

**HANSEN TECHNOLOGIES LTD  
ABN 90 090 996 455  
AND CONTROLLED ENTITIES**

**FINANCIAL INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2005  
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A**

**Appendix 4E Preliminary Final Report**

Name of entity

Hansen Technologies Limited and its controlled entities

ABN: 90 090 996 455

**1. Reporting period**

Report for the financial year ended 30 June 2005

Previous corresponding period is  
the financial year ended 30 June 2004**2. Results for announcement to the market**

	Current Period	Previous corresponding period	Amount Increase/ (decrease)	% Change Increase/ (decrease)
Total Revenues	53,786	53,197	589	1.1%
Profit (loss) from ordinary activities after tax attributable to members	(3,436)	651	(4,087)	N/A
Net profit (loss) for the period attributable to members	(3,438)	618	(4,056)	N/A

<b>Dividends</b>	Amount per security	Franked amount per security
Interim dividend	1.0¢	0.12¢
Final dividend	0¢	0¢
Record date for determining entitlements to the dividend	N/A	
Please refer to the attached Preliminary Financial Report for the year ended 30 June 2005 and the attached press release dated 1 September for further explanation of the above figures.		

**3. Statement of Financial Performance**

Refer to the attached preliminary financial report

**4. Statement of Financial Position**

Refer to the attached preliminary financial report

**5. Statement of Cash Flows**

Refer to the attached preliminary financial report

**6. Dividends**

	<b>Date of payment</b>	<b>Total amount of dividend</b>
Interim dividend – year ended 30 June 2005	18 <sup>th</sup> March, 2005	\$1,142,790
Final dividend – year ended 30 June 2005	Not Applicable	\$0

**Amount per security**

	<b>Amount per security</b>	<b>Franked amount per security at 30% tax</b>	<b>Amount per security of foreign sourced dividend</b>
<b>Total dividend:</b> Current year	1¢	0.12¢	N/A
Previous year	1¢	1¢	N/A

**Total dividend on all securities**

	<b>Current period \$A'000</b>	<b>Previous corresponding Period - \$A'000</b>
Ordinary securities	1,143	1,120
<b>Total</b>	<b>1,143</b>	<b>1,120</b>

**8. Statement of retained earnings**

Refer to Note 17 of the attached preliminary financial report

**9. Net tangible assets per security**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	3.8 cents	5.0 cents

**10. Details of entities over which control has been gained or lost during the period:**

There has been no change in the entities controlled within the consolidated group during the reporting period.

**12. Significant information relating to the entity's financial performance and financial position.**

There is a potential material impact on the Group's results that may arise with the adoption in the coming year of the Australian equivalent of the International Financial Reporting Standards (IFRS) in respect of;

- The removal of the requirement to amortise Goodwill. (The current year's results include an amortisation expense for Goodwill of \$1.059 million).
- Share based payments to executives and other employees.

In June 2005 the Directors determined to restrict its pro-active energy industry marketing activities in the USA. In light of this decision and in compliance with the requirements of the Australian and International Accounting Standards the carrying value of Goodwill on Consolidation for Hansen's USA business has been reassessed. As a result the Fiscal 2005 results will include a one-off write-down for Goodwill on Consolidation of approximately AUD 3.6 million. This adjustment is an accounting book entry only and has no cash related consequence.

**13. The financial information provided in the Appendix 4E is based on the preliminary financial report (attached), which has been prepared in accordance with Australian accounting standards**

**14. Commentary on the results for the period.**

Please see attached for the ASX Release entitled "A period of consolidation and product development" dated 1 September 2005.
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**15. Audit of the financial report**

The financial report is in the process of being audited.

**16. The audit has not yet been completed**

The financial report is not likely to be the subject of dispute or qualification.

