Appendix 4E

(pursuant to ASX Listing Rule 4.3A)

Financial Report for the year ended 30 June 2019

Hansen Technologies Limited

ABN 90 090 996 455

Reporting period	30 June 2019
Previous corresponding period	30 June 2018

Results for announcement to the market

	Year ended 30 June (consolidated)		
	2019 $A'000s	**Movement $A'000s (%)**	**2018 $A'000s**
Revenue from ordinary activities	231,324	▲ 508 (0.2%)	230,816
Profit from ordinary activities after tax attributable to members	21,465	▼ 7,385 (25.6%)	28,850
Statutory net profit after tax attributable to members	21,465	▼ 7,385 (25.6%)	28,850
Underlying net profit after tax attributable to members (1)	24,011	▼ 5,516 (18.7%)	29,527

(1) Underlying net profit after tax excludes separately disclosed items. Further details of the separately disclosed items are outlined in note 4 to the Financial Report.

Dividends

	Amount per share (cents)	**Franked amount per share (cents)**
2018 final dividend (paid 27 September 2018)[1]	4.0	4.0
2019 interim dividend (paid 29 March 2019)	3.0	3.0
2019 final dividend (to be paid 26 September 2019)	3.0	2.6

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

2019 final dividend dates

Record date for determining entitlements to the dividend	4 September 2019
Last date for receipt of election notices for participation in the dividend or DRP	5 September 2019
Payment date	26 September 2019

Dividend Reinvestment Plan (DRP)

A Dividend Reinvestment Plan has been established to provide shareholders with the opportunity to reinvest dividends in new shares rather than receiving cash. Details of Hansen's Dividend Reinvestment Plan including the share pricing methodology is available online at https://hansencx.com/about/investor-relations. The price for shares to be applied for in accordance with the DRP plan for this dividend shall be the full undiscounted value as prescribed by the plan. The conduit foreign income component of this dividend is nil.

Net tangible assets per security

	Year ended 30 June (consolidated)	
	2019	**2018**
Net tangible assets per security	(57.9) cents	(0.7) cents

The Group's asset base comprises primarily of software (as with most technology companies) and goodwill from acquisitions. During the year, intangible assets of $159.9 million were acquired as part of the acquisition of Sigma Systems, with the acquisition funded by a debt facility. These intangibles, combined with our borrowings base, resulted in net tangible asset backing per security being negative for both 30 June 2019 and 30 June 2018.

Other information

The Group gained control of the Sigma Systems group of entities on 1 June 2019. Further details of the acquisition are disclosed in the attached financial report.

Additional Appendix 4E disclosure requirements can be found in the notes to the financial report and the Directors' Report for the year ended 30 June 2019. Information should be read in conjunction with Hansen Technologies Limited's 2019 Annual Report and the attached financial report. This report is based on the consolidated financial report for the year ended 30 June 2019 which has been audited by RSM Australia Partners with the Independent Auditor's Report included in the financial report.

HANSEN TECHNOLOGIES LIMITED
AND CONTROLLED ENTITIES

ABN 90 090 996 455

FINANCIAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2019

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CHAIRPERSON AND CHIEF EXECUTIVE OFFICER JOINT REPORT

We are pleased to present the Annual Report for Hansen Technologies Limited for financial year ended 30 June 2019 (FY19).

2019 has been a very exciting year with continued change being experienced across the globe in the market segments Hansen focuses on, being Utilities and Communications.

In the Utilities sector, the production of green energy continues to rapidly evolve with increased awareness and demand for the product with advances in technology lowering the cost of production, improving grid integration and increasing retail demand for the product. Hansen has continued to ensure that product development is addressing our customers' ability to add new products to their customer offering and address the emerging billing complexity.

In the Communications market, technology churn continues to accelerate with the world's reliance on smart devices and our desire to interact with the world increasing the demand for a broader range of innovative offerings. In recent years, this has manifested itself in various entertainment options being delivered to us on our mobile devices together with an explosion in the number of apps allowing us to interact with each other on a level never seen before. This is set to continue as faster platforms like 5G provide us with connection speeds enabling higher levels of connectivity and complexity. These developments continue to increase the level of bundling offered by our customers and has increased the level of complexity required to be addressed by the customer care and billing system provided by Hansen. Hansen's recent acquisition of Sigma Systems specifically provides a solution to address a provider's ability to expand its offering and deliver competitive solutions quickly into the evolving market.

Operational highlights

In FY19, the business achieved a significant number of operational highlights:

- A major contract win to deliver our second billing system in Finland, following the go-live of the first system earlier in the year;
- A major contract win to deliver the next generation Meter Data Management (MDM) solution in Sweden;
- As the existing MDM solution provider for a large Australian energy distributor, we were chosen to deliver a new network billing solution that unified metering and billing functionalities in a single system;
- We expanded our Vietnam Development centre and now have 100 employees (2018: 9 employees) supporting Hansen products in the Nordic, Americas and the Asia-Pacific regions;
- The commencement of 8 client upgrades to the new version of our US municipalities billing system; and
- Developed our new analytics software-as-a-service ("SaaS") product for the utilities sector in the Nordic region which is continuing to gain momentum with some 20 customers now using the product;

Financials

A$ million	FY19	FY18	Variance (%)
Operating revenue	231.3	230.8	0.2%
Underlying EBITDA (1) (3)	55.8	60.0	(7.0%)
Underlying NPAT (3)	24.0	29.5	(18.7%)
Underlying NPATA (2) (3)	33.7	38.7	(12.9%)
Basic EPS based on underlying NPATA (cents) (2)	17.1	19.8	(13.6%)

(1) EBITDA is a non-IFRS term, defined as earnings before interest, tax, depreciation and amortisation, and excluding net foreign exchange gains (losses).
(2) NPATA is a non-IFRS term, defined as net profit after tax, excluding tax-effected amortisation of acquired intangibles. This is used to determine EPSa as disclosed here and in the audited Remuneration Report.
(3) Underlying EBITDA, underlying NPAT and underlying NPATA exclude separately disclosed items, which represent the transaction and other restructuring costs associated with the Sigma acquisition (2018: Enoro acquisition) and the exiting of a premises lease in the Americas. Further details of the separately disclosed items are outlined in note 4 to the Financial Report.

Operating revenue for FY19 was $231.3 million, $0.5 million up on FY18. With Sigma contributing $5.0 million of revenue in June (the first month since acquisition), revenues for the remainder of Hansen excluding Sigma were $4.5 million lower. This decline was a result of lower non-recurring revenues, due primarily to both lower one-off licence fees and reduced project work following the large body of work completed in the first half of FY18 associated with implementing Power of Choice in Australia. Conversely, recurring revenues grew to represent 63% of total operating revenue.

Underlying EBITDA for the year was $55.8 million, 7.0% down on the $60.0 million in FY18. This resulted in an underlying EBITDA margin decline to 24.1% from 26.0% in FY18. Sigma only contributed a modest $0.1 million of EBITDA in June, which we do not see as representative of the business going forward. Excluding Sigma, the underlying EBITDA margin was 24.6%. This reduced margin was the direct result of the lower non-recurring revenue, as we were able to maintain operating expenses at the same level as FY18, even after the investment in the Vietnam development centre.

Acquisitions

Enoro, which was acquired in July 2017, continued to perform strongly in FY19 and has now been fully integrated into the broader Hansen Group. With a number of major contract wins during the year, combined with the opportunities provided by the dynamic Nordic energy market, the business is well placed to continue that growth in FY20.

Effective 1 June 2019, we acquired Sigma Systems based out of Toronto, Canada for $163.8 million, comfortably making it our largest acquisition to date.

Founded in 1996, Sigma is a leading global provider of catalogue-driven software products for telecommunications, media, and technology companies. The software products streamline complex product and service offerings and provide a faster path to creating, selling & delivering new digital and traditional products and services – particularly relevant given the proliferation of new communications products and services in today's world, which will further be the case as 5G gains momentum. The company has more than 70 customers and 500 employees, 280 of which are located in Pune, India.

The combined offering of Hansen and Sigma enables us to address a larger part of our customers' needs: from product innovation and creation, customer quoting and ordering, right through to revenue management and customer care. Cross-sell opportunities also exist with Hansen's large utilities customer base, driven by the transformation occurring within the utilities sector – which includes changes in energy pricing structures and an expansion of product offerings to encompass new energy solutions and services such as solar power, electric car charging and battery storage.

Sigma was funded from a new $225 million loan facility, which was strongly supported by a syndicate of local and international banks. At balance date, $35 million of the facility was unused and net debt stood at $148.3 million. While this represents the highest level of debt the Group has ever had, given the strength of the Group's cash generation we are well placed to service this debt over coming years.

With the inclusion of Sigma into the broader Hansen portfolio, we are now very well balanced between our two primary verticals: Utilities and Communications.

Our future

The recent additions of Enoro and Sigma have added significant breadth and depth to our global platform, with both businesses expanding the Hansen footprint into exciting and dynamic market segments. We believe Enoro and Sigma will drive future revenue growth.

Now, with more than 1500 employees we truly have the platform to leverage our Global Experience. We would like to take this opportunity to thank all the dedicated Hansen team members worldwide who have once again put in a fantastic effort during the year. The quality and commitment of our people are the foundation of our business and we are fortunate to have such a large number of industry experts dedicated to the success of our business.

With the Utilities and Communications markets increasing in complexity, creating higher demand for more sophisticated customer management and billing systems we believe Hansen is well placed for future growth.

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 71

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 E.L & C. Baillieu Limited, a Non-Executive Director of Chi-X Australia Limited and Non-Executive Director of ASX listed Acorn Capital Investment Fund Limited.

Mr Andrew Hansen
Managing Director and CEO

Managing Director since 2000

Age 59

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 59

Bruce has over 30 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. From 2002 until 2019, after more than 10 years as a partner of two Melbourne law firms, Bruce held the 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 49

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 Intrepid Group, Whispir Limited, Adslot Limited, Future Generation Global Investment Company Limited, and the National Gallery of Victoria Foundation.

Mr David Osborne
Non-Executive Director

Director since 2006

Member of the Audit and Risk Committee

Age 70

David is a Fellow of the Institute of Chartered Accountants, and a Fellow of the Australian Institute of Company Directors, with over 50 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

Member of the Remuneration Committee

Member of the Audit and Risk Committee

Age 52

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 support 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 Limited, the St Kilda Football Club and the Peter MacCallum Cancer Foundation.

Mr David Howell
Non-Executive Director

Director since 2018

Member of the Audit and Risk Committee

Chair of the Remuneration Committee

Age 61

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 Advisor 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 49

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 2019.

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 2019, 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:

	2019 A$ Million	**2018 A$ Million**	**Variance %**
Operating revenue	231.3	230.8	0.2%
EBITDA(1)	53.0	59.3	(10.6%)
NPAT	21.5	28.9	(25.6%)
NPATA(1)	31.2	38.0	(17.9%)
Basic Earnings per Share (EPS) (cents)	10.9	14.8	(26.4%)
Basic EPSa(1) (cents)	15.8	19.4	(18.6%)

(1) 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. These include: EBITDA, NPATA and EPSa. These measures have been defined in the Chairperson and Chief Executive Officer's Joint Report on page 4.

In 2019 the business continued to deliver strong results after the record 2018 year. Revenues and EBITDA were in line with guidance. Further details on the Group's results are outlined in the Chairperson and Chief Executive Officer's Joint Report on page 4.

On 1 June 2019, Hansen acquired the Sigma Systems business ("Sigma") and one month of these results are included in the FY19 result. Also included in the results are the transaction and other restructuring costs related to the acquisition, which we have identified as separately disclosed items in our results.

This acquisition has also resulted in the re-balancing of the Group's market portfolio which, post the acquisition of Enoro in FY18, was initially weighted towards the utilities sector. With Sigma's revenues concentrated in the communications sector, the Group's revenue portfolio is now rebalanced to ensure greater diversification across multiple industries, regions and clients.

The Group has generated operating cash flows of $39.7 million, which has been used to retire external debt and fund dividends of $12.6 million during the financial year. With the introduction of a higher level of debt in June 2019 to fund the Sigma acquisition, the Group has, for the first time, used the strength of the Group's balance sheet to fund 100% of an acquisition. With the Group's strong cash generation, Hansen is well placed to service and retire the debt over the coming years.

Billing segment

The Billing segment represents a major part of the Group's business operations, delivering $218.4 million of revenue in 2019 (2018: $217.3 million), which translates into a 0.5% increase. Segment profit before tax was $36.7 million in 2019 (2018: $40.2 million), representing an 8.7% decrease. Sigma's revenues relating to the month of June 2019 is also included in this segment.

Other activities

Last year, 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 allowed our segment results to more closely align with our core Billing Solutions business.

Segment revenues from other activities was $12.9m in 2019 (2018: $13.6 million), representing a 5.1% decrease for the year. This 5.1% decrease in revenues resulted from expected reduction in business activity associated with the Customer Care call centre. Segment profit before tax was $1.6 million for 2019 (2018: $1.4 million).

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

The business remains committed to increasing shareholder value and the recent acquisition of Sigma is aligned with this objective. We believe the opportunities to grow the Group's organic revenues and win new clients is enhanced with this acquisition.

The Energy and Communications markets are undergoing further change and are increasing in complexity. Regulation and other changes such as solar provisioning, smart metering, energy market settlements and the introduction of next-generation 5G network technology puts greater demands for highly complex and sophisticated billing systems and enhanced functionality that can keep abreast of market changes.

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 new customers due to increased marketing efforts and product innovation;
- Greater take up of product upgrades from existing customers; and
- A higher than expected conversion rate associated with targeted acquisitions.

To ensure our goals are achieved, the Group continues to refer to the 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 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; and
- Investment opportunities: The Group has an active 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 FY20

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

Items of specific focus for 2020 include:

- Successfully completing the integration of the Sigma business into the broader Hansen platform;
- Investigate and develop cross-selling opportunities into the Utilities market and leverage our investment in Sigma's intellectual property; and
- Leverage the Group's network of low-cost development centres to improve both customer delivery and Hansen margins.

Environmental regulations and climate change

The Group's operations are not subject to any significant environmental Commonwealth or State regulations or laws. The Group is aware of the general risks associated with climate change and continues to be committed to operating sustainably. However, the Group's operations are not significantly impacted by any environmental factors.

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.

Dividends paid, recommended and declared

A final dividend of 3 cents per share has been declared, partially franked to 2.6 cents, representing a 3 cents per share regular dividend. The final dividend was announced to the market on 23 August 2019 with payment to be made on 26 September 2019.

The amount declared has not been recognised as a liability in the accounts of the Company as at 30 June 2019.

Dividends paid during the year, excluding dividends reinvested as part of the Company's Dividend Reinvestment Program (DRP):

- 3 cents per share fully franked interim dividend paid 29 March 2019, totalling $5,317,531; and
- 4 cents per share fully franked final dividend paid 27 September 2018, totalling $7,318,821 (representing 3 cents ordinary dividend and a 1 cent special dividend).

This is consistent with the Board's capital management policy that balances growth through acquisitions against the payment of dividends.

