Options exercised	19(b)	766	–	–	766
Employee performance rights	15(b)	–	452	–	452
Employee share options	15(c)	–	678	–	678
Equity issued under dividend reinvestment plan	19(b)	1,370	–	–	1,370
Shares issued from institutional placement	19(b)	38,959	–	–	38,959
Share purchase plan offer	19(b)	10,271	–	–	10,271
Dividends paid	20	–	–	(11,762)	(11,762)
Total transactions with owners in their capacity as owners		51,546	1,130	(11,762)	40,914
Balance as at 30 June 2018	15, 19	136,896	19,841	73,186	229,923

	Note	Consolidated Entity 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	21(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	19(b)	175	–	–	175
Options exercised	19(b)	1,791	–	–	1,791
Employee share options	15(c)	–	721	–	721
Equity issued under dividend reinvestment plan	19(b)	1,325	–	–	1,325
Shares issued on contingent liability settlement	19(b)	3,409	–	–	3,409
Dividends paid	20	–	–	(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	15, 19	85,350	10,168	56,098	151,616

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 38 to 84.

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2018

	Note	Consolidated Entity 2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		263,217	180,592
Payments to suppliers and employees		(201,700)	(139,925)
Interest received	3	127	114
Finance costs	4	(2,085)	(43)
Transaction costs relating to acquisition of subsidiary	24	(678)	(228)
Income tax paid	5(c)	(6,776)	(9,321)
Net cash provided by operating activities	7(a)	52,105	31,189
Cash flows from investing activities			
Proceeds from sale of plant and equipment		120	8
Payment for acquisition of business net of cash assumed	24	(64,992)	(20,525)
Payment for plant and equipment	10	(2,843)	(5,211)
Payment for acquisition of customer contract		–	(2,165)
Payment for capitalised development costs	11	(10,027)	(7,750)
Net cash used in investing activities		(77,742)	(35,643)
Cash flows from financing activities			
Proceeds from share issue	19(b)	49,274	175
Proceeds from options exercised	19(b)	766	1,791
Proceeds from borrowings	18	46,361	4,000
Repayment of borrowings	18	(50,775)	(4,000)
Payment of finance lease liabilities	18	(89)	(96)
Dividends paid net of dividend reinvestment		(10,392)	(11,377)
Net cash provided by/(used in) financing activities		35,145	(9,507)
Net increase/(decrease) in cash and cash equivalents		9,508	(13,961)
Cash and cash equivalents at beginning of year		15,013	30,203
Effects of exchange rate changes on cash and cash equivalents		(1,276)	(1,229)
Cash and cash equivalents at end of the year	7	23,245	15,013

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 38 to 84.

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NOTES TO THE FINANCIAL STATEMENTS
30 June 2018

Section A: Basis of Preparation

This section describes the basis on which the Group's financial statements are prepared. Specific accounting policies are described in the note to which they relate. The accounting policies have been consistently applied, unless otherwise stated.

1. Basis of preparation

(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 the Group, being Hansen Technologies Limited (the Company) and its controlled entities as a consolidated entity. The Company is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is 2 Frederick St, Doncaster Victoria 3108 Australia. The Company is a for-profit entity for the purposes of preparing the Group's financial statements.

This Financial Report was authorised for issue by the Directors on 16 August 2018.

This year, the Group's financial statements have been presented in a more streamlined manner by changing the format and the layout to simplify the information disclosed and to make it more relevant for users. Similar notes have been grouped into sections with relevant accounting policies and judgements and estimate disclosures incorporated within the notes to which they relate.

Compliance with IFRS

The Group's consolidated financial statements 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 and judgements

The preparation of the Financial Report requires the use of certain estimates and judgements in applying the Group's accounting policies. 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 in each of the affected notes.

Those estimates and judgements significant to the Financial Report are disclosed in the following notes:

Significant accounting estimate and judgement	Note	Page reference
Capitalisation of research and development costs	11	54
Impairment of non-financial assets other than goodwill	11	55
Impairment of goodwill	11	55
Share-based payments	15	63
Business combinations	24	75

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(b) Principles of consolidation

The consolidated financial statements are those of the consolidated Group, comprising the financial statements of the parent Company, 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) Comparatives

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

(d) Rounding amounts

The parent Company and the consolidated Group 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.

(e) Going concern

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

Section B: Performance

This section explains the operating results of the Group for the year and provides insights into the Group's results, including results by operating segment, components of income and expenses, income tax and earnings per share.

2. Segment information

(a) Description of segments

Management has determined the Group's operating segments based on the reports reviewed by the CEO (the Chief Operating Decision Maker). During the financial reporting period ended 30 June 2018, management reviewed and updated its internal reporting structure and consequently has made minor changes to the reportable segment allocations from those disclosed in previously published financial results.

The operating segments are identified based on the types of services provided to the Group's customers. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

Where operating segments meet the aggregation criteria, these are aggregated into reported segments. Operating segments are aggregated based on similar products and services provided to the same type of customers using the same distribution method.

Segment profits, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis and is eliminated on consolidation. There are no significant transactions between segments.

The Group has identified only one reportable segment as described in the table below. The 'Other' category includes business units that no longer qualify as an operating segment, as well as the operating segments which do not meet the disclosure requirements of a reportable segment, including IT Outsourcing and Customer Care services.

Reportable segment	Description of segment
Billing[1]	Sale of billing applications and the provision of consulting services related to billing systems.

1. Results in this segment that related to the call centre operations were previously reported as part of the Billing segment in prior periods. Amounts have been reclassified for the comparative financial period.

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(b) Segment information

2018	Billing $'000	Other $'000	Total $'000
Segment revenue			
Total segment revenue	217,250	13,566	230,816
Revenue from external customers	217,250	13,566	230,816
Segment profit			
Total segment profit	40,197	1,441	41,638
Segment profit from core operations	40,197	1,441	41,638
Items included within the segment profit:			
Depreciation expense	2,326	198	2,524
Amortisation expense	16,990	16	17,006
Total segment assets	283,781	20,466	304,247
Additions to non-current assets	6,388	–	6,388
Total segment liabilities	66,251	5,121	71,372

2017	Billing $'000	Other $'000	Total $'000
Segment revenue			
Total segment revenue	159,149	15,523	174,672
Revenue from external customers	159,149	15,523	174,672
Segment profit			
Total segment profit	34,931	1,772	36,703
Segment profit from core operations	34,931	1,772	36,703
Items included within the segment profit:			
Depreciation expense	1,606	156	1,762
Amortisation expense	9,514	16	9,530
Total segment assets	160,647	21,794	182,441
Additions to non-current assets	4,754	–	4,754
Total segment liabilities	43,056	4,935	47,991

2. Segment information continued

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

	2018 $'000	2017 $'000
Segment revenue	230,816	174,672
Total revenue	230,816	174,672

Geographical segments

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

The Group's business segments operate geographically as follows:

Geographical segment	Regions covered
APAC	Australia, New Zealand and Asia
Americas	North America and Latin America
EMEA	Europe, Middle East and Africa

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

	2018 $'000	2017 $'000
APAC	49,877	39,383
Americas	55,381	62,887
EMEA	125,558	72,402
Segment revenue	230,816	174,672

Product segments

In presenting information based on product segments, the Group's business segments provide the following types of products and services as follows:

Product	Description of product
Licence, support and maintenance	Recurring billing application licence, support and maintenance services delivered as part of a total billing system solution.
Services	Provision of various professional services in relation to customer billing systems and IT outsourced services covering facilities management, systems and operations support, network services and business continuity support.
Other	Provision of other third-party hardware and software licences to customers of the Group's billing system solutions.

Revenue from external customers attributed to individual products and services is detailed as follows:

	2018 $'000	2017 $'000
Licence, support and maintenance	143,837	112,740
Services	85,451	60,153
Other	1,528	1,779
Total revenue	230,816	174,672

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(ii) Reconciliation of segment profit from core operations to the consolidated statement of comprehensive income

	2018 $'000	2017 $'000
Segment profit from core operations	**41,638**	36,703
Interest revenue	**127**	114
Interest expense	**(2,085)**	(43)
Unallocated depreciation and amortisation	**(757)**	(1,091)
Other expense	**(1,941)**	(2,850)
Profit before income tax	**36,982**	32,833

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

	2018 $'000	2017 $'000
Segment assets	**304,247**	182,441
Unallocated assets		
– Cash	**23,245**	15,013
– Other	**2,278**	2,099
Total unallocated assets	**25,523**	17,112
Total assets	**329,770**	199,553

Total non-current assets attributed to individual geographies is detailed as follows. Unallocated assets represent deferred tax assets, which are not allocated to a specific location as they are managed on a group basis:

	2018 $'000	2017 $'000
APAC	**36,971**	36,090
Americas	**59,020**	58,328
EMEA	**158,002**	39,973
Unallocated assets	**4,062**	4,821
Total non-current assets	**258,055**	139,212

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

	2018 $'000	2017 $'000
Segment liabilities	**71,372**	47,991
Unallocated liabilities		
– Bank facility	**27,233**	–
– Other	**1,242**	(54)
Total unallocated liabilities	**28,475**	(54)
Total liabilities	**99,847**	47,937

3. Revenue and other income

	Consolidated Entity	
	2018 $'000	2017 $'000
Revenues from continuing operations		
Revenue from provision of services	**203,715**	152,446
Revenue from sale of goods	**27,101**	22,226
	230,816	174,672
Other income		
From operating activities		
Interest income	**127**	114
Other income	**1,830**	256
Total other income	**1,957**	370
Total revenue and other income from continuing operations	**232,773**	175,042

(a) Government grants

Included in other income during the financial year is $593,000 (2017: nil) related to government grants received to compensate for eligible employee expenditure related to research activities performed in Norway. There are no unfulfilled conditions or contingencies attached to these grants.

