



HANSEN
TECHNOLOGIES

ASX ANNOUNCEMENT

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Chairman's and Managing Director's address to the 2006 Annual General Meeting of Hansen Technologies Limited

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Chairman's Address

May I again welcome you all to this the seventh annual general meeting of Hansen Technologies Limited.

Overall last year was positive for our company with a strong second half, a full year EBITDA of \$5.4 Million and a return to profitability. In addition we achieved considerable progress towards achieving our broader corporate objective of establishing longer term strategic relationships with market leading customers.

The encouraging performance in the second half of last year, which has continued into the new financial year, I believe validates our strategy to withdraw from the USA and focus on Australia, Europe and Japan. In these targeted markets, deregulation of the energy sector is continuing and product convergence and structural change are emerging in the telecommunications sector. These industry driven changes are creating new demand for billing solutions which offer flexibility and deliver value-added functionality. Following the achievements of the past year our confidence is growing. It is clear that our strategy of investing in HUB and of focusing on these markets is right.

The reputation of our HUB solution in the international market is growing. This was confirmed most recently in August 2006 by the decision of UK's largest retailer, Tesco, to partner with Hansen for its brand extension into telecommunications services. I am pleased to report that last month we began live billing operations for Tesco's fixed line telephone customers.

Our company now has prestigious contracts in Europe and Japan and we have maintained our leadership position in Australia.

The business of selling proprietary mission-critical software solutions drives ongoing annuity revenues. Likewise, our outsourcing and facilities management business provides a solid annuity revenue base, as well as opportunities for additional revenue from our HubFM managed billing service.

In September 2005 we recapitalised our business through a rights issue. Since then we have maintained a positive working capital position, ending the year with cash of \$6.8 million, representing 4.5 cents per share. Apart from equipment leases totalling \$1.1 million, we have no debt.

Substantial strategic change is taking place in our targeted energy markets. In Australia the largest energy retailer and energy network operator have recently participated in a take over action which eventually resulted in the redistribution of their respective energy interests. The energy industry regulators in Victoria are progressing with plans for the roll out of advanced metering solutions. The momentum behind the utilisation of advanced metering capability is growing on a world scale. All of these changes will drive demand for mission-critical systems capable of adapting to the new industry imperatives. This potential is understood by companies in contiguous sectors, and in the past 18 months our two most direct competitors have been bought by larger, more diverse groups.

We have achieved a lot in the past year. It has been challenging for our management and staff. I would like to thank all members of our team for their dedication and hard work as well as our shareholders for their patience and continuing support.

We also extend our thanks to Geoff Tomlinson who retired from the board to reduce his professional workload. Geoff was appointed a director in 2000 and I thank him for his substantial contribution, both as deputy chairman of the company and as chairman of the audit and remuneration committees.

I am delighted that David Osborne, a director of Hansen businesses for many years prior to the public listing in 2000, agreed to join our board on 1 March. David, a chartered accountant, has been appointed as a member of the audit committee.

Our company is well positioned in this environment of strategic and industry change. We expect to report an improvement in the financial results for the first half of this year when compared with the corresponding period last year. We are optimistic the coming year will be rewarding with interesting challenges and strong opportunities.

I will now ask our managing director, Andrew Hansen, to provide further commentary.

Managing Director's Address

As the chairman has reported, we have made substantial progress over the past year. During the six years since Hansen Technologies was first listed on the Australian Stock Exchange, our business has been transformed. Three years ago we embarked on a deliberate strategy, which has now been substantially achieved, of repositioning our business and reducing our risk profile while focusing our efforts into industries undergoing considerable strategic and operational change.

In 2000, we had eight revenue streams. Today we have a more focused business, with HUB and outsourcing as our two main revenue streams and a superannuation administration software business which is growing. We are now building upon these core competencies in pursuit of sustainable profitable growth.

In 2000 67 per cent of our revenue came from three customers; today these customers provide less than 1 per cent of total revenue and no customer accounts for more than 8 per cent. Accordingly the risks inherent in our business model have changed and are reduced.

Some of the change was thrust upon us when a key telecommunications customer in the USA, representing 20% of our total revenue, went into Chapter 11. At the same time it became apparent that the difficulties confronting the telecommunications industry internationally were likely to threaten, for a period of time, other revenue on which we relied.