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 the end of the financial year to the KMP as part of their remuneration for the year ended 30 June 2019 are as follows:

Grant Date	**Number of Rights Granted(1)**
Executives	**2 July 2018**
A Hansen	148,459
C Hunter	32,775
D Meade	32,935
G Taylor	31,563
N Fernando	31,238
Total	**276,970**

(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 or options over unissued ordinary shares granted by the Company 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.

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 2014	2 July 2017	2 July 2019	$1.30	-
Options	2 July 2015	2 July 2018	2 July 2020	$2.67	925,000
Options	22 Dec 2016	31 August 2019(1)	22 Dec 2021	$3.59	- (2)
Rights	2 July 2017	31 August 2020(1)	-	Nil	355,318
Rights	2 July 2018	31 August 2021(1)	-	Nil	530,652

(1) The vesting date for options granted 22 Dec 2016, rights granted on 2 July 2017 and 2 July 2018 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 the dates as stated in the table.

(2) Options issued on 22 Dec 2016 did not meet the required performance measurement hurdles for these options to vest and/or be exercisable.

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
3 September 2018	100,000	1.30
26 September 2018	75,000	0.92
19 October 2018	75,000	2.67
30 April 2019	30,000	1.30
28 June 2019	75,000	1.30
1 July 2019	265,000	1.30
Total	**620,000**	

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	-	-	7	7
Mr Andrew Hansen	12	12	-	-	-	-
Ms Sarah Morgan	12	12	8	8	7	7
Mr David Osborne	12	11	8	8	-	-
Ms Jennifer Douglas	12	12	8	8	7	7
Mr David Howell	12	12	8	8	1	1

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	102,613	-
Mr Bruce Adams(1) (2)	34,891,417	-
Mr Andrew Hansen(1)	34,963,449	265,431
Ms Sarah Morgan	21,351	-
Mr David Osborne(1) (2)	35,125,448	-
Ms Jennifer Douglas	16,000	-
Mr David Howell	26,218	-

(1) Each of these named persons has a joint interest in a single parcel of 34,739,113 shares as at the date of this report.
(2) For further details, please refer to the substantial shareholding notice lodged with the ASX dated 16 August 2019.

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.

	2019 $	2018 $
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	52,349	13,493
– compliance services	14,709	3,034
	67,058	**16,527**
Amounts paid and payable to non-related auditors of Group entities for non-audit services:		
– taxation services	-	-
– compliance services	-	8,302
	-	**8,302**
Total auditors' remuneration for non-audit services	**67,058**	**24,829**

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 2019 financial year.

This year's overall performance reflects a message of continued success, with the Group achieving its revenue and profit performance targets. This was achieved despite a challenging year in the market coupled with deliberate investment to ensure we are positioned well for future growth. Based on the Group's performance, most of our target Short-Term Incentive (STI) payments were awarded to our KMPs against financial and non-financial KPIs set for the year. However, the options granted under the 2016 Long Term Incentive (LTI) plan did not vest as the required performance hurdles were not met. These outcomes are detailed in this Remuneration Report.

In accordance with its responsibilities, this year the Remuneration Committee initiated an independent review of its remuneration framework. The Committee appointed an external consultant to assess whether the current framework remains fit for purpose in retaining executive talent, allowing us to execute our business strategy and deliver shareholder value.

The review determined that the current framework largely continues to be appropriate and aligns the executives with delivering shareholder value. However, based on consideration of the advice from the external consultant and detailed consideration of all relevant issues, some improvements have been identified and are being adopted by the Board.

A summary of these improvements are as follows:

- For existing and future executive Long-Term Incentive (LTI) plans, retain the existing LTI measurements of Earnings per Share (EPS) growth and the Company's performance against industry peers through assessing relative Total Shareholder Return (rTSR) but redefine the earnings calculation used to calculate EPS to be based on net profit after tax, adjusted for non-cash tax-effected amortisation of intangibles (NPATA). This provides the incentive for executives to pursue acquisitions going forward, which is central to the Company's continuing growth strategy and aligns to shareholders' best interests.
- For future executive remuneration plans:
  - A new deferred equity component will be introduced to the Short-Term Incentive (STI) plan, where 25% of all future awards under the STI plan will be awarded as equity, subject to a two-year deferral period, within which recipients must remain employed with the Company. This facilitates quicker equity participation for executives encouraging 'owner like' behaviours in the business.
  - Some changes to both the STI and the LTI opportunity as a fixed percentage of Total Fixed Remuneration (TFR) will be made to balance the new equity element introduced to the STI plan. This rebalancing will ensure that the recipient will not be 'worse off' from a cash flow perspective.
  - Formalising an existing STI requirement, by introducing a 'gateway', whereby the Board will seek confirmation that the STI recipient has not behaved in a way contrary to the Company's expected values/behaviours.
  - Malus and clawback provisions will be introduced for all equity awards, allowing the Board to adjust awards for risks which crystallise during and after the vesting periods.
- Introduction of Committee membership fees for Non-Executive Directors and other minor adjustments.

The Board believes that the adoption of this revised plan sets the Group up well for the next stage of its growth journey.

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,

David Howell

Chair of the Remuneration Committee

Our detailed remuneration report (Audited)

The Remuneration Report for the year ended 30 June 2019 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. 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 2019 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
David Howell	Independent Non-Executive Director
Sarah Morgan	Independent Non-Executive Director
David Osborne	Non-Executive Director

(1) These executives of the Group were classified as KMP during the 2019 financial year and unless stated otherwise were KMP for the entire year.

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.

2. Our remuneration framework

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 Group's annual objectives and long-term growth in shareholder value.

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

(a) Remuneration governance

The Board annually reviews the Group's remuneration principles, practices, strategy and approach to ensure they support the Group'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 2019 the Remuneration Committee was made up of four Non-Executive Directors: David Howell (Chair of the Remuneration Committee[1]), Jennifer Douglas[1], 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 and non-executive KMPs 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.

(i) Executive KMP remuneration review process

CEO	Remuneration Committee	Board
▪ Assesses 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.	▪ Reviews the CEO's recommendations with respect to the Senior Executive team and provides appropriate recommendations to the Board. ▪ Assesses 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.	▪ 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.

(ii) Non-executive Directors remuneration review process

Non-executive Directors' remuneration is governed by resolutions passed at a General Meeting of the Shareholders. During the most recent AGM held on 22 November 2018, shareholders approved an increase to the Non-Executive Directors' maximum remuneration payable from $430,000 to $520,000. Shareholder approval will be sought again in this year's AGM to increase the remuneration payable, principally to allow for the appointment of one additional director.

Non-executive Directors are excluded from participation in the Company's equity incentive plans.

(iii) Independent advice

To support the review of the remuneration framework during the 2019 financial year, the Committee sought independent information, observations, and advice from PricewaterhouseCoopers (PwC) in relation to remuneration strategy, structure and market practice. Potential conflicts of interest were considered by the Committee, and both the Committee and the Board are satisfied that the advice provided by PwC was free from undue influence. Any advice provided by PwC was used as a guide only and was not a substitute for detailed consideration of all the relevant issues by the Committee. No remuneration recommendations, as defined by the Corporations Act 2001, were provided during the year.

[1] David Howell was formally appointed as a member and Chair of the Remuneration Committee on 27 June 2019. Prior to this date, Jennifer Douglas was the Chair of the Remuneration Committee.

(b) Remuneration structure (FY19 Plan)

OBJECTIVE	COMPONENT AND FORM		ASSESSMENT
Attract and retain employees with the skills and experience associated with the role.	**Total fixed remuneration (TFR)**	Cash + non-cash benefits	**Fixed** Market data, individual experience and performance
Incentivise and reward achievement of annual performance objectives and business outcomes.	**Short-term Incentives (STI)**	Cash + non-cash benefits	**Variable ("at-risk")** Annual performance based on financial and non-financial targets
Align motivations with shareholder interests and creation of long-term value.	**Long-term Incentives (LTI)**	Performance rights to shares	Continuous employment, relative total shareholder returns (TSR) and adjusted earnings per share

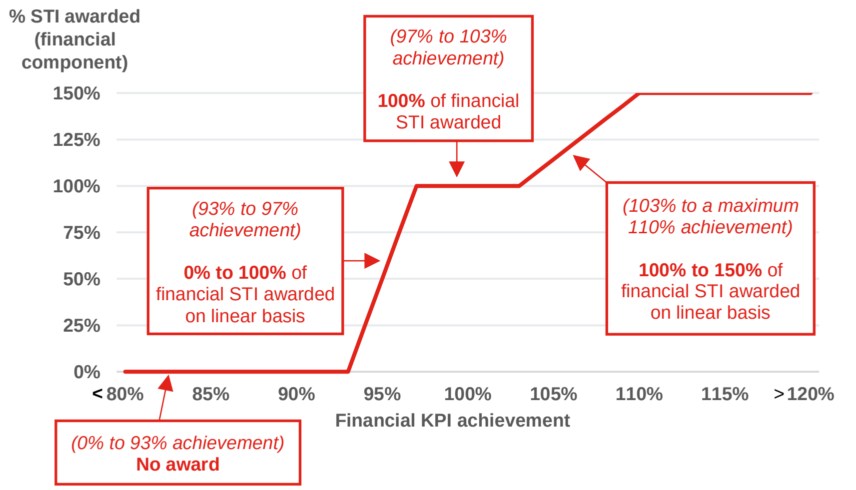
(i) Total Fixed Remuneration (TFR)

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 25 for a summary of executive KMP contracts.

(ii) FY19 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)



Non-financial KPIs (30% total STI)

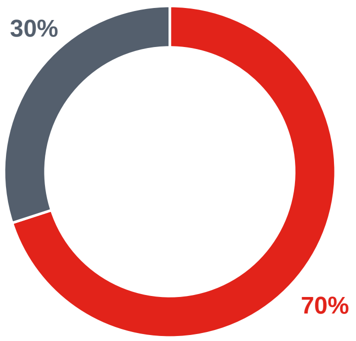
Non-financial KPI's outcome is assessed and awarded up to a maximum of 100% based on outcomes.

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 on page 16.

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 roles 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 16.



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).

▪ Financial KPIs (budgeted revenues and EBITDA) ▪ Non-financial KPIs

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

Changes from the FY18 STI plan

There were no changes to the STI plan framework from the prior year.

(iii) FY19 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 market value of the rights. The market value of rights granted is based on the volume-weighted average price of the Company's shares during the five-day period before grant date.

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.

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 2018 to 30 June 2021.
2. Achievement of the thresholds over the same three-year period as set out below:

Relative Total Shareholder Return (rTSR)

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.

Adjusted Earnings per Share (EPSa)

Based on the basic EPS compound average growth rate (CAGR) over the measurement period, adjusted to exclude non-cash tax-effected amortisation of acquired intangibles.

EPSa growth is selected as it is considered a relevant indicator linking financial performance with shareholder value.

The Board may also determine to "normalise" EPSa to exclude one-off amounts and therefore derive an underlying EPSa for the basis of the calculation.

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

EPSa 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 be forfeited 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 basis 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.

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.

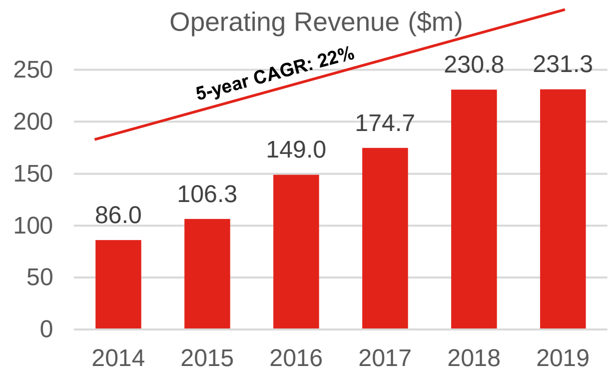
Changes from the FY18 LTI plan

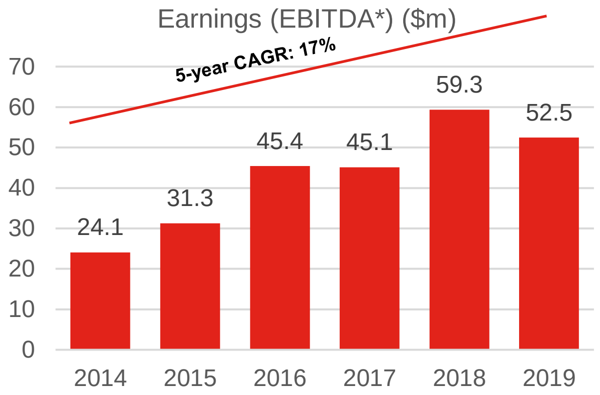
The Board has redefined the definition of EPS to EPSa (as defined above). In previous LTI plans, this was assumed to be based on statutory EPS. Furthermore, the number of performance rights to be granted under previous LTI plans was based on the accounting fair value of rights at grant date, rather than the underlying market value of the Company's shares.

3. How reward was linked to performance

(a) Performance against STI outcomes

A summary of key measurement criteria of the Group's financial performance for the financial years ended over the last six years is below. This year's earnings performance was impacted by one-off transaction costs related to the Sigma Systems acquisition:





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

For FY19, budget targets were established for Group Revenue and EBITDA, and the STI financial payment gate was set with respect to these targets. Both the Group's Revenue and EBITDA were within the budget thresholds this year and most non-financial goals were met for the STIs to be awarded. Refer to the operational and financial review section of the Directors' Report for further information about the Group's FY19 performance.

	FY19			FY18		
	Total Opportunity $	**Awarded 70% Financial**	**Awarded 30% KPIs**	**Total Opportunity $**	**Awarded 70% Financial**	**Awarded 30% KPIs**
Andrew Hansen(1)	364,140	100%	100%	357,000	100%	75%
Cameron Hunter	100,488	100%	50%	98,517	100%	50%
Darren Meade	100,979	100%	100%	95,977	100%	100%
Graeme Taylor(1)	96,772	100%	100%	94,875	100%	100%
Niv Fernando(1)	95,776	100%	100%	93,899	100%	100%

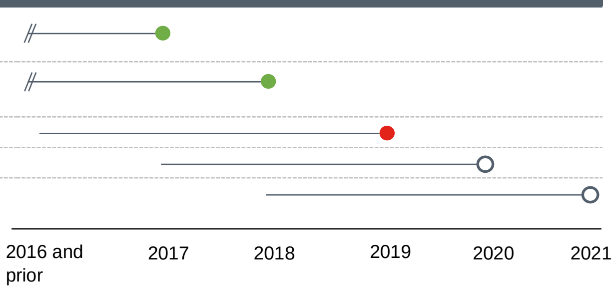
(1) During FY19, the Board exercised its discretion to award these KMPs an additional STI amount of $35,000 each for their role in successfully completing the Sigma Systems transaction, which was in addition to their agreed KPI outcomes.

(b) Performance against LTI outcomes

Our legacy LTI plans will continue to be measured and reported through until the Group's FY21 Remuneration Report. As a consequence of legacy LTI plans and the current LTI framework, in FY19 we have three different years of awards that will be tested and subsequently vested or lapsed based on their differing terms and vesting conditions.