Significant accounting policies

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 from the provision of professional services is recognised on a percentage of completion basis in order to record revenues against incurred effort and expense.

Revenue from the sale of goods, including certain software licences, 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).

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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants received for which there are no future related costs are recognised in the statement of comprehensive income immediately.

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4. Profit from continuing operations

	Note	Consolidated Entity 2018 $'000	2017 $'000
Profit from continuing operations before income tax has been determined after the following specific expenses:			
Employee benefit expenses			
Wages and salaries		**113,929**	80,393
Superannuation costs		**8,939**	6,112
Share-based payments and employee share plan		**1,265**	852
Total employee benefit expenses		**124,133**	87,357
Depreciation expense			
Plant, equipment and leasehold improvements	10	**3,908**	3,015
Total depreciation of non-current assets		**3,908**	3,015
Amortisation of non-current assets			
Technology, trademarks and customer contracts	11	**11,419**	5,425
Software development costs	11	**5,064**	3,943
Total amortisation of non-current assets		**16,483**	9,368
Property and operating rental expenses			
Minimum lease payments recognised as an operating lease expense	22	**6,746**	4,955
Other property-related expenses		**3,249**	2,374
Total property and operating rental expenses		**9,995**	7,329
Finance charges			
Finance costs		**2,085**	43
Total finance costs		**2,085**	43
Net foreign exchange (gains)/losses included in other expenses		**(47)**	919

5. Income tax

	Consolidated Entity 2018 $'000	2017 $'000
(a) Components of income tax expense:		
Current tax	**8,535**	7,733
Deferred tax	**(284)**	812
(Over)/under provision in prior years	**(119)**	400
Total income tax expense	**8,132**	8,945
(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%	**11,095**	9,850
Add/(less) tax effect of:		
Impact of tax rates on foreign subsidiaries	**(271)**	(469)
Research and development allowances	**(611)**	(842)
Non-deductible share-based payments	**206**	177
(Over)/under provision in prior years	**(119)**	400
Deferred tax not previously brought to account	**–**	(154)
Effect of tax rate change during the year in the United States	**(1,164)**	–
Amortisation of acquired intangibles	**(3,055)**	–
Other non-allowable items	**2,051**	(17)
Income tax expense attributable to profit	**8,132**	8,945
(c) Current tax payable		
Current tax relates to the following:		
Current tax liabilities		
Opening balance	**1,051**	2,187
Liability from acquisition of subsidiary	**505**	31
Prior year (over)/under provision	**(119)**	400
Income tax expense	**8,535**	7,733
Income tax paid	**(6,776)**	(9,321)
Other	**–**	21
Total current tax payable	**3,196**	1,051

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	Consolidated Entity	
	2018 $'000	2017 $'000
(d) Deferred tax		
Deferred tax assets balance comprises:		
Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes	**950**	942
Other payables	**156**	1,380
Employee benefits	**1,957**	2,499
Accruals	**998**	–
	4,061	4,821
Deferred tax liabilities balance comprises:		
Research and development expenditure	**(4,737)**	(4,976)
Difference in depreciation and amortisation of plant, equipment and intangibles for accounting and income tax purposes	**(11,370)**	(1,731)
Other income not yet assessable	**(49)**	–
	(16,156)	(6,707)
Net deferred tax	**(12,095)**	(1,886)
(e) Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**760**	(791)
Decrease in deferred tax liabilities	**9,449**	1,897
Increase from acquisition	**(10,493)**	(294)
	(284)	812
(f) Deferred tax assets not brought to account (available tax losses)		
Tax effect of capital losses	**847**	847
Tax effect of operating losses	**1,984**	878
	2,831	1,725

Deferred tax assets have not been recognised in respect of these losses. Realisation of the unrecognised tax losses, temporary differences and offsets is dependent on the future production of sufficient taxable profits in the relevant jurisdictions as well as continued compliance with regulatory requirements for availability.

5. Income tax continued

Significant accounting policies

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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax consolidation

The Group is subject to income taxes in Australia and jurisdictions in which it has foreign operations. In some of these jurisdictions, namely Australia and the United States, 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. The head entity of the Australian tax consolidated group is Hansen Technologies Limited. 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.

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6. Earnings per share

	Consolidated Entity	
	2018 $'000	2017 $'000
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings – ordinary shares	**28,850**	23,888
Diluted earnings – ordinary shares	**28,850**	23,888

	2018 No. of Shares	2017 No. of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share:		
Number for basic earnings per share – ordinary shares	**195,541,345**	181,363,788
Number for diluted earnings per share – ordinary shares	**196,581,097**	184,262,852

	2018 Cents Per Share	2017 Cents Per Share
Basic earnings (cents) per share	**14.8**	13.2
Diluted earnings (cents) per share	**14.7**	13.0

Classification of securities as potential ordinary shares

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

Significant accounting policies

Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Section C: Working Capital and Operating Assets

This section describes the different components of our working capital supporting the operating liquidity of the Group, as well as the long-term tangible and intangible assets supporting the Group's performance.

7. Cash and cash equivalents

		Consolidated Entity	
		2018 $'000	2017 $'000
Cash at bank and on hand		22,772	15,011
Interest bearing deposits		473	2
Total cash and cash equivalents	7(b)	23,245	15,013
(a) Reconciliation of the net profit after tax to net cash flows from operations			
Net profit after tax		28,850	23,888
Add/(less) items classified as investing/financing activities:			
Net (profit) loss on sale of non-current assets		(14)	43
Add/(less) non-cash items:			
Amortisation and depreciation		20,391	12,383
Share-based payment expense	4, 15(d)	1,130	721
Unrealised foreign exchange		(47)	568
Bad debts recovered		(38)	–
Reclassification to intangibles from deferred tax		(241)	–
Employee share scheme	4	135	131
Net cash provided by operating activities before change in assets and liabilities		50,166	37,734
Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:			
Decrease/(increase) in trade receivables		9,131	(12,447)
(Increase)/decrease in sundry debtors and other assets		(2,021)	1,762
(Decrease)/increase in trade payables		(2,035)	1,181
(Decrease)/increase in other creditors and accruals		(7,547)	3,817
Increase/(decrease) in employee benefits provision		3,055	(482)
(Increase)/decrease in deferred taxes		(285)	791
Increase/(decrease) in income tax payable		1,641	(1,167)
Net cash provided by operating activities		52,105	31,189
(b) Reconciliation of cash			
Cash at bank		23,245	15,013
(c) Loan facilities			
Loan facility		105,000	30,000
Amount utilised		(27,031)	–
Unused loan facility	18	77,969	30,000

Significant accounting policies

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.

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8. Receivables

	Consolidated Entity	
	2018 $'000	2017 $'000
Current		
Trade receivables	36,741	37,083
Less: provision for impairment	(82)	–
	36,659	37,083
Sundry receivables	595	602
Total trade and other receivables	37,254	37,685

As at 30 June 2018, trade receivables of $9,497,000 (2017: $9,409,000) 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 2018 $'000	Provided 2018 $'000	Gross 2017 $'000	Provided 2017 $'000
Not past due	27,178	(15)	27,674	–
Past due 1–30 days	3,199	(7)	4,799	–
Past due 31–60 days	2,052	(7)	1,470	–
Past due more than 61 days	4,312	(53)	3,140	–
	36,741	(82)	37,083	–

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.