**Statements of financial performance  
For the year ended 30 June 2005**

		<b>Consolidated</b>	
		<b>2005</b>	<b>2004</b>
<b>Note</b>		<b>\$'000</b>	<b>\$'000</b>
	Revenue from rendering of services	51,840	50,191
	Other revenues from ordinary activities	1,946	3,006
	<b>Total revenue</b>	<b>53,786</b>	<b>53,197</b>
	Employee expenses	(30,797)	(27,763)
	Depreciation and amortisation expenses	(5,967)	(5,741)
	Write-down in carrying value of non-current assets	(3,640)	(221)
	Borrowing costs	(281)	(169)
	Operating lease rental expenses	(4,954)	(5,145)
	Contractor and consultant expenses	(1,865)	(1,734)
	Software licence expenses	(719)	(451)
	Hardware and software expenses	(4,409)	(2,310)
	Transportation expenses	(586)	(745)
	Travel expenses	(1,183)	(1,289)
	Data communication expenses	(3,099)	(2,967)
	Legal, settlement and liquidation costs	(40)	(971)
	Other expenses from ordinary activities	(898)	(3,524)
	<b>Profit / (loss) from ordinary activities before related income tax expense</b>	<b>(4,652)</b>	<b>166</b>
	Income tax credit relating to ordinary activities	1,216	485
	<b>Net profit / (loss) attributable to members of the parent entity</b>	<b>(3,436)</b>	<b>651</b>
	Net exchange difference relating to self-sustaining foreign operations	(2)	(33)
	<b>Total valuation adjustments attributable to members of the entity and recognised directly in equity</b>	<b>(3,438)</b>	<b>618</b>
	Basic earnings / (loss) per share	(\$0.030)	\$0.006
	Diluted earnings / (loss) per share	(\$0.030)	\$0.006

**Statements of financial position  
As at 30 June 2005**

		<b>Consolidated</b>		
		<b>2005</b>	<b>2004</b>	
<b>Note</b>		<b>\$'000</b>	<b>\$'000</b>	
<b>Current assets</b>				
	Cash assets	6	887	3,623
	Receivables	7	5,471	5,275
	Other	8	2,763	1,817
	<b>Total current assets</b>		9,121	10,715
<b>Non-current assets</b>				
	Receivables	7	893	1,179
	Plant and equipment	9	6,746	6,819
	Intangible assets	10	20,429	23,147
	Deferred tax assets		5,011	3,054
	Other	8	35	155
	<b>Total non-current assets</b>		33,114	34,354
	<b>Total assets</b>		42,235	45,069
<b>Current liabilities</b>				
	Payables	11	4,671	4,943
	Interest-bearing liabilities	12	962	556
	Current tax liabilities		0	51
	Provisions	13	4,247	4,013
	Other	14	3,160	3,438
	<b>Total current liabilities</b>		13,039	13,001
<b>Non-current liabilities</b>				
	Payables	11	0	300
	Interest-bearing liabilities	12	1,177	893
	Deferred tax liabilities		2,699	1,947
	Provisions	13	621	153
	<b>Total non-current liabilities</b>		4,497	3,293
	<b>Total liabilities</b>		17,536	16,294
	<b>Net assets</b>		24,699	28,775
<b>Equity</b>				
	Contributed equity	15	43,452	96,158
	Foreign Currency Translation Reserve	16	(480)	(478)
	Accumulated losses	17	(18,273)	(66,905)
	<b>Total equity</b>	18	24,699	28,775

**Statements of cash flows**  
**For the year ended 30 June 2005**

**Cash flows from operating activities**

Cash receipts in the course of operations  
Cash payments in the course of operations  
Interest received  
Borrowing costs paid  
Income taxes (paid)/refund

**Net cash provided by/(used in) operating activities**

**Cash flows from investing activities**

Payments for plant and equipment  
Proceeds from sale of plant and equipment  
Proceeds from sale of intellectual property  
Payments for controlled entities (net of cash acquired)  
Payment for resolution of legal dispute  
Payments for capitalised research and development

**Net cash provided by/(used in) investing activities**

**Cash flows from financing activities**

Dividends:  
Dividends paid  
Proceeds from dividend reinvestment through issue of shares  
Issue of shares under employee share plan  
Financing made under lease arrangement  
Proceeds from borrowings  
Finance and hire purchase lease payments

**Net cash provided by/(used in) financing activities**

**Net increase/(decrease) in cash held**

**Cash at the beginning of the financial year**

**Cash at the end of the reporting period**

Note	Consolidated	
	2005	2004
	\$'000	\$'000
	50,889	54,536
	(46,480)	(51,568)
	175	201
	(502)	(169)
	(41)	116
	4,041	3,115
	(2,921)	(1,308)
	19	85
	558	0
	(223)	(628)
	(300)	(525)
	(3,933)	(2,000)
	(6,800)	(4,376)
	(2,263)	0
	1,471	0
	154	72
	0	(676)
	1,480	1,334
	(819)	(509)
	23	222
	(2,736)	(1,040)
	3,623	4,663
	887	3,623

**Notes to the financial statements  
For the year ended 30 June 2005**

**1 Statement of significant accounting policies**

The significant policies which have been adopted in the preparation of this financial report are:

**(a) Basis of preparation**

The financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Hansen Technologies Ltd and controlled entities as a consolidated entity. Hansen Technologies is a company limited by shares, incorporated and domiciled in Australia.