The following table sets out the different legacy awards that are currently in place as at the end of FY19, each with their specific grant details and performance measures:

Grant date	Security	Performance measure/s	Sect. 3 ref.	Status
2 July 2014	Option	1st year revenue and EBITDA, 3-yr cont. employment	(b)(i)	
2 July 2015	Option	1st year revenue and EBITDA, 3-yr cont. employment	(b)(i)	
22 Dec 2016	Option	EPSa, rTSR, 3-yr cont. employment	(b)(ii)	
2 July 2017	Right	EPSa, rTSR, 3-yr cont. employment	(b)(ii)	
2 July 2018	Right	EPSa, rTSR, 3-yr cont. employment	(b)(ii)	



Key: Measurement period; Fully vested; Yet to vest; Fail to vest

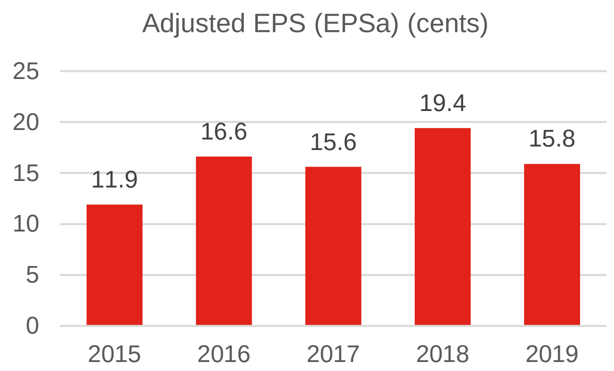
For the Group's legacy LTI plans where options will be awarded, once an option has vested, if the employee wishes to convert the options to shares, the employee must pay in cash to the Company the exercise price multiplied by the number of options received e.g. for 100,000 options with an exercise price of $3.00 per share, the employee will be required to pay $300,000 to convert the options to shares.

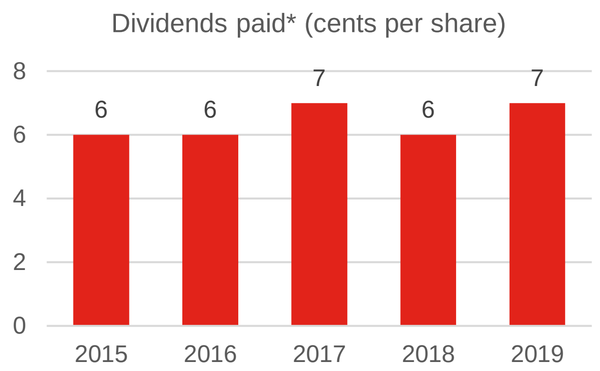
(i) Performance against LTI plan measures (2014 and 2015 LTI plans)

All KMPs eligible for the legacy LTI plans remained with the Company during the measurement period and continue to be in office at the end of FY19.

(ii) Performance against LTI plan measures (2016 LTI plans and onwards)

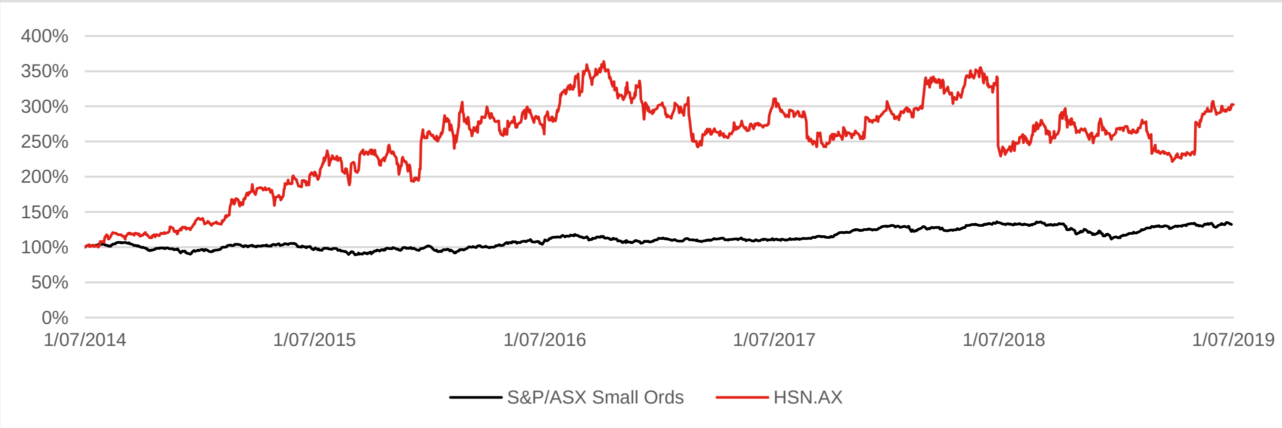
A summary of key measurement criteria of the Group's performance relevant for assessing shareholder value creation over the last five financial years is shown below:





* 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 outcomes against 2016 LTI plan measures

Options under the 2016 LTI plan did not meet the required performance measurement hurdles for the options to vest and/or be exercisable. The below table set outs the LTI performance targets and outcomes under the 2016 LTI plan framework:

Measure	Minimum target	Maximum target	Actual outcome	Options granted	Options vested	Options forfeited
Relative TSR(1)	50th percentile	75th percentile	46th percentile	492,000	-	-
EPSa CAGR	6% CAGR	10% CAGR	(1.3%) CAGR	492,001	-	492,001
Total options				**984,001**	**-**	**492,001**

(1) These 492,000 options will vest on 31 Aug 2019 in accordance with accounting standards. However, because the minimum target was not met, these options will be restricted and unexercisable.

The below table sets out the value of options under legacy LTI plans that were exercised during FY19 and FY18:

	FY19 Value exercised* $	FY18 Value exercised* $
Andrew Hansen	-	-
Cameron Hunter	-	256,000
Darren Meade	-	153,000
Graeme Taylor	-	189,750
Niv Fernando	225,000	-

* Represents the intrinsic value of options that were exercised during the financial years 2019 and 2018, 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.

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.

Performance outcomes against 2017 and 2018 LTI plan measures

Performance rights granted in FY18 (2017 plan) and FY19 (2018 plan) 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 for the 2017 plan and FY21 for the 2018 plan. See section 4 for a summary of performance rights granted during FY18.

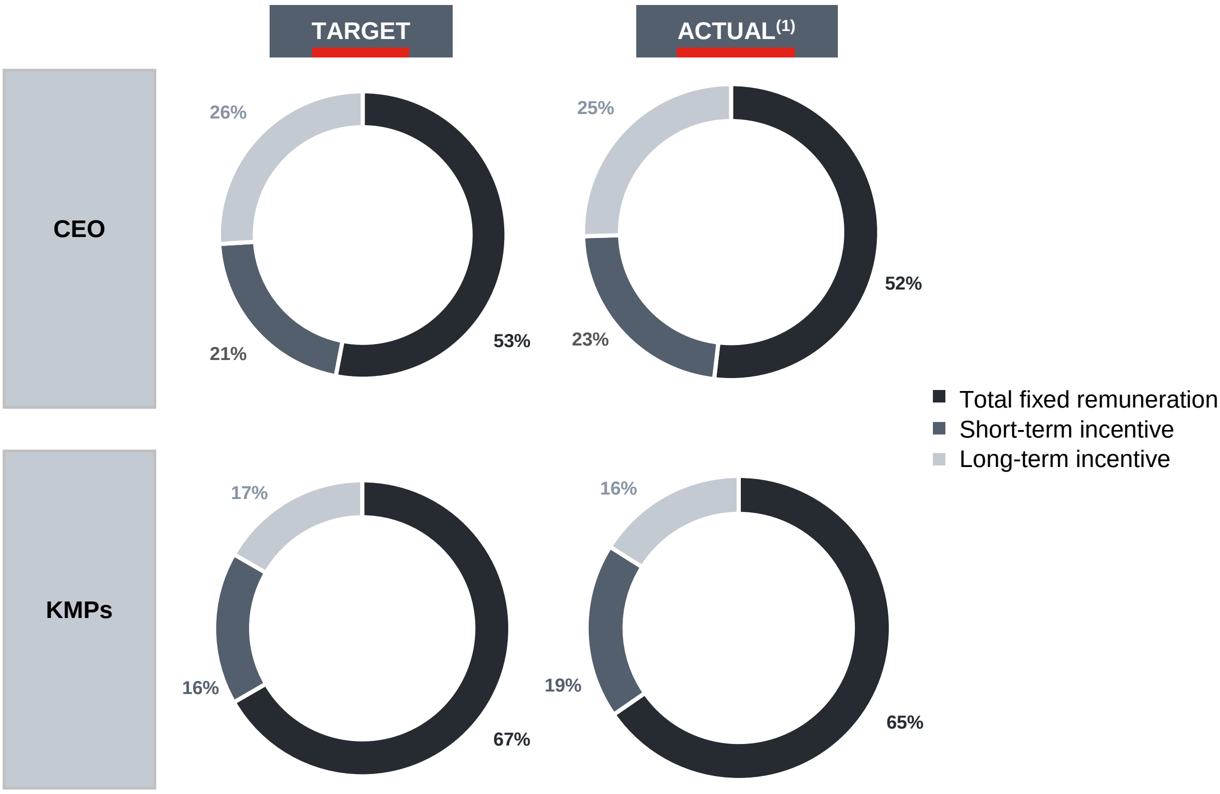
The below table sets out the value of LTI performance rights granted in FY19 and FY18 (there were no forfeitures of LTIs in FY19 and FY18):

	FY19	FY18
	Value granted* $	
Andrew Hansen	446,862	446,250
Cameron Hunter	98,653	98,517
Darren Meade	99,134	95,974
Graeme Taylor	95,005	94,875
Niv Fernando	94,026	93,899

* Represents the value of performance rights 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 FY19 and FY18 LTI plans.

(c) Total remuneration mix

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 FY19:



(1): Target and actual remuneration mix is calculated based on the combination of each CEO and KMP's total fixed remuneration for FY19, total value of STIs awarded in relation to actual performance outcomes for FY19, and the value of LTIs granted in FY19 under the terms of the FY19 LTI plan. The proportional mix of remuneration for KMPs is based on an average amount.

4. Remuneration details: executive KMPs

(a) Statutory remuneration details

Details of executive KMP remuneration for the 2018 and 2019 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	2019	843,240	24,999	31,157	62,497	961,893	399,140	242,346	1,603,379	40%
	2018	826,005	24,999	27,588	94,130	972,722	330,225	361,249	1,664,196	42%
Cameron Hunter	2019	383,359	25,000	13,796	59,525	481,680	85,415	53,143	620,238	22%
	2018	370,320	25,000	14,730	45,381	455,431	83,739	96,092	635,262	28%
Darren Meade	2019	387,237	25,000	-	17,777	430,014	100,979	53,130	584,123	26%
	2018	360,496	25,000	-	6,538	392,034	95,978	92,655	580,667	32%
Graeme Taylor	2019	370,321	25,000	-	21,083	416,404	131,772	52,059	600,235	31%
	2018	354,500	25,000	-	25,676	405,176	94,875	89,710	589,761	31%
Niv Fernando	2019	366,253	25,000	-	9,672	400,925	130,776	52,039	583,740	31%
	2018	354,126	25,000	-	9,230	388,356	93,899	86,958	569,213	32%
Total	**2019**	**2,350,410**	**124,999**	**44,953**	**170,554**	**2,690,916**	**848,082**	**452,717**	**3,991,715**	33%
	2018	**2,265,447**	**124,999**	**42,318**	**180,955**	**2,613,719**	**698,716**	**726,664**	**4,039,099**	35%

(1): Represents STI awarded and accrued in relation to actual performance during the 2019 and 2018 financial years. This includes the additional STIs awarded to Andrew Hansen, Graeme Taylor and Niv Fernando during the 2019 financial year due to the circumstances described in section 3(a).
(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.

(b) 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	Performance achieved	% Vested	Number of Options on issue at 30/6/2019
2 Jul 2014	2 Jul 2017	2 Jul 2019	$1.30	$0.20	100%	100%	-
2 Jul 2015	2 Jul 2018	2 Jul 2020	$2.67	$0.56	100%	100%	400,000
22 Dec 2016	31 Aug 2019(1)	22 Dec 2021	$3.59	$1.19	0%(1)	0%(1)	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. However, based on the measurement period for the 3 years ended 30 June 2019, options dependent on the EPSa hurdle will not vest on 31 Aug 2019, and options dependent on the relative TSR hurdle will vest on 31 Aug 2019 but will be restricted and will not be exercisable.

The number of options over unissued ordinary shares in the company provided as remuneration to executive KMPs is shown in the table on the following page. The options carry no dividend or voting rights.

Options granted to executive KMP which remain unvested at 30 June 2019 and outstanding are detailed below:

	Balance 30/6/2018	During year ended 30/6/2019				Balance 30/6/2019		
Name and Grant Date	**Opening balance**	**Exercise Price**	**Vested**	**Forfeited**	**Exercised**	**Vested and exercisable**	**Vested and un-exercisable**	**Unvested**
Andrew Hansen								
22 Dec 2016(1)	535,714	$3.59	-	-	-	-	-	535,714
Total	**535,714**		**-**	**-**	**-**	**-**	**-**	**535,714**
Cameron Hunter								
22 Dec 2016(1)	121,746	$3.59	-	-	-	-	-	121,746
2 Jul 2015	100,000	$2.67	100,000	-	-	100,000	-	-
Total	**221,746**		**100,000**	**-**	**-**	**100,000**	**-**	**121,746**
Darren Meade								
22 Dec 2016(1)	115,220	$3.59	-	-	-	-	-	115,220
2 Jul 2015	100,000	$2.67	100,000	-	-	100,000	-	-
Total	**215,220**		**100,000**	**-**	**-**	**100,000**	**-**	**115,220**
Graeme Taylor								
22 Dec 2016(1)	108,718	$3.59	-	-	-	-	-	108,718
2 Jul 2015	100,000	$2.67	100,000	-	-	100,000	-	-
Total	**208,718**		**100,000**	**-**	**-**	**100,000**	**-**	**108,718**
Niv Fernando								
22 Dec 2016(1)	102,603	$3.59	-	-	-	-	-	102,603
2 Jul 2015	100,000	$2.67	100,000	-	-	100,000	-	-
2 Jul 2014	100,000	$1.30	-	-	(100,000)	-	-	-
Total	**302,603**		**100,000**	**-**	**(100,000)**	**100,000**	**-**	**102,603**
Grand Total	**1,484,001**		**400,000**	**-**	**(100,000)**	**400,000**	**-**	**984,001**

(1) Based on the measurement period for the 3 years ended 30 June 2019, these options that are dependent on the EPSa hurdle will not vest on 31 Aug 2019, and these options that are dependent on the relative TSR hurdle will vest on 31 Aug 2019 but will be restricted and will not be exercisable.

(c) Performance rights awarded, vested and lapsed during the year

Performance rights issued under the Group's 2018 LTI plan during the year are subject to the service and performance criteria as described on pages 18 to 19.

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

Executive KMP	**Grant Date**	**Rights granted**	**Balance 30/6/2019** (1)	**Fair value per Right** (2)	**Vesting date** (3)	**$ value of rights at grant date** (1)
Andrew Hansen*	2 Jul 2018	148,459	148,459	$3.01	31 Aug 2021	446,862
Cameron Hunter	2 Jul 2018	32,775	32,775	$3.01	31 Aug 2021	98,653
Darren Meade	2 Jul 2018	32,935	32,935	$3.01	31 Aug 2021	99,134
Graeme Taylor	2 Jul 2018	31,563	31,563	$3.01	31 Aug 2021	95,005
Niv Fernando	2 Jul 2018	31,238	31,238	$3.01	31 Aug 2021	94,026

*The Board has resolved to issue 148,459 rights to Andrew Hansen, the Chief Executive Officer, as part of the 2018 LTI plan issued in FY19. The issue of these rights was approved by shareholders at the Company's Annual General Meeting on 22 November 2018. 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 2018 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 2021.