	2018 $'000	2017 $'000
Movements in the provision for impairment were:		
Opening balance at 1 July	–	31
Movement for the year	82	–
Amounts written off	–	(31)
Closing balance at 30 June	82	–

Significant accounting policies

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Trade receivables are generally due for settlement between 30 and 60 days. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Impairment losses are recognised in the statement of comprehensive income within impairment expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

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9. Other current assets

	Consolidated Entity 2018 $'000	2017 $'000
Prepayments	5,325	2,910
Other assets	67	66
Accrued revenue	5,824	4,667
Total other current assets	11,216	7,643

10. Plant, equipment and leasehold improvements

	Consolidated Entity 2018 $'000	2017 $'000
Plant, equipment and leasehold improvements at cost	40,308	38,042
Accumulated depreciation	(29,754)	(29,130)
Total plant, equipment and leasehold improvements	10,554	8,912

Reconciliation

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

	Note	Consolidated Entity 2018 $'000	2017 $'000
Plant, equipment and leasehold improvements at cost			
Carrying amount at 1 July		8,912	6,743
Additions		2,843	5,211
Acquired		2,533	74
Disposals		(106)	(51)
Depreciation expense	4	(3,908)	(3,015)
Net foreign currency movements arising from foreign operations		280	(50)
Carrying amount at 30 June		10,554	8,912

Significant accounting policies

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:	2018	2017
Plant, equipment and leasehold improvements	2.5 to 15 years	2.5 to 15 years
Leased plant and equipment	2.5 to 15 years	2.5 to 15 years

An item of property, plant and equipment initially recognised is derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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11. Intangible assets

	Note	Consolidated Entity 2018 $'000	2017 $'000
Goodwill at cost		152,565	89,058
Accumulated impairment		(1,573)	(1,562)
Net book amount of goodwill		150,992	87,496
Technology, trademarks and customer contracts at cost		99,415	38,729
Accumulated amortisation and impairment		(28,196)	(16,391)
Net book amount of technology, trademarks and customer contracts		71,219	22,338
Software development at cost		53,382	42,568
Accumulated amortisation and impairment		(32,153)	(26,923)
Net book amount of software development		21,229	15,645
Total intangible assets		243,440	125,479
Reconciliation of goodwill at cost			
Carrying amount at 1 July		89,058	84,196
Increase due to acquisition	24	57,270	6,064
Reclassification to intangibles from deferred tax		241	–
Net foreign currency movements arising from foreign operations		5,996	(1,202)
Carrying amount at 30 June		152,565	89,058
Accumulated impairment at beginning of year		(1,562)	(1,575)
Net foreign currency movements arising from foreign operations		(11)	13
Accumulated impairment at end of year		(1,573)	(1,562)
Reconciliation of technology, trademarks and customer contracts at cost			
Carrying amount at 1 July		38,729	22,496
Increase due to acquisition	24	55,571	14,421
Customer contracts acquired during the year		–	2,165
Net foreign currency movements arising from foreign operations		5,115	(353)
Carrying amount at 30 June		99,415	38,729
Accumulated amortisation and impairment at beginning of year		(16,391)	(11,119)
Amortisation of technology, trademarks and customer contracts	4	(11,419)	(5,425)
Net foreign currency movements arising from foreign operations		(386)	153
Accumulated amortisation and impairment at end of year		(28,196)	(16,391)
Reconciliation of software development at cost			
Carrying amount at 1 July		42,568	35,141
Expenditure capitalised in current period		10,027	7,750
Net foreign currency movements arising from foreign operations		787	(323)
Carrying amount at 30 June		53,382	42,568
Accumulated amortisation at beginning of year		(26,923)	(23,080)
Current year charge	4	(5,064)	(3,943)
Net foreign currency movements arising from foreign operations		(166)	100
Accumulated amortisation at end of year		(32,153)	(26,923)

11. Intangible assets continued

Significant accounting policies

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 24 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 is generally 5 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 is generally 5 years. Amortisation commences when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

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.

Critical accounting estimate and judgement

Capitalisation of research and development costs

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

There has been investment in research and development expenditure incurred in relation to the various billing software platforms in the 2018 year. Returns are expected to be derived from this investment over the coming year.

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each financial year end. The estimation of useful lives of assets has been based on historical experience and expected product lifecycle, which could change significantly as a result of technological innovation.

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(a) Impairment test for goodwill

For impairment testing, the Group views that its past business combinations giving rise to goodwill on acquisition relate to synergistic opportunities for its billing solutions. Therefore, goodwill is allocated entirely to the Billing CGU, which is also an operating and reportable segment.

The recoverable amount of the Billing CGU has been determined based on a value-in-use calculation using cash flow projections over a five-year period. Cash flows beyond the five-year forecast period are extrapolated using the estimated terminal growth rates.

Key assumptions used for value-in-use calculations

The key assumptions for the Billing CGU supporting the disclosed recoverable value is as follows:

- Profit before tax for the first year based on financial budgets approved by senior management;
- Beyond the first year, profit before tax annual growth rate of 1.8% (2017: 3.0%);
- A post-tax discount rate of 6.8% (2017: 12.0%); and
- Terminal growth rate of 1.8% (2017: 2.0%) at the end of the forecast period.

Both the profit before tax growth rate beyond FY19 and the terminal growth rate ranges are derived from management's best estimate of revenue and operating expenditure growth, taking into account changes in the industry, customer market prospects, future product developments and technological innovation. Profit before tax is then adjusted for amounts related to tax.

Discount rate is based on the Group's weighted average cost of capital.

Results of impairment testing and sensitivity to changes in assumptions

Based on the Group's impairment testing for 2018, there was no requirement to impair goodwill as the recoverable amount of the Billing CGU exceeds its carrying amount.

The Group has considered changes in key assumptions that it believes to be reasonably possible. For the Billing CGU, the recoverable amount exceeds the carrying amount when testing for reasonably possible changes in key assumptions and there is no reasonably possible change in a key assumption that would result in impairment.

Critical accounting estimate and judgement

Impairment of goodwill

The Group tests whether goodwill has been impaired on an annual basis. Management's judgement is applied to identify the cash generating units (CGU). The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions and discounting of future cash flows. These assumptions are based on best estimates at the time of performing the valuation. Cash flow projections do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

Goodwill is monitored by management at the level of operating segments identified in note 2.

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.

12. Payables

	Consolidated Entity	
	2018 $'000	2017 $'000
Trade payables	3,409	3,572
Other payables	13,083	6,081
Total payables	16,492	9,653

Significant accounting policies

Trade payables

Trade payables are initially recognised at their fair value and subsequently carried at amortised cost and are not discounted. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are paid in accordance with vendor terms, which are usually within 30 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

13. Other operating provisions

	Consolidated Entity	
	2018 $'000	2017 $'000
Current		
Lease and rental provisions	358	379
Other	113	125
	471	504
Other – current		
Carrying amount at beginning of year	504	296
Net (payments)/provisions made during the year	(33)	208
Carrying amount at end of year	471	504

Significant accounting policies

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.

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Section D: People

This section provides information about our employee benefit obligations, including annual leave, long service leave and post-employment benefits. It also includes details about our share plans and the compensation paid to key management personnel.

14. Employee benefits

	Consolidated Entity	
	2018 $'000	2017 $'000
Current employee benefits[1]	12,710	9,618
Non-current employee benefits[2]	675	678
Total employee benefits liability	13,385	10,296

1. Included within current provisions in the statement of financial position.
2. Included within non-current provisions in the statement of financial position.

Employee benefits liability

Employee benefits liability represents amounts provided 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.

	2018 $'000	2017 $'000
Current leave obligations expected to be settled after 12 months	1,615	962

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.

14. Employee benefits continued

Significant accounting policies

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.

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.

Retirement benefit obligations

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

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.

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.

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15. Share-based payments

(a) 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	
	2018 No. of Shares	2017 No. of Shares
Number of shares at beginning of year	137,227	219,578
Number of shares distributed to employees	42,480	50,050
Number of shares transferred to main share registry and/or disposed of	(64,949)	(132,401)
Number of shares at year end	114,758	137,227

The consideration for the shares issued on 7 May 2018 was $4.24 (3 May 2017: $3.50).

The value of shares issued under the ESP that was recognised during the year, and any amounts of consideration provided by and due from eligible participants at balance sheet date, were:

	Consolidated Entity	
	2018 $'000	2017 $'000
Current receivables	–	44
Issued ordinary share capital	180	175

The market value of the Company's ordinary shares closed at $3.15 on 30 June 2018 ($4.04 on 30 June 2017).

15. Share-based payments continued

(b) Employee Performance Rights Plan

The Employee Performance Rights Plan (the Plan) was approved by shareholders at the Company's AGM on 23 November 2017.

The maximum number of performance rights on issue under the Plan must not at any time exceed 5% of the total number of ordinary shares on issue at that time. The Board may issue performance rights under the Plan to any employee of the Company and its subsidiaries, including executive Directors, but excluding Non-Executive Directors, on invitation by the Board.

Performance rights will be issued free of charge, unless the Board determines otherwise. Each performance right is to subscribe for one ordinary share and, when issued, the shares will rank equally with other shares. The performance rights are not transferable. Quotation of the performance rights on the ASX will not be sought, but the Company will apply to the ASX for official quotation of shares issued on the vesting of performance rights. Performance rights may be granted subject to conditions specified by the Board, which must be satisfied before the performance rights are able to vest.