It has been prepared on an accruals basis and is based on historical costs, and does not take into account changing money values or, except where stated, current valuations of non current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

**(b) Principles of consolidation**

***Controlled entities***

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

***Transactions eliminated on consolidation***

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

**(c) Revenue recognition**

Revenues have been measured at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

***Rendering of services***

Revenue for rendering of services is recognised in proportion to the stage of completion of the contract when the stage of contract completion can be reliably measured.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is only recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

A deferred income liability is recognised upon receipt of payment for maintenance and enhancement contracts.

Revenue is then recognised and brought to account over the time as it is earned.

***Interest revenue***

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

***Sale of non-current assets***

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

**(d) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(e) Foreign currency**

***Transactions***

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change, except where amounts payable or receivable in foreign currency form part of a net investment in a self-sustaining foreign operation. In this case, the exchange difference, together with any related income tax expense / revenue, is transferred to the foreign currency translation reserve on consolidation.

***Translation of controlled foreign entities***

The assets and liabilities of controlled foreign entities that are self-sustaining are translated at the rates of exchange ruling at reporting date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal, or partial disposal, of the operations.

The assets and liabilities of foreign controlled entities that are integrated are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at reporting date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is transferred to retained profits or accumulated losses in the year of disposal.

The accounting policy will be impacted on first time adoption of AIFRS.

**(f) Borrowing costs**

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

**(g) Taxation**

The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt, or if relating to tax losses when realisation is virtually certain.

The accounting policy will be impacted on first time adoption of AIFRS.

***Tax Consolidation***

Hansen Technologies Limited and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2002. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. All entities in the tax-consolidated group have adopted UIG 52 to account for the effects of the tax funding agreement under the tax consolidation system. 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;
- all expenses and revenues arising under the tax funding agreement are recognised as a component of income tax expense or income tax revenue by each individual entity;
- all assets and liabilities arising under the tax funding agreement are recognised as tax-related amounts receivable from or payable to other entities in the group, rather than as tax assets or tax liabilities.

The 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. At balance date, the possibility of default is remote. The parent entity of the tax-consolidated group is Hansen Technologies Limited.

**(h) Earnings per share**

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares.

**(i) Acquisition of assets**

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Acquired in-process research and development is only recognised as a separate asset when future benefits are expected beyond any reasonable doubt to be recoverable.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of the fair value.

Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received or otherwise expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the consolidated entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions. The unwinding of the discount is treated as interest expense.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, that are probable and can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

***Research and development costs***

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred.

***Subsequent additional costs***

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years, otherwise, expensed as incurred.

**(j) Receivables**

The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

**(k) Investments**

***Controlled entities***

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Refer to note 1(n).

**(l) Leased assets**

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

***Finance leases***

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

***Operating leases***

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

**(m) Goodwill**

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired.

The accounting policy will be impacted on first time adoption of AIFRS.

**(n) Recoverable amount of non-current assets valued on cost basis**

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets, the relevant cash flows have been discounted to their present value.

The accounting policy will be impacted on first time adoption of AIFRS.

**(o) Depreciation and amortisation**

**Useful lives**

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line (SL) and diminishing value (DV) methods over their estimated useful lives, taking into account estimated residual values, with the exception of finance lease assets which are amortised over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that it is included in the carrying amount of another asset as an allocation of production overheads.

The depreciation / amortisation rates or useful lives used for each class of asset are as follows:

	Method	2005	2004
Plant and equipment			
Plant and equipment	SL / DV	9% to 40%	9% to 40%
Leased plant and equipment	SL / DV	9% to 40%	9% to 40%
Intangibles			
Goodwill	SL	20 years	20 years
Other non-current assets			
Research and development costs	SL	5 years	5 years
Intellectual property	SL	3 years	3 years

**(p) Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

**(q) Interest bearing liabilities**

Lease and hire purchase liabilities are recognised at their principal amount.

**(r) Employee benefits**

**Wages, salaries and annual leave**

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year-end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs.

**Long service leave**

The provision for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

### **Employee Share and Option Plans**

An Employee Share Plan is available, which at the discretion of the Directors allows for employees to acquire ordinary shares in The Company from time to time.