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	$910,350	Range between $380,000 and $410,000
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 or rights 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.

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

The non-executive director fee pool currently has a maximum value of $520,000 per annum, as approved by shareholders at the 2018 AGM.

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

	2019 $	2018 $
Board fees		
Chairman	114,830	111,817
Other Non-executive Directors	70,025	68,330
Committee fees		
Audit and Risk Committee – chair	5,083	4,168
Remuneration Committee – chair	5,083	4,168

		Fixed Remuneration			
Non-executive Director	**Year**	**Salary and Fees**	**Super**	**Non-monetary benefits**	**Total**
David Trude	2019	104,868	9,962	-	114,830
	2018	102,116	9,701	-	111,817
Bruce Adams	2019	63,950	6,075	-	70,025
	2018	62,402	5,928	-	68,330
Jennifer Douglas	2019	68,592	6,516	-	75,108
	2018	66,208	6,290	-	72,498
Sarah Morgan	2019	68,592	6,516	-	75,108
	2018	66,208	6,290	-	72,498
David Osborne	2019	63,950	6,075	-	70,025
	2018	62,402	5,928	-	68,330
David Howell(1)	2019	91,347	8,678	-	100,025
	2018	6,693	636	-	7,329
Total	**2019**	**461,299**	**43,822**	**-**	**505,121**
	2018	**366,029**	**34,773**	**-**	**400,802**

(1) During the year, David Howell was paid an extra $30,000 for consulting services performed for the Company.

7. Share-based remuneration disclosures

(a) 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 2018	Received during the year on exercise of options	Other changes during the year	Balance 30 June 2019
Non-executive Directors				
David Trude	110,617	-	(8,504)	102,113
Bruce Adams	152,304	-	-	152,304
Jennifer Douglas	8,000	-	8,000	16,000
Sarah Morgan	21,351	-	-	21,351
David Osborne	386,335	-	-	386,335
David Howell	25,000	-	1,218	26,218
Executive KMP				
Andrew Hansen	34,958,807	-	4,642	34,963,449
Cameron Hunter	1,105,882	-	-	1,105,882
Darren Meade	79,515	-	268	79,783
Graeme Taylor	130,092	-	2,749	132,841
Niv Fernando	8,955	100,000	(32,876)	76,079
Total	**36,986,858**	**100,000**	**(24,503)**	**37,062,355**

(b) Shares issued on exercise of options and performance rights

Person	Number of Ordinary Shares Issued	Amount Paid Per Share
Niv Fernando	100,000	1.30
Total	**100,000**	

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

8. Other transactions with KMP

Rental agreements with the CEO

The Group leases its Melbourne head office and its York Street (South Melbourne) office from an entity in which the CEO is a Director. 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. In addition, the Group rents an apartment in New York City, USA, on an as-required basis at a rate favourable to the Group. The apartment is owned by the CEO.

The total lease and rental payments during the 2019 financial year related to these arrangements were $2,042,237.

Subsequent to 30 June 2019, both Bruce Adams and David Osborne now have a joint indirect interest in the entity that is lessor to the Melbourne and South Melbourne arrangements as described above. The terms and conditions of the lease arrangements continue to be the same as at 30 June 2019.

Signed in accordance with a resolution of the Directors.

David Trude
Director

Andrew Hansen
Director

Melbourne
23 August 2019

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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 2019, 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: 23 August 2019
Melbourne, Victoria

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Consolidated Statement of Comprehensive Income

For the Year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Operating revenue	3	231,324	230,816
Other income	3	1,634	1,957
Total revenue and other income		**232,958**	**232,773**
Employee benefit expenses	5	(128,027)	(124,133)
Depreciation expense	5	(3,806)	(3,908)
Amortisation expense	5	(18,950)	(16,483)
Property and operating rental expenses	5	(10,394)	(9,995)
Contractor and consultant expenses		(5,339)	(8,022)
Software licence expenses		(2,108)	(2,440)
Hardware and software expenses		(11,352)	(9,006)
Travel expenses		(5,773)	(5,926)
Communication expenses		(3,805)	(3,524)
Professional expenses		(1,891)	(2,418)
Finance costs	5	(2,067)	(2,085)
Other expenses		(11,669)	(7,851)
Total expenses		**(205,181)**	**(195,791)**
Profit before income tax expense		27,777	36,982
Income tax expense	6(a)	(6,312)	(8,132)
Net profit after tax		**21,465**	**28,850**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Net gain/(loss) on hedges of net investments	21(a)	43	(934)
Exchange differences on translation of foreign entities, net of tax	21(a)	6,558	9,477
Other comprehensive income for the year		**6,601**	**8,543**
Total comprehensive income for the year		**28,066**	**37,393**
Basic earnings (cents) per share attributable to ordinary equity holders of the Company	7	10.9	14.8
Diluted earnings (cents) per share attributable to ordinary equity holders of the Company	7	10.8	14.7

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 33 to 80.

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	8	38,288	23,245
Receivables	9	49,475	37,254
Accrued revenue	3(a)(iii)	27,817	5,824
Other current assets	10	7,920	4,959
Total current assets		123,500	71,282
Non-current assets			
Plant, equipment & leasehold improvements	11	10,986	10,554
Intangible assets	12	402,782	243,440
Deferred tax assets	6(b)	4,601	4,061
Other non-current assets		3,123	433
Total non-current assets		421,492	258,488
Total assets		**544,992**	**329,770**
Current liabilities			
Payables	13	21,195	16,492
Borrowings	18	226	112
Current tax payable		1,756	3,196
Provisions	14, 15	15,070	13,181
Unearned revenue	3(a)(iii)	27,069	22,914
Total current liabilities		65,316	55,895
Non-current liabilities			
Deferred tax liabilities	6(b)	44,290	16,156
Borrowings	18	186,327	27,121
Provisions	15	189	675
Total non-current liabilities		230,806	43,952
Total liabilities		**296,122**	**99,847**
Net assets		**248,870**	**229,923**
Equity			
Share capital	19	138,746	136,896
Foreign currency translation reserve	21(a)	23,340	16,739
Share-based payments reserve	21(b)	3,931	3,102
Retained earnings	21(c)	82,853	73,186
Total equity		**248,870**	**229,923**

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 33 to 80.

Consolidated Statement of Changes in Equity

For the Year ended 30 June 2019

	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2018		136,896	19,841	73,186	229,923
Effect of adoption of new accounting standards	3(a)	-	-	1,984	1,984
Balance as at 1 July 2018 (restated)		**136,896**	**19,841**	**75,170**	**231,907**
Profit for the year		-	-	21,465	21,465
Net gain on hedges of net investments	21(a)	-	43	-	43
Exchange differences on translation of foreign entities, net of tax	21(a)	-	6,558	-	6,558
Total comprehensive income for the year		**-**	**6,601**	**21,465**	**28,066**
Transactions with owners in their capacity as owners:					
Shares issued under employee share plan	19(b)	170	-	-	170
Employee share options exercised	19(b)	535	-	-	535
Share-based payment expense – performance rights	16(e)	-	965	-	965
Share-based payment expense – share options	16(e)	-	(137)	-	(137)
Equity issued under dividend reinvestment plan	19(b)	1,145	-	-	1,145
Dividends declared	21(c)	-	-	(13,782)	(13,782)
Total transactions with owners in their capacity as owners		**1,850**	**829**	**(13,782)**	**(11,103)**
Balance as at 30 June 2019	19, 21	**138,746**	**27,271**	**82,853**	**248,870**

	Note	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
Net loss on hedges of net investments	21(a)	-	(934)	-	(934)
Exchange differences on translation of foreign entities, net of tax	21(a)	-	9,477	-	9,477
Total comprehensive income for the year		**-**	**8,543**	**28,850**	**37,393**
Transactions with owners in their capacity as owners:					
Shares issued under employee share plan	19(b)	180	-	-	180
Employee share options exercised	19(b)	766	-	-	766
Share-based payment expense – performance rights	16(e)	-	452	-	452
Share-based payment expense – share options	16(e)	-	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 declared	21(c)	-	-	(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	19, 21	**136,896**	**19,841**	**73,186**	**229,923**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 33 to 80.

Consolidated Statement of Cash Flows

For the Year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		248,646	263,217
Payments to suppliers and employees		(196,021)	(201,700)
Interest received	3	84	127
Finance costs	5	(2,067)	(2,085)
Transaction costs relating to the acquisition of a subsidiary	24	(2,063)	(678)
Payments for deferred remuneration	24	(2,235)	-
Income tax paid		(6,694)	(6,776)
Net cash provided by operating activities	8(a)	**39,650**	**52,105**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		4	120
Payment for acquisition of business net of cash assumed	24	(159,391)	(64,992)
Payments for plant and equipment	11	(2,980)	(2,843)
Payments for capitalised development costs	12	(10,892)	(10,027)
Net cash used in investing activities		**(173,259)**	**(77,742)**
Cash flows from financing activities			
Proceeds from share issue	19(b)	-	49,274
Proceeds from options exercised	19(b)	535	766
Proceeds from borrowings	18	188,398	46,361
Repayment of borrowings	18	(27,455)	(50,775)
Payment of finance lease liabilities	18	(110)	(89)
Dividends paid, net of dividend re-investment	20	(12,637)	(10,392)
Net cash provided by financing activities		**148,731**	**35,145**
Net increase in cash and cash equivalents		**15,122**	**9,508**
Cash and cash equivalents at beginning of year		23,245	15,013
Effects of exchange rate changes on cash and cash equivalents		(79)	(1,276)
Cash and cash equivalents at end of the year	8	**38,288**	**23,245**

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 33 to 80.

Section A: Basis of preparation

This section describes the basis in 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 23 August 2019.

The Group's financial statements have been presented in a streamlined manner 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 judgments 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 judgments 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	12	53
Impairment of goodwill	12	54
Impairment of non-financial assets other than goodwill	12	54
Share-based payments	16	60
Business combinations	24	72

(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.

Notes to the Financial Statements
30 June 2019

1. Basis of preparation (continued)

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, separately disclosed items during the year that affected the Group's results, 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).

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 are 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 do not 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	Sale of billing applications and the provision of consulting services related to billing systems.

(b) Segment information

2019	Billing $'000	Other $'000	Total $'000
Segment revenue			
Total segment revenue	218,383	12,941	231,324
Revenue from external customers	**218,383**	**12,941**	**231,324**
Segment profit			
Total segment profit	36,697	1,607	38,304
Segment profit from core operations	**36,697**	**1,607**	**38,304**
Items included within the segment profit:			
Depreciation expense	1,227	200	1,427
Amortisation expense	19,091	11	19,102
Total segment assets	**484,922**	**18,785**	**503,707**
Additions to non-current assets	13,871	-	13,871
Total segment liabilities	**104,580**	**4,846**	**109,426**

2. Segment information (continued)

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**

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

	2019 $'000	2018 $'000
Segment revenue	231,324	230,816
Total operating revenue	**231,324**	**230,816**

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, Central America and Latin America
EMEA	Europe, Middle East and Africa

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.
Hardware and software sales	Provision of other third-party hardware and software licences to customers of the Group's billing system solutions.
Other	Includes reimbursed expenses incurred for servicing the customer contract.

2. Segment information (continued)

(ii) Disaggregation of revenue from contracts with customers by segment

Set out below is the disaggregation of the Group's revenue from contracts with customers:

2019	Billing $'000	Other $'000	Total $'000
Products			
Licence, support and maintenance	138,202	6,884	145,086
Services	78,042	5,799	83,841
Hardware and software sales	1,038	-	1,038
Other revenue	1,101	258	1,359
Total revenue from contracts with customers	**218,383**	**12,941**	**231,324**
Revenue by market vertical			
Utilities	144,816	5,898	150,714
Communications	73,567	-	73,567
Other	-	7,043	7,043
Total revenue from contracts with customers	**218,383**	**12,941**	**231,324**
Revenue by geographic segment			
APAC	42,723	7,043	49,766
Americas	50,213	5,898	56,111
EMEA	125,447	-	125,447
Total revenue from contracts with customers	**218,383**	**12,941**	**231,324**
Timing of revenue recognition			
Goods and services transferred at a point in time	2,530	258	2,788
Services transferred over time	215,853	12,683	228,536
Total revenue from contracts with customers	**218,383**	**12,941**	**231,324**

2018*	Billing $'000	Other $'000	Total $'000
Products			
Licence, support and maintenance	123,678	5,653	129,331
Services	90,439	7,913	98,352
Hardware and software sales	1,874	-	1,874
Other revenue	1,259	-	1,259
Total revenue from contracts with customers	**217,250**	**13,566**	**230,816**
Revenue by market vertical			
Utilities	144,286	7,714	152,000
Communications	72,964	-	72,964
Other	-	5,852	5,852
Total revenue from contracts with customers	**217,250**	**13,566**	**230,816**
Revenue by geographic segment			
APAC	44,025	5,852	49,877
Americas	47,667	7,714	55,381
EMEA	125,558	-	125,558
Total revenue from contracts with customers	**217,250**	**13,566**	**230,816**
Timing of revenue recognition			
Goods and services transferred at a point in time	19,422	-	19,422
Services transferred over time	197,828	13,566	211,394
Total revenue from contracts with customers	**217,250**	**13,566**	**230,816**

*: As described in Note 3(a)(i), comparative amounts for the prior period have not been adjusted under the modified retrospective method.

2. Segment information (continued)

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

	Note	2019 $'000	2018 $'000
Segment profit from core operations		38,304	41,638
Interest revenue	3	84	127
Finance costs	5	(2,067)	(2,085)
Unallocated depreciation and amortisation		(2,227)	(757)
Separately disclosed items impacting profit	4	(2,794)	(677)
Other expense		(3,523)	(1,264)
Profit before income tax		**27,777**	**36,982**

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

	2019 $'000	2018 $'000
Segment assets	503,707	304,247
Unallocated assets		
– Cash	38,288	23,245
– Other	2,997	2,278
Total unallocated assets	41,285	25,523
Total assets	**544,992**	**329,770**

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

	2019 $'000	2018 $'000
APAC	38,839	37,404
Americas	224,997	59,020
EMEA	153,055	158,002
Unallocated assets	4,601	4,062
Total non-current assets	**421,492**	**258,488**

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

	2019 $'000	2018 $'000
Segment liabilities	109,426	71,372
Unallocated liabilities		
– Bank loan	186,327	27,233
– Other	369	1,242
Total unallocated liabilities	186,696	28,475
Total liabilities	**296,122**	**99,847**

3. Revenue and other income

	Note	2019 $'000	2018 $'000
Operating revenue			
Revenue from contracts with customers	2	231,324	230,816
Total operating revenue		**231,324**	**230,816**
Other income			
From operating activities			
Interest income		84	127
Other income		1,550	1,830
Total other income		1,634	1,957
Total revenue and other income		**232,958**	**232,773**

(a) AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes all previous revenue recognition requirements under Australian Accounting Standards. The core principle of AASB 15 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.