Unless the terms on which a performance right was offered specified otherwise, a performance right is immediately and automatically exercised at vesting date, subject to conditions attached to the performance right that must be satisfied. If an employee ceases employment with the Company during the performance period other than by way of dismissal or resignation (e.g. death, total and permanent disablement, redundancy, retrenchment or retirement with prior written consent of the Board), then the unvested performance rights will vest on a pro-rata basis according to the eligible period of time served up until the termination date. Where termination occurs by way of dismissal or resignation prior to the vesting of the performance rights, unvested rights may vest on a pro-rata according to the eligible period of time served up until the termination date at the Board's discretion. The Directors have the discretion to vary the terms of the performance rights as deemed appropriate.

Performance right holders will not be entitled to participate in any new issue of securities in the Company unless the performance rights have vested 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, the number of shares which will be issued on the vesting of the performance right will be increased by the number of shares which the employee would have received if the performance right had vested before the record date for the bonus issue.

Performance rights issued and outstanding at 30 June 2018

Grant date	Vesting date[1]	Fair value per right $	Rights granted	No. of rights at 30/6/2018
2 Jul 2017	31 Aug 2020	3.815	355,316	**355,316**
Total			355,316	**355,316**

1. The vesting date for rights granted on 2 July 2017 is the date on which the Board notifies the executive that the rights 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.

No performance rights vested or lapsed during the financial year. No performance rights were issued and outstanding at 30 June 2017.

The weighted average contractual life of outstanding performance rights at the end of the financial year is 2.17 years (2017: nil).

(c) 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.

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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.

Movement of options during the year ended 30 June 2018:

Grant Date	Exercise Date	Expiry Date	Exercise Price $	No. of Options at Beg. of Year	Options Exercised or Lapsed	No. of Options at End of Year
2 July 2012	2 July 2015	2 July 2017	0.92	40,000	(40,000)	–
2 July 2013	2 July 2016	30 Sept 2018[1]	0.92	295,000	(220,000)	75,000
2 July 2014	2 July 2017	2 July 2019	1.30	875,000	(405,000)	470,000
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	–	1,323,730
Total				3,533,730	(665,000)	2,868,730
Weighted average exercise price					$1.15	$2.82

1. The original expiry date for this tranche of options was 2 July 2018. However, due to extraordinary circumstances, the remaining 75,000 options could not be exercised during the year. Therefore, the Board has exercised its discretion during the year to extend the expiry date for the remaining options to 30 September 2018.

There were no new options issued during the 30 June 2018 financial year.

Movement of options during the year ended 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
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 2017	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
Weighted average exercise price				$3.59	$1.05	$2.51	

1. Included in the options granted during the year is the issue of 535,714 indeterminate rights to Andrew Hansen related to his FY17 Long Term Incentive (LTI) plan, which was subject to shareholder approval at the Company's Annual General Meeting in November 2017. Shareholder approval was obtained on 23 November 2017. The indeterminate rights were ultimately granted as share options with the same vesting conditions as other options granted on 22 December 2016. Any differences in the fair value of the share option between the original grant date by the Board and the date of shareholder approval is not material to remuneration awarded.

15. Share-based payments continued

(c) Employee Share Option Plan continued

The weighted average fair value of options granted during the year was nil (2017: $3.815) as there were none issued during the year.

The weighted average share price for share options exercised during the period was $3.90 (2017: $4.45).

The weighted average remaining contractual life for share options outstanding at the end of the period was 2.47 years (2017: 3.11 years).

(d) Fair value of rights and options granted

(i) Fair value of performance rights granted – FY18

The assessed fair value at grant date of performance rights granted during the year ended 30 June 2018 was $3.80 per TSR option and $3.83 per EPS options. The fair value of TSR performance rights 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 term of the performance rights, 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 performance rights and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the year ended 30 June 2018 included:

- grant date: 2 July 2017
- expected vesting date: 31 August 2020
- measurement period: 1 July 2017 to 30 June 2020
- share price at grant date: $4.04
- expected price volatility of the company's shares: 30%
- expected dividend yield: 1.75%
- risk-free interest rate: 1.91%

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

(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.

For those options granted during the year ended 30 June 2017, the model inputs 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%
- 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.

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Expenses arising from share-based payment transactions

	Note	2018 $	2017 $
Options issued under employee option plan (pre-FY17)		152,597	209,011
Options issued under employee option plan FY17		525,079	512,231
Rights issued under employee performance rights plan FY18		451,844	–
	7(a)	1,129,520	721,242

Significant accounting policies

Share-based payments

The Group operates equity-settled share-based payment employee share, options and rights 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, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). 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, options and rights 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.

Critical accounting estimate and judgement

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value of options and rights is estimated on the grant date using an adjusted form of the Black Scholes Model. Estimating fair value for share-based payments requires significant assumptions such as determining the most appropriate inputs to the valuation model, including the expected life of the share option or performance right, volatility in the share price and dividend yield.

16. Directors' and executives' compensation

	Consolidated Entity	
	2018 $	2017 $
Short-term employment benefits	3,553,465	3,106,533
Post-employment benefits	159,772	230,013
Share-based payments	726,664	553,810
	4,439,901	3,890,356

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 31.

Section E: Capital and Financial Risk Management

This section explains our policies and procedures applied to manage our financing and capital structure, and the associated risks that we are exposed to. We manage our financial and capital structure to maximise shareholder return, maintain an optimal cost of capital and provide flexibility for strategic investments.

17. Financial risk management

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

a) credit risk;
b) liquidity risk;
c) market risk:
   i) interest rate risk;
   ii) foreign exchange risk; and
d) fair value measurements.

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

(a) Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers and investments in debt securities.

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 Group 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. Credit quality of a customer is assessed based on a variety of factors, including their credit ratings and financial position. Concentrations of credit risk on trade debtors (by industry) are with customers in the following industries: utilities 62% (2017: 43%), telecommunications 17% (2017: 32%), pay-TV 18% (2017: 23%), and other 3% (2017: 2%).

The gross trade receivables balance at 30 June 2018 was $36,741,000 (2017: $37,083,000). The ageing analysis of trade and other receivables is provided in note 8. As the Group 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.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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's borrowings are predominantly made up of a $105,000,000 multi-currency banking facility of which $27,031,000 has been drawn down (2017: $nil). Additionally, the Group has lease liabilities of $202,000 (2017: $291,000), which are due for repayment by January 2020. Trade creditors are due for repayment within six months.

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The contractual maturities of financial liabilities are as follows:

		Contractual cash flows $'000				
Financial liabilities	Note	Less than 6 months	6-12 months	1-2 years	2-3 years	Total carrying amount
2018						
Trade and other payables	12	16,492	–	–	–	16,492
Lease liabilities		55	57	90	–	202
Secured borrowings	18	–	–	27,031	–	27,031
		16,547	57	27,121	–	43,725
2017						
Trade and other payables	12	9,653	–	–	–	9,653
Lease liabilities		49	51	106	85	291
Secured borrowings	18	–	–	–	–	–
		9,702	51	106	85	9,944

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or carrying value of its holdings of financial instruments as at the year end.

(i) 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
2018						
Financial assets						
Cash and cash equivalents	7	–	23,245	23,245		
Receivables	8	–	37,254	37,254		
Other current assets	9	–	67	67		
		–	60,566	60,566		
Financial liabilities						
Payables	12	–	16,492	16,492		
Borrowings	18	27,233	–	27,233	2.51	variable
		27,233	16,492	43,725		
2017						
Financial assets						
Cash and cash equivalents	7	15,011	2	15,013	0.95	variable
Receivables	8	–	37,685	37,685		
Other current assets	9	–	66	66		
		15,011	37,753	52,764		
Financial liabilities						
Payables	12	–	9,653	9,653		
Borrowings	18	291	–	291	1.39	variable
		291	9,653	9,944		

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17. Financial risk management continued

If interest rates had moved and been effective for the period, as illustrated in the table below, with all other variables held constant, pre-tax profit and post-tax equity[1] would have been affected as follows:

	Pre-tax Profit Increase/(decrease) $'000		Post-tax Equity[1] Decrease/(increase) $'000	
Consolidated Entity	2018	2017	2018	2017
+1% (100 basis points)	**(408)**	(2)	**285**	2
-1% (100 basis points)	**408**	2	**(285)**	(2)

1. Calculated net of the Australian corporate tax rate of 30% on pre-tax profit as most of our interest-bearing assets and liabilities are held in Australia.

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.

(ii) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and as such has exposure to foreign currency movements as part of its day-to-day operational activities. The Group is exposed to foreign currency risk on sales, purchases and foreign currency bank accounts that are denominated in a currency other than the functional currency of the Group, being the Australian dollar (AUD).

Overseas subsidiaries within the Group transact in different functional currencies. The effects of any exchange rate movements in respect to the net investment in foreign subsidiaries are recognised in the foreign currency translation reserve.

