Hansen Technologies Limited

ABN 90 090 996 455

Interim Financial Report

for the half-year ended 31 December 2018

Hansen Technologies Limited

Interim Financial Report for the half-year ended 31 December 2018

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Directors' Report

The Directors present their report together with the condensed half-year financial report of the consolidated entity ("the Group") consisting of Hansen Technologies Limited ("the Company") and its controlled entities for the six months ended 31 December 2018, and the Independent Auditor's Review Report thereon. This condensed half-year financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

Principal activities

The principal activities of the Group 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.

Directors

The names of the Directors in office at any time during the whole of the half-year and up to the date of this report are:

Mr David Trude (Chairperson)
Mr Andrew Hansen (CEO and Managing Director)
Mr Bruce Adams
Ms Jennifer Douglas
Mr David Howell
Ms Sarah Morgan
Mr David Osborne

Review of Operations

The Group's operating result for the half year to 31 December 2018 comprised of the following:

	6 months ended 31 Dec		
	31 Dec 2018 A$ millions	31 Dec 2017 A$ millions	Movement %
Operating revenue[1]	112.4	118.4	▼ 5.1%
Profit before tax	17.0	23.4	▼ 27.2%
Income tax expense	(4.1)	(5.4)	▼ 24.6%
Net profit after tax from continuing operations	12.9	18.0	▼ 28.0%
Basic earnings per share	6.6 cents	9.2 cents	▼ 28.7%

The Group's revenue for the half is somewhat higher than anticipated and is supported by broadly consistent recurring revenue.

Continued investment in Sales and Marketing has increased Hansen's profile in target markets and further reinforced our long-term customer relationships.

Investment in our global infrastructure and products has continued throughout the period ensuring our business remains scalable and appropriately poised for growth.

The Group has generated free cash flow of $10.1 million, which has been used to retire external debt of $4.7 million and fund dividends of $7.3 million (net of dividend reinvestments). With low levels of gearing and robust cash conversion, the Group balance sheet has strengthened from the prior half.

The Directors of Hansen have declared a consistent 3 cents per share interim dividend, fully franked.

Significant Changes in the State of Affairs

There have been no significant changes in the company's state of affairs during the half-year.

[1] On 1 July 2018, the Group adopted AASB 15 *Revenue from Contract with Customers* (AASB 15) for the first time. Prior half-year numbers have not been restated. Further details on the adoption of AASB 15 are described in Note 3 to the half-year financial report on page 12.

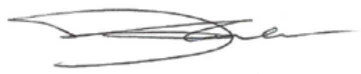
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

Rounding of Amounts to Nearest Thousand Dollars

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).

Signed in accordance with a resolution of the Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*:



David Trude

Director

Andrew Hansen

Director

Dated: 22 February 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Hansen Technologies Ltd and Controlled Entities for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 22 February 2019
Melbourne, Victoria

Condensed Consolidated Statement of Comprehensive Income

For the Half-Year Ended 31 December 2018

	Note	Dec-18 $'000	Dec-17 $'000
Operating revenue from contracts with customers	2, 3	112,436	118,430
Other income		1,492	959
Total revenue from contracts with customers and other income		**113,928**	**119,389**
Employee benefit expenses	5	(61,602)	(60,314)
Amortisation expense	4	(9,179)	(8,250)
Depreciation expense		(1,924)	(1,861)
Property and operating rental expenses		(4,741)	(4,870)
Contractor and consultant expenses		(2,770)	(4,155)
Software licence expenses		(1,090)	(1,145)
Hardware and software expenses		(5,232)	(4,648)
Travel expenses		(2,620)	(2,852)
Communication expenses		(1,880)	(1,696)
Professional expenses		(971)	(1,093)
Finance costs		(645)	(1,094)
Other expenses		(4,257)	(4,030)
Total expenses		**(96,911)**	**(96,008)**
Profit before income tax		**17,017**	**23,381**
Income tax expense		(4,068)	(5,395)
Net profit after tax		**12,949**	**17,986**
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		1,862	(3,183)
Other comprehensive income/(expense) for the half-year, net of tax		1,862	(3,183)
Total comprehensive income for the half-year		**14,811**	**14,803**
Basic earnings (cents) per share attributable to ordinary equity holders of the Company		6.6	9.2
Diluted earnings (cents) per share attributable to ordinary equity holders of the Company		6.5	9.2