(i) Impact on adoption

The Group adopted AASB 15 using the modified retrospective method of adoption, where the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings on 1 July 2018. Therefore, comparative figures for prior reporting periods are not restated. The Group also elected to apply AASB 15 only to contracts that are not completed at 1 July 2018.

The effect of adopting AASB 15 is as follows:

	1 July 2018 transition adjustment $'000
Assets	
Other current assets	1,733
Total assets impact	**1,733**
Liabilities	
Unearned revenue	(251)
Total liabilities impact	**(251)**
Net assets impact	**1,984**
Equity	
Retained earnings	1,984
Total equity impact	**1,984**

Had AASB 15 not applied and the financial statements were still produced under previous guidance and accounting standards, the financial report for the year ended 30 June 2019 would have been impacted as follows:

	$'000
Statement of comprehensive income	
Revenue	(186)
Impact on statement of comprehensive income for the year ended 30 June 2019	**(186)**
Statement of financial position	
Other current assets	(278)
Unearned revenue	92
Impact on net assets in the statement of financial position as at 30 June 2019	**(186)**
Impact on equity in the statement of financial position as at 30 June 2019	**(186)**

3. Revenue and other income (continued)

(ii) Performance obligations

The transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognised. They include amounts recognised as unearned revenue and amounts that are contracted but not yet billed or performed.

The transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at 30 June 2019, is $121,449,000. This amount mostly comprises obligations in our long-term contracts to provide software or "software-as-a-service" (SaaS) support and maintenance, open long-term professional services contracts as well as licences contracted but not yet earned as the licence has not yet been deployed. Most of this amount is expected to be recognised as revenue beyond the next 12 months following the respective balance sheet date. This estimation is judgmental, as it needs to consider estimates of possible future contract modifications. The amount of transaction price allocated to the remaining performance obligations, and changes in this amount over time, are impacted by, among others, currency fluctuations and the remaining contract period of our billing solution agreements (which, in some cases, are contracted until 5 years after balance sheet date).

Revenue recognised in the current reporting period aligned to performance obligations satisfied in earlier periods was $14,059,000, mainly resulting from the increased usage of software licences already delivered during the reporting period.

(iii) Contract balances

	Note	2019 $'000	2018 $'000
Accrued revenue		27,817	5,824
Unearned revenue		27,069	22,914

Increases in the balance of accrued and unearned revenue during the year relate to the acquisition of Sigma Systems (refer to note 24). Additionally, the increase in accrued revenue was a result of software licences deployed on contract inception but have yet to be billed to the customer.

Revenues recognised in the current reporting period that was included in deferred revenue at the beginning of the reporting period was $22,251,000, representing support and maintenance performed during the period.

(b) Government grants

Included in other income during the financial year is $309,000 (2018: $593,000) related to government grants receivable 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

The Group derives revenues from customer contracts associated with the provision of billing solutions. A typical contract may include various deliverables in consideration for fees. Such deliverables in our contracts include, but are not limited to, the provision of a software licence, support and maintenance services, as well as professional implementation and customisation services.

The nature of fee structures within the contracts vary by customer. The timing and frequency of invoicing depends on the terms and conditions of each contract. Invoices are billed to the customer either in advance or in arrears on normal commercial terms. Where the contract requires invoicing in advance, revenue is initially deferred as unearned revenue until the Group fulfils its performance obligations. Where the contract requires invoicing in arrears, revenue recognised on fulfilment of a performance obligation is brought to account as accrued revenue, until the Group's right to consideration becomes unconditional and the accrued revenue is then presented as a receivable.

The Group's accounting policies with respect to each of the individual deliverables in the Group's customer contracts is outlined in sub-sections (i) onwards.

i) Licence, support and maintenance revenue

The Group's contracts for billing solutions regularly include software licences associated with the relevant billing solution provided to the customer. The nature of the licence varies by customer and billing solution. As part of the licence agreement, various support and maintenance services are available to support the customer's use of the billing solution. This includes the provision of various bugfixes, updates and helpdesk support.

3. Revenue and other income (continued)

Significant accounting policies

Licence, support and maintenance revenue (continued)

Generally, the provision of the software licence is a distinct performance obligation. However, where there are associated implementation, customisation or other professional services in the contract that significantly modify, customise or are highly interrelated with the licence, the software licence and implementation services are combined into a single performance obligation. The determination of whether the licence should be combined with the services is a matter of judgement, depending on the nature of the implementation of the services provided and the licence specifications in the customer contract.

How the licence performance obligation is fulfilled depends on the nature of the licence and how the Group provides the licence to the customer, irrespective of whether the licence is provided in perpetuity or for a specified contractual term:

- Where the licence is installed and delivered on customer premises, the customer can derive substantial benefits from the licence on its own. Therefore, the performance obligation is fulfilled (and revenue recognised) at the point in time the licence goes live, typically when customer acceptance has been obtained and the licence meets the agreed-upon specifications.
- Where the licence is hosted by the Group (for example, in some of our SaaS applications), the customer is dependent on our continual hosting of the licence platform in order to derive and receive substantial benefits from the licence. Therefore, the performance obligation is fulfilled (and revenue recognised) over time, which is typically evenly over the contracted period in which access to the licence is made available to the customer.

Licence fees in some pay-TV and telecommunications contracts are dependent on the subsequent usage of the licence by the customer, which is determined by customer-defined metrics such as subscriber counts or end-user numbers. For these contracts, the Group uses the sales/usage-based royalty exception and recognises revenue when the subsequent usage is known, which is typically at the end of each billing period.

Support and maintenance services are generally considered a distinct single performance obligation, separately identifiable to the software licence, as all the individual activities that comprise of support and maintenance are highly interrelated with each other. Revenue related to the provision of support and maintenance is recognised evenly over the contracted term in which the customer is entitled to receive support and maintenance.

ii) Services revenue

The Group provides various configuration, implementation, customisation and other professional services that the customer is contracted to receive. This may be a part of the overall billing solution, or discrete projects separately agreed with the customer. The various individual activities that form the professional services provided to the customer are highly interrelated with each other and therefore is treated as a single performance obligation. Revenue from these professional services are recognised over time by reference to the stage of completion of the contracts. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract, and by reference to any contracted milestones achieved such as customer acceptance of the final specification.

As described above in “Licence, support and maintenance revenue” certain professional services might be combined with the provision of the software licence depending on the nature of the licence and the professional services provided.

iii) Hardware/software sales revenue

Some of the Group’s subsidiaries on-sells certain third-party hardware and software products. Revenue is recognised when control over the software has transferred to the customer. Determination of when control has passed depends on whether the customer has legal title over the products, whether the customer has obtained possession of the products or whether the Group has present right to payment.

The Group is considered principal in the sales transaction as the Group has procured the products from its various vendors and the Group bears the risk and responsibility for selling those products to the customer.

iv) Other revenue

Other revenue consists of reimbursed expenses incurred for servicing the customer contract. Revenue is recognised when the Group has legal enforceability under the contract to have the relevant expenses reimbursed from the customer.

3. Revenue and other income (continued)

Significant accounting policies

v) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

vi) Presentation and disclosure

In Note 2(b) of the financial statements, the Group has disaggregated revenue recognised from contracts with customers into the following categories:

- The types of goods and services we provide our customers in our contracts;
- The primary market vertical that our customers operate in. ‘Utilities’ includes our electricity, gas and water customers, while ‘Communications’ includes our telecommunications and pay-TV customers; and
- The key geographic regions where our customers are located, which is consistent with the geographic segments identified for our segment reporting.

We believe these categories best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

AASB 15 uses the terms “contract asset” and “contract liability”. To maintain consistency in presentation with prior periods, the Group has retained the use of “accrued revenue” and “unearned revenue” respectively.

In disclosing the amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations, the Group has elected to use the practical expedient available in AASB 15 and disclose only the amounts allocated to performance obligations expected to be satisfied after the next 12 months.

Other income

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

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.

4. Separately disclosed items

The Group has disclosed underlying EBITDA[1] and underlying profit after tax, referring to the Group's trading results adjusted for certain transactions during the year that are not representative of the Group's regular business activities. The Group considers that these transactions are of such significance to understanding the ongoing results of the Group, that the Group has elected to separately identify these transactions to determine an ongoing result to enable a "like-for-like" comparison. These items are described as "separately disclosed items" throughout this Financial Report.

	Note	2019 $'000	2018 $'000
Decrease to profit before tax			
Transaction costs related to the acquisition of Sigma Systems (2018: acq. of Enoro)	24	(2,063)	(677)
Onerous lease provision	14	(659)	-
Restructuring costs incurred in Sigma Systems		(72)	-
Total separately disclosed items		**(2,794)**	**(677)**

Transaction costs related to the acquisition of Sigma Systems (2018: acquisition of Enoro)

Transaction costs of $2,063,000 were incurred in relation to the acquisition of the Sigma Systems group of entities ("Sigma"). These include costs associated with vendor due diligence, legal and other administrative matters, as well as related travel costs incurred to meet representatives of Sigma's management. These costs are included with "Travel Expenses" and "Other Expenses" in the Group's consolidated statement of comprehensive income.

Further details of the acquisition of Sigma are described in note 24.

In the prior year, transaction costs of $677,000 were incurred in relation to the acquisition of Enoro Holdings AS (subsequently renamed to Hansen Technologies Holdings AS during FY19) and its controlled subsidiaries. These costs were included with "Other Expenses" in the Group's consolidated statement of comprehensive income in the prior year.

Onerous lease provision

The Group recognised a provision on future lease payments for one of our offices in the Americas, as the non-cancellable future payments in the lease contract are expected to exceed the benefits from keeping the office over the remainder of the lease term. The Group has separately identified these costs because it is not in the normal course of business activities. These costs are included with "Property and Occupancy Rental Expenses" in the Group's consolidated statement of comprehensive income.

Restructuring costs incurred in Sigma Systems

Included in Sigma's results for June are $72,000 of restructuring costs related to certain redundancy payments post-acquisition. These costs are included with "Employee Benefit Expenses" in the Group's consolidated statement of comprehensive income.

(a) Reconciliation with Group statutory measures

	Note	2019 $'000	2018 $'000
Underlying EBITDA		55,837	59,961
Less separately disclosed items		(2,794)	(677)
EBITDA[1]		**53,043**	**59,284**
Underlying profit after tax		24,011	29,527
Less separately disclosed items		(2,794)	(677)
Tax effect of separately disclosed items		248	-
Net profit after tax		**21,465**	**28,850**

(1) EBITDA is a non-IFRS term, defined as Earnings before interest, tax, depreciation and amortisation, and excluding net foreign exchange gains (losses).

5. Profit from continuing operations

Profit from continuing operations before income tax has been determined after the following specific expenses:

	Note	2019 $'000	2018 $'000
Employee benefit expenses			
Wages and salaries		118,052	113,929
Superannuation costs		9,006	8,939
Share-based payments and employee share plan expensed	8(a)	969	1,265
Total employee benefit expenses		**128,027**	**124,133**
Depreciation expense			
Plant, equipment and leasehold improvements	8(a), 11	3,806	3,908
Total depreciation of non-current assets		**3,806**	**3,908**
Amortisation of non-current assets			
Technology and other intangibles	8(a), 12	12,054	11,419
Software development costs	8(a), 12	6,896	5,064
Total amortisation of non-current assets		**18,950**	**16,483**
Property and operating rental expenses			
Minimum lease payments recognised as an operating lease expense		7,214	6,746
Other property-related expenses		3,180	3,249
Total property and operating rental expenses		**10,394**	**9,995**
Finance charges			
Finance costs		2,067	2,085
Total finance costs		**2,067**	**2,085**
Net foreign exchange losses / (gains) included in other expenses	8(a)	**527**	**(47)**

6. Income tax

(a) Components of income tax expense

	2019 $'000	2018 $'000
Current tax expense	6,238	8,535
Deferred tax expense/(income)	841	(284)
Over provision in prior years	(767)	(119)
Total income tax expense	**6,312**	**8,132**
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%	8,333	11,095
Add/(less) tax effect of:		
Impact of tax rates on foreign subsidiaries	(1,506)	(271)
Research and development allowances	(86)	(611)
Non-deductible share-based payments	151	206
Over provision in prior years	(767)	(119)
Utilisation of prior year tax losses not brought to account	(474)	-
Effect of tax rate change during the year in the United States	-	(1,164)
Amortisation of acquired intangibles	(2,076)	(3,055)
Other non-allowable items	2,737	2,051
Income tax expense attributable to profit	**6,312**	**8,132**

(b) Deferred tax

	2019 $'000	2018 $'000
Deferred tax asset	4,601	4,061
Deferred tax liability	(44,290)	(16,156)
Net deferred tax	**(39,689)**	**(12,095)**

(i) Deferred tax asset

The deferred tax asset balance comprises of the following items:

	2019 $'000	2018 $'000
Difference in depreciation and amortisation of plant and equipment for accounting and income tax purposes	1,208	950
Other payables	-	156
Employee benefits	2,378	1,957
Accruals	1,015	998
	4,601	**4,061**

6. Income tax (continued)

(ii) Deferred tax liability

The deferred tax liability balance comprises of the following items:

	2019 $'000	2018 $'000
Research and development expenditure	(5,540)	(4,737)
Difference in depreciation and amortisation of plant, equipment and intangibles for accounting and income tax purposes	(35,503)	(11,370)
Other payables	(947)	-
Other income not yet assessable	-	(49)
Temporary differences relating to revenue recognition (adoption of AASB 15)	(2,300)	-
	(44,290)	**(16,156)**

(iii) Reconciliation of net deferred tax balances

	Note	2019 $'000	2018 $'000
Opening balance – net deferred tax liability		(12,095)	(1,886)
Deferred tax (expense)/income recognised in profit or loss		(841)	284
Increase due to acquisition	24	(26,753)	(10,493)
Closing balance – net deferred tax liability		**(39,689)**	**(12,095)**

(iv) Deferred tax assets not brought to account (available tax losses)

	2019 $'000	2018 $'000
Gross capital losses	847	847
Gross operating losses	1,430	1,984
	2,277	**2,831**

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.

6. 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.

7. Earnings per share

	2019 $'000	2018 $'000
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings – ordinary shares	21,465	28,850
Diluted earnings – ordinary shares	21,465	28,850

	2019 No. of Shares	2018 No. of Shares
Weighted average number of ordinary shares used in calculating earnings per share:		
Number for basic earnings per share – ordinary shares	197,017,215	195,541,345
Number for diluted earnings per share – ordinary shares	198,632,621	196,581,097

	2019 Cents Per Share	2018 Cents Per Share
Basic earnings (cents) per share	10.9	14.8
Diluted earnings (cents) per share	10.8	14.7

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.

8. Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank and on hand	36,677	22,772
Interest bearing deposits	1,611	473
Total cash and cash equivalents	**38,288**	**23,245**

(a) Reconciliation of the net profit after tax to net cash flows from operations

		2019 $'000	2018 $'000
Net profit after tax		21,465	28,850
Add/(less) items classified as investing/financing activities:			
Net loss/(profit) on sale of non-current assets		17	(14)
Add/(less) non-cash items:			
Depreciation and amortisation	5	22,756	20,391
Share-based payments expense	5, 16(e)	829	1,130
Unrealised foreign exchange	5	527	(47)
Expected credit loss recovered from bad debts		(62)	(38)
Reclassification to intangibles from deferred tax		-	(241)
Employee share plan expense	5	140	135
Net cash provided by operating activities before change in assets and liabilities		**45,672**	**50,166**
Changes in assets and liabilities adjusted for effects of purchase of controlled entities during the year:			
Decrease in trade receivables		3,745	9,131
Increase in sundry debtors and other assets		(7,436)	(2,021)
Increase/(decrease) in trade payables		4,592	(2,035)
Decrease in other creditors and accruals		(7,944)	(7,547)
Increase in employee benefits provision		1,403	3,055
Decrease/(increase) in deferred taxes		841	(285)
(Decrease)/increase in income tax payable		(1,223)	1,641
Net cash provided by operating activities		**39,650**	**52,105**

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.

9. Receivables

	2019 $'000	2018 $'000
Current		
Trade receivables	47,510	36,741
Less: provision for impairment	(221)	(82)
	47,289	**36,659**
Sundry receivables	2,186	595
Total trade and other receivables	**49,475**	**37,254**

As at 30 June 2019, trade receivables of $15,273,000 (2018: $9,497,000) 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 the trade receivables is as follows:

Trade receivables ageing analysis at 30 June:	Gross 2019 $'000	Provided 2019 $'000	Gross 2018 $'000	Provided 2018 $'000
Not past due	32,016	-	27,178	(15)
Past due 1– 30 days	4,425	-	3,199	(7)
Past due 31– 60 days	4,086	(23)	2,052	(7)
Past due more than 61 days	6,983	(198)	4,312	(53)
	47,510	**(221)**	**36,741**	**(82)**

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.

	2019 $'000	2018 $'000
Movements in the provision for impairment were:		
Opening balance at 1 July	82	-
Acquisition of Sigma Systems	169	-
Other movements for the year	52	82
Amounts written off	(82)	-
Closing balance at 30 June	**221**	**82**

Significant accounting policies

Trade receivables

Trade receivables represent amounts owed by our customers and are recognised initially at the amount of consideration where the right to payment is conditional only on the passage of time. The Group holds the trade receivables with the objective of collecting contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less an allowance for impairment. Trade receivables are generally due for settlement between 30 and 60 days.

The Group recognises a provision for impairment by calculating lifetime expected credit losses (ECLs). In determining the appropriate amount of lifetime ECLs, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Individual debts which are known to be uncollectible are written-off by reducing the carrying amount directly. Expected credit 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.

10. Other current assets

	2019 $'000	2018 $'000
Prepayments – current	7,813	4,892
Other assets	107	67
Total other current assets	**7,920**	**4,959**

11. Plant, equipment and leasehold improvements

	2019 $'000	2018 $'000
Plant, equipment and leasehold improvements at cost	45,511	40,308
Accumulated depreciation	(34,525)	(29,754)
Total plant, equipment and leasehold improvements	**10,986**	**10,554**

Movements in cost and accumulated depreciation during the year are inclusive of any net foreign currency movements arising from foreign operations.

Reconciliation of the carrying amounts of plant, equipment and leasehold improvements at the beginning and end of the current financial year is shown below:

	Note	2019 $'000	2018 $'000
Plant, equipment and leasehold improvements at cost			
Carrying amount at 1 July		10,554	8,912
Additions		2,980	2,843
Increase due to acquisition of subsidiary		970	2,533
Disposals		(22)	(106)
Depreciation expense	5	(3,806)	(3,908)
Net foreign currency movements arising from foreign operations		310	280
Carrying amount at 30 June		**10,986**	**10,554**

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:	2019	2018
Plant, equipment and leasehold improvements	3 to 15 years	3 to 15 years
Leased plant and equipment	3 to 15 years	3 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.

12. Intangible assets

	2019 $'000	2018 $'000
Goodwill at cost	223,547	152,565
Accumulated impairment	(1,595)	(1,573)
Net book amount of goodwill	**221,952**	**150,992**
Technology and other intangibles at cost	196,264	99,415
Accumulated amortisation and impairment	(41,466)	(28,196)
Net book amount of technology and other intangibles	**154,798**	**71,219**
Software development at cost	65,583	53,382
Accumulated amortisation and impairment	(39,551)	(32,153)
Net book amount of software development	**26,032**	**21,229**
Total intangible assets	**402,782**	**243,440**

	Note	2019 $'000	2018 $'000
Reconciliation of goodwill at cost			
Carrying amount at 1 July		152,565	89,058
Increase due to acquisition of subsidiary	24	66,662	57,270
Reclassification to intangibles from deferred tax		-	241
Net foreign currency movements arising from foreign operations		4,320	5,996
Carrying amount at 30 June		**223,547**	**152,565**
Accumulated impairment at beginning of year		(1,573)	(1,562)
Net foreign currency movements arising from foreign operations		(22)	(11)
Accumulated impairment at end of year		**(1,595)**	**(1,573)**
Reconciliation of technology and other intangibles at cost			
Carrying amount at 1 July		99,415	38,729
Increase due to acquisition of subsidiary	24	93,188	55,571
Net foreign currency movements arising from foreign operations		3,661	5,115
Carrying amount at 30 June		**196,264**	**99,415**
Accumulated amortisation and impairment at beginning of year		(28,196)	(16,391)
Amortisation of technology and other intangibles	5	(12,054)	(11,419)
Net foreign currency movements arising from foreign operations		(1,216)	(386)
Accumulated amortisation and impairment at end of year		**(41,466)**	**(28,196)**
Reconciliation of software development at cost			
Carrying amount at 1 July		53,382	42,568
Expenditure capitalised in current period		10,892	10,027
Net foreign currency movements arising from foreign operations		1,309	787
Carrying amount at 30 June		**65,583**	**53,382**
Accumulated amortisation at beginning of year		(32,153)	(26,923)
Current year amortisation charge	5	(6,896)	(5,064)
Net foreign currency movements arising from foreign operations		(502)	(166)
Accumulated amortisation at end of year		**(39,551)**	**(32,153)**

12. 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 and other intangibles

Other intangibles consist of trademarks, brand names, customer relationships and non-compete clauses.

Technology and other intangibles are recognised at cost and are amortised over their estimated useful lives, which is generally the term of the contract for customer contracts and 5-10 years for technology and other intangibles. Technology and other intangibles 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 *Impairment of Assets*. 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 2019 financial year. Returns are expected to be derived from this investment over the coming year(s).

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.

12. Intangible assets (continued)

(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% (2018: 1.8%);
- A post-tax discount rate of 7.2% (2018: 6.8%); and
- Terminal growth rate of 1.8% (2018: 1.8%) 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.

The 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 2019, 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 the sensitivity of 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 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.

13. Payables

	2019 $'000	2018 $'000
Trade payables	10,349	3,409
Other payables	10,846	13,083
Total payables	**21,195**	**16,492**

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.

14. Other operating provisions

	2019 $'000	2018 $'000
Current		
Lease and rental provisions	1,051	358
Other	160	113
	1,211	**471**
Reconciliation of other operating provisions		
Carrying amount at beginning of year	471	504
Net provisions/(payments) made during the year	740	(33)
Carrying amount at end of year	**1,211**	**471**

The movement in operating provisions during the year was largely driven by an onerous lease provision of $659,000. This provision has been classified as a separately disclosed item in understanding the Group’s results. Refer to note 4 for further information.

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.

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.

15. Employee benefits

	2019 $'000	2018 $'000
Current employee benefits[1]	13,859	12,710
Non-current employee benefits[2]	189	675
Total employee benefits liability	**14,048**	**13,385**

[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:

	2019 $'000	2018 $'000
Current leave obligations expected to be settled after 12 months	2,074	1,615

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.

(a) Directors' and executives' compensation

	2019 $	2018 $
Short term employment benefits	3,875,298	3,553,465
Post-employment benefits	168,821	159,772
Share-based payments	452,717	726,664
	4,496,836	**4,439,901**

Detailed remuneration disclosures are provided in the remuneration report on pages 14 to 26.

15. 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 twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected further payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve 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 and pension contributions to the employee's defined contribution plan of choice in respect of employee services rendered during the year. These 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 and pension guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation and pension 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 twelve months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid and are presented as current liabilities in the consolidated statement of financial position. All other termination benefits are accounted for on the same basis as other long-term employee benefits and are presented as non-current liabilities in the consolidated statement of financial position.

16. Share-based payments

(a) Employee Share Plan

The Employee Share Plan (ESP) is available to all eligible employees each year to acquire ordinary shares in the Company from future remuneration (before tax). Shares to be issued or transferred under the ESP will be valued at the volume-weighted average price of the Company's shares traded on the Australian Securities Exchange during the five business days immediately preceding the day the shares are issued or transferred. Shares issued under the ESP are not allowed to be sold, transferred or otherwise disposed until the earlier of the end of an initial three-year period, or the participant ceasing continuing employment with the Company.

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

	2019 No. of Shares	2018 No. of Shares
Number of shares at beginning of year	114,758	137,227
Number of shares distributed to employees	45,560	42,480
Number of shares transferred to main share registry and/or disposed of	(44,526)	(64,949)
Number of shares at year end	**115,792**	**114,758**

The consideration for the shares issued on 22 May 2019 was $3.72 (7 May 2018: $4.24).

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

	2019 $'000	2018 $'000
Issued ordinary share capital	170	180

The market value of the Company's ordinary shares closed at $3.93 on 30 June 2019 ($3.15 on 30 June 2018).

(b) Employee Performance Rights Plan

The Employee Performance Rights Plan (the Rights Plan) was approved by shareholders at the Company's AGM on 23 November 2017. Under the Plan, awards are made to eligible executives and other management personnel who have an impact on the Group's performance. Plan awards are granted in the form of performance rights over shares which vest over a period of three years subject to meeting performance measures and continuous employment with the Company. Each performance right is to subscribe for one ordinary share upon vesting and, when issued, the shares will rank equally with other shares.

Performance rights issued under the Employee Performance Rights Plan are valued on the same basis as those issued to KMP, which is described in note 16(d).

Performance rights issued and outstanding at 30 June 2019

Grant date	Vesting date[1]	Fair value per right $	Rights granted	No. of rights at 30/6/2019
2 Jul 2017	31 Aug 2020	3.815	355,316	355,316
2 Jul 2018	31 Aug 2021	3.01	530,652	530,652
Total			**885,968**	**885,968**

[1] The vesting date for rights granted on 2 July 2017 and 2 July 2018 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 and 31 August 2021 respectively.

No performance rights vested or lapsed during the financial year. The number of performance rights issued and outstanding at 30 June 2018 was 355,316, consisting solely of the performance rights granted on 2 July 2017.

The weighted average contractual life of outstanding performance rights at the end of the financial year is 1.77 years (2018: 2.17 years).

16. Share-based payments (continued)

(c) Employee Share Option Plan

The Employee Share Option Plan (the Option Plan) was approved by shareholders at the Company's AGM on 9 November 2001 and reaffirmed at the AGM on 24 November 2011. Under the Plan, awards are made to eligible executives and other management personnel who have an impact on the Group's performance. Plan awards are delivered in the form of options over shares which vest over a period of three years subject to meeting performance measures and continuous employment with the Company. Each option is to subscribe for one ordinary share when the option is exercised and, when issued, the shares will rank equally with other shares.

Unless the terms on which an option was offered specified otherwise, an option may be exercised at any time after the vesting date on satisfaction of the relevant performance criteria.

Options issued under the Employee Share Option Plan are valued on the same basis as those issued to KMP, which is described in note 16(d).

There were no new options issued under the Option Plan during the 30 June 2019 and 30 June 2018 financial years, as the Option Plan was replaced with the Rights Plan as described in note 16(b).

Movement of options during the year ended 30 June 2019:

Grant Date	Vesting 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 2013	2 July 2016	30 Sept 2018(1)	0.92	75,000	(75,000)	-
2 July 2014	2 July 2017	2 July 2019	1.30	470,000	(205,000)	265,000
2 July 2015	2 July 2018	2 July 2020	2.67	1,000,000	(75,000)	925,000
22 December 2016	31 Aug 2019(2)	22 December 2021	3.59	1,323,730	-	1,323,730
Total				**2,868,730**	**(355,000)**	**2,513,730**
Weighted average exercise price					**$1.51**	**$3.01**

(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 prior financial year. Therefore, the Board had exercised its discretion during the year to extend the expiry date for the remaining options to 30 September 2018.

(2) Options associated with an EPS hurdle are not expected to vest on 31 August 2019 as the minimum performance target will not be met. Options associated with a TSR hurdle will vest on 31 Aug 2019 in accordance with accounting standards. However, because the minimum target was not met, these options will be restricted and unexercisable. Refer to Section 3b) of the audited Remuneration Report for further details.

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**

The weighted average fair value of options granted during the year was nil (2018: nil) as there were none issued during the year.

The weighted average share price for share options exercised during the period was $3.57 (2018: $3.90).

The weighted average remaining contractual life for share options outstanding at the end of the period was 1.68 years (2018: 2.47 years).

16. Share-based payments (continued)

(d) Fair value of performance rights granted

The fair value of Total Shareholder Return (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 fair value of Earnings Per Share (EPS) performance rights at grant date is independently determined using a conventional Black Scholes Model.

Details of the assessed fair value of the performance rights as well as the model inputs for rights granted, during the year ended 30 June 2019 and for the prior year 30 June 2018, are presented below:

	2019	2018
Grant date	2 July 2018	2 July 2017
Expected vesting date	31 August 2021	31 August 2020
Measurement period	1 July 2018 to 30 June 2021	1 July 2017 to 30 June 2020
Fair value of performance rights granted – EPS rights	$2.99	$3.83
Fair value of performance rights granted – TSR rights	$3.03	$3.80
Share price at grant date	$3.15	$4.04
Expected price volatility of the company's shares	35%	30%
Expected dividend yield	1.75%	1.75%
Risk-free interest rate	2.06%	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.

(e) Expenses arising from share-based payment transactions

	Note	2019 $	2018 $
Options issued under employee option plan FY16		-	152,597
Options issued under employee option plan FY17[(1)]		(136,785)	525,079
Rights issued under employee performance rights plan FY18		451,844	451,844
Rights issued under employee performance rights plan FY19		513,524	-
	8(a)	**828,583**	**1,129,520**

(1) Options associated with an EPS hurdle are not expected to vest on 31 August 2019 as the minimum performance target will not be met. Under accounting standards, profit must be adjusted to account for the cumulative value of options expensed that will not vest.

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 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.

