

The Board.



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The primary role of the Board of Directors is to provide effective governance over the performance and affairs of the Hansen Technologies Group. In carrying out its responsibilities, the Board undertakes to serve the interest of shareholders, employees, customers and the broader community honestly, fairly, diligently and in accordance with applicable laws.

Duties and Responsibilities

The specific functions established and reserved for the Board are:
Providing strategic direction and approving corporate strategies.

- Selecting and appointing the Chief Executive, determining conditions of service and monitoring performance against established objectives. If necessary removing the CEO from office.
- Monitoring financial performance against budgeted objectives.
- Ensuring adequate risk management controls and reporting mechanisms are maintained.
- Approving and monitoring progress of major capital expenditure, capital management, acquisitions and divestments.
- Ensuring that continuous disclosure requirements are met.

Ensuring responsible corporate governance is understood and observed at Management, Executive, and Board level.

The Board shall have full and free access to Executives and other employees of the Group. Collectively or individually, the Board may take independent advice considered necessary to fulfil their relevant duties and responsibilities at the Group's expense. Individual Board members seeking such advice must obtain the approval of the Chairman, which will not be unreasonably withheld, and the advice will be made available to all Board members as appropriate.

Delegation of Responsibility

The Board has delegated to the Chief Executive Officer the authority and responsibility for implementing the Group's strategic direction and overseeing the everyday affairs of the Hansen Group. The Chief Executive Officer's specific responsibilities include ensuring business activities are in accordance with the Group's overall business strategy, ensuring the Group conducts its affairs within the law and the principles outlined in Hansen's Corporate Governance policies, keeping the Board informed of all major developments and approving expenditure, and setting remuneration levels of personnel within the normal course of business. The Chief Executive consults with the Chairman of the Board and respective Committees on matters that are sensitive, extraordinary, or of a strategic nature. Through the Chief Executive Officer, the Board has delegated authority and responsibility to other Executives and Management for their respective business functions.

Meetings

The Board will meet as often as deemed necessary by the Directors in order to fulfil their duties and responsibilities as Directors, and as dictated by the needs of the business. As a matter of practice the Board schedules to meet once each month.

Composition

The Board determines the Board's size and composition, subject to limits imposed by the Group's Constitution. The Constitution determines the basis for the election and appointment of Directors and specifies a minimum of three Directors and a maximum of ten. Currently, the Board comprises the Chairman, David Trude, four other Non-Executive Directors, and one Executive Director, the CEO Andrew Hansen. The skills, tenure of office, experience and expertise relevant to the position of Director held by each Director is detailed in the Annual Report.

Independence

The Board's definition of an independent Director is one who is unaffiliated with the Executive and free from any business, significant shareholding, or other relationship that could materially interfere with the exercise of independent judgement. The Board currently has three independent Directors, David Trude, Bruce Adams and Phillip James.

The former Chairman of the Board, Kenneth Hansen, is the original Founder of the Company and currently its majority shareholder. As a result he is not considered an independent Director. On 18 August 2011 the Board accepted Kenneth Hansen's request to step down as Chairman, and appointed David Trude as Chairman with immediate effect. David Trude is by definition an independent Director.

With the appointment of David Trude as a Director on 2 May 2011, the number of independent Directors on the Board increased to 3, representing 50% of the Board's total membership. The introduction of the additional independent Director, David Trude, is consistent with the Board's previously stated intention to strive for a majority of independent Directors, while continuing to seek new Directors that possess relevant skills and experience specific to the industries in which our Company operates.

Where potential for conflict is identified, the Board appoints a Sub-Committee specifically structured, authorised and tasked to determine the appropriate actions or responses so as to eliminate any potential for conflicts.

Performance

Board members may periodically review and evaluate the Board's performance and that of the Board Committees. Given the limited size of the Board and its Committees, an annual formal review is not deemed warranted. However, there is an ongoing and constant provision for each Director to contribute judgments and observations at any time.

The performance evaluation process is as follows:

- Each Director, as they see fit, will periodically evaluate the effectiveness of the Board and its Committees and submit observations to the Chairman.
- The Chairman of the Board will make a presentation incorporating his assessment of such observations to enable the Board to assess and, if necessary, take action.
- The Board will agree and develop actions that may be required to improve performance.
- Outcomes and actions will be minuted.
- The Chairman will assess the progress of the actions to be achieved.

This process aims to ensure that individual Directors have an unlimited opportunity to assess and comment on the performance of the Board and its Committees with the objective of enhancing the Board's effectiveness in achieving its duties and responsibilities.

Periodically the Chairman may propose a formal performance evaluation review and he may commission a third party to assist in such a review if deemed desirable. No such formal review was conducted during this reporting period.

Committees

To assist it in carrying out its responsibilities, the Board has established two standing Committees comprising some or all of its members: the Audit Committee, and the Remuneration Committee.

Considering the level of operations of the Group and the current number of Board members, the appointment of a formal Nominations Committee is not deemed necessary. Nominations for positions on the Board are considered during a meeting with all Board members present.

Other Committees of the Board may be established to undertake specific tasks if deemed appropriate.