The accompanying notes on pages 10 to 18 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2018

	Note	Dec-18 $'000	Jun-18 $'000
Current assets			
Cash and cash equivalents		22,170	23,245
Receivables		39,219	37,254
Other current assets		14,023	10,783
Total current assets		75,412	71,282
Non-current assets			
Plant, equipment & leasehold improvements		9,669	10,554
Intangible assets	4	241,300	243,440
Deferred tax assets		4,611	4,061
Other non-current assets		472	433
Total non-current assets		256,052	258,488
Total assets		**331,464**	**329,770**
Current liabilities			
Payables		14,149	16,492
Borrowings	6	151	112
Current tax payable		2,473	3,196
Provisions		13,731	13,181
Unearned revenue		20,947	22,914
Total current liabilities		51,451	55,895
Non-current liabilities			
Deferred tax liabilities		16,193	16,156
Borrowings	6	22,575	27,121
Provisions		700	675
Total non-current liabilities		39,468	43,952
Total liabilities		**90,919**	**99,847**
Net assets		**240,545**	**229,923**
Equity			
Share capital	8	137,846	136,896
Foreign currency translation reserve		18,599	16,739
Share-based payment reserve	5	3,851	3,102
Retained earnings		80,249	73,186
Total equity		**240,545**	**229,923**

The accompanying notes on pages 10 to 18 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2018

	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	-	-	1,984	1,984
Balance as at 1 July 2018 (restated)		**136,896**	**19,841**	**75,170**	**231,907**
Profit for the year		-	-	12,949	12,949
Movement in carrying amount of foreign entities due to currency translation		-	1,862	-	1,862
Total comprehensive income for the year		**-**	**1,862**	**12,949**	**14,811**
Transactions with owners in their capacity as owners:					
Employee share options exercised	8	399	-	-	399
Share-based payment expense – performance rights	5	-	484	-	484
Share-based payment expense – share options		-	263	-	263
Equity issued under dividend reinvestment plan	7, 8	551	-	-	551
Dividends declared	7	-	-	(7,870)	(7,870)
Total transactions with owners in their capacity as owners		**950**	**747**	**(7,870)**	**(6,173)**
Balance as at 31 December 2018		**137,846**	**22,450**	**80,249**	**240,545**

	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 half-year		-	-	17,986	17,986
Movement in carrying amount of foreign entities due to currency translation		-	(3,183)	-	(3,183)
Total comprehensive income for the half-year		**-**	**(3,183)**	**17,986**	**14,803**
Transactions with owners in their capacity as owners:					
Employee share options exercised		336	-	-	336
Share-based payment expense – performance rights		-	226	-	226
Share-based payment expense – share options		-	339	-	339
Shares issuance, net of transaction costs		49,228	-	-	49,228
Equity issued under dividend reinvestment plan	7, 8	699	-	-	699
Dividends declared	7	-	-	(5,874)	(5,874)
Total transactions with owners in their capacity as owners		**50,263**	**565**	**(5,874)**	**44,954**
Balance as at 31 December 2017		**135,613**	**7,550**	**68,210**	**211,373**

The accompanying notes on pages 10 to 18 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2018

	Note	Dec-18 $'000	Dec-17 $'000
Cash flows from operating activities			
Receipts from customers		121,445	129,693
Payments to suppliers and employees		(100,997)	(97,892)
Interest received		49	216
Finance costs		(645)	(1,094)
Transaction costs relating to acquisition of subsidiary		-	(678)
Income tax paid		(3,536)	(3,395)
Net cash from operating activities		**16,316**	**26,850**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		2	-
Payments for plant and equipment		(897)	(1,462)
Payments for business acquisitions, net of cash acquired		-	(64,992)
Payment for capitalised development costs	4	(5,272)	(4,858)
Net cash used in investing activities		**(6,167)**	**(71,312)**
Cash flows from financing activities			
Proceeds from options exercised	8	399	336
Proceeds from share issue		-	49,228
Dividends paid, net of dividend re-investment	7, 8	(7,319)	(5,175)
Proceeds from borrowings		-	46,362
Repayment of borrowings		(4,711)	(34,768)
Net cash (used in)/from financing activities		**(11,631)**	**55,983**
Net (decrease)/increase in cash and cash equivalents		**(1,482)**	**11,521**
Cash and cash equivalents at beginning of half-year		23,245	15,013
Effects of exchange rate changes on cash and cash equivalents		407	(2,188)
Cash and cash equivalents at end of the half-year		**22,170**	**24,346**

The accompanying notes on pages 10 to 18 form part of these condensed consolidated financial statements.