An Employee Share Option Plan exists through which the Board may issue options to employees of The Company and its subsidiaries.

The accounting policy will be impacted on first time adoption of AIFRS.

### **(s) Provisions**

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, being risk free rates on government bonds most closely matching the expected future payments, except where noted below.

In the statement of financial performance, the expense recognised in respect of a provision is presented net of the recovery. In the statement of financial position, the provision is recognised net of the recovery receivable only when the entity:

- has a legally recognised right to set-off the recovery receivable and the provision, and
- intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

### **Surplus leased premises**

Provision is made for non-cancellable operating lease rentals payable on surplus leased premises when it is determined that no substantive future benefit will be obtained from its occupancy and the sub-lease rental income derived is less than the lease cost.

The estimate is calculated based on discounted net future cash flows, using the interest rate implicit in the lease or an estimate thereof.

Note	Consolidated	
	2005	2004
	\$'000	\$'000

## **2 Revenue from ordinary activities**

<b>Rendering of services revenue from operating activities</b>	51,840	50,191
<b>Other revenues:</b>		
<i>From operating activities</i>		
Net foreign exchange gains/(losses)	(316)	48
Interest – other parties	175	201
Other income	1,510	2,339
Sale of Intellectual Property	558	333
<i>From outside operating activities</i>		
Gross proceeds from sale of non-current assets	19	85
Total other revenues	1,946	3,006
<b>Total revenue from ordinary activities</b>	<b>53,786</b>	<b>53,197</b>

		<b>Consolidated</b>	
		<b>2005</b>	<b>2004</b>
<b>Note</b>		<b>\$'000</b>	<b>\$'000</b>
<b>3</b>	<b>Profit / (loss) from ordinary activities before income tax expense</b>		
<b>(a)</b>	<b>Individually significant expenses / (revenues) included in profit / (loss) from ordinary activities before income tax expense:</b>		
	Write-off of Goodwill	3,603	0
	Sale of intellectual property	(558)	(333)
	Legal / Settlement costs	0	895
	Provision for surplus lease space	572	0
		3,617	562
<b>(b)</b>	<b>Profit / (loss) from ordinary activities before income tax expense has been arrived at after charging / (crediting) the following items:</b>		
	Depreciation of:		
	Plant and equipment	9	2,654
		2,654	2,601
	Amortisation of:		
	- Goodwill	10	1,059
	- Software research and development	10	1,930
	- Finance leased plant and equipment	9	304
		3,313	3,141
	Total depreciation and amortisation	5,967	5,741
	Borrowing costs:		
	Other parties		
	- finance charges on capitalised leases	171	143
	- bank overdraft	10	0
	- interest on deferred consideration	0	26
		181	169
	Net bad and doubtful debts expense including movements in provision for doubtful debts	(154)	(115)
	Net expense from movement in provision for employee entitlements	593	(14)
	Net (gain) / loss on disposal of non-current assets:		
	- Plant & equipment	18	36
	Operating lease rental expense:		
	- Minimum lease payments	4,954	5,145

Note	Consolidated	
	2005	2004
	\$'000	\$'000

#### 4 Taxation

##### (a) Income tax expense / (benefit)

Prima facie income tax expense / (benefit) calculated at 30% (2004: 30%) on the profit from ordinary activities	(1,396)	50
Increases in income tax expense due to:		
Amortisation of goodwill	315	315
Non deductible write off of goodwill on consolidation	1,081	0
Current year losses not brought to account	151	0
Non deductible expenditure	65	392
Decrease in income tax expense due to:		
Research and development allowances	(660)	(180)
Prior year under/(over) provision	(9)	0
Prior period R & D allowances not previously brought to account	(321)	0
Non assessable income	(82)	(29)
Income tax expense / (benefit) on the profit / (loss) from ordinary activities before individually significant income tax items	(856)	548
Individually significant income tax items:		
Tax losses and timing differences of controlled entities recognised as a future income tax benefit (net)	(360)	(1,211)
Tax losses and timing differences of controlled entities no longer carried forward as a future income tax benefit	0	294
	(1,216)	(369)
Income tax over provided in prior year	0	(116)
<b>Income tax expense/(benefit) attributable to profit / (loss) from ordinary activities</b>	<b>(1,216)</b>	<b>(485)</b>

#### 5 Earnings per share

##### Earnings reconciliation

<b>Basic earnings / (loss) - ordinary shares</b>	(3,436)	651
Adjustments	3	2
<b>Diluted earnings / (loss) - ordinary shares</b>	<b>(3,433)</b>	<b>653</b>