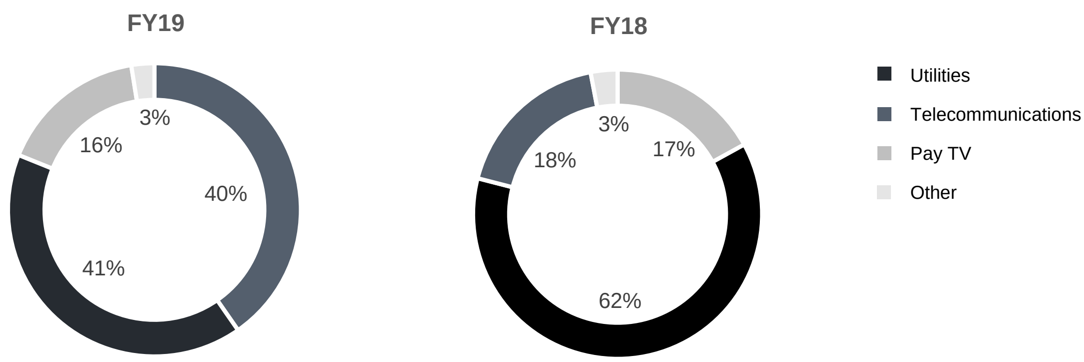
Section E: Capital and Financial Risk Management

This section explains our policies and procedures applied to manage our financing and capital structure, and the associated risks that we are exposed to. The Group manages its 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 Group is exposed to a variety of financial risks, principally related to credit, liquidity, interest rate and foreign currency risk. The Group's risk management framework is aligned with best practices and designed to reduce volatility on our financial performance and to support the delivery of our business objectives. The Board has overall responsibility for identifying and monitoring operational and financial risks.

(a) Credit risk

Nature of risk	The risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from customers and our investments in debt securities.
Exposure to the risk	The Group's maximum exposure to credit risk at balance date is the carrying amount of financial assets, net of any provisions for impairment and excluding the value of any collateral or other security. The gross trade receivables balance at 30 June 2019 was $47,510,000 (2018: $36,741,000). The ageing analysis of trade and other receivables is provided in note 9. 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. The Group's exposure to credit risk is affected by the regions and industries our customers operate in. Set out below shows the concentration of our trade receivables balances by the industry they operate in. At 30 June 2019, the acquisition of Sigma Systems substantially increased our share of customers in the Telecommunications industry compared to the prior financial year: 
How is the risk managed?	Receivables are managed on an ongoing basis. The Group does not have any material credit risk exposure to any single debtor or group of debtors. Ageing analysis and ongoing collectability reviews are performed and, where appropriate, an expected credit loss provision is raised. Historically, the Group has not had any significant write-offs in our trade receivables. The Group 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.

17. Financial risk management (continued)

(b) Liquidity risk

Nature of risk	The risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.
Exposure to the risk	The table below categorises the Group's financial liabilities into their relevant contractual maturities. Amounts included represent undiscounted cash flows. Note 18 provides additional details on the Group's borrowing arrangements.
How is the risk managed?	The Group's approach 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 reviews its minimum levels of cash and cash equivalents on an ongoing basis, and closely monitors rolling cash flow forecasts based on its view on the nature and timing of expected receipts and payments. The Group has historically been able to generate and retain strong positive cash flows. Additionally, multi-currency borrowing facilities have been arranged with the Group's financiers to provide increased capacity for strategic growth objectives.

Contractual maturities of financial liabilities:

		Contractual cash flows $'000				
Financial liabilities	**Note**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-3 years**	**Total carrying amount**
2019						
Trade and other payables	13	21,195	-	-	-	21,195
Bank overdraft	18	-	134			134
Lease liabilities	18, 22	92	-	-	-	92
Secured borrowings	18	-	-	-	186,327	186,327
		21,287	**134**	**-**	**186,327**	**207,748**
2018						
Trade and other payables	13	16,492	-	-	-	16,492
Lease liabilities	18, 22	55	57	90	-	202
Secured borrowings	18	-	-	27,031	-	27,031
		16,547	**57**	**27,121**	**-**	**43,725**

(c) Interest rate risk

Nature of risk	The risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.
Exposure to the risk	The Group's main exposure to interest rate risk arises from its borrowings and cash and cash equivalents. No other financial assets or liabilities are expected to be exposed to interest rate risk. The weighted average variable interest rate across all our borrowings at 30 June 2019 is 4.52% (2018: 2.51%). If the interest rate were to increase or decrease by 1%, with all other variables held constant, the impact to pre-tax profit is $354,000 (2018: $408,000) and the impact to post-tax equity[(1)] is $251,000 (2018: $285,000). This impact is based on a lower level of borrowings and lower average interest rates during most of this financial year compared to the prior year, notwithstanding the significantly higher debt since 1 May 2019 that will increase our interest rate risk exposure for FY20. [(1)] For FY19, this is calculated net of the blended effective tax rate on pre-tax profit based on where the interest-bearing debt is located (i.e. Australia and Canada) and the prevailing corporate tax rate in each of those jurisdictions (i.e. 30% and 26.5% respectively). For FY18, this is 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.
How is the risk managed?	The Group ensures it has access to diverse sources of funding, including access to foreign currency debt. The Group closely monitors its debt ratios to reduce its risk exposure to uncertainty in the global markets if interest rates will fall or rise. Management is comfortable with the risk associated with using variable interest rates due to the current level of borrowings.

17. Financial risk management (continued)

(d) Foreign currency risk

Nature of risk

The risk that the fair value or future cash flows of a financial instrument or forecasted transaction will fluctuate because of changes in foreign exchange rates.

Exposure to the risk

The Group operates internationally and as such has exposure to foreign currency movements. The Group has expanded its international operations substantially in recent years to the extent that in excess of 78% of its revenue is now earned in foreign currency designated transactions. The Group has a number of offices located internationally and more than 82% of its work force is located overseas and paid in foreign currencies.

Changes in foreign currency exchange rates would be limited to the revaluation of foreign currency denominated borrowings, intercompany financing arrangements denominated in foreign currencies, and foreign currency bank balances in the Group at market rates at balance sheet date.

The Group's primary foreign currency exposure is to the movement in US Dollar (USD), British Pound (GBP) and Canadian Dollar (CAD) exchange rates. At the reporting date, cash and cash equivalents included $34.3 million (2018: $18.7 million) denominated in foreign currencies.

If the foreign currency exchange rate for our primary foreign currencies (being USD, GBP and CAD) were to move by 10%, with all other variables held constant, the impact to our foreign currency translation reserves (classified as equity in the statement of financial position) on translation of our foreign currency-denominated cash and cash equivalents is as follows:

Increase / (decrease)
$'000

	USD		GBP		CAD	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
+10%	1,141	639	339	379	78	-
-10%	(1,141)	(639)	(339)	(379)	(78)	-

The Group's exposure to foreign currency changes for all other currencies and other financial statement items is not material, as the Group has natural hedging and designated hedging relationships in place (refer to "How is the risk managed?" for further discussion).

How is the risk managed?

The Group manages its foreign currency risk by evaluating its exposure to fluctuations on an ongoing basis.

The Group's overseas subsidiaries transact in different functional currencies. The effects of any exchange rate movements in respect to the net assets of our foreign subsidiaries are recognised in the foreign currency translation reserve in equity. Accordingly, the Group has an in-built natural hedge against major currency fluctuations and, except for 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 foreign currency borrowings as part of the syndicated facility agreement as disclosed in note 18, which have been designated as hedging instruments of the net assets of some of the Group's principal overseas subsidiaries in order to offset our risk exposure arising from the translation of these subsidiaries into Australian dollars. There is no impact to the profit or loss on the translation of the Group's overseas subsidiaries or foreign currency borrowings to the Australian dollar.

The Group's subsidiaries also enter into various financing and transactional arrangements with each other in accordance with local regulatory requirements. The Group regularly reviews these arrangements to minimise its exposure on the translation of outstanding foreign currency-denominated intercompany balances to the Australian dollar, which impact profit.

17. Financial risk management (continued)

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.

(e) 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 2019 and 30 June 2018, there are no assets or liabilities carried at fair value on a recurring basis.

18. Borrowings

	Note	2019 $'000	2018 $'000
Current			
Secured			
Lease liability	22	92	112
Bank overdraft		134	-
		226	**112**
Non-current			
Secured			
Term facility – gross borrowings		189,543	27,031
Term facility – prepaid borrowing costs		(3,216)	-
Lease liability	22	-	90
		186,327	**27,121**

The lease liability relates to IT equipment due for repayment in full by January 2020.

(a) Loan facilities

	2019 $'000	2018 $'000
Loan facility	225,000	105,000
Amount utilised	(189,543)	(27,031)
Unused loan facility	**35,457**	**77,969**

On 1 May 2019, the Company entered into a secured A$225,000,000 syndicated multi-currency facility with its external financiers to fund the acquisition of Sigma Systems (refer Note 24) and to provide additional funding for general corporate and working capital purposes. This facility expires on 30 April 2022 and will be subject to renewal upon negotiation with its external financiers. This facility replaces the Company's previous multi-currency facility of A$105,000,000. The facility is secured by 75% of Group assets. As at 30 June 2019 the remaining unutilised portion of the facility is A$35,457,000.

18. Borrowings (continued)

(b) Changes in liabilities arising from financing activities

	Note	2019 $'000	2018 $'000
Opening balance at 1 July		27,233	291
Cash flows from financing activities			
Net proceeds from / (repayment of) borrowings		160,833	(4,503)
Cash flows from non-financing activities			
Acquisition of subsidiary's borrowings(1)		-	29,703
Prepaid borrowing costs		(3,216)	-
Draw-down of overdraft facility		134	-
Non-cash changes			
Effect of foreign exchange		1,569	1,742
Closing balance at 30 June(2)		**186,553**	**27,233**

(1) This was repaid in full during the previous financial year. The repayment is included in the net repayment of borrowings amount.
(2) Represents long-term facility borrowings of $186,327,000 (2018: $27,031,000), bank overdraft facility of $134,000 (2018: nil) and finance lease liabilities of $92,000 (2018: $202,000).

(c) Hedge of net investments in foreign operations

Included in borrowings at 30 June 2019 are two borrowings of US$12,000,000 and GBP £13,000,000 drawn down as part of the A$225,000,000 syndicated multi-currency facility. 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.

Both 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.

As a result of the Group replacing its previous facility with the new syndicated facility, the Group reset the hedging relationship for its foreign-currency denominated borrowings.

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	Previous $105m debt facility '000		$225m syndicated debt facility '000		
	USD loan	GBP loan	USD loan	GBP loan	Total
Carrying amount of the loan – 30 June 2019 (AUD)	-	-	17,073	23,542	40,615
Carrying amount of the loan – 30 June 2019 (nominated currency)	-	-	12,000	13,000	
Hedge ratio(1)	1:1	1:1	1:1	1:1	
Change in the carrying amount of loan as a result of foreign currency movements since 1 July 2018, recognised in OCI ($)	(11)	435	(161)	(305)	(43)
Change in the value of the hedged item used to determine hedge effectiveness ($)	11	(435)	161	305	43
Average hedged rate for the year (local currency:1 AUD)	0.742	0.552	0.695	0.548	
					40,615

(1) The draw-down loans under the previous $105 million and current syndicated $225 million debt facilities are denominated in the same currency and critical terms as the value of the net investment in the foreign subsidiaries that are being hedged. Therefore, the hedge ratio this year is 1:1 (2018: 1:1).

For the current syndicated debt facility, there were no repayments made to 30 June 2019. Therefore, the nominal amount of the hedging instrument equals its carrying amount at 30 June 2019.

The impact to the foreign currency translation reserve on translation of the Group's net investment in foreign subsidiaries that are being hedged by the Group's borrowings was $43,000 (2018: $934,000). Borrowing repayments made during the year has significantly reduced the translation impact compared to the prior year. The hedging gain recognised in OCI before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness in the years ended 30 June 2019 and 2018.

18. Borrowings (continued)

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.

19. Contributed capital

(a) Issued and paid up capital

	2019 $'000	2018 $'000
Ordinary shares, fully paid	**138,746**	**136,896**

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

(b) Movements in shares on issue

	2019 No. of Shares	2019 $'000	2018 No. of Shares	2018 $'000
Balance at beginning of the financial year	196,648,230	136,896	181,960,344	85,350
Shares issued under the dividend reinvestment program	350,863	1,145	373,802	1,370
Shares issued under the Employee Share Plan	45,560	170	42,480	180
Options exercised under the Executive LTI Plan	355,000	535	665,000	766
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	**197,399,653**	**138,746**	**196,648,230**	**136,896**

(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 has been declared. This final dividend of 3 cents per share, partially franked to 2.6 cents per share, was announced to the market on 23 August 2019. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Ltd as at 30 June 2019.

	2019 $'000	2018 $'000
Dividends paid during the year (net of dividend re-investment)		
4 cent per share final dividend paid 27 September 2018 – fully franked[1]	7,319	
3 cent per share final dividend paid 30 September 2017 – fully franked		5,175
3 cent per share interim dividend paid 29 March 2019 – fully franked	5,318	
3 cent per share interim dividend paid 29 March 2018 – fully franked		5,217
	12,637	**10,392**
Proposed dividend not recognised at the end of the year	5,922	7,865
Dividends franking account		
30% franking credits, on a tax paid basis, are available to shareholders of Hansen Technologies Ltd for subsequent financial years	1,586	3,125

[1] The final dividend paid of 4 cents per share, franked to 4 cents, comprised of an ordinary 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:

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

21. Reserves and retained earnings

	Note	2019 $'000	2018 $'000
Foreign currency translation reserve	21(a)	23,340	16,739
Share-based payments reserve	21(b)	3,931	3,102
Retained earnings	21(c)	82,853	73,186

(a) Foreign currency translation reserve

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

Movements in reserve	Note	2019 $'000	2018 $'000
Balance at beginning of year		16,739	8,196
Net gain / (loss) on hedges of a net investment	18(c)	43	(934)
Exchange differences on translation of foreign operations		6,558	9,477
Balance at end of year		**23,340**	**16,739**

(b) Share-based payments reserve

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

Movements in reserve	2019 $'000	2018 $'000
Balance at beginning of year	3,102	1,972
Share-based payments expensed during the year	829	1130
Balance at end of year	**3,931**	**3,102**

(c) Retained earnings

Movements in retained earnings	Note	2019 $'000	2018 $'000
Balance at beginning of year		73,186	56,098
Effect of adoption of new accounting standards	3(a)(i)	1,984	-
Dividends declared during the year (before dividend re-investment)		(13,782)	(11,762)
Net profit attributable to members of Hansen Technologies Ltd		21,465	28,850
Balance at end of year		**82,853**	**73,186**

22. Commitments and contingencies

	Note	2019 $'000	2018 $'000
Operating leases (non-cancellable):			
Not later than one year		6,977	5,451
Later than one year and not later than five years		18,061	13,228
Later than five years		1,420	1,163
Future minimum rentals payable at reporting date		**26,458**	**19,842**
Finance lease commitments			
Not later than one year		95	121
Later than one year and not later than five years		-	92
Total minimum lease payments		95	213
Less: Future finance charges		(3)	(11)
Present value of minimum lease payments		**92**	**202**
Lease liabilities provided for in the financial statements:			
Current	18	92	112
Non-current	18	-	90
Total lease liabilities		**92**	**202**

Operating leases (non-cancellable)

The Group leases property, vehicles and 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 less than a year. 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 2019 nor 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 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.