Simultaneously the world-wide trend towards deregulation of energy markets offered an opportunity we were determined to grasp. We were already experienced in billing for the gas industry, so we expanded the industries of application for our proprietary software to encompass electricity, and to a lesser extent, water and developed our functionality for the specific needs of deregulating markets. As a consequence we have succeeded in building a blue-chip list of Australian energy industry customers including Alinta Gas Networks, Energy Australia, AGL, TXU & Western Power. Billing systems are an international market and, with Australia at the forefront of energy deregulation, we were well placed to obtain international credibility through winning contracts and securing reference sites in key markets.

We identified the UK and Japan as markets where deregulation was sufficiently advanced to offer opportunities to Hansen, and determined to focus our resources there and in Australia.

In 2004, following a rigorous selection process, we won a significant energy sector contract for Scottish Power in the UK to provide a billing and customer care system for its industrial and commercial markets. The experience we have gained through this installation has begun to attract interest from other energy providers and is expected to lead to additional opportunities.

Also in 2004, we appointed Toshiba Solutions Corporation to market HUB in Japan; and the following year Tokyo Electric Power Co. and Hokkaido Electric Power Co. selected HUB to handle their customer and meter data management requirements arising as a result of the staged deregulation of the Japan energy market. As deregulation in Japan gathers pace, these installations will position us to secure further contracts.

Opportunities are emerging again in the telecommunications industry, all of which will demand new billing systems. This is especially so in the UK, where the deregulation process is more mature than in Australia and there is increasing convergence of fixed line, mobile and data resellers, as well as structural change with the separation of wholesale service providers and resellers. The quality and flexibility of our software and our industry knowledge have been recognised through Hansen's selection by Cable & Wireless to provide billing systems for its 'brand in a box' concept, which enables resellers to capitalise on the strength of their brand through offering extended telecommunications services.

Our European strategy received a further boost in July 2006 when Tesco Stores, the UK's largest retailer which also operates in 11 countries across Europe and Asia, chose Hansen as a strategic partner in the development of its telecommunications services. Under this three year agreement, we will provide a fully integrated and hosted managed service based on HUB, and our revenue will increase in line with Tesco's subscribers.

These new agreements, together with our major contract with Scottish Power, establish our position in the UK billing systems market, opening up further opportunities both there and in Europe. To take full advantage of them, we are strengthening the management and operations team in our London office.

Hansen also has substantial opportunities in the Australian energy market. Deregulation is ongoing, structural change is occurring, and the introduction of automated and advanced interval meters will require new mission-critical systems.

We have continued to invest in research and development to ensure HUB remains at the forefront of technology. Capitalised expenditure, however, reduced by \$1 million to \$3 million for the year to 30 June 2006 as the previous investment begins to generate return.

Our IT outsourcing and facilities management business, Hansen Professional Services, continues to provide a consistent revenue base. During the year, Hansen Professional Services added new services to our outsourcing activities with a positive market response. We also renewed for three years our long-standing contract to provide managed services to Combined Financial Processing, a major provider of IT services to Australian credit unions.

Hansen's third business market is the CLASSIC superannuation administration system, which we developed for the superannuation fund Vision Super. The product continues to evolve to cater for changes in the industry, and revenue is growing strongly from a low base.

In August 2006, as part of our strategy to divest non-core businesses, we sold the distribution and support rights to our proprietary AssetLife software.

Based off a positive first quarter's performance we are confident of delivering an improved performance in the first half of this year compared with the corresponding period last year. However the nature of our software delivery business is such that delays in projects starting or being delivered can have a substantial impact on any one particular periods financial performance. As we get closer to the end of the first half and our new and existing major project positions become more defined we will issue profit forecast announcements to the ASX accordingly. I would like to acknowledge the high level of professional commitment shown by our staff in the transformation of our business. I am convinced we are on the right path and can assure you we have very exciting opportunities ahead.

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The achievements over the past three years in transforming our business have been considerable. We are generating a return from our investment in HUB and we are now established in the international market arena. I believe we have the products the markets want and we have the people to deliver them. The future promises to be exciting as we focus on our objective of sustainable profitable growth.

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About Hansen

Hansen Technologies Limited is a leading provider of proprietary billing solutions and IT outsourcing services, with customers around the world. Its flagship HUB billing software has applications across the telecommunication, electricity, gas and water industries. Hansen also provides facilities managed and outsourcing services from its purpose-built data centres in Melbourne and Sydney. Founded in 1971, Hansen has offices in Australia, the United Kingdom and the United States

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