Audit Committee

Membership

The Audit Committee was formed in May 2000. The members are appointed by the Board of Directors and shall preferably comprise three Directors that have diverse and complementary backgrounds with a majority of independent members. The Committee Chairman shall be independent, possess leadership experience and a sound finance or business background. All Committee members must be financially literate. Such qualification is interpreted by the Board in its business judgment. Furthermore, at least one member shall have accounting or related financial management expertise.

The members of the Committee as at 30 June 2011 were Non-Executive Directors, David Osborne, Phillip James, and the Chairman of the Committee Bruce Adams. Both the Chairman of the Committee, Bruce Adams and Phillip James are considered independent members of the Committee. The skills, tenure of office, experience and expertise relevant to the positions of the members of the Audit Committee is detailed in the Annual Report.

Meetings

The Committee shall meet as required, but no less than twice each year. The purpose of these meetings shall be to:

- Review and approve the half-year financial report.
- Review and approve the annual financial report.
- Review the external audit reports.
- Perform the general responsibilities of the Committee.

The Audit Committee met three times throughout the year ended 30 June 2011 and all members of the Audit Committee at the time were present at all meetings.

Purpose

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its Corporate Governance and oversight responsibilities in relation to the Group's financial

reporting, internal control structure, risk management systems, and external audit functions. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, external Auditors, and the Hansen Executive team. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Hansen Group. The Committee has the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

Duties and Responsibilities

The following shall be the principal duties and responsibilities of the Audit Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

Understanding the Business

The Committee shall ensure it understands the Group's structure, controls, and types of transactions in order to adequately assess the significant risks faced by the Group in the current economic environment.

Financial Reporting

The primary responsibility of the Audit Committee is to oversee the Group's financial reporting process on behalf of the Board and report the results of its activities to the Board. The external Auditors are responsible for auditing the Group's financial reports and for reviewing the Group's interim financial reports. The Board of Directors is ultimately responsible for the Group's financial reports including the appropriateness of the accounting policies and principles that are used by the Group.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to guide corporate philosophies for quality financial reporting, sound business risk practices, and ethical behaviour.

Assessment of Accounting, Financial and Internal Controls

The Committee shall discuss with the Senior Executives and the external Auditors, the adequacy and effectiveness of the accounting and financial controls, including the Group's policies and procedures to assess, monitor, and manage business risk, as well as legal and ethical compliance programs (including the Group's Code of Conduct). The Committee shall receive periodic reports from the external Auditor on the critical policies and practices of the Group, as well as compliance with generally accepted accounting principles.

Any opinion obtained from the external Auditors on the Group's choice of accounting policies or methods, should include an opinion on both appropriateness and acceptability of that choice or method. Periodically, the Committee shall meet separately with the Senior Executive and the external Auditors to discuss issues and concerns warranting Committee attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. The Committee shall provide sufficient opportunity for the external Auditors to meet privately with the members of the Committee. The Committee shall review with the external Auditor any audit observations and the Senior Executive's responses.

Appointment of External Auditors

The Committee shall be directly responsible for making recommendations to the Board of Directors on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the external Auditors, including resolution of disagreements between the Senior Executives and the Auditors regarding financial reporting. The Committee shall approve all audit and non-audit services provided by the external Auditors and shall not engage the external Auditors to perform any non-audit or assurance services that may impair the external Auditor's judgment or independence in respect of the Hansen Group.

Assessment of External Audit

The Committee, at least on an annual basis, shall meet and discuss with the external Auditors:

- Any material issues raised by any control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
- All relationships between the external Auditor and the
- Group (to assess the Auditor's independence).

Scope of External Audit

The Committee shall discuss with the external Auditors the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures. In addition, the Committee shall also review the external Auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.

Independence of External Auditors

The Committee shall review and assess the independence of the external Auditor, including but not limited to any relationships with the Group or any other entity that may impair, or appear to impair, the external Auditor's judgment or independence in respect of the Group. The Committee shall give clear direction in hiring policies for employees, or former employees, of the external Auditor in order to prevent the impairment or perceived impairment of the external Auditor's judgment or independence in respect of the Hansen Group. Furthermore, the Committee shall include in the Group's Annual Report, a statement that the Committee is satisfied the provision of non-audit services has not impacted the external Auditors independence.

Remuneration Committee

Membership

The Remuneration Committee currently consists of three Non-Executive Directors, David Osborne, Bruce Adams, and the Chairman Phillip James. Both the Chairman of the Committee, Phillip James and Bruce Adams are considered independent members of the Committee.

Meetings

The Committee will meet at least annually to assess annual remuneration changes, and will hold additional meetings where required. A performance evaluation of the CEO and Senior Executives was undertaken during the reporting period in accordance with this Remuneration Policy. The Remuneration Committee met one time during the financial year and all members of the Remuneration Committee at the time were present.

Purpose, Duties and Responsibilities

The responsibilities of the Committee are to:

- Advise on remuneration policies and practices generally.
- Provide specific recommendations on remuneration packages and other terms of employment for Executive Directors and Non-Executive Directors.
- Evaluate the performance of and determine an appropriate remuneration base and structure for the CEO in accordance with specified key performance indicators and budgeted financial performance expectations.
- Assess the reasonableness of and approve the remuneration proposals put forward by the CEO for the Executive team, including the performance objectives specified for each Executive.