2005	2004
number	number

##### Weighted average number of shares used as the denominator

Number for basic earnings per share - ordinary shares	114,204,086	111,703,324
Number for diluted earnings per share - ordinary shares	115,494,086	112,363,324
Basic earnings / (loss) per share	(\$0.030)	\$0.006
Diluted earnings / (loss) per share	(\$0.030)	\$0.006

Note	Consolidated	
	2005	2004
	\$'000	\$'000
	879	3,249
	8	374
	<u>887</u>	<u>3,623</u>

## 6 Cash assets

Cash at bank and on hand  
Bank short term deposits

## 7 Receivables

### Current

Trade debtors  
Less: Provision for doubtful debts

Sundry debtors

### Non-current

Term debtor

The weighted average effective interest rate on the term debtor is 8.25% (2004: 8.25%) at 30 June 2005.

## 8 Other assets

### Current

Prepayments  
Accrued revenue

### Non-current

Accrued revenue

	4,087	4,293
	(24)	(59)
	<u>4,063</u>	<u>4,233</u>
	<u>1,408</u>	<u>1,042</u>
	<u>5,471</u>	<u>5,275</u>
	893	1,179
	<u>893</u>	<u>1,179</u>
	1,110	1,204
	1,653	613
	<u>2,763</u>	<u>1,817</u>
	35	155
	<u>35</u>	<u>155</u>

Note	Consolidated	
	2005	2004
	\$'000	\$'000

## 9 Plant and equipment

Plant and equipment, at cost	20,766	27,027
<i>Accumulated depreciation</i>	(15,088)	(20,246)
	<u>5,678</u>	<u>6,781</u>
Finance leased plant and equipment, at cost	3,762	297
<i>Accumulated amortisation</i>	(2,694)	(259)
	<u>1,068</u>	<u>38</u>
Total plant and equipment at net book value	<u>6,746</u>	<u>6,819</u>

### Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

#### *Plant and equipment*

Carrying amount at beginning of year	6,781	8,213
Additions	1,609	1,308
Disposals	(37)	(120)
Depreciation	(2,654)	(2,601)
Foreign exchange adjustment	(21)	(19)
Carrying amount at end of year	<u>5,678</u>	<u>6,781</u>

#### *Finance leased plant and equipment*

Carrying amount at beginning of year	38	130
Additions	1,334	0
Disposals	0	0
Amortisation	(304)	(92)
Carrying amount at end of year	<u>1,068</u>	<u>38</u>

## 10 Intangible assets

Goodwill, at cost	18,479	23,005
<i>Accumulated amortisation</i>	(5,743)	(5,569)
	<u>12,736</u>	<u>17,436</u>
Software research and development, at cost	15,900	11,967
<i>Accumulated amortisation</i>	(8,207)	(6,256)
	<u>7,693</u>	<u>5,711</u>
Total intangible assets	<u>20,429</u>	<u>23,147</u>

In a release to the Australian Stock Exchange on 3 June 2005 the company announced its intention to concentrate its international growth strategies on the energy markets of Europe and Asia and as a result restricting its pro active marketing activities in the USA. In light of this decision and in compliance with the requirements of the Australian and International Accounting Standards the carrying value of Goodwill on Consolidation for Hansen's USA business was reassessed. As a result a one-off write-down of the written down value of the USA Goodwill on Consolidation of \$3.6 Million. has been charged against this fiscal years results. This adjustment is an accounting book entry only and has no cash related consequence.

Note	Consolidated	
	2005	2004
	\$'000	\$'000

### Reconciliation of goodwill at cost

Goodwill at cost at beginning of year	23,005	23,317
Increase/(Decrease) due to acquisition adjustments relating to previously acquired entities	0	(312)
Current year write down	(4,488)	0
Foreign exchange adjustment	(38)	0
Goodwill at cost at end of year	<u>18,479</u>	<u>23,005</u>

Accumulated amortisation at beginning of year	(5,569)	(4,450)
Current year charge	(1,059)	(1,118)
Current year write down	885	0
Accumulated amortisation at end of year	<u>(5,743)</u>	<u>(5,569)</u>

### Reconciliation of software research and development at cost

Software research and development at cost at beginning of year	11,967	9,967
Expenditure capitalised in current period	3,933	2,000
Current year write down	0	0
Accumulated amortisation prior to the software research and development write-down netted-off	0	0
Software research and development at cost at end of year	<u>15,900</u>	<u>11,967</u>