The Group has expanded its international operations substantially in recent years to the extent that in excess of 77% of its revenue is now earned in foreign currency designated transactions. The Group has a number of offices located internationally and more than 79% 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. In addition, the Group holds net borrowings in foreign currencies as part of the multi-currency facility agreement as disclosed in note 18, which have been designated as hedges of the net investments in the Group's overseas subsidiaries.

The Group's primary foreign currency exposure is to the USD and GBP exchange rates. Due to the Group's risk management strategy in mitigating foreign currency exposure risk, as described above, any changes in foreign currency rates would be limited to the risk on revaluation of foreign currency denominated borrowings and bank balances in the Group at market rates at balance sheet date. Any gains or losses on revaluation are deferred to the foreign currency translation reserve in equity.

Sensitivity to foreign currency exchange rate movements due to the translation of foreign currency borrowings and bank balances held at the end of the financial year at spot rates is as follows:

	Equity[1] Increase/(decrease) $'000			
	USD		GBP	
Consolidated Entity	2018	2017	2018	2017
+10%	**639**	(825)	**379**	(149)
-10%	**(639)**	825	**(379)**	149

1. Represents the effect of hypothetical foreign exchange movements on the Group's foreign currency translation reserves, which is classified as equity in the statement of financial position.

The Group's exposure to foreign currency changes for all other currencies is not material.

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Significant accounting policies

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 of the Group are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions and balances

Transactions in foreign currencies of entities within the consolidated Group are translated into its 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 in profit or loss and presented in the statement of comprehensive income for the financial year.

(d) Fair value measurements

Due to their short-term nature, the fair value of receivables and payables approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

At 30 June 2018 and 30 June 2017, there are no assets or liabilities carried at fair value on a recurring basis.

18. Borrowings

		Consolidated Entity	
	Note	2018 $'000	2017 $'000
Current			
Secured			
Lease liability	22	**112**	101
		112	101
Non-current			
Secured			
Term facility		**27,031**	–
Lease liability	22	**90**	190
		27,121	190

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

The Company has a secured A$105,000,000 multi-currency facility with its external bankers to provide additional funding as required for acquisitions and general corporate purposes. This facility was extended on 25 June 2018 to expire on 7 July 2020, and will be subject to renewal upon negotiation with its external bankers.

The facility is secured by 85% of Group assets. As at 30 June 2018, the remaining unutilised portion of the facility is A$77,969,000.

18. Borrowings continued

Changes in liabilities arising from financing activities

	Note	2018 $'000	2017 $'000
Opening balance at 1 July		291	387
Cash flows from financing activities			
Net repayment of borrowings		(4,503)	(96)
Cash flows from non-financing activities			
Acquisition of subsidiary's borrowings[1]	24	29,703	–
Non-cash changes			
Effect of foreign exchange affecting profit and loss		1,742	–
Closing balance at 30 June[2]		27,233	291

1. This has been repaid in full during the financial year. The repayment is included in the net repayment of borrowings amount.
2. Represents long-term facility borrowings of $27,031,000 (2017: nil) and finance liabilities of $202,000 (2017: $291,000).

Hedge of net investments in foreign operations

Included in borrowings at 30 June 2018 are two borrowings of US$7,000,000 and GBP £12,500,000 drawn down as part of the A$105,000,000 multi-currency facility. These foreign currency-denominated borrowings have been designated as a hedge of the net investments in the Group's subsidiaries in the United States and the United Kingdom. The borrowings are being used to hedge the Group's exposure to the US$ and GBP foreign exchange risk on these investments. Gains or losses on the retranslation of the borrowings are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries. There is no ineffectiveness in the years ended 30 June 2018 and 2017.

Significant accounting policies

Loans and borrowings

Interest-bearing loans and borrowings are initially recognised as financial liabilities at fair value net of directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Borrowings are classified as non-current liabilities except for those that mature in less than 12 months from the reporting date, which are classified as current liabilities.

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.

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19. Contributed capital

(a) Issued and paid up capital

	Consolidated Entity	
	2018 $'000	2017 $'000
Ordinary shares, fully paid	136,896	85,350

The ordinary shares have no par value in accordance with the *Corporations Act (2001)*.

(b) Movements in shares on issue

	Consolidated Entity		Consolidated Entity	
	2018 No. of Shares	2018 $'000	2017 No. of Shares	2017 $'000
Balance at beginning of the financial year	181,960,344	85,350	178,914,061	78,650
Shares issued under dividend reinvestment plan	373,802	1,370	344,943	1,325
Shares issued under employee share plan	42,480	180	50,050	175
Options exercised under employee share plan	665,000	766	1,730,000	1,791
Shares issued on contingent liability settlement	–	–	921,290	3,409
Shares issued from institutional placement	10,810,810	38,959	–	–
Share purchase plan offer	2,795,794	10,271	–	–
Balance at end of the financial year	196,648,230	136,896	181,960,344	85,350

(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) 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, sell assets to reduce debt or a combination of these activities.

20. Dividends

A regular dividend of 3 cents per share and a special dividend of 1 cent per share has been declared. This final dividend of 4 cents per share, fully franked, was announced to the market on 17 August 2018. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2018.

	Consolidated Entity	
	2018 $'000	2017 $'000
Dividends provided for or paid during the year		
3 cent per share final dividend paid 30 September 2017 – fully franked	5,874	
4 cent per share final dividend paid 30 September 2016[1] – fully franked		7,252
3 cent per share interim dividend paid 29 March 2018 – fully franked	5,888	
3 cent per share interim dividend paid 31 March 2017 – fully franked		5,450
	11,762	12,702
Proposed dividend not recognised at the end of the year	7,865	5,874
Dividends franking account		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years	3,125	4,482

1. The final dividend paid of 4 cents per share, franked to 4 cents, comprised of a regular dividend of 3 cents per share, together with a special dividend of 1 cent per share.

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.

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21. Reserves and retained earnings

	Note	Consolidated Entity 2018 $'000	2017 $'000
Foreign currency translation reserve	21(a)	**16,739**	8,196
Options granted reserve	21(b)	**3,102**	1,972
Retained earnings	21(c)	**73,186**	56,098

(a) Foreign currency translation reserve

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

Movements in reserve		
Balance at beginning of year	**8,196**	10,167
Adjustment to carrying value of overseas interests due to currency fluctuation	**8,543**	(1,971)
Balance at end of year	**16,739**	8,196

(b) Options granted reserve

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

Movements in reserve		
Balance at beginning of year	**1,972**	1,251
Value of options expensed during the year	**1,130**	721
Balance at end of year	**3,102**	1,972

(c) Retained earnings

Balance at beginning of year	**56,098**	44,912
Dividends paid during the year	**(11,762)**	(12,702)
Net profit attributable to members of Hansen Technologies Ltd	**28,850**	23,888
Balance at end of year	**73,186**	56,098

22. Commitments and contingencies

	Note	Consolidated Entity 2018 $'000	2017 $'000
Operating leases (non-cancellable):			
Not later than one year		5,451	4,977
Later than one year and not later than five years		13,228	11,798
Later than five years		1,163	2,625
Future minimum rentals payable at reporting date		19,842	19,400
Finance lease commitments			
Not later than one year		121	114
Later than one year and not later than five years		92	202
Total minimum lease payments		213	316
Less: Future finance charges		(11)	(25)
Present value of minimum lease payments		202	291
Lease liabilities provided for in the financial statements:			
Current	18	112	101
Non-current	18	90	190
Total lease liabilities		202	291

Operating leases (non-cancellable)

The Group leases property, vehicles and other IT equipment 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 property lease agreements require the minimum lease payments to be increased by CPI per annum.

Finance lease commitments

The Group leases certain IT equipment under a finance lease expiring in two years. At the end of the lease term, the Group has the option to return the assets to the lessor or to renew the lease agreements.

Contingent assets and liabilities

The Group does not have any contingent assets or liabilities as at 30 June 2018.

Significant accounting policies

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

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.

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Section F: Group Structure

This section provides information about our structure and how this impacts the Group's results as a whole, including parent entity information and any business acquisitions that impacted the Group's financial position and performance.

23. Parent entity information

Summarised presentation of the parent Company, Hansen Technologies Limited's, financial statements:

	Parent Entity	
	2018 $'000	2017 $'000
(a) Summarised statement of financial position		
Assets		
Current Assets	740	1,274
Non-current assets	175,748	95,309
Total assets	176,488	96,583
Liabilities		
Current liabilities	1,532	1,077
Non-current liabilities	27,065	–
Total liabilities	28,597	1,077
Net assets	147,891	95,506
Equity		
Share capital	136,894	85,350
Accumulated profits	9,175	8,184
Share-based payments reserve	2,812	1,972
Foreign currency translation reserve	(990)	–
Total equity	147,891	95,506
(b) Summarised statement of comprehensive income		
Profit for the year	12,753	12,887
Total comprehensive income for the year	12,753	12,887

A dividend was paid from Hansen Corporation Pty Limited to Hansen Technologies Limited of $14,000,000 during the financial year.