Notes to the Financial Statements
Half-Year Ended 31 December 2018

1. Basis of preparation

The condensed consolidated interim financial statements as at, and for, the half-year ended 31 December 2018 ("the half-year financial report") comprise of the financial statements of the consolidated Group, being Hansen Technologies Limited ("the Company") and its controlled entities. The Company is a company limited by shares, incorporated and domiciled in Australia.

The half-year financial report was authorised for issue by the Directors as at the date of the Directors' Report.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

(a) Basis of preparation of the half-year financial report

The half-year financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. It does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2018 and any public announcements made by the Company during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted in the Group's annual financial report for the year ended 30 June 2018, except for the adoption of the following new standards effective as of 1 July 2018:

- AASB 15 *Revenue from Contracts with Customers* (AASB 15)
- AASB 9 *Financial Instruments* (AASB 9)

Note 3 to the half-year financial report discloses and describes the impact from the adoption of AASB 15.

As previously disclosed in the Group's 30 June 2018 annual financial report, there are no material impacts arising from the Group's adoption of AASB 9.

Several other amendments and interpretations also apply to the Group for the first time from 1 July 2018, but do not have an impact on the half-year financial report of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

(b) Rounding amounts

The Group has applied the relief available under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and, accordingly the amounts in the half-year financial report and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases to the nearest dollar.

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[(1)]	Sale of billing applications and the provision of consulting services related to billing systems.

(1): Results in this segment that related to the call centre operations were previously reported as part of the Billing segment in the prior half-year financial report. Amounts have been reclassified for the comparative financial half-year period. The rationale for the reclassification is described in the Group's annual financial report for the year ended 30 June 2018.

(b) Segment information

6-months ended 31 Dec 2018	Note	Billing $'000	Other $'000	Total $'000
Segment revenue				
Total segment revenue	3	106,075	6,361	112,436
Revenue from external customers		**106,075**	**6,361**	**112,436**
Segment result				
Total segment result		19,831	559	20,390
Segment profit from core operations		**19,831**	**559**	**20,390**

6-months ended 31 Dec 2017	Note	Billing $'000	Other $'000	Total $'000
Segment revenue				
Total segment revenue	3	111,754	6,676	118,430
Revenue from external customers		**111,754**	**6,676**	**118,430**
Segment result				
Total segment result		25,083	854	25,937
Segment profit from core operations		**25,083**	**854**	**25,937**

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

	Dec-18 $'000	Dec-17 $'000
Segment profit from core operations	20,390	25,937
Interest revenue	49	216
Interest expense	(645)	(1,094)
Unallocated depreciation and amortisation	(1,181)	(387)
Other expense	(1,596)	(1,291)
Profit before income tax	**17,017**	**23,381**

2. Segment information continued

(ii) Segment assets and liabilities

Total segment assets	Billing $'000	Other $'000	Total $'000
31 December 2018	289,255	17,836	307,091
30 June 2018	283,781	20,466	304,247

Total segment liabilities	Billing $'000	Other $'000	Total $'000
31 December 2018	63,621	4,021	67,642
30 June 2018	66,251	5,121	71,372

3. Revenue

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.