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

Presented below are the summary financial statements of the parent Company, Hansen Technologies Limited:

(a) Summarised statement of financial position

	Parent Entity	
	2019	**2018**
	$'000	**$'000**
Assets		
Current Assets	1,028	740
Non-current assets	243,841	175,748
Total Assets	**244,869**	**176,488**
Liabilities		
Current liabilities	2,350	1,532
Non-current liabilities	77,796	27,065
Total Liabilities	**80,146**	**28,597**
Net assets	**164,723**	**147,891**
Equity		
Share capital	138,746	136,894
Accumulated profits	22,962	9,175
Share based payments reserve	3,931	2,812
Foreign currency translation reserve	(916)	(990)
Total equity	**164,723**	**147,891**

(b) Summarised statement of comprehensive income

	Parent Entity	
	2019	**2018**
	$'000	**$'000**
Profit for the year	27,464	12,753
Total comprehensive income for the year	**27,538**	**11,763**

Dividends of $29,000,000 (2018: $14,000,000) was paid from Hansen Corporation Pty Limited to Hansen Technologies Limited during the financial year.

(c) Parent entity guarantees

Hansen Technologies Limited, being the parent entity, has entered into a syndicated debt facility (refer note 18) of which Hansen Corporation Pty Limited and other subsidiaries of the Company are joint guarantors to that facility agreement. 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

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.

24. Business combinations

Acquisition of Sigma Systems

On 1 June 2019, the Company's subsidiary, Hansen Technologies Canada Inc., acquired 100% of the partnership units of Sigma Systems GP and the shares of Sigma Systems Canada Inc., both of which wholly own and control the partnership units of Sigma Systems LP and its controlled entities (collectively known as 'Sigma'). Sigma is a leading global provider of catalogue-driven software products for telecommunications, media and technology companies. Sigma is based in Toronto, Canada, but has customers operating across all regions of the world. The acquisition significantly expands the Group's scale and scope in the telecommunications sector, builds on the Group's global presence and provides opportunities for cross-selling products into the Group's existing market verticals.

Details of the purchase consideration

	$'000
Cash paid	163,830
Total purchase consideration	**163,830**

As at 30 June 2019, the fair values of the identifiable assets and liabilities acquired as at the date of acquisition are still provisional in light of the timing of the transaction. The acquisition accounting will be finalised within 12 months of the acquisition date, in line with accounting standards. Provisional identifiable net assets and liabilities acquired are detailed below:

	Provisional fair value $'000
Assets acquired:	
Receivables	13,163
Accrued revenue	19,137
Prepayments and other current assets	5,294
Plant and equipment	970
Current tax receivable	741
Total assets acquired	**39,305**
Liabilities acquired:	
Payables	2,377
Accruals and provisions	3,121
Unearned revenue	7,516
Deferred tax liability	2,057
Total liabilities acquired	**15,071**
Net identifiable assets acquired	**24,234**
Add:	
Customer contracts	65,898
Technology	17,727
Brand name	9,563
Deferred tax liability	(24,693)
Goodwill arising on acquisition	66,662
Total purchase consideration, net of cash acquired	**159,391**

Goodwill arose on the acquisition of Sigma 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, trade names and technology. The value of goodwill represents the strong positioning of Sigma in the telecommunications market, and includes the future benefit arising from the expected future earnings, synergies with the Group's products and operations and personnel assumed via the acquisition. None of the goodwill is expected to be deductible for tax purposes.

The fair value of trade receivables approximates the gross contractual amount of trade receivables, due to the short-term nature and maturity of the trade receivables.

Transaction costs

Transaction costs of $2,063,000 were incurred in relation to the acquisition. These costs are identified as a separately disclosed item for this year's results. Refer to note 4 for further information.

24. Business combinations (continued)

Contribution since acquisition

Since the acquisition date of 1 June 2019, Sigma has contributed total revenue of $4,968,000 and a loss before tax of $1,073,000, which is included within the Group's consolidated results. However, it is important to note that viewing this single month's performance in isolation is not reflective of the ongoing performance of the acquired business.

Deferred remuneration

Separate to the business combination in accordance with accounting standards, an additional $2,235,000 has been paid and held in escrow as deferred remuneration for certain executives of Sigma. Release of the amounts from escrow are contingent on continuous employment with the combined Group. This is included as part of "Other non-current assets" in the Group's consolidated statement of financial position as the deferred remuneration is not expected to be realised within 12 months of the balance sheet date.

Analysis of cash flows on acquisition

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	163,830
Less: Cash balance acquired	(4,439)
Net cash outflow – investing activities	**159,391**

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 judgment 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 the Group's auditor's remuneration, related parties, impact of new accounting standards not yet effective and subsequent events.

25. Related party disclosures

(a) List of controlled entities

The Group's consolidated financial statements include the financial statements of Hansen Technologies Limited and the controlled entities below:

			Ordinary Share Entity Interest	
			2019	2018
Name	**Note**	**Country of Incorporation**	**%**	**%**
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 Technologies CIS Finland Oy *(fka. Enoro CIS Finland Oy)*		Finland	100	100
Hansen Technologies Finland Oy *(fka. Enoro Oy)*		Finland	100	100
PEP Finland Oy		Finland	100	100
Enercube Oy Finland Filial		Finland	100	100
Hansen Customer Support India Private Limited		India	100	100
Enoro B.V.		Netherlands	100	100
Hansen New Zealand Limited		New Zealand	100	100
Hansen Technologies Holdings AS *(fka. Enoro Holding AS)*		Norway	100	100
Hansen Technologies Norway AS *(fka. Enoro AS)*		Norway	100	100
Hantech Singapore Pte Limited	1	Singapore	100	100
Hansen Technologies Sweden AB *(fka. Enoro AB)*		Sweden	100	100
Enoro AG		Switzerland	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		Vietnam	100	100
Hansen Technologies Canada, Inc.	2	Canada	100	-
Sigma Systems Canada Inc.		Canada	100	-
Sigma Systems Canada LP		Canada	100	-
Sigma Canada Holdings Inc.		Canada	100	-
Sigma Systems GP Inc.		Canada	100	-

(1): Notice has been provided on 30 April 2019 to voluntarily deregister and liquidate Hantech Singapore Pte Limited. At 30 June 2019, this company has not yet been formally liquidated; however, it is expected that the liquidation process will be completed after 30 June 2019.

(2): Established and registered on 17 April 2019 as a wholly-owned subsidiary of the Group.

25. Related party disclosures (continued)

			Ordinary Share Entity Interest	
			2019	2018
Name	**Note**	**Country of Incorporation**	**%**	**%**
Subsidiaries of Hansen Technologies Limited (cont.)				
Sigma OSS Systems India Private Limited		India	100	-
Sigma Systems Japan K.K.		Japan	100	-
Sigma Systems (U.K.) Limited		United Kingdom	100	-
Sigma Systems (Wales) Limited		United Kingdom	100	-
Sigma Systems Group (USA) Inc.		United States	100	-

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:

	2019 $	**2018 $**
A related party to Andrew Hansen – lease rental payments	2,042,237	1,373,421

26. Auditor's remuneration

The auditor of the Group for the year ended 30 June 2019 is RSM Australia Partners.

	2019 $	2018 $
(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	279,000	303,430
(ii) Other non-audit services		
– taxation services	-	-
– compliance services	-	-
	-	-
Total remuneration of RSM Australia Partners	279,000	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	365,023	202,317
(ii) Other non-audit services		
– taxation services	52,349	13,493
– compliance services	14,709	3,034
	67,058	16,527
Total remuneration of network firms of the auditor	432,081	218,844
(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
(ii) Other non-audit services		
– taxation services	-	-
– compliance services	-	8,302
	-	8,302
Total remuneration of non-related auditors	-	292,450
Total auditors' remuneration	**711,081**	**814,724**

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.

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'.

(a) Consolidated statement of comprehensive income

Set out below is a consolidated statement of comprehensive income for the year ended 30 June 2019 of the closed group consisting of Hansen Technologies Limited and Hansen Corporation Pty Limited ("the Closed Group").

	2019 $'000	2018 $'000
Revenue	49,380	48,734
Other income	17,951	19,354
Total revenue and other income	**67,331**	**68,088**
Employee benefit expenses	(27,429)	(27,374)
Depreciation expense	(1,219)	(1,305)
Amortisation expense	(2,691)	(2,808)
Property and operating rental expenses	(2,698)	(2,871)
Contractor and consultant expenses	(142)	(1,037)
Software licence expenses	(1,216)	(1,902)
Hardware and software expenses	(3,916)	(1,688)
Travel expenses	(1,187)	(1,199)
Communication expenses	(618)	(684)
Professional expenses	(370)	(919)
Finance cost	(1,677)	(772)
Other expenses	(2,608)	(567)
Total expenses	**(45,771)**	**(43,126)**
Profit before income tax	**21,560**	**24,962**
Income tax expense	(3,631)	(4,167)
Profit after income tax	**17,929**	**20,795**
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit and loss		
Net gain/(loss) on hedges of net investments	63	(1,015)
Other comprehensive income/(expense) for the year	63	(1,015)
Total comprehensive income for the year	**17,992**	**19,780**

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 2019 of the Closed Group:

	2019 $'000	2018 $'000
Current assets		
Cash and cash equivalents	5,371	4,577
Receivables	7,913	6,659
Accrued revenue	1,956	966
Other current assets	1,154	1,857
Total current assets	16,394	14,059
Non-current assets		
Plant, equipment & leasehold improvements	2,858	3,371
Intangible assets	23,871	22,503
Other non-current assets	221,904	180,623
Deferred tax assets	2,968	2,953
Total non-current assets	253,377	209,450
Total assets	**269,771**	**223,509**
Current liabilities		
Payables	6,401	3,809
Current tax payable	130	73
Provisions	6,067	5,739
Unearned income	4,469	6,158
Total current liabilities	17,067	15,779
Non-current liabilities		
Deferred tax liabilities	3,011	2,555
Borrowings	77,399	27,031
Other non-current liabilities	2,377	15,131
Provisions	189	173
Total non-current liabilities	82,976	44,890
Total liabilities	**100,043**	**60,669**
Net assets	**169,728**	**162,840**
Equity		
Share capital	138,746	136,895
Reserves	(498)	(1,388)
Retained earnings	31,480	27,333
Total equity	**169,728**	**162,840**

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

	Note	2019 $’000	2018 $’000
Retained earnings at the beginning of the year		27,333	21,055
Profit for the year	27(a)	17,929	20,795
Dividends declared	21(c)	(13,782)	(14,517)
Retained earnings at the end of the year		**31,480**	**27,333**

28. New and amended accounting standards and interpretations

(a) Adoption of new and amended accounting standards that are first operative at 30 June 2019

The Group has adopted the following new and amended accounting standards, applicable and effective for the financial year beginning 1 July 2018:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 2016-5 Classification and Measurement of Share-based Payment Transactions
- AASB 2017-1 Annual improvements 2014-2016 cycle and Other Amendments
- AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration

Note 3(a) discloses and describes the impact from the adoption of AASB 15.

As previously disclosed in the Group's 30 June 2018 financial report, there were no material impacts arising from the Group's adoption of AASB 9. The Group's significant accounting policies and disclosures have been updated to reflect changes arising from the application of AASB 9.

Other amendments did 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 2019

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 16 Leases

The new leases standard replaces AASB 117 and Interpretation 4 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

As at 30 June 2019, the Group has non-cancellable operating lease commitments of $26.6 million (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.

The Group has identified a number of leases that are expected to be impacted by AASB 16. These are predominantly our long-term non-cancellable property leases for our office buildings, but also include several equipment rental and IT service arrangements, some of which did not previously qualify as a lease under AASB 117 and Interpretation 4. Work to date has focused on reviewing these contracts 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 lease standard across the Group.

The Group anticipates that some of our lease arrangements will be covered by the short-term lease exemption, as well as the low-value lease exemption.

The Group will first apply AASB 16 on 1 July 2019 and will first report under the new standard for the 30 June 2020 financial year. 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 2019, with no restatement of comparative information.

The Group will adopt the various practical expedients available on transition, one of which is to grandfather existing lease classifications to the new lease standard and recognise a right-of-use asset equal to the lease liability at 1 July 2019.

28. New and amended accounting standards and interpretations (continued)

As a result of the Group's assessment to date, considering the various practical expedients available on transition, the Group's current estimate is that:

- Total assets and total liabilities will increase by approximately $27 million to $28 million, representing the present value of lease payments over the non-cancellable lease term, as well as any estimates the Group has applied over the likelihood of exercise of renewal options and early termination options.
- Reported net profit before tax will decrease by approximately $0.5 million for the first year, representing a reduction in operating rental expense, partially offset by increases to interest expense on the lease liability and depreciation of the right-of-use asset. However, over the life of the lease term, there will not be a material impact to net profit before tax.

There will also be a change to the presentation of cash flows, where it is expected there will be a corresponding increase to our operating cash flows, offset partially by a decrease to our financing cash flows.

(ii) 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, its impact will not be material. The Group will first apply AASB Interpretation 23 on 1 July 2019.

(iii) AASB 2018-6 Amendments to Australian Accounting Standards: Definition of a Business

This amendment amends the definition of a business in AASB 3 Business Combinations. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

Group's assessment performed to date

The Group notes that it is not required to revisit business combinations that occurred in prior periods to determine whether these satisfy the new definition of a business. Accordingly, the Group does not believe that its impact will be material. The Group will first apply the revised definition of a business in AASB 3 on 1 July 2020.

(iv) Amendments to the Conceptual Framework

The IASB has issued amendments to the Conceptual Framework 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 AASB is currently working through the application issues for Australian entities, specifically the implications of the revised Conceptual Framework on the Australian-specific reporting entity concept. However, initial application is planned for publicly accountable for-profit entities with annual periods commencing after 1 January 2020, in line with the IASB's effective date.

Group's assessment performed to date

The Group has not commenced assessment of the impact of the amendments to the Conceptual Framework. A preliminary assessment will be performed before the proposed effective date of 1 July 2020 for the Group.

(v) 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 26 September 2019.

There has been no other matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 30 June 2019, of the Group; or

(ii) the results of those operations; or

(iii) the state of affairs, in financial years subsequent to 30 June 2019, of the Group.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 29 to 80, 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 2019 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 2019.

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

David Trude

Director

Andrew Hansen

Director

Melbourne

23 August 2019

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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 2019, 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 2019 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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Recognition of Revenue
Refer to Note 3 in the financial statements</td></tr>
<tr><td>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.</td><td>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.</td></tr>
<tr><td colspan="2">Impairment of Intangible Assets
Refer to Note 12 in the financial statements</td></tr>
<tr><td>The Group has net book value goodwill of $222 million in respect of acquisitions of subsidiaries as at 30 June 2019. 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 2019 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.</td><td>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.</td></tr>
</table>

Key Audit Matter	How our audit addressed this matter
Capitalisation of Software Development Costs Refer to Note 12 in the financial statements	
At 30 June 2019, the Group's balance sheet includes capitalised software development costs of $26.0 million, of which $10.9 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 Sigma Systems Refer to Note 24 in the financial statements	
During the year the Group acquired Sigma Systems ("Sigma") for a gross purchase consideration of $164 million. Management considered 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 on acquisition such as customer contracts, technology, brand name and also the goodwill.	Our audit procedures in relation to the acquisition of Sigma 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; and • 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 2019, 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.

Other Information (Continued.)

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 2019.

In our opinion, the Remuneration Report of Hansen Technologies Ltd, for the year ended 30 June 2019, 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

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 23 August 2019
Melbourne, Victoria