(c) Parent entity guarantees

Hansen Technologies Limited, being the parent entity, has entered into a guarantee in regard to the loan facility (refer note 18). In addition, there are cross guarantees given by Hansen Technologies Limited and Hansen Corporation Pty Limited as described in note 27. No deficiencies of assets exist in any of these companies.

Significant accounting policies

Parent Company financial information

The financial information for the parent Company has been prepared on the same basis as the Group consolidated financial statements, except as set out below:

Investments in subsidiaries

Investments in subsidiaries are accounted at cost. Dividends received from subsidiaries are recognised in the parent entity's income statement when its right to receive the dividend is established.

Where the parent Company has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair value of these guarantees is accounted for as contributions and recognised as part of the cost of the investment.

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24. Business combinations

Acquisition of Enoro Holdings AS

The Company's subsidiary, Hansen Holdings Europe Limited, acquired 100% of the share capital of Enoro Holding AS and its controlled entities (Enoro) with effect from 1 July 2017. Enoro is the market-leading provider of Customer Information Systems and Meter Data Management systems for the energy sector in the Nordic region. The acquisition further expands the Company's energy footprint into a number of European countries including Norway, Sweden, Finland, Germany, Netherlands, Switzerland and Austria, and positions the Company to support further deregulation of the energy markets across Eastern Europe.

Details of the purchase consideration:

	$'000
Cash paid	70,246
Total purchase consideration	70,246

The fair values of the identifiable assets and liabilities acquired as at the date of acquisition were:

	Fair value $'000
Assets acquired:	
Receivables	10,215
Plant and equipment	2,535
Total assets acquired	12,750
Liabilities acquired:	
Payables	1,572
Accruals	2,740
Borrowings	29,703
Provisions	7,731
Deferred income	7,855
Deferred tax liability	1,435
Current tax liability	505
Total liabilities acquired	51,541
Net identifiable liabilities acquired	(38,791)
Add:	
Technology	17,342
Customer contracts	38,229
Deferred tax liability	(9,058)
Goodwill arising on acquisition	57,270
Total purchase consideration, net of cash acquired	64,992

Goodwill arose on the acquisition of Enoro 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.

As at 30 June 2018, the Group has completed the fair value assessment on the net assets acquired. There have been no significant changes to the fair value assessment presented in the financial statements since the half year ended 31 December 2017.

(a) Transaction costs

Transaction costs of $677,663 were incurred in relation to the acquisition. These costs are included with 'Other Expenses' in the Group's consolidated statement of comprehensive income.

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(b) Contribution since acquisition

Since the acquisition date of 1 July 2017, which is the beginning of the reporting period, Enoro has contributed total revenue of $57,687,000 and a profit after tax of $3,444,986, which is included within the Group's consolidated results.

(c) Analysis of cash flows on acquisition

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	70,246
Less: Cash balance acquired	(5,254)
Net cash outflow – investing activities	64,992

Significant accounting policies

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.

Critical accounting estimate and judgement

Business combinations

The Group is required to determine the acquisition date and fair value of the identifiable net assets acquired, including intangible assets such as brands, customer relationships, software and liabilities assumed. The estimated useful lives of the acquired amortisable assets, the identification of intangibles and the determination of the indefinite or finite useful lives of intangible assets acquired are assessed based on management judgement. The Group reassesses the fair value of net assets acquired a year after the acquisition date and judgement is required to ensure that any adjustments made reflect new information obtained about facts and circumstances that existed as of the acquisition date. The adjustments made to fair value of net assets are retrospective in nature and have an impact on goodwill recognised on acquisition.

Section G: Other Disclosures

This section includes other disclosures not included in the other sections, for example our auditor's remuneration, related parties, impact of new accounting standards not yet effective and subsequent events.

25. Related party disclosures

(a) The Group's consolidated financial statements include the financial statements of Hansen Technologies Limited and its controlled entities:

Name	Note	Country of Incorporation	Ordinary Share Consolidated Entity Interest 2018 %	Ordinary Share Consolidated Entity Interest 2017 %
Parent entity				
Hansen Technologies Limited		Australia		
Subsidiaries of Hansen Technologies Limited				
Hansen Corporation Pty Limited		Australia	100	100
Hansen Corporation Investments Pty Limited		Australia	100	100
Hansen Holdings (Asia) Pty Limited		Australia	100	100
Utilisoft Pty Limited		Australia	100	100
Hansen Technologies (Shanghai) Company Limited		China	100	100
Hansen Technologies Denmark A/S		Denmark	100	100
Hansen Customer Support India Private Limited		India	100	100
Hansen New Zealand Limited		New Zealand	100	100
Hantech Singapore Pte Limited		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	100
Hansen Solutions LLC		United States	100	100
Hansen Technologies North America, Inc.		United States	100	100
Hansen ICC, LLC		United States	100	100
Hansen Banner, LLC		United States	100	100
Peace Software Inc.		United States	100	100
Hansen Technologies Vietnam LLC	1	Vietnam	100	–
Enoro Holding AS		Norway	100	–
Enoro AS		Norway	100	–
Enoro AB		Sweden	100	–
Enoro CIS Finland Oy		Finland	100	–
Enoro Oy		Finland	100	–
PEP Finland Oy		Finland	100	–
Enercube Oy Finland Filial		Finland	100	–
Enoro B.V.		Netherlands	100	–
Enoro AG		Switzerland	100	–

1. Established and registered on 7 November 2017 as a wholly owned subsidiary of the Group.

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Significant accounting policies

Foreign subsidiaries

Subsidiaries that have a functional currency different to the presentation currency of the 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.

(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	
	2018 $	2017 $
A related party to Andrew Hansen – lease rental payments	1,373,421	1,314,045

26. Auditor's remuneration

The auditor of the Group for the year ended 30 June 2018 is RSM Australia Partners (30 June 2017: Pitcher Partners).

	Consolidated Entity	
	2018 $	2017 $
(a) Amounts paid and payable to RSM Australia Partners 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	303,430	–
(ii) Other non-audit services		
– taxation services	–	–
– compliance services	–	–
	–	–
Total remuneration of RSM Australia Partners	303,430	–
(b) Amounts paid and payable to related practices of RSM Australia Partners for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the overseas entities in the consolidated entity	202,317	37,588
(ii) Other non-audit services		
– taxation services	13,493	10,679
– compliance services	3,034	174,567
	16,527	185,246
Total remuneration of network firms of the auditor	218,844	222,834
(c) Amounts paid and payable to non-related auditors for:		
(i) Audit and other assurance services		
– an audit and/or review of the Financial Report of the entity and any other entities in the consolidated entity	284,148	547,564
(ii) Other non-audit services		
– taxation services	–	49,776
– compliance services	8,302	132,801
	8,302	182,577
Total remuneration of non-related auditors	292,450	730,142
Total auditors' remuneration	814,724	952,976

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27. Deed of cross guarantee

Hansen Technologies Limited and Hansen Corporation Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the other. 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 2018 of the closed group consisting of Hansen Technologies Limited and Hansen Corporation Pty Limited (the Closed Group).

	2018 $'000	2017 $'000
Revenue	**48,734**	41,510
Other income	**19,354**	12,332
Total revenue and other income	**68,088**	53,842
Employee benefit expenses	**(27,374)**	(26,641)
Depreciation expense	**(1,305)**	(1,310)
Amortisation expense	**(2,808)**	(2,559)
Property and operating rental expenses	**(2,871)**	(2,306)
Contractor and consultant expenses	**(1,037)**	(261)
Software licence expenses	**(1,902)**	(1,019)
Hardware and software expenses	**(1,688)**	(2,399)
Travel expenses	**(1,199)**	(1,249)
Communication expenses	**(684)**	(690)
Professional expenses	**(919)**	(605)
Finance cost	**(772)**	(33)
Other expenses	**(567)**	(2,205)
Total expenses	**(43,126)**	(41,277)
Profit before income tax	**24,962**	12,565
Income tax expense	**(4,167)**	(3,315)
Profit after income tax from continuing operations	**20,795**	9,250
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	**20,795**	9,250

27. 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 2018 of the Closed Group:

	2018 $'000	2017 $'000
Current assets		
Cash and cash equivalents	4,577	4,214
Receivables	6,659	9,227
Current tax asset	3,256	1,128
Other current assets	–	1,992
Total current assets	14,492	16,561
Non-current assets		
Plant, equipment and leasehold improvements	3,371	3,789
Intangible assets	22,503	21,297
Other non-current assets	180,190	87,523
Deferred tax assets	2,953	3,323
Total non-current assets	209,017	115,932
Total assets	223,509	132,493
Current liabilities		
Payables	3,809	3,511
Current tax payable	73	–
Provisions	5,739	5,898
Unearned income	6,158	6,984
Total current liabilities	15,779	16,393
Non-current liabilities		
Deferred tax liabilities	2,555	2,064
Borrowings	27,031	–
Other non-current liabilities	15,131	8,937
Provisions	173	195
Total non-current liabilities	44,890	11,196
Total liabilities	60,669	27,589
Net assets	162,840	104,904

(c) Summary of movements in consolidated retained earnings of the Closed Group

	2018 $'000	2017 $'000
Share capital	136,895	85,350
Other reserves	(4,491)	(3,475)
Options granted reserve	3,103	1,974
Retained earnings	27,333	21,055
Total equity	162,840	104,904

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28. New and amended accounting standards and interpretations

(a) Adoption of new and amended accounting standards that are first operative at 30 June 2018

The Group has adopted the following amendments to the accounting standards, applicable and effective for the financial year beginning 1 July 2017:

- *AASB 2016-1 Recognition of Deferred Tax Assets for Unrealised Losses*
- *AASB 2016-2 Disclosure Initiative: Amendments to AASB 107 Statement of Cash Flows*
- *AASB 2017-2 Annual Improvements 2014-2016 Cycle*

For *AASB 2016-2*, the Group has made additional disclosure in note 18 for changes in financial liabilities arising from cash flows and non-cash changes.