(a) 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:

	AASB 15 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**

3. Revenue continued

(b) Disaggregation of revenue from contracts with customers

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

6-months ended 31 Dec 2018	Billing $'000	Other $'000	Total $'000
Types of goods and services			
Licence, support and maintenance	68,398	3,150	71,548
Services	36,813	3,046	39,859
Hardware and software sales	345	-	345
Other revenue	519	165	684
Total revenue from contracts with customers	**106,075**	**6,361**	**112,436**
Revenue by market vertical			
Utilities	73,369	3,133	76,502
Communications	32,706	-	32,706
Other	-	3,228	3,228
Total revenue from contracts with customers	**106,075**	**6,361**	**112,436**
Revenue by geographic segment*			
APAC	21,499	3,228	24,727
Americas	23,517	3,133	26,650
EMEA	61,059	-	61,059
Total revenue from contracts with customers	**106,075**	**6,361**	**112,436**
Timing of revenue recognition			
Goods and services transferred at a point in time	17,934	166	18,100
Services transferred over time	88,141	6,195	94,336
Total revenue from contracts with customers	**106,075**	**6,361**	**112,436**

3. Revenue continued

6-months ended 31 Dec 2017*	Billing $'000	Other $'000	Total $'000
Types of goods and services			
Licence, support and maintenance	72,222	2,599	74,821
Services	37,984	4,077	42,061
Hardware and software sales	933	-	933
Other revenue	615	-	615
Total revenue from contracts with customers	**111,754**	**6,676**	**118,430**
Revenue by market vertical			
Utilities	75,215	4,038	79,253
Communications	36,539	-	36,539
Other	-	2,638	2,638
Total revenue from contracts with customers	**111,754**	**6,676**	**118,430**
Revenue by geographic segment			
APAC	24,904	2,638	27,542
Americas	24,792	4,038	28,830
EMEA	62,058	-	62,058
Total revenue from contracts with customers	**111,754**	**6,676**	**118,430**
Timing of revenue recognition			
Goods and services transferred at a point in time	16,733	-	16,733
Services transferred over time	95,021	6,676	101,697
Total revenue from contracts with customers	**111,754**	**6,676**	**118,430**

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

(c) Revenue recognition accounting policies

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.

This has not changed on adoption of AASB 15.

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.

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.

3. Revenue continued

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 "software as a service" (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.

Prior to the adoption of AASB 15, most of the Group's licence fees were recognised evenly over the contractual period, irrespective of the nature of the licence that was provided to the customer. Therefore, for some of the Group's licences, this represents a change in accounting policy under AASB 15.

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. No changes to the recognition of support and maintenance services revenue was identified under AASB 15.

(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.

Prior to the adoption of AASB 15, services revenue was always treated separately to the provision of the licence. Under AASB 15, 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.

There were no other changes to revenue recognition identified under AASB 15.

(iii) Hardware/software sales revenue

Some of the Group's subsidiaries in Europe 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.

No changes to revenue recognition were identified under AASB 15.

(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.

No changes to revenue recognition were identified under AASB 15.

3. Revenue continued

(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 requirements

For the half-year financial report, 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, the details of which has been disclosed in the Group's annual financial report for the year ended 30 June 2018

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

The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 3(b) for the disclosure of disaggregated revenue.

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. Accrued revenue is presented as part of other current assets in the Group's statement of financial position.

4. Intangible assets

	Goodwill $'000	Technology, trademarks and customer contracts at cost $'000	Software development at cost $'000	Total $'000
At 30 June 2018				
Cost	152,565	99,415	53,382	305,362
Accumulated amortisation and impairment	(1,573)	(28,196)	(32,153)	(61,922)
Net book amount	150,992	71,219	21,229	243,440
Half-year ended 31 December 2018				
Opening net book amount	150,992	71,219	21,229	243,440
Additions	-	-	5,272	5,272
Net foreign currency movements arising from foreign operations	1,281	(122)	608	1,767
Amortisation charge	-	(5,815)	(3,364)	(9,179)
Closing net book amount	**152,273**	**65,282**	**23,745**	**241,300**
At 31 December 2018				
Cost	153,849	99,945	59,739	313,533
Accumulated amortisation and impairment	(1,576)	(34,663)	(35,994)	(72,233)
Net book amount	**152,273**	**65,282**	**23,745**	**241,300**

5. Share-based payments

On 2 July 2018, 512,060 performance rights were granted to senior executives under the Company's Employee Performance Rights Plan. Of this amount, 148,459 of the rights were granted to the CEO, conditional on shareholder approval which was obtained during the Company's Annual General Meeting on 22 November 2018.