Accumulated amortisation at beginning of year	(6,256)	(4,326)
Current year charge	(1,950)	(1,930)
Accumulated amortisation prior to the software research and development write-down netted-off	0	0
	<u>(8,207)</u>	<u>(6,256)</u>

## 11 Payables

### Current

Trade creditors	2,188	1,746
Other creditors and accruals	2,483	3,178
Other related parties	0	19
	<u>4,671</u>	<u>4,943</u>

### Non-current

Other creditors and accruals	0	300
	<u>0</u>	<u>300</u>

## 12 Interest bearing liabilities

### Current

Hire purchase liability	363	299
Finance lease liability	599	257
	<u>962</u>	<u>556</u>

### Non-current

Hire purchase liability	395	500
Finance lease liability	782	393
	<u>1,177</u>	<u>893</u>

Note	Consolidated	
	2005	2004
	\$'000	\$'000

### 13 Provisions

#### Current

Employee benefits	3,910	3,446
Deferred consideration	0	223
Other	337	344
	<u>4,247</u>	<u>4,013</u>

#### Non-current

Employee benefits	282	153
Other	339	0
	<u>621</u>	<u>153</u>

#### Reconciliations

Reconciliations of the carrying amounts of each class of provision, except for the employee benefits provision, are set out below:

##### **Deferred consideration - current**

Carrying amount at beginning of year	223	669
Provisions made during the year	0	(123)
Payments made during the year	(223)	(628)
Transfer from non-current deferred consideration	0	301
Foreign exchange adjustment	0	4
Carrying amount at end of year	<u>0</u>	<u>223</u>

##### **Provision for restructuring**

Carrying amount at beginning of year	0	363
Provisions made during the year	0	0
Payments made during the year	0	(363)
Carrying amount at end of year	<u>0</u>	<u>0</u>

##### **Deferred consideration - non-current**

Carrying amount at beginning of year	0	301
Provisions made during the year	0	0
Payments made during the year	0	0
Transfer to current deferred consideration	0	(301)
Carrying amount at end of year	<u>0</u>	<u>0</u>

##### **Provisions other - current**

Carrying amount at beginning of year	344	660
Provisions made during the year - liquidation & occupancy costs	233	0
Adjustments made during the year	(158)	0
Payments made during the year	(81)	(316)
Carrying amount at end of year	<u>337</u>	<u>344</u>

##### **Provisions other - non-current**

Carrying amount at beginning of year	0	0
Provisions made during the year - occupancy costs	339	0
Adjustments made during the year	0	0
Payments made during the year	0	0
Carrying amount at end of year	<u>339</u>	<u>0</u>

Note	Consolidated	
	2005	2004
	\$'000	\$'000

#### 14 Other liabilities

##### Current

Deferred income

3,160 3,438

3,160 3,438

#### 15 Contributed equity

##### Share capital

116,426,968 (2004: 112,014,565) ordinary shares, fully paid

43,452 96,158

##### Movements during the year

Balance at beginning of year

96,158 95,752

(2004: 212,314 shares issued to settle liability arising from purchase of intellectual property)

0 333

2,264,426 shares issued under Dividend Reinvestment Plan (2004: Nil)

736 0

1,579,563 shares issued under Dividend Reinvestment Plan (2004: Nil)

742 0

568,414 shares issued under Employee Share Plan (2004: 350,960 shares issued under Employee Share Plan)

154 73

Capital Reduction \*

(54,331) 0

Transaction costs on issue of shares

(7) (2)

Balance at end of year

43,452 96,158

\* In accordance with a resolution of shareholders the Company's contributed equity (issued and paid up share capital) was reduced by \$54.331 million with a corresponding amount off set against the Company's accumulated losses.

#### 16 Reserves

Foreign currency translation

(480) (478)

##### Movement in foreign currency translation reserve during the year

Balance at beginning of year

(478) (444)

Net translation adjustment

(2) (33)

Balance at end of year

(480) (478)

##### Nature and purpose of reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations. Refer to accounting policy Note 1(e).