These amendments do not have any material impact on the Group's financial results or financial position.

(b) Accounting standards and interpretations issued but not operative at 30 June 2018

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board at the reporting date, which are considered relevant to the Group but are not yet effective. The Directors' assessment of the impact of these standards and interpretations is set out below:

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

The new revenue standard will supersede all current revenue recognition requirements under Australian Accounting Standards. Under *AASB 15*, the core principle is that an entity recognises revenue when control of the promised goods or services transfer to the customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the presentation and disclosure requirements in *AASB 15* are more detailed than those under current Australian Accounting Standards.

Group's assessment performed to date

During the year, management of the Group has undertaken significant analysis to assess the impact of the new standard, and has shared its findings to date with the Board and external auditors on a regular basis. Work to date has focused on identifying the Group's major revenue streams and operations to further understand the nature of its contractual arrangements. The Group focused the assessment on the following revenue streams, which comprise over 99% of total revenues for the year:

- Billing system licence fees;
- Implementation and customisation services; and
- Ongoing customer support and maintenance.

A representative sample of contracts across the Group's various geographies, operational segments and different billing solutions was reviewed and assessed against the requirements of the new standard to understand the areas that are expected to have the greatest potential risk of impact and to identify any resulting differences from existing Group accounting policies. The Group is currently in the process of updating accounting policies, internal and regulatory reporting requirements, and associated business processes and controls to support compliance with the new accounting standard across the Group.

The Group will first apply *AASB 15* on 1 July 2018 and will first report under the new standard in the 30 June 2019 annual financial report. The Group will adopt the modified retrospective approach on transition, where the cumulative effect of initially applying the standard will be recognised as an adjustment to the opening balance of retained earnings on 1 July 2018. In determining the expected financial impact, the Group will also use the practical expedient available in the new standard and apply *AASB 15* only to contracts that are not completed at 1 July 2018.

28. New and amended accounting standards and interpretations continued

The most significant differences to existing Group accounting policies that the Group has identified that will result in a financial impact on adoption of the new standard are as follows:

Timing of licence revenue recognition

A significant amount of the Group's customer contracts includes fees for software licences associated with the billing solution provided to the customer on customer-specific premises. The nature of the licence fee structures varies by customer and billing solution. *AASB 15* provides new guidance related to licences of intellectual property, and the timing of revenue recognition associated with licences is dependent on the nature of the licence granted to the customer.

Some of the Group's arrangements are structured such that the customer receives substantially all the benefits from the licence at the point in time at which the licence is delivered to the customer. For some of our pay-TV and utilities contracts, the fees associated with the licence will be recognised as revenue earlier in the contractual period, whereas under existing Group accounting policies these fees were recognised evenly over the remaining contractual period. We expect that this will result in an increase to the opening retained earnings balance by approximately $2 million at 1 July 2018.

In some of the Group's other contracts, the amount of consideration that the Group is entitled to is dependent on the number of the customer's users processed by the billing solution. The new standard provides an exception for licences that are dependent on the customer's subsequent usage of the licence. For these contracts, this will not result in a change in the timing and pattern of revenue recognition as the Group currently recognises revenue when the customer's subsequent usage is known. Therefore, there will not be any financial impact under the new standard.

Implementation and customisation services

The Group provides various configuration, implementation, customisation and other professional services that the customer is contracted to receive as part of the overall the billing solution. *AASB 15* provides guidance in determining whether these services are distinct services provided in the contract, and the timing in which revenue is to be recognised for these services. This will result in changes to the Group's existing accounting policies in identifying whether the services provided are highly interrelated or integrated with the Group's provision of the associated software licence. The Group's assessment exercise has identified a few customer contracts where it was determined that the services and licence represent a single performance obligation, resulting in earlier revenue recognition of the licence component. However, the financial impact is not material to account as an adjustment to opening retained earnings on 1 July 2018 as most of these contracts with a single performance obligation were completed prior to adoption of *AASB 15*. If the Group adopted the new standard for the current financial year, the financial impact to revenues and contract assets would be captured by the changes to the recognition of licence fees. As such, the overall impact would not be material.

(ii) *AASB 9 Financial Instruments*

The new financial instruments standard replaces *AASB 139* and addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also addresses the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs and risk components that can be hedged.

The standard also introduces a new expected loss impairment model that will require entities to account for expected credit losses at the time of recognising the asset.

Group's assessment performed to date

During the year, management of the Group has reviewed all financial assets and liabilities, including any financial risk management arrangements the Group has in place, as well as the Group's provisioning methodology. As a result of the Group's assessment, the Group has not identified any significant or material impacts to its accounting policies.

There will be no change to the recognition and measurement of the Group's financial assets and liabilities under the new classification model in *AASB 9*.

The Group already applies a provisioning methodology to its trade and other receivables, similar to the requirements of the simplified expected credit losses model in *AASB 9*. Whilst the expected credit losses model requires an estimate of forward-looking credit losses, the Group has assessed that its impact is not material.

Whilst hedge accounting requirements have been revised under *AASB 9*, no material changes to the Group's hedge accounting policies have been identified.

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The Group will first apply *AASB 9* on 1 July 2018 and will first report under the new standard in the 30 June 2019 annual financial report. The Group will not restate comparative information.

Increased disclosures may be required in the financial statements. The Group's assessment of the potential accounting, disclosure and financial impacts on adoption of the standard will continue up to the date of application.

(iii) *AASB 16 Leases*

The new leases standard replaces *AASB 117* and will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The new standard requires the recognition of an asset (the right to use the leased item) and a financial liability reflecting future lease payments. The only exceptions are short-term and low-value leases. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similar to other financial liabilities.

Group's assessment performed to date

The Group has not commenced assessment of the impact of *AASB 16*. It is expected any assessment will require a review of its current lease agreements and other contracts to assess if there are any embedded operating lease terms.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of $19,842,000 (refer to note 22). Under *AASB 16*, the present value of these commitments would potentially be shown as a liability on the balance sheet together with an asset representing its right-of-use. Ongoing lease payments currently presented as an operating expense will be split between depreciation and interest expense. However, the Group has not yet determined to what extent the present value of these commitments will result in the recognition of an asset and a liability for future payments, and its associated quantitative impact to profit and loss. 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*.

As a result, the Standard is expected to change EBITDA, but will not materially impact the Group's consolidated net profit after tax.

The Group will first apply *AASB 16* on 1 July 2019 and will first report under the new standard in the 30 June 2020 annual financial report. The Group has not yet determined its transition approach on adoption of *AASB 16*.

(iv) *AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration*

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.

Group's assessment performed to date

The Group has assessed this Interpretation and does not believe that the impact will be material. The Group will first apply *AASB Interpretation* 22 on 1 July 2018.

(v) *AASB Interpretation 23 Uncertainty over Income Tax Treatments*

The Interpretation clarifies the application of the recognition and measurement criteria in *AASB 112 Income Taxes* when there is uncertainty over income tax treatment. The Interpretation requires the Group to assess its provisions for uncertain tax positions based on either a probability-weighted average approach for tax issues in which there are a wide range of possible outcomes, or the most likely amount approach for tax issues in which there is a binary outcome.

Group's assessment performed to date

The Group has performed a preliminary assessment of the requirements of this Interpretation. Whilst the Group operates in multiple tax jurisdictions globally, the Group does not believe that its impact will be material. The Group will first apply *AASB Interpretation 23* on 1 July 2019.

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28. New and amended accounting standards and interpretations continued

(vi) Amendments to the Conceptual Framework

The IASB has issued amendments to accounting standards to apply the new definition and recognition criteria to assets and liabilities, and introduces new concepts regarding the measurement, presentation and disclosure and derecognition of assets and liabilities. The IASB's effective date for the amendments to the Conceptual Framework is for entities with annual periods commencing after 1 January 2020.