Performance rights issued are subject to a relative total shareholder return hurdle (TSR performance right) and an earnings per share hurdle (EPS performance right) (collectively, the rights). The assessed fair value at grant date of performance rights granted was $3.03 per TSR performance right and $2.99 per EPS performance right.

The fair value of TSR performance rights at grant date is independently determined using an adjusted form of the Black-Scholes Model which includes a Monte Carlo simulation model that takes into account the term of the performance rights, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the performance rights and the correlations and volatilities of the peer group companies.

The fair value of EPS performance rights at grant date is independently determined using a conventional Black-Scholes Model.

The model inputs for the performance rights granted during the six months ended 31 December 2018 included:

- grant date: 2 July 2018(1)
- expected vesting date: 2 July 2021
- measurement period: 1 July 2018 to 30 June 2021
- share price at grant date: $3.15
- expected price volatility of the company's shares: 35%
- expected dividend yield: 1.75%
- risk-free interest rate: 2.06%

(1) The issue of 148,459 of these rights to the CEO 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.

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.

For the six months ended 31 December 2018, the Group has recognised $747,194 of share-based payment expense, presented as part of employee benefit expenses in the statement of comprehensive income (six months ended 31 December 2017: $565,348).

6. Borrowings

	Dec-18 $'000	Jun-18 $'000
Current		
Secured		
Lease liability	151	112
	151	**112**
Non-current		
Secured		
Term facility	22,575	27,031
Lease liability	-	90
	22,575	**27,121**

The Company has a lease liability relating to IT equipment expiring at 31 December 2019.

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

The facility is secured by 91% of Group assets. As at 31 December 2018 the remaining unutilised portion of the facility is A$82,425,128.

7. Dividends

A regular dividend of 3 cents per share has been declared. This interim dividend of 3 cents per share, fully franked, was announced to the market on 22 February 2019. The amount declared has not been recognised as a liability in the accounts of Hansen Technologies Limited as at 31 December 2018.

	Dec-18 $'000	Dec-17 $'000
Dividends paid during the half-year (net of dividend re-investment):		
4 cents per share final dividend paid 27 September 2018[1] – fully franked	7,319	
3 cents per share final dividend paid 30 September 2017 – fully franked		5,175
	7,319	5,175
Proposed dividend not recognised at the end of the half-year[2]:		
3 cents per share interim dividend (3 cents fully franked)	5,912	
3 cents per share interim dividend (3 cents fully franked)		5,888

[1] The final dividend paid of 4 cents per share, franked to 4 cents, comprised of a regular dividend of 3 cents per share, together with a special dividend of 1 cent per share.
[2] Proposed dividends are stated before dividend reinvestment, which reduces the Group's amounts of dividends payable.

8. Contributed capital

(a) Issued and paid up capital

	Dec-18 No.	Dec-18 $'000	Jun-18 No.	Jun-18 $'000
Ordinary shares, fully paid	197,053,243	137,846	196,648,230	136,896

(b) Movements in shares on issue

Half-year ended 31 December 2018	No. of Shares	$'000
Balance at beginning of the half-year	196,648,230	136,896
Shares issued under dividend reinvestment plan	155,013	551
Options exercised under employee share plan	250,000	399
Balance at end of the half-year	**197,053,243**	**137,846**

9. Subsequent Events

Please refer to note 7 for the interim dividend recommended by the Directors, to be paid on 29 March 2019.

There has been no other matter or circumstance, which has arisen since 31 December 2018 that has significantly affected or may significantly affect:

(i) the operations, in financial years subsequent to 31 December 2018, of the Group;

(ii) the results of those operations; or

(iii) the state of affairs, in financial years subsequent to 31 December 2018, of the Group.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:

(a) complying with Accounting Standards, in particular AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

(b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of its performance for the half-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.

This declaration is made in accordance with a resolution of the Directors, pursuant to section 303(5)(a) of the *Corporations Act 2001*.

David Trude

Director

Andrew Hansen

Director

Melbourne

22 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

HANSEN TECHNOLOGIES LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hansen Technologies Limited (the Company) and its Controlled Entities (the Group) which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Hansen Technologies Ltd and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hansen Technologies Ltd and Controlled Entities, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hansen Technologies Ltd and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 22 February 2019
Melbourne, Victoria