#### 17 Retained profits / (accumulated losses)

Retained profits / (accumulated losses) at beginning of year

(66,905) (67,556)

Capital Reduction

15 54,331 0

Dividends Paid

(2,263) 0

Net profit / (loss) attributable to members of the parent entity

(3,436) 651

Accumulated losses at end of year

(18,273) (66,905)

Note	Consolidated	
	2005	2004
	\$'000	\$'000

### 18 Total equity reconciliation

Total equity at beginning of year	28,775	27,752
Total changes in parent entity interest in equity recognised in statement of financial performance	(3,439)	618
Transaction with owners as owners:	0	0
Contribution of equity	1,625	405
Dividends Paid	(2,263)	0
Total equity at end of year	<u>24,699</u>	<u>28,775</u>

### 19 Dividends

#### 2005

On the 26 August 2004 the directors declared, out of the profits to 30 June 2004, a final dividend of 1 cent per share fully franked, payable on 23 September 2004 to shareholders on the register at 9 September 2004. Also on the 17th February 2005 the directors declared an interim dividend of 1 cent per share partially franked to 0.12 cents (12%) per share. There was no interim Dividend in the 2003/04.

#### 2004

No dividends were paid or declared in the 2003/04 year.

## 20 Segment Reporting

	Billing		IT Outsourcing		Other		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>								
External segment revenue	25,330	24,427	22,988	22,432	4,080	3,332	52,398	50,191
Other unallocated revenue							1,388	3,005
<b>Total revenue</b>							<b>53,786</b>	<b>53,197</b>
<b>Result</b>								
Segment result	(1,138)	2,604	1,938	2,708	1,322	2,331	2,122	7,643
Unallocated corporate expenses							(6,773)	(7,477)
Profit / (loss) from ordinary activities before income tax							(4,652)	166
Income tax (expense) / benefit							1,216	485
<b>Net profit / (loss)</b>							<b>(3,436)</b>	<b>651</b>
Depreciation and amortisation	2,834	2,914	1,876	1,605	58	22	4,769	4,541
Depreciation and amortisation - unallocated							1,199	1,200
							<b>5,967</b>	<b>5,741</b>
Segment result is inclusive of some individually significant items.								
<b>Individually significant segment items</b>								
Write Off of Goodwill	(3,604)	0	0	0	0	0	(3,604)	0
Legal / Settlement costs	0	(895)	0	0	0	0	0	(895)
Provision for surplus lease space	0	0	572	0	0	0	572	0
Sale of intellectual property (Other Unallocated Revenue)	0	0	0	0	0	0	558	333
<b>Assets</b>								
Segment assets	19,458	20,784	8,274	9,549	1,064	974	28,796	31,307
Unallocated corporate assets							13,439	13,762
<b>Consolidated total assets</b>							<b>42,235</b>	<b>45,069</b>
<b>Liabilities</b>								
Segment liabilities	8,261	7,086	7,134	6,996	882	685	16,278	14,767
Unallocated corporate liabilities							1,258	1,527
<b>Consolidated total liabilities</b>							<b>17,536</b>	<b>16,294</b>
<b>Acquisition of non-current assets</b>	1,553	1,003	1,325	260	43	44	2,921	1,308



1 September 2005

## A period of consolidation and product development

Hansen Technologies Limited (ASX:HSN), today announces that the previously advised slow down in growth in the second half of the fiscal year restricted operating revenue growth to 3% year on year. During the second half of the year the company undertook considerable development of the next generation of its proprietary HUB billing software to extend the solution offering to Australian and international energy industry customers. Although this development activity opened up new international market opportunities it had the affect of limiting the short term margin generation of the business and as a result the Group's pre write-down, Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$5.3 million was \$0.6 million lower than for 2003/4.

In June 2005 Hansen announced its intention to restrict its USA energy industry marketing activities and as a consequence a \$3.6 million non cash related write-off of goodwill was foreshadowed. The resulting after tax loss was \$3.4 million compared with a profit in 2003/4 of \$0.6 million. In light of this result the Directors have decided not to declare a final dividend.

Revenue from Hansen's core proprietary utilities billing software, HUB, continues to grow. During the year an investment was made into rolling out HUB to the international market. The margin from the initial international projects was less than we would normally target but reflects the investment necessary to establish HUB as a core system for these key customers and to secure longer term profitable relationships. Also during the year we concentrated our energies on the implementation of the latest version of HUB. The increasing size and complexity of the new projects have resulted in a short-term impact on profit, but they represented the catalyst for enhancements to our processes and procedures which will deliver a stronger more sustainable base upon which to grow.

Mr Andrew Hansen, Managing Director, said: "The second half of this year has been a period of consolidation for the Group. The reduced operating result was disappointing but there have been a number of positive developments which position the company well for the future;

- We have continued to grow our HUB Revenue while also enhancing the product technically and extending the functional areas which it can service within the energy industry.