Group's assessment performed to date

The Group has not commenced assessment of the impact of the amendments to the Conceptual Framework. It is not yet known when the Group will first apply the amendments as the *AASB* has yet to issue the revised Conceptual Framework for adoption by Australian entities.

(vii) Other pronouncements and accounting standards

Other recently issued standards and interpretations have been issued at the reporting date but are not yet effective. The Group has not yet completed the assessment of the impact of these standards and interpretations. However, the Group does not expect other recently issued accounting standards and interpretations to have a material impact on the Group's consolidated results, financial position or cash flows upon adoption.

29. Subsequent events

Please refer to note 20 for the final dividend recommended by the Directors, to be paid on 27 September 2018.

There has been no other matter or circumstance that has arisen since 30 June 2018 that has significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2018, of the Group; or

(ii) the results of those operations; or

(iii) the state of affairs, in financial years subsequent to 30 June 2018, of the Group.

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DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 34 to 84, 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 of the Group 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 2018 and of its performance for the year ended on that date.

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

At the date of this declaration, there are reasonable grounds to believe that the members of the extended Closed Group identified in note 27 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 27.

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 2018.

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



David Trude
Director



Andrew Hansen
Director

Melbourne
16 August 2018

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INDEPENDENT AUDITOR'S REPORT
To the Members of Hansen Technologies Ltd

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INDEPENDENT AUDITOR'S REPORT
To the Members of Hansen Technologies Limited

Opinion

We have audited the financial report of Hansen Technologies Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 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 this matter
Recognition of Revenue Refer to Note 3 in the financial statements	
Revenue recognition was considered a key audit matter, as it is complex and involves significant management judgements. The Group's revenue is primarily derived from the provision of billing solution services to customers, maintenance and support, and licences. Revenue determined for some of the service contracts is based on stage of completion, calculated on the proportion of total costs incurred at the reporting date compared to management's estimation of the total costs of the contract.	Our audit procedures in relation to the recognition of revenue included: • Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards; • Evaluating and testing the operating effectiveness of management's controls related to revenue recognition; • For a sample of revenue transactions, substantiating transactions by agreeing to supporting documentation, including contracts with customers; • For a sample of revenue transactions that were recognised on a percentage of completion basis, our testing included: – Agreeing the contract price and variations to customer contracts; – Assessing management's estimate of costs to complete; and – Assessing whether the project was within budgeted margin. • Reviewing sales transactions before and after year-end to ensure that revenue was recognised in the correct period; and • Reviewing large or unusual transactions during the financial year.
Impairment of Intangible Assets Refer to Note 11 in the financial statements	
The Group has net book value goodwill of $151 million in respect of acquisitions of subsidiaries as at 30 June 2018. We identified this area as a Key Audit Matter due to the size of the goodwill balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves significant judgements about the future underlying cash flows of the business, discount rates and terminal growth applied. For the year ended 30 June 2018 management have performed an impairment assessment over the goodwill balance by: • calculating the value in use for the CGU using a discounted cash flow model. The model used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years, with a terminal growth rate applied to the 5th year. The cash flows were then discounted to net present value using the Company's weighted average cost of capital (WACC); and • comparing the resulting value in use of the CGU to its respective book value. Management also performed a sensitivity analysis over the value in use calculations, by varying the WACC and other assumptions.	Our audit procedures in relation to management's impairment assessment involved the assistance of our Corporate Finance team where required, and included: • Assessing management's determination that the goodwill should be allocated to a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported • Assessing the valuation methodology used; • Challenging the reasonableness of key assumptions, including the cash flow projections, exchange rates, discount rates, and sensitivities used; and • Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

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Key Audit Matter	How our audit addressed this matter
Capitalisation of Software Development Costs Refer to Note 11 in the financial statements	
At 30 June 2018, the Group's balance sheet includes capitalised software development costs of $21.2 million, of which $10.0 million has been capitalised during the financial year. The calculation of the software development costs involves significant judgement in respect of factors such as, probability of future economic benefits and accuracy of inputs such as wage rate and overhead calculations. We identified this as a key audit matter due to the judgement involved in capitalising software development costs, in particular when capitalising wages and overheads.	Our audit procedures in relation to capitalised research and development included: • Assessing the appropriateness of the group policy for capitalisation of software development costs is in accordance with the accounting standards. • For a sample of projects that had been capitalised during the year; – Challenging management on the basis for capitalisation and expected future benefits; – Substantiating wage rates used in capitalisation to payroll details of employees in the development team; and – Agreeing overhead allocation of fixed costs; • Reviewing projects for any indicators of impairment; • For a sample of projects previously capitalised, reviewing sales of products during the year to ensure no indicators of impairment; and • Testing the mathematical accuracy of the amortisation of previously capitalised amounts in line with the Group Policy.
Acquisition of Enoro Holdings AS Refer to Note 24 in the financial statements	
During the year the Group acquired Enoro Holdings AS ("Enoro") for a gross purchase consideration of $70.246 million. Management consider this to be a significant acquisition for the Group. This was considered a key audit matter as the accounting for this transaction is complex and involves significant judgement in applying the accounting standards. This includes determining the fair value of acquired assets and liabilities, in particular determining separately the identifiable intangible assets such as customer contracts and the goodwill on acquisition.	Our audit procedures in relation to the acquisition of Enoro included: • Reviewing the sale and purchase agreements to understand the key terms and conditions; • Substantiating the purchase consideration to the signed purchase agreements and to bank statements; • Evaluating 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; • Assessing the consolidated entity's determination of the fair value of the remaining assets and liabilities, having regard to the completeness of assets and liabilities identified • In conjunction with our Corporate Finance team, evaluating the work of the independent expert in respect of the purchase price allocation, including the identifiable intangible assets and the goodwill on acquisition; • Assessing the adequacy of the Group's disclosures in respect of business acquisitions.

Other Information

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 2018, but does not include the financial report and the 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.

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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 have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Hansen Technologies Ltd., for the year ended 30 June 2018, 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.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 16 August 2018
Melbourne, Victoria

AUSTRALIAN SECURITIES EXCHANGE (ASX) SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 21 September 2018, disclosed pursuant to ASX official listing requirements.

Distribution of shares

The following table summarises the distribution of our listed shares as at 21 September 2018:

Size of holding (range)	Number of holders	Number of shares held	% of issued capital
100,001 and over	71	124,790,838	63.43
10,001 to 100,000	1,831	42,931,816	21.82
5,001 to 10,000	1,964	14,436,337	7.34
1,001 to 5,000	4,920	13,161,274	6.69
1 to 1,000	2,651	1,427,965	0.73
Total	**11,437**	**196,748,230**	**100.00**

The number of shareholders holding less than a marketable parcel of ordinary shares is 309 holding 14,233 shares (as at the closing market price on 21 September 2018).

Substantial shareholders

FMR LLC, by notice dated 18 September 2018, has a relevant interest in 13,753,677 shares.

Mawer Investment Management Ltd, by notice dated 8 August 2018, has a relevant interest in 16,945,400 shares.

Twenty largest shareholders

The following table sets out the Top 20 holders of our shares:

Rank		Number of shares held	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	40,983,182	20.83
2	Othonna Pty Ltd	34,739,113	17.66
3	J P Morgan Nominees Australia Limited	14,982,513	7.62
4	HSBC Custody Nominees (Australia) Limited – A/C 2	9,101,639	4.63
5	Citicorp Nominees Pty Limited	3,602,842	1.83
6	BNP Paribas Noms Pty Ltd	2,714,022	1.38
7	National Nominees Limited	1,811,550	0.92
8	Citicorp Nominees Pty Limited	1,175,000	0.60
9	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd Drp	1,133,818	0.58
10	Mr Cameron Hunter	1,103,691	0.56
11	Mr James Lucas & Ms Lesley Dormer	800,940	0.41
12	Six Of Us Pty Ltd	546,953	0.28
13	BNP Paribas Nominees Pty Ltd	459,364	0.23
14	Neweconomy Com Au Nominees Pty Limited	392,897	0.20
15	Mr David John Osborne & Mrs Leone Catherine Osborne	386,335	0.20
16	Ozcun Pty Ltd	383,456	0.19
17	Scott Weir	380,308	0.19
18	BNP Paribas Nominees Pty Ltd	374,821	0.19
19	Layuti Pty Ltd	369,611	0.19
20	Navigator Australia Ltd	363,003	0.18
Total		**115,805,058**	**58.86**
Total other investors		**80,943,172**	**41.14**
Grand total		**196,748,230**	**100.00**

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Voting rights

Refer to note 19c of the financial statements.

Unquoted equity securities

Unquoted equity securities issued pursuant to the Hansen Technologies Limited Employee Performance Rights Plan and Employee Share Option Plan:

Unquoted equity securities	Number of employees participating	Number of securities
Options over ordinary shares exercisable at various prices	16	2,768,730
Performance rights	22	355,316

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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
David Howell, 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

RSM Australia Partners
Level 21, 55 Collins 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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