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- We have been successful in delivering our HUB Billing software into the Japanese and European energy markets.
- Our outsourcing business continues to provide an alternate platform for HUB as well as a stable platform for business growth, development of annuity revenue streams and the opportunity to offer to all customers a full IT service capability.
- The expansion of our involvement in superannuation administration software and asset management solutions is an encouraging development.
- We are beginning to see the re-emergence of some telecommunications opportunities.”

<b>Results for the year to 30 June</b>	<b>2005 \$A million</b>	<b>2004 \$A million</b>
Operating revenue	51.8	50.2
Other revenue	2.0	3.0
Total revenue	53.8	53.2
EBITDA - pre write-down	5.2	5.9
Depreciation and amortisation	(5.0)	(4.7)
EBITA – pre write-down	0.2	1.2
Goodwill amortisation	(1.0)	(1.0)
EBIT – pre-write down	(0.8)	0.2
Net interest income/(expense)	(0.2)	0.0
Profit before tax – pre write-down	(1.0)	0.2
Write-down – USA Goodwill	(3.6)	0.0
Income Tax credit	1.2	0.4
Net profit	(3.4)	0.6

## **Billing systems**

We continue to be strongly focused on:

- consolidating our strong market position in Australia; and
- achieving controlled expansion into deregulating utility markets internationally.

The outlook within the Australian energy markets is strong and we are well positioned to maintain our leadership in this market space.

During the year Hansen, in conjunction with our Japanese distributor, Toshiba Solutions, developed and delivered the HUB billing solution for its first two customers in the Japanese electricity market. The Japanese electricity market is due to be deregulated over the next two years and further opportunities within this industry in Japan are expected to develop. Furthermore the gas utility market in Japan is in the process of deregulating and Hansen's Japanese adapted billing solution and positive market presence should position us well for opportunities in this market.

Our electricity billing project for Scottish Power in the United Kingdom is on track and additional energy industry opportunities in Europe are emerging.

As previously advised, due to increasing opportunities in Asia and Europe, Hansen decided to restrict its pro-active energy industry marketing activities in the USA. We continue to maintain our product delivery and customer support capability in the USA as well as a capacity to respond to market driven opportunities.

## **Outsourcing**

All major contracts re-tendered during the year were renewed.

Hansen's outsourcing presence in Victoria and New South Wales continues to provide a platform for expansion of the HubFM facilities managed utility billing option and also allows Hansen to offer a full turn key services solution.

## **Other Software Revenue**

Earlier this week Hansen announced the expansion of our services activities in the superannuation industry with the signing of two significant agreements to provide the CLASSIC superannuation administration software to Vision Super and Future Plus Financial Services. We are optimistic that CLASSIC will become a popular solution for superannuation administrators of accumulation and defined benefit funds.

Hansen's proprietary whole of life asset management software product, ASSET LIFE, which has been traditionally marketed towards urban and rural water authorities, is emerging as a genuine offering for major infrastructure management in local government and the construction industry in general.

### **Outlook**

Mr Hansen said: "I remain confident in the direction our company is heading. Our focus is unchanged. The results for the second half of this year were not as positive as I would have liked but we have been successful in achieving strong progress in the evolution of our proprietary billing systems and have expanded considerably the solutions we can deliver to energy industry customers. We have made strong inroads into the energy billing markets in Japan and Europe whilst maintaining our leadership position in Australia.

The marketing activities over the past year and the enhancements to the software offering have positioned Hansen to benefit from the growing international trend towards deregulation of the energy markets.

Our outsourcing services business provides the solid foundation for the full service nature of our software business. The opportunities for our other software products are growing. I am especially excited about the opportunities for CLASSIC within the superannuation industry.

I expect the first half of Fiscal 2006 to be a continuation of the consolidation of our business. Major new opportunities are being developed which should deliver a solid performance in the second half."

*#ends#*

### **About Hansen**

Hansen Technologies Limited is a leading provider of proprietary billing solutions and IT outsourcing services. Its flagship HUB billing software has application across the Telecommunication, Electricity, Gas and Water industries. HUB is increasingly providing the solution to the needs of energy companies as the push towards utility market deregulation expands. Hansen also provide facilities managed and outsourcing services from its purpose-built data centres located in Melbourne and Sydney. Founded in 1971, Hansen has offices in Australia, the United Kingdom and the